

was 1981. So there was an effort in which all the argument has been for the last few months as to what was or is not the loss of revenue that the state has had since 1981 because the federal tax base changes. And that is where the 20.91 came from. We are forgetting that. We are saying obviously you do not try and go back that far. As the amendment is drafted it simply says that 19 will be the rate on which is the base year. This is the base year. There is no makeup. So all it is attempting to do then is provide some stability to state receipts by whatever federal tax changes occur on the personal income tax between now and next session. That is a very reasonable thing to do and I hope you would support the amendment and what it really does, as opposed to some of the things that you probably have been led to believe about the bill prior to this amendment being offered.

SPEAKER NICHOL: Senator Smith, please.

SENATOR SMITH: Thank you, Mr. Chairman. This bill is kind of difficult to follow. And I know that I may not be speaking exactly to the issue when I'm speaking on this amendment. But I have a concern. We keep talking here, Senator Vard Johnson has just said to us, in five minutes time, that what this bill does is allows the tax commissioner to adjust the income tax rate under certain circumstances and so on, and that we need this. But something that no one is talking about is the fact that this bill also provides for an increase in the income tax. At least that is my understanding. That is what I wanted to..., Jerry, Senator Warner,...pardon? Could I...would you.... I was going to ask Senator Johnson.

SENATOR WARNER: Well, ask him.

SENATOR SMITH: Okay, no, that is all right, I'd rather, since you are right here. Would you explain to me then, because it isn't a bill. It came out after the first round that it would in fact increase the income tax from 19 to 20 percent, or leave it at the same rate it is, basically, I guess, for this next year. All right, can you explain that to me then?

SENATOR WARNER: As the bill was on General File and is now, it would have required the state income tax to be 20 percent this year rather than 19. But this amendment takes that out and it leaves the state income tax at 19 percent. Then it goes one step further. In the event that there are federal tax base changes it would permit the tax commissioner to adjust the personal income tax rate, at some point between now and