

depreciation surcharge, an energy tax only on manufacturer and generation, and not on general agricultural use and the retail sales tax credit. We're basically going to be taking a look at a number of ideas and mixing and matching them. So I want to bring out a virtue of Senator Dierks' proposal that many of you may not know about corporate income tax. Unlike many other taxes laid at the feet of corporations, corporate income tax is one of the few taxes that corporations have the option of passing along in the form of higher prices or not. And sometimes they don't. This is one of the few taxes that corporations genuinely pay a part of as opposed to the ultimate consumer. What happens is a corporation will price its good in the marketplace and develop a certain amount of profit. That profit then can be spent in the form of corporate income tax. And when they pay their corporate income tax, they can choose to do one of two things, they can say, well, we'll either distribute less dividends to our stockholders, or we'll raise our prices and get that profit back in the coming year. And the one thing that a corporate income tax is that it taxes stockholders, as opposed to the person who pays for the good. Usually the breakdown is about two to one, \$2 of corporate income tax goes into the figuring of the cost of the product, \$1 comes out of profits, but it does, in fact, tax the corporate entity itself, and that's a value of Senator Dierks' proposal. One of the vices of Senator Dierks' proposal is that it is, as Senator Hall so correctly pointed out, a very mushy tax base. It's one that, if you ever had to rely on it for cash flow basis, would drive you berserk. Why? Because there are add back and extension periods, there are averaging mechanisms. And corporations don't pay taxes in one year, they wind up taking two and three years to do an entire tax strategy, which means that you may think that you're going to raise 50 million bucks in a year, you may wind up collecting actually, into your coffers, 22 million bucks, and wait for another 36 months or 48 months to get the rest of the money in. That will be havoc with our General Fund in coming years. Compared to some of the ideas out there, this tax base is not a bad tax base to use, but it doesn't do well as a one-year temporary idea. As a matter of fact, when we look at permanent solutions, the virtues of Senator Dierks' idea will be much clearer, and the vices will fall away. But if we are looking for a one-year temporary solution, as I thought this body was, this really isn't a very good tax base to use for that purpose because it is so without substance, without predictability in its impact on your cash flows. This, I think, is, by the way, a proposal that the 3-R