

willing to cut the budget below that final figure and I think that it can be done. Ladies and gentlemen, before you take all the blame for being big spenders, for having made a few additions to that budget on this floor, let's back up and take another look. Maybe we won't just shave that top 5% off like Senator DeCamp wants us to do so that we can take a nick or two out here and there and get down below the limits where we want to live.

PRESIDENT: Chair recognizes Senator Vard Johnson.

SENATOR VARD JOHNSON: Mr. Speaker, members of the body, I oppose the DeCamp amendment. It seems to me that one of the things that happens that we don't take full stock of is the effect that inflation has on our receipts. By reason of an inflationary impact on receipts, the state will always be in the position with constant income and sales tax rate of generating more receipts than we have committed expenses for. Now if you recall last year on April 29th, the State Board of Equalization met and reviewed the...reviewed general fund balances. At that time they concluded that by the end of the fiscal year, which is only two months away, the general fund balance will be \$42,413,000. Now it turned out two months later, two months later, that the actual general fund balance was \$116,299,170. There was a tremendous over levy that was being generated. Now when that occurred, I said to myself, what is it that we as a legislature are doing that we are not fully aware of? What is the dynamic occurring? What is happening here? The more I looked at it the more I had to conclude the reason we were constantly coming up with significant over generation of revenues in light of what we had planned to spend was because we had not fully anticipated what kind of an effect inflation would have on incomes and as incomes go up, so too do income tax collections and what kind of an effect inflation would have on prices. As prices go up so too do sales tax collections. The growth with a constant sales tax rate, the growth from 78 to 79 in sales tax collections was 9 million. From 79 to 80 with a constant sales tax rate the growth was 26 million. In income tax the growth from 78 to 79 in income tax collections with a constant rate of 18% was 34 million. The growth in income tax collections from 79 to 80 with a constant rate of 18% was 37 million dollars. In other words we didn't change our tax rates one iota and yet we generated that many new dollars to the state treasury. Now, the kind of budget that has been brought to us by the Appropriations Committee essentially marrys us to a 7% spending concept. What with our actions on the floor in the last couple of days