

could be deemed a tax increase, what we are really talking about is whether we're going to have a reduction in receipts of \$20 million or \$50 million to the state coffers because of the change in the federal income tax laws. Now in part to make that up we have pending before us a number of measures such as decreasing the reserve, increasing the corporate tax, cigarette tax, a variety of fees which is another option to making up a part or portion of that reduced revenue. Based upon the conversations I've heard though there are some I believe who are reluctant at least to see the reserve reduced down to 2% because of the nature of the economy. I've certainly heard comment or read comment of some concern about adjusting the cigarette tax a full 4%. Yesterday we rather overwhelmingly defeated a proposal that would have shifted a million eight of present general fund cost to the gasoline or motor vehicle user fees and that means we are a million eight short of general fund revenue for that particular program based upon the budget that was presented to us. Then there is a 3.7 million of cash funds that are projected to be lapsed to the general fund. I call your attention that seven hundred thousand of that, however, is from the Bureau of Examining Board and some of you are aware of the concern that a few citizens expressed a day or two ago on taking some cash funds lapsing to the general fund. I will call your attention that this seven hundred thousand comes out...the bulk of it will come out of the funds that have been paid in by cosmetologists, nursing, medical profession and the veterinarians in their examining board licensing fees and I would suggest that that seven hundred thousand as a matter of fact, is not going to be available either by the time the session has adjourned. So we're looking at from based upon and I am assuming that the income tax will go on the corporation. So we're looking at, it seems to me, at the possibility of \$16 million of receipts not being made, at least some portion of \$16 million not being adopted by the Legislature when we get done which means we're \$16 million short of the proposed budget. Now there is some precedence for what I am proposing here. One other session some years ago the Legislature did the reverse in which we lowered the individual income tax rate from fifteen to thirteen. At that time the receipts were building up more rapidly than had been anticipated. This case it is the opposite of course but there certainly is precedence for this to occur. We're talking about revenue maintenance for the state. We are not talking about increasing. The bill will be returned to the Revenue Committee, at least I would propose that so that there will be an opportunity for a public hearing. I have had suggestions that perhaps this is too earlier. I've had suggestions that there are other ways to do this. I certainly thought of early before the bill limit time that I could have introduced a separate bill to do this