

us right now, is that I do not believe the Legislature should be setting the income tax rate. I don't know whether it will be 16 percent or what other percentage may be appropriate. But I think we have a system whereby the State Board of Equalization sets that rate after this session is over, after this body has determined how much money is to be spent. I think that system has worked well in the past and I think we should continue that and therefore I will oppose the motion.

SENATOR CLARK: Senator Howard Peterson.

SENATOR H. PETERSON: Mr. Chairman and members of the Legislature, I wonder if Senator Carsten would yield to a question.

SENATOR CLARK: Senator Carsten.

SENATOR CARSTEN: I'll try.

SENATOR H. PETERSON: Senator Carsten, suppose that the people in Washington decide to eliminate the 10 percent return as far as the federal tax is concerned, what position does this then leave us in if we put it into this particular bill in this manner?

SENATOR CARSTEN: I think that it would not put us into any kind of a position of being in jeopardy. Following our legislative session, should those circumstances occur, the Board of Equalization could then in their meeting make that adjustment as they are entitled and privileged to do at that point.

SENATOR H. PETERSON: What you are saying is we are not instructing them specifically to stay with 16 percent then if the change should take place.

SENATOR CARSTEN: Not if the situation generally dictates, otherwise it is in their power and their prerogative to act accordingly, is my understanding.

SENATOR H. PETERSON: Okay. Mr. Chairman, in view of that answer I think I will be in a position this morning to support the 16 percent figure. It appears to me that as we look at the figure that has been brought to us by the Appropriations Committee, it is pretty much in line with what the Governor has been asking, and I believe we have got to face the situation that there will be from \$10 to \$16 million less money coming in as far as the Treasurer is concerned, in fact, I am a little inclined to think maybe