

and that we need to make a number of adjustments as quickly as we can to alleviate the problem and one of the adjustments that we can make right now is to have the Board of Equalization meet immediately, change the tax rates and get those tax rates...get the withholding into effect immediately. That is better than waiting to the end of the session to readjust the tax rates and that is basically what this resolution is calling upon the executive branch to do, to act now, to come together as the Board of Equalization and to adjust the tax rates so that we're not caught in any kind of fiscal cash flow crunch come this summer. Senator Fowler, did you have anything to add to that?

SENATOR CLARK: Senator Fowler.

SENATOR FOWLER: Mr. President, there has been kind of a chicken and egg debate in here as to whether we raise taxes first, adjust the rates that is and get that clear. Ed Howard would appreciate that distinction that we're raising rates and not taxes. The question has been, do we raise the tax rates first or do we decide on the budget? And it seems that we've argued back and forth on that. I have supported the tax rate increases of legislative action but that it's been impossible to get the votes and finally I think we've reached the point that there is universal agreement that tax rates must be adjusted at least to 17% no matter what the budget level is. Now there are really two questions. One is revenue to meet the budget and the other is the cash flow. I think everybody has admitted now that rates must be increased and that deals with the kind of the overall year revenue thing but it does get to a question of cash flow with regards to this year as to how soon those rates go into effect. Now if you were to read the financial status type reports that the Department of Revenue research division puts out, they would show that at the end of this year, if we had 100% expenditure, we would end up with a negative balance, \$8 million in the hole for state government. Now that is obviously at a 100% expenditure and the Governor has sent a crisis memo out to his agency directors urging a rapid curtailment of spending, not because of the question with regards to the year round revenue but because of the problem faced with cash flow. In the next few weeks about \$30 million in aid payments must be made out of the state treasury. Currently our state general fund balance is thirty-seven, forty million. Now some money will come in. The \$30 million in aid payments will go out. Tax refunds have to go out. If, in fact, the revenue situation is bleaker than it now appears, we could, in fact, face that negative balance sooner than expected. So it is very important that this tax increase that we all agree go into effect as soon as possible. Now as Senator Beutler has indicated