

operate with a 3% reserve. If they were prohibited from going to the bank to pay their bills when they came due, it would be ridiculous. It is contrary to all simple arithmetic and simple logical business procedure to go on a guesstimate tax, a tax system that is purely operating on a guesstimate of what the income tax and the sales tax will produce for the following year, and to reduce the reserve from 3% to 2% in the most hazardous economic times since the 1930s. Our agriculture price structure, the major industry of this state, is comparable in parity levels to the mid-1930s and it is going to have serious impacts on the revenues of this state. This is part of the game that started four years ago, a shell game to run a low tax rate during an election year. Four years ago the three Republican members of the State Board of Equalization outvoted then Governor Jim Exon and then Tax Commissioner Bill Peters three to two to raise the state income tax rate to 18%. Now that would compare with 20% income tax rate today with the federal deductions that are coming along. But that vote came to start with a cushion of a good reserve in then an economic stable time. Now the game plan was to hold a rate through election year which has obviously been impossible for the last six months with anyone that has followed the revenue take, the revenue directions, and the national economic policies. I think it is high time this Legislature take the responsible action of either indefinitely postponing this bill or raising the reserves which will place our Treasury in a position where we pay back the subdivisions on time, we give the income tax returns, we refund the money that is owed to the income taxpayer that has a return coming. We do not delay that. We pay him back on time. And that we have funds in the State Treasury to assure state employees who have chosen to work for generally minimum salaries, that they get paid on time and that they have stable employment. It is really hard for me to believe that this game can continue right on through this session...

SENATOR CLARK: You have one minute left.

SENATOR BURROWS: ...with the obvious shortages that are developing today in state government, with the obvious farm failures and business failures that are happening at one of the fastest rates in our history, and to continue a game to evade what has to be done in taking responsible actions and raising the rate to what is responsible and will meet the needs of the state. I urge the body at this point to indefinitely postpone, and if not, to keep in their consideration the idea of raising the reserve from 3 to 4 or 5% where we are a solid state