

rates to make up for losses in tax revenue, and if they are worried about the political reprisal that may happen from it, at least we will pass a bill that will enable them to say they were just following the law so they wouldn't have to worry about being attacked for using judgment and discretion. I think the Revenue Committee is right in this situation to limit the Board of Equalization and I think that we should pass this bill along, but again in keeping with the consistent philosophy, as Senator Beutler indicated, we should not balance this bill with something that lowers the reserve and increases the discretion of the Board. We should decide this session as legislative philosophy do we want a Board of Equalization with discretion or one with limits on its discretion. I say given the performance of this Board of Equalization, we should put limits on their discretion.

SENATOR CLARK: Senator Vard Johnson.

SENATOR VARD JOHNSON: Mr. Speaker, members of the body, I have been somewhat torn on this bill because I have been sympathetic to Senator Newell's and Senator Beutler's point of view that in fact we have traditionally given the Board of Equalization and Assessment discretion in this area to determine whether or not to alter tax rates to conform to federal changes. By the same token, I also have tended to view the State Board of Equalization and Assessment by virtue of the kind of statutory language we have established over the long years as being almost an arithmetic body that takes a look at our appropriations, takes a look at revenue projections, applies a reserve requirement, and then ascertains what the tax rates should be. There is not a tremendous amount of flexibility on the part of the State Board of Equalization and Assessment. Now I think one of the tragic things that has occurred in the last year has been the fact that the federal government by virtue of its massive federal tax changes has been able to erode silently the state tax base, and I think that is improper, and it seems to me the State Board of Equalization and Assessment ought to have reacted to that, that it ought to have exercised its independent judgment by increasing our state income tax to counteract the kind of erosion to the state tax base that was done by the federal government but it did not do so. In fact Senator Carsten and I both appeared before the State Board of Equalization in November and urged the State Board of Equalization and Assessment to increase the state income tax rate simply to counteract the erosion in the state tax base caused by the federal government. So in sorting this out as a member of the Revenue Committee, I finally concluded that it would be better to regard the State Board of Equalization and Assessment essentially as an arithmetic