

April 7, 1982

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penalty to pay. I am going to cast my vote for Senator Warner's amendment or the state's amendment on one condition, that the Governor does not veto the state employees' raises. That is the condition I am going to cast it and until I get...I put it there now, but unless he confirms he will not veto the state employees' increase of 3.75, then he won't have it when it gets down to the last vote. Thank you.

PRESIDENT: The Chair recognizes Senator Newell.

SENATOR NEWELL: Mr. President and members of the Legislature, the very first thing I would like to say is that I concur with Senator Chambers' remarks to the extent that the sales tax is an extremely regressive tax and it should be the last tax that this Legislature considers raising. I can appreciate the fact that we are in very difficult times and those difficult times might necessitate some increase in the various tax sources. Naturally I would prefer those to be the income tax rather than the sales tax. I would also like to say one other thing about the nature of the sales tax that Senator Chambers did not mention, and that is that the sales tax the way we have our sales tax in the state is only on retail items. It is not on services which would add a more progressive feature in raised revenues. I would prefer if it was possible to have that proposal before us today rather than an increase on the existing retail tax. I would prefer that because it would be more fair, the burden, it would raise the needed revenues but, in fact, it would be more fair and more equitable in terms of how to distribute that. I would also like to see the sales tax be more progressive not only with that sales tax on services feature but eliminating food and utilities from the tax. That is the proposal that I will be suggesting an interim study because this sales tax proposal looks like it has the votes to pass. But I am concerned about a couple of other issues and I think Senator Koch says at least if we are going to raise these taxes we ought to be able to keep the 3.75 for state employees, not a massive increase but a decent and at least the minimum increase that we can provide. I sure would hope that that is predicated upon keeping that increase. I would also like to ask Senator Warner some questions because I am concerned about what this might do in terms of revenues. I am concerned first, Senator Warner, with whether it will break the fifty-fifty tie which I think is very important. And, secondly...let me ask you that question first, Senator Warner, and then I will ask the second one.

PRESIDENT: Senator Warner, will you respond to the question? It is one at a time then.

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