

the contribution that will be necessary to go ahead and kick off the project from the income tax contribution. So, basically, what it says is that we have a 3.15 rate now for 1990, backing back into January we raised the rate to 3.43, that will then allow a withholding of 17.5 percent which is going to be the withholding rate next year at the 3.7 rate. It will generate, like I say, a little of \$50 million. It will be the withholding and the actual same impact on the taxpayer starting in July. It's what we are going to put on them in January anyway. That way we don't lose any time. We do not lose any money but we do not put a higher withholding burden on the taxpayer than what they're going to experience once the bill gets kicked in at 100 percent level. So, basically, that's the amendment and I offer it for the body to, hopefully, attach to the bill.

SPEAKER BARRETT: Thank you. For purposes of discussion of the Conway amendment, the Chair recognizes Senator Moore, followed by Senators Schmit, Withem and Crosby. Senator Moore.

SENATOR MOORE: Well, yes, Mr. Speaker and members, yesterday I opposed Senator Warner's amendment on the premise that you would have in effect double withholding rates effective July 1. And I opposed it for the reason stated, I didn't think that was the right thing to do, collect a year's worth of tax in the last six months. Now what Senator Conway has fashioned here is quite simply a method in which we can, July 1 we can raise that withholding rate the equivalent of 17 percent and then come January 1, '91, that withholding rate would be into effect. So you would have a continuity, so to speak, of that tax increase. As I mentioned yesterday, one of the many accusations the opponents of this bill have is that we're once again trying to duck the issue and have the income tax increase go into effect in January. As I said yesterday, the reason we went into effect January of '91, if it went into effect January of '90, at least when we drafted the bill we would have generated far more money than (inaudible) necessary. Now with the Conway...everybody should understand with the Conway amendment, come July 1, '90, people's sales taxes are going to go up, people's income taxes are going to go up. We probably should put a sign on the bill anyway, I mean, ye, of weak political stomachs, should not tread on this issue because it's a tough one, simple as that and showed the courage of certain gubernatorial candidates today, I already mentioned that. Yeah, we're talking about a sales and income tax increase, we're not ducking from it, we're going to put it into effect July, '90, July before an election year