

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE.

The meeting was called to order by Chairperson David Corbin at 8:35 a.m. on April 5, 2002, and at 11:10 a.m. in Room 243-N of the Capitol.

All members were present except:

Committee staff present: Chris Courtwright, Legislative Research Department
April Holman, Legislative Research Department
Don Hayward, Revisor of Statutes Office
Shirley Higgins, Committee Secretary

Conferees appearing before the committee: None

Others attending: See attached list.

8:35 a.m.

Senator Corbin informed the Committee that, within fifteen minutes before meeting time, he became aware of new budget information which reduces the budget target from \$320 million to \$218 million. He announced that the Committee would reconvene at 11:00 a.m. to allow time to further investigate the new information.

The minutes of the April 3 and 4, 2002, meetings were approved.

The meeting was adjourned at 8:37 a.m.

11:10 a.m.

Senator Corbin explained that the new budget target of \$218 million was calculated by lowering the ending balance to five and one-half percent whereas the need for \$320 million was determined by leaving it at seven and one-half percent. He then proposed to modify Senator Donovan's proposal by reducing the sales and use tax rate from 5.5 percent to 5.25 percent and slowing the food tax phase out. (Attachment 1) Senator Donovan pointed out that, with the reduction in sales tax to 5.25 percent, the rebate credit on food would be reduced to \$2.5 million each year.

Committee discussion followed at which time Senator Lee expressed her opinion that Senator Corbin's proposal was a regressive plan. Senator Jenkins expressed her concern about some of the elements of the plan and indicated that she needed an opportunity to look at other options which had been surfacing. Senator Pugh commented that the proposal increases taxes without first knowing the budget needs.

Noting that he sensed that there was not sufficient support for his proposal, Senator Corbin adjourned the meeting at 11:20 a.m.

The next meeting is scheduled for April 10, 2002.