CONCLUSION

In the business world, we think it important that corporations be good citizens in every respect including payment of taxes. Recognizing that some temporary increase in taxes is needed, at this time, we, therefore, feel that corporations should pay their share. At the asme time, we hope it will not be overlooked that corporations are run by people, are owned by people, exist only to serve people, and thus in the broad sense are people. The first law of taxation in our time could well be that people cannot escape the burden of taxation by shunting payment and collection responsibility to corporations. In the final analysis, only people pay taxes, and only people suffer the consequences when taxes are unwisely levied or increased or continued beyond the time of necessity.

Mr. ULLMAN. Thank you, Mr. Davidson.

Are there any questions?

The CHAIRMAN. I just want to apologize to Mr. Davidson for not being here at the beginning of his statement. But I have gone back and read it. We appreciate your appearance here this afternoon.

Mr. ULLMAN (presiding). I want to get your position clear.

With respect to the surcharge portion of the President's proposal do you support that part of the proposal?

Mr. DAVIDSON. We think the tax increase is necessary and the surcharge is a proper technique but it should be a lower rate than the President has proposed.

Mr. ULLMAN. Suppose we don't enact it until, say, November 15?

Mr. DAVIDSON I don't think the passage of time would provide a reason to increase the rate. I happen to agree if it were done quicker it would be more effective.

Mr. ULLMAN. Do you think we might make it retroactive to July 1?

Mr. DAVIDSON. The present program does not propose it—except October 1. I don't think you could enact it in November and make it effective back to July 1.

Mr. ULLMAN. When should we make it effective?

Mr. DAVIDSON. I think it should be done effective October 1 at a moderate rate. In view of the entire program I think it would be more beneficial.

Mr. ULLMAN. Thank you.

We appreciate having your testimony, Mr. Davidson. You have been very helpful.

Mr. DAVIDSON. Thank you, Mr. Chairman.

Mr. ULLMAN. The next witness is Mr. Kenneth G. Heisler.

Mr. Heisler, we welcome you before the committee. We will ask you to identify yourself and your colleague for the record.

You may proceed as you see fit.

STATEMENT OF KENNETH G. HEISLER, EXECUTIVE DIRECTOR, THE NATIONAL LEAGUE OF INSURED SAVINGS ASSOCIATIONS; ACCOMPANIED BY WILLIAM F. McKENNA, GENERAL COUNSEL

Mr. HEISLER. Thank you, Mr. Chairman.

My name is Kenneth G. Heisler, executive director of the National League of Insured Savings Associations. This is a nationwide trade association serving the savings and loan industry.