

TAXATION COMMITTEE
45TH LEGISLATURE

Rep. E. N. Dassinger, Vice-chairman of the Taxation Committee, called the Taxation Committee to order at 8:00 a.m., March 18, 1977, in room #434, Capitol Building, Helena. Reps. Huennekens, Fagg, Gilligan, Hirsch, and Vincent were excused; all other members were present. Bills to be heard were SB 129, 130, and 384.

Senator W. Gordon McOmber, District #6, Teton County, chief sponsor of SB 384, said this bill pertains only to county hospital financing and requires that the qualified electors of a county must approve the sale of bonds for county hospital construction and provides that the methods of funding provided by Title 16, chapter 10 may be used for hospitals commenced after July 1, 1977. This would provide financing of hospitals from any source.

SENATE BILL 384

The 1975 bill did not call for an election. This bill provides bonds must be voted on and approved, and if fees and revenues do not provide enough money, the county can levy 3 mills and if that is not sufficient, another 3 mills can be approved. This bill has two purposes - one is to provide a vote, the other a means of funding. SB 384 provides a method whereby people by a vote can sell long-term bonds to comply with federal law.

Rae V. Kalbfleuse, Toole County, Shelby, supports SB 384. This bill seems to provide the best method for funding hospitals. It permits a 40-year bond sale. Using a portion of poor funds to operate and maintain their hospital. You can't use additional poor funds for building. This bill will permit them to continue their hospital operation. See testimony attached.

John Nesbo, County Commissioner, Toole County, Shelby, supports SB 384. County hospitals are facing federal regulations. Since they can be shut down by federal authority, they need more nursing home beds and less hospital beds. Need grant funds to build more nursing home bed facilities and less hospital beds.

Rod Gudgel, Montana Nursing Home Association, Helena, supports this concept of providing more nursing home beds. Need to use unutilized nursing home beds. He feels this bill is essential.

The question of whether the facility has to be a county hospital in order to apply for bonding arose. The county attorney advised that county industrial bonds can be applied for nursing home construction, however, it is unlikely. There are certain restrictions on industrial revenue bonds.

SENATE BILL 129

Senator Matt Himsel, District #9, Flathead County, chief sponsor of SB 129, said this bill provides authorization of imposition of the 6-mill levy for support of the university system which was authorized by the people in 1968. Through oversight two years ago, this was assumed authorized, but it had not been, so the necessity of a special session arose. SB 129 simply provides this authorization to the Revenue Department that the university fund levy be automatically renewed. This amount is

provided from an earmarked fund for the support of the university system. Other public education institutions under the Board of Regents are included.

SENATE BILL 130

Senator Matt Himsl, chief sponsor of SB 130, gave a short resume of the tax that has been imposed for university system support since 1920. In 1948 the state voted to tax themselves a 6-mill levy limit, and in 1958 and 1968 it was continued. 1978 brings us to the anniversary date of financing the university system. This bill is offering to the people of Montana the opportunity to express themselves as to whether they want to be taxed for support of the university system. This bill provides that the question of whether to levy 6 mills each year from 1979 to 1983 for the support of the university system shall be submitted to the electorate in 1978.

Originally this bill called for 10 years, but the Senate Taxation committee amended it to a 4-year period. Sen. Himsl has some reservations of the wisdom of that; and also instead of stating public education, they changed it to higher education, and then returned to public education. All revenue shall be used for the Montana University System and the Board of Regents subject to the Board of Education in agreement with the mandate of the state Constitution.

SB 130 just asks that this will be a referendum to the people to give them the opportunity of deciding how to tax for the university system. The system will be funded out of the general fund and if the fund is not sufficient to pay \$15 to \$18 million, you can be sure the Legislature will have to go to a property tax and the governor can impose a 2-mill levy also. The question is whether people will commit themselves or leave it up to the Legislature. He thinks it wise to ask the people to vote on this and this would indicate how the people feel about funding the university system. We have a Constitutional obligation to support the system.

He asked the committee to amend 4 years to a 6-year term at least, then it would coincide with the general election. This should be voted on at the same time as the general election rather than in the off-year election. He thinks the people of the state are entitled to express themselves in this area of university support.

Jack Noble, Deputy Commissioner for the Management and Fiscal Affairs of the Department of Education, Helena, has amendments to put the bill on a 6-year term. It would be voted on again in 1984. They are trying to keep the referendum in line with the general election.

Louis Forsell, Montana University System, Helena, is in support of both SB 129 and SB 130.

Community colleges are not part of the university system, but are under the direction of the Board of Regents. All institutions of education subject to the Board of Regents are considered public education. The Legislature will appropriate so much to an earmarked fund for support of the system. The money is appropriated and then the mill levy is matched to generate that amount. The mill levy required was 5.8 mills.

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Putting this to a vote of the people is just to get the feel of the people regarding the financing of the university system. However, the system will be funded whether the people vote for this mill levy or not. It is a Constitutional obligation.

The Legislature appropriates money for each one of the university system units. These appropriations are funded from earmarked funds, general funds from federal and private funds, student fee contributions to reach the total. After appropriating the specific funds, the Legislature will make up any deficiency from the 6-mill levy authorized.

Meeting adjourned at 9:30 a.m.

Herb Huennekens
REP. HERB HÜENNEKENS, CHAIRMAN, for
REP. E. N. DASSINGER, VICE-CHAIRMAN

Josephine Lahti
Josephine Lahti, Secretary