

MINUTES OF THE MEETING  
TAXATION COMMITTEE  
MONTANA STATE SENATE

January 13, 1979

The third meeting of the Senate Taxation Committee was called to order on the above date in Room 415 of the State Capitol Building at 8:10 a.m., by Chairman Turnage.

ROLL CALL: Roll call found all members present with the exception of Senator Towe who was excused.

The witnesses who were present and/or offered oral or written testimony are listed on the attached Visitor's Register.

CONSIDERATION OF SENATE BILL 22 - Senator Watt was first to speak on behalf of the bill, as co-sponsor, and said he signed SB 22 not because he approved of the entire bill but since the Legislature voted to have a study made of the original HB122, he felt the recommended changes should be considered. He said he had had considerable mail regarding the bill and much of it was in opposition to the measures proposed in the legislation. He then introduced David Wanzenried of the Department of Community Affairs, saying he could help explain what the Local Government Study Commission concluded, and how it was incorporated in the bill, now a part of the original HB122.

Mr. Wanzenried explained SB22, dividing it into four parts, Services, Structure, Powers and Finance, saying the bill refers only to property taxes in municipalities and counties. He said the bill authorizes local option taxes, specifically a local option income tax, a local motor vehicle license fee, fuels tax and a hotel-motel tax. These, he stressed, can only be imposed after a vote of the people.

He further explained revenue bonds may also be issued as a means of raising funds and stressed that municipalities or counties utilizing these alternative methods of raising revenues, are accountable to the Legislature for fiscal responsibility.

Following his testimony Chairman Turnage introduced Senator Jergeson who was co-sponsor for SB22. He thought the bill provided for uniformity and coherence, provides for some safeguards in local government accountability, provides for local option tax since they can go into effect only after a vote of the people. He too, as Senator Watt, said he felt the results of the Study should be brought before the people in a more manageable form, thus HB122 was divided into 13 bills, of which SB22 is one.

Chairman Turnage then announced that proponents of the bill would be allowed to give testimony, reminding those present of the fact that the Senate would convene at 9 a.m., but following adjournment, this Taxation meeting would continue and those who had not previously spoken would be permitted to testify.

Mr. Zinnecker of the Montana Assoc. of Counties was next to testify and stated local governments favor the bill for several reasons: it permits them to adopt a budget earlier and too, requires quarterly publication of budgets, allows a cash management plan and in general allows more flexibility for an investment program, among other advantages.

Testifying also, in support of the bill were Geo. H. Sager, John H. Buttlemann, both of Gallatin Co.; Robert Jorgenson of Musselshell Co., L.W. Fasbender, John Nesbo, Larry Anderson. W.J. Verwolf, representing the City of Helena and Sam Boggess representing the City of Billings also testified, Mr. Boggess presenting Exh. #1, attached. Both witnesses stressed the greater flexibility the legislation would give local governments, saying funds could be shifted by local government officials who were able to see first hand, where those funds were most needed at a particular time.

Also testifying in favor of SB22 were Dave Goss of the City of Billings, and Don Taylor of the City of Great Falls, who distributed Exh. #2 and #3. Mr. Mizner of the Montana League of Cities and Towns testified for the bill as did Harry Simons, Mayor of Shelby and president of the Mont. League of Cities & Towns, Marie McAlear, Secretary of the League also testified as one of the bill's proponents. Ms. Wright, Cascade Co., was a proponent as was Jim Nugent of the City of Missoula.

Following the testimony of the foregoing witnesses Chairman Turnage announced the committee members would soon go into session and if there were others who wished to give testimony concerning the bill they could again convene in Room 415 when this meeting would resume, at approximately 9:30 a.m. He permitted opponents to be heard next, feeling that they too should have a chance to present some of their testimony prior to the recess.

First to testify against the bill was Phil Strobe, speaking for the Montana Innkeepers Assoc. He said he felt the levying of a tax against hotel-motel operators was discriminatory and an unjust tax. Also speaking against the bill was Bill Burley of Lake Co., and Ethel Harding, Clerk & Recorder of Lake Co., and Mont. Assoc. of Clerk & Recorders president. She said the association wished to go on record as being in opposition to the bill, saying there were parts of the bill which appeared to give control to agencies other than local governments, quoting a portion of the bill which said 'technical assistance' would be provided. She also referred to the fact that tax moneys collected by the state are not returned 100% to the counties and the state agencies deduct administrative fees which are sorely needed by those counties. She felt those state agencies which give the 'technical assistance' and which assist in the collection of taxes, are not needed. She felt rather, that the Legislature could exercise what control is needed over local governments, thus eliminating the expenses local governments presently incur.

Lorraine Maliton of Madison Co., and Bill Burley also spoke in opposition, Mr. Burley saying local governments need more, not

less local control. He said although he felt there were some portions of the bill he favored, he felt the counties did not need additional control by DCA.

Mr. Asher, representing the Agricultural Preservation Association next spoke in opposition as did Lyle Davis, saying he felt the DCA would have too much control over local governments with this piece of legislation. Other opponents included Gordon Darlenton of the Agri. Pres. Assoc., W.A. Black and Mr. Westlake, all representing the Association.

Following their recorded opposition to the bill, Chairman Turnage recessed the committee meeting.

9:40 a.m.

There being a quorum Chairman Turnage re-opened the meeting and permitted opposition to continue testimony. He also informed those present the committee would consider all testimony presented to them in written form as well, and stated that no action on the bill would be taken for some time and that before this was done the committee would study such written testimony.

Mr. Strobe again testified saying there were portions of the bill he supported but for his association, the Montana Innkeepers Assoc., their opposition was to the authority of local governments in being able to impose the hotel-motel tax. He felt if such legislation were passed, the majority would impose the tax on the minority. Chad Smith of the Mont. School Boards Assoc., said they were not in opposition to the entire bill but pointed out several lines he felt should be deleted. Ed Nelson spoke on behalf of the Montana Taxpayers Association and distributed copies of a statement, see Exh. #4, attached. Edith Cox spoke against the bill, representing the Montana Association of County Treasurers, as did Mae Jenkins, president of the Mont. Assoc. of County Officials.

Next to speak were Charlotte Edwards of Powder River Co., who objected, among other portions, to the 'open ended budget' idea she felt would be a result of the legislation. Also opposing were Mons Teigen of the Montana Stockgrowers Assoc., Gene Spilde from Sweetgrass Co., who said he opposed the bill because he felt passage of SB22 would lead to more bureaucracy.

Chairman Turnage asked repeatedly for other witnesses, both proponents and opponents and Senator McCallum reminded those present of a bill to be heard in his Local Government Committee, SB14, in the afternoon at 1:30, which was also a part of HB122.

Other witnesses included James Smith of the City of Bozeman who cited that city's financial problems, noting an increase in expenditures in a year of 9.9% whereas revenues brought in only a 7.2% increase and said additional revenues, such as are advocated in SB22, are needed. John Evans, Bozeman, also spoke in favor. Mr. Anderson of Liberty Co. agreed with the Stockgrowers Association, and also was in favor of spending limits for local governments. Mr. Skaalure of Chouteau Co., said he felt local governments must broaden their tax bases to pay for additional services.

Following the last of the witnesses Chairman Turnage opened the meeting for questions by the committee and Sen. Roskie asked about the mill limit levy. Senators Watt, Goodover and Severson asked a number of questions of the witnesses. Mr. Zinnecker, in reply to a question, said the bill would not give any more authority over and above that which the state agencies now possess; rather he felt it might lessen that authority and permit more flexibility on the local level. During the questioning that followed, witnesses were asked if they felt the DCA, Department of Community Affairs and/or the Department of Revenue would have greater or less control over local governments through this legislation. Mr. Zinnecker responded to several of the questions and affirmed his previous statement saying he felt they would have less, and referred to the Codes where DCA now has a great deal of authority over local governments due to previously-passed legislation.

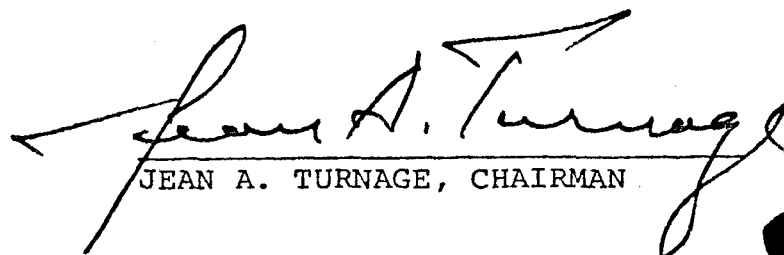
The order was given to the Researcher, Terry Cohea, to determine to what extent DCA now has authority over the county and municipal governments and provide such information to the committee members who could then study this before any further consideration of either SB22 or related bills.

Mr. Zinnecker was also questioned about the majority of his association, whether all favored the bill and he said the original HB122 had been studied and a favorable vote had been given by the majority of the total membership on this bill. Mr. Mizner was also questioned if the League would have objection to a review of the involvement of DCA with city and county governments.

Chairman Turnage then permitted Sen. Watt to end his testimony and he did so by pointing out he felt this hearing vindicated his decision to introduce these bills since there was both supportive and objectional testimony and indicated there are problems that need to be solved. He felt amendments should be made before the legislation could be generally acceptable. Sen. Jergeson also concurred insofar as amendments were concerned saying he too felt conflicts with DCA should be resolved.

The Chairman then invited any witnesses to submit written testimony to this committee, as well as Local Government where SB14 is scheduled to be heard.

Meeting was then adjourned.

  
JEAN A. TURNAGE, CHAIRMAN

Date 1-13-79

ROLL CALL

SENATE TAXATION COMMITTEE

46th LEGISLATIVE SESSION - 1979

NAME	PRESENT	ABSENT	EXCUSED
SEN. GOODOVER (Vice Chairman)	✓		
SEN. BROWN	✓		
SEN. HAGER	✓		
SEN. MANLEY	✓		
SEN. MANNING	✓		
SEN. MCCOLLUM	✓		
SEN. NORMAN	✓		
SEN. ROSKIE	✓		
SEN. SEVERSON	✓		
SEN. TOWE			✓
SEN. WATT	✓		
CHAIRMAN TURNAGE	✓		

Each Day Attach to Minutes.

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check Off	
			Support	Opp
Wm L. Kirkland	Montana Petroleum Assoc	22		
Keith Anderson	Montana Taxpayers Assoc	22	(X)	
Edward W. Nelson	MONTANA TAXPAYERS ASSOC.	22	(X)	
Francis J. Kerins	Montana Independent College	22		
Lloyd Crispin	Bozeman Co.	22		
W. J. ...	Montana Chamber of Commerce	22		
Mary P. Wright	Cascade Co. Comm. Off	22	✓	(X)
Jim Nugent	City of Missoula	22	✓	(X)
<del>Elle Kolstad</del>	<del>MSU Intern</del>	<del>22</del>		
W. F. Burley	Lake Co. Comm	22		(X)
Lawrence Malton	Madison Co. Roaders	22		(X)
Richard Harding	MACR Vice Pres. & <sup>Lake Co. x</sup> Clerk & Rec.	22		(X)
Carlton E. Hughes	MACR Pres. <sup>Bozeman Co.</sup> Clerk & Rec.	22		(X)
Wm. ...	M. C. C. A. <sup>Bozeman Co.</sup> ...	22		(X)
John R. Nesbo	MACO - exec board - <sup>Toole</sup> County	22	✓	(X)
James J. Smith	Asst City Mgr. - Bozeman	22	✓	(X)
John M. EVANS	Administrative Off - Bozeman	22	✓	(X)
Robert Ferguson	Musselshell County Comm	22	✓	(X)
Robert Barber	Fergus Co. Commissioner	22	✓	(X)
John Cox	Liberty Co. Comm	22		(X)
Raymond ...	Mont E. of Assoc. & P. Co. Comm.	22		(X)
Ernie D. Anderson	Liberty Co. Comm	22	✓	(X)
Chas. L. Spadure	Chouteau County Comm	22	✓	(X)
How Tegen	Mont Stockgrowers & Vets Assoc			(X)
	GENE SPILDE			(X)

COMMITTEE ON TAXATION

SEN. BILL 22

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Gene Zinnick	Int. Assn of Counties ✓	SB 22	✓	⊗
Bob Butcher	Gallatin County ✓	SB 22	✓	⊗
	" " ✓	SB 22	✓	⊗
Phil Stroppe	MT INNKEEPERS ASS	SB 22		⊗ ✓
W. J. Verwolf	City of Helena ✓	SB 22	✓	⊗
Gene Rogers	City of Billings ✓	SB 22	✓	⊗
D. AOE, Goss	City of Billings	SB 22	✓	⊗
Jim Van Arsdale	City of Billings	SB 22	✓	⊗
Spud E. Wenzel	Department of Community Affairs	SB 22		
Tom Winkler	Casady Co. ✓	SB 22	✓	⊗
	Yellowstone Natl. Park	SB 22		
ASHUR	AGRICULTURAL PRESERVATION ASSN.	SB 22		⊗ ✓
Lytle D. Arvin	Ag. Pres. Assn.	SB 22		⊗ ✓
Gordon D. Darlington	Ag. Preservation Assn.	SB 22		⊗ ✓
Gordon Cuckerman	Ag. Preservation Assn.	SB 22		⊗ ✓
W. A. Black	Ag. Preservation Assn.	SB 22		⊗ ✓
Ernest L. Wachtelka	" " "	"		⊗ ✓
	City of Great Falls	SB 22	✓	⊗
Robert W. Mason	Forest League of MT	SB 22	✓	⊗
Harry Collins	Mayor Shelby	SB 22	✓	⊗
Eugene Ferguson	Senate District 3	SB 22	✓	⊗
John J. Jansky	City of Helena	SB 22		
Chief W. H. Smith	Mont. Sch. Bd., Mont. Hosp. Assn.	SB 22		⊗ ✓ in part
David Kimmis	House Dist. 94	SB 22	✓	⊗
Kim Manson	Montana Auto Assn. (AAA)	SB 22		

w/ Ex.#1

I am here to speak on behalf of Senate Bill 22 as a technician in the area of financial management and will limit my comments to the benefits of Senate Bill 22 as a financial management tool when compared to the existing financial laws.

The most significant change is the increased management flexibility and capability allowed by program budgeting techniques. Local government bodies can now establish priorities that are based upon an evaluation of the community's needs in specific areas or programs.

These programs can then be budgeted and the progress of the level of services provided can be monitored to determine how effective and efficient those services are being provided.

Program budgeting allows local government bodies to prioritize, budget, manage, evaluate and control the city government activities by focusing on a specific service provided. The input and output of a service can be measured and evaluated to determine effectiveness and efficiency. Such questions as "How much 'bang' are we getting for the 'bucks'" can be answered with a high degree of accuracy. Such things as the cost to fill a chuckhole or cost to plow a mile of snow becomes the major focus as opposed to the number of people, equipment, facilities and materials purchased. People, equipment, facilities and materials can all be measured in dollars and are fully accounted for under program budgeting.

Increased fiscal responsibility, safeguards, accountability, legal processes and procedures have been greatly emphasized in Senate Bill 22.



I have provided a brief summary of the history and evolution of budgeting and financial processes. Senate Bill 22 brings the Montana Laws on fiscal management for local government into the 20th century and I strongly urge that this body looks favorable upon the adoption of the proposed law.

This ends my formal presentation and I am available to answer any questions that this body may have.

It has been a pleasure and an honor to appear here before you and I thank you for the opportunity.

SAM BOGGESS, CPA  
FINANCE DIRECTOR  
CITY OF BILLINGS  
BILLINGS, MONTANA

GENERAL BUDGETING CONCEPTS & IDEAS

Since the early 1900's, budgeting concepts have undergone several revolutionary changes in this country. The earliest budget concept was brought about by government scandals and a general lack of control. The outcome was that of a Line Item or Object Budget which basically allocates funds by specific items such as salary, maintenance, equipment and other items of expense as they relate to a specific department or activity, see Figure 1.

LINE ITEM/OBJECT BUDGET  
(Accountability & Control of Expenditures)

Figure 1

Object of Expenditure	DEPARTMENT					TOTALS
	Public Works	Public Utilities	Fire	Police	Other	
Salaries	\$	\$	\$	\$	\$	\$
benefits						
Maintenance						
repairs						
Operations						
Equipment						
TOTALS	\$	\$	\$	\$	\$	\$

In the early fifties, it became apparent that having accountability and control did not promote efficiency in government. As a result, the second major evolution of budgeting concepts was given birth and called Performance Budgeting. Performance Budgeting allocates funds similar to the line item budget except that the focus is upon work processes and functions instead of specific items or objects of expenditures. See Figure 2.

PERFORMANCE BUDGETING  
(Processes & Functions - Efficiency)

Figure 2

FUNCTION (WORK PROCESS)	DEPARTMENT							
	POLICE		SANITATION		STREETS		FIRE	
	UNITS	COST	UNITS	COST	UNITS	COST	UNITS	COST
Accidents	1,000	\$10,000						
Pickups Serviced			10,000	\$24,000				
Miles Maintained					248	\$24,800		
Inspections							365	\$3,650
TOTALS	1,000	\$10,000	10,000	\$24,000	248	\$24,800	365	\$3,650

In the late fifties, performance budget procedures were being questioned as to their effectiveness. It is possible to be extremely efficient in doing the wrong thing. In the early sixties, Robert McNamara, Secretary of Defense, initiated a new concept called Planning, Programming, Budgeting Systems (PPBS) which identified specific programs which crossed the three branches of armed forces, Army, Navy, and Air Force. Program Budgets place the major emphasis on effectiveness allowing executive bodies to prioritize the community's needs and allocate assets accordingly. In addition, program budgeting is an integral part of multi-year planning cycles. See Figure 3.

PROGRAM BUDGET

Figure 3

PROGRAM	DEPARTMENT					TOTAL
	POLICE	FIRE	PARKS	STREETS	SANITATION	
Administration	\$ 5,000	2,500	1,000	1,500	1,500	11,500
Personal Safety	25,000	30,000	5,000	20,000	3,000	83,000
Leisure Time	1,000	2,000	12,000	5,000	1,000	21,000
Community Env.	10,000	6,000	9,000	12,000	25,000	62,000
TOTALS	\$41,000	\$40,500	\$27,000	\$38,500	#30,500	\$177,000

COMPARISON OF BUDGET TYPES

The following is a generalized comparison of three aforementioned budget types:

<u>Budget Type</u>	<u>FUNCTION</u>	<u>EMPHASIS</u>
1. Line Item Budget	Control of Work Cash Budget by Item Control of Administration	Accountability Control
2. Performance Budget	Process of Work Functional Cash Budget	Efficiency
3. Program Budget	Purpose of Work Cost Budget by Objectives or Goals-Alternative Spending Levels	Effectiveness

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TM/ym

Program Budgeting - Emphasizes Effectiveness

1. Accountability and performance measurement.
2. Programs and service levels are defined in measureable units. (Decision Packages)
3. A management tool rather than financial representative.

Program Service Level Budgets - Serve Two Purposes

1. To show what the City does in Services and Programs.
2. To show how much and how well it can perform its' functions in terms of alternate service levels and their associated costs.

Also accomplishes:

1. Generates data on which to base budget preparation and review decisions as later performance evaluations.
2. Informing elected officials of relationships between dollars budgeted and service provided.
3. Increasing staff awareness of the services each department provides and the resources needed.

Example

Program: Street Sweeping

Purpose: To keep City aesthetically attractive, maintain storm drains and maintain health standards.

Description of Services: Sweep 1200 miles of street annually covering downtown streets bi-monthly and residential once a year. Motor Pool support required.

Effect on other Departments: Coordinate with tree trimming, street maintenance, and Public Utilities Department.

Supportive Data:

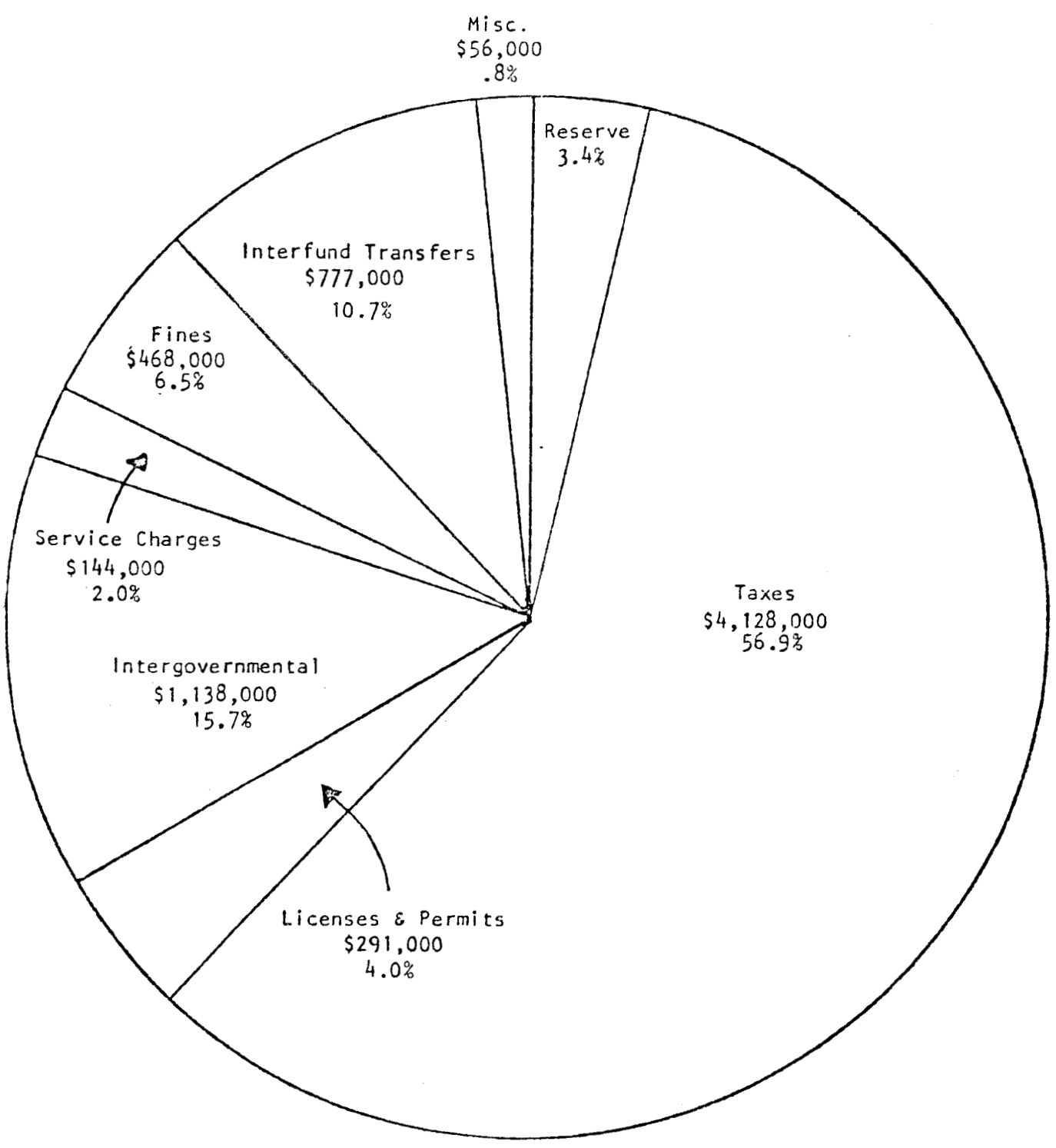
Number of Personnel	4		
Number of Man Hours	4,000		
Materials, Supplies, Equipment (Rentals, Office Equipment, etc.)	\$25,000		
Contractual Services	Ø		
Overhead	Ø		
Total Personnel Cost w/Fringes	\$35,000		
Total Service Cost	\$37,000	\$28,125(1)	\$46,875(1)
Service Level -	100%	75%	125%

(1) Assuming no variables in materials, supplies and equipment, and that staffing can be flexible.

# City of Great Falls

## GENERAL FUND

### REVENUE 1978-79



CITY OF GREAT FALLS, MONTANA  
ASSESSED VALUE OF REAL AND PERSONAL PROPERTY

\* \* \*  
1960 - 1979

<u>Budget Year</u>	<u>Estimated True Value</u> \$	<u>Taxable Values</u> \$	<u>% Increase Taxable Value</u>	<u>Mill Levy</u>
1960-61	139,273,938	36,341,975		50.15
1961-62	143,649,068	38,073,610	4.7%	50.65
1962-63	148,832,552	39,502,035	3.7%	50.35
1963-64	156,099,487	41,290,857	4.5%	48.21
1964-65	161,180,470	42,813,743	3.7%	49.30
1965-66	164,303,836	43,941,218	2.6%	53.93
1966-67	168,978,738	45,126,213	2.7%	53.76
1967-68	170,017,778	45,441,800	.7%	59.64
1968-69	180,096,799	47,824,484	5.2%	60.92
1969-70	178,876,809	47,953,655	.3%	69.41
1970-71	183,335,524	48,933,687	2.0%	68.83
1971-72	186,252,160	50,031,312	2.2%	75.19
1972-73	192,597,640	51,745,951	3.4%	74.91
1973-74	202,025,143	54,158,613	4.7%	73.86
1974-75	206,294,104	56,066,600	3.5%	74.76
1975-76	209,200,469	56,483,288	.7%	74.65
1976-77	233,224,673	58,046,740	2.8%	73.78
1977-78	232,005,336	57,990,557	-	75.86
1978-79	656,857,795	58,262,965	.5%	80.65

Overall Increase (%) In Taxable Value Over Last 19 Years:  
60.3%

Overall Increase In Consumer Price Index Is Well

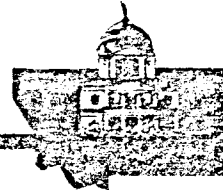
CITY OF GREAT FALLS, MONTANA  
COMPARATIVE TAX RATES - MILLS

1972 - 1978

	<u>1973-74</u>	<u>1974-75</u>	<u>1975-76</u>	<u>1976-77</u>	<u>1977-78</u>	<u>1978-79</u>
General Operating	56.08	55.56	54.34	54.01	53.83	56.70
Fire Pensions	1.00	1.75	1.79	1.62	1.79	1.63
Police Pensions	1.00	1.00	1.96	1.84	2.10	2.10
Airport	1.92	1.91	1.90	2.00	2.00	2.00
Library	4.00	3.83	3.81	4.28	4.28	4.50
City-County Planning	<u>1.00</u>	<u>.95</u>	<u>1.20</u>	<u>1.25</u>	<u>1.00</u>	<u>1.00</u>
TOTAL ALL PURPOSE	65.00	65.00	65.00	65.00	65.00	67.93
Public Safety Insurance					2.61	3.07
Paving Bonds	.09	.07	.00	.00	.00	.00
Police Pension Debt Amortization						1.49
City-County Health	.00	2.81	3.00	3.00	3.00	3.00
S I D Revolving Fund	1.59	.75	.62	.28	.00	.00
Library - 1967	.28	.25	.25	.23	.22	.22
Library/Swimming Pool	1.54	1.42	1.39	1.27	1.25	1.23
Sewage Treatment A & B	1.77	1.59	1.59	1.41	1.30	1.30
Fire M & E	<u>3.59</u>	<u>2.81</u>	<u>2.80</u>	<u>2.59</u>	<u>2.48</u>	<u>2.41</u>
	8.86	9.70	9.65	8.78	10.86	12.72
TOTAL	<u>73.86</u>	<u>74.70</u>	<u>74.65</u>	<u>73.78</u>	<u>75.86</u>	<u>80.65</u>



# MONTANA TAXPAYERS ASSOCIATION



P O BOX 4909

1706 NINTH AVE.

HELENA, MONTANA 59601

406/442-2130

January 12, 1979

## Statement Regarding Senate Bill 22--Revising Local Government Finances

By: Montana Taxpayers Association  
S. Keith Anderson, President  
Edward W. Nelson, Executive Vice President

### Preliminary Statement

Before this legislative body enacts any new sources of revenue or allows increasing of mill levy limits for local government two things should be considered. The first is the attitude of the taxpaying public and second non-property tax revenue and non-tax revenue sources currently going to local government.

1. There is a widespread feeling of resentment and opposition to existing levels of taxation in Montana. This is not limited to property taxes but includes income taxes and other levies as well.

Directly in point is a questionnaire recently mailed to members of the Montana Taxpayers Association. Our membership is about as broad-based a group as you can find in any organization in Montana. We have ranchers, farmers, main street business as well as what little industry we might have in the state. Admittedly the majority of the membership is centered in the population areas of such cities as Billings, Helena, Missoula, Great Falls, Kalispell and the like simply because the people are there. We do however have members in each of the 56 counties.

As of January 11th 567 questionnaires had been returned to the office. Two years ago a comparable questionnaire was issued to the membership and the final count was 1,091 as reported in our publication. As a matter of interest we are including the response given in 1977 as well as 1979 to the same questions.

### Local Government

1. Do you believe the current level of funding for county government is:

A. More than needed	44%	1977 - 43%
B. As needed	52%	1977 - 51%
C. Less than needed	4%	1977 - 6%

2. Do you believe the current level of funding for city government is:

A. More than needed	39%	1977 - 38%
B. As needed	51%	1977 - 51%
C. Less than needed	10%	1977 - 11%

3. Are you in favor of a constitutional spending limit on:
 

A. County budgets	Yes-71%	No-29%	(No comparable question
B. City and town budgets	Yes-70%	No-30%	in 1977)
  
4. Should the legislature allow an increase in permissive spending without a vote of the people for:
 

A. The operation of county government	Yes-11%	No-89%
B. The operation of city & town government	Yes-12%	No-88%
  
5. Do you support an additional gas tax imposed at the state level for the use of:
 

A. County roads & bridges-given back to counties	Yes-36%	No-64%
B. City streets & alleys-given back to cities	Yes-39%	No-61%
  
6. Are you in favor of any additional taxes, service fees, license fees on business etc. to be imposed for the support of local government without a vote of the people.

	Yes-7%	No-93%
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The obvious response to this questionnaire is that those people doing business in Montana's counties and cities do feel that local government has adequate funding and they are not interested in making available sources of revenue to local governments without a vote of the people.

In this regard we want to mention that under Section 84-4706, R.C.M. 1947 the cities and towns can vote an additional levy of not more than 5 mills for municipal operation and under Section 32-3605, R.C.M. 1947 people in the county can vote an additional 10 mills for road and bridge construction. We cannot recall any municipality in recent years that has utilized this provision in the law to increase municipal budgets. A number of years ago a rural county did utilize the provision to increase their road budget for one year. It should be obvious that if municipalities are so strapped for revenue they should utilize this section of the law and put the issue to the people for their vote as do many public schools each year.

2. In a statement to the Interim Committee on Local Government Laws in 1977 the Montana Taxpayers Association filed a statement in opposition to House Bill 122. In addition we asked that the committee document the large amounts of non-property tax dollars available to local governments. In addition we asked the committee to address the issue of how to control local spending and how to limit local government and how to limit property taxes rather than giving carte blanche to spend. We stated "It is ironic that those on ranches and farms and making a living on main street, as well as the average family, must restrain spending and live within income while government can continue to escalate either through additional revenues caused by inflation or higher and newer taxes. It is not too much to ask that government have the same financial discipline as is forced upon the private sector."

To my knowledge the committee did not document the millions of dollars available to local governments in addition to the property tax. In this regard we have just published an extensive study showing that from January 1, 1972 through September 1979 counties will have received \$81.3 million in federal revenue sharing and cities and towns \$37.2 million from that same source.

Our position in opposing Senate Bill 22, and the balance of the legislation comprising what we know as House Bill 122, is entirely consistent with the thinking of our constituency who comprise the taxpayers up and down the highways and bi-ways of Montana who are paying the bill.

It is obvious that many people supporting this legislation who are elected by the taxpayers in this state are not supporting their constituency. It is obvious also that much of the support for this legislation comes from non-elected administrators in our counties and cities who are not responsible to the voters but instead are apparently interested in creating bureaucratic empires with an unlimited appetite for tax revenues.

#### Senate Bill 22

Section 1 illustrates clearly the philosophy that permeates all of the bills making up House Bill 122.

Section 1, Liberal Construction. The rule of law that powers of a local government shall be strictly construed has no application to the powers of local governments in Montana. Any reasonable doubt as to the existence of a power or authority granted by law to local government shall be resolved in favor of the power or authorities existence.

If this isn't big brotherism I don't know what is. Those who wrote the legislation would lead you to believe that this relates to the relationship between local government and the state. In my opinion this language intimates that the taxpayer is guilty until proven innocent. Essentially it reverses the legal concepts that have been developed throughout the history of our State and Nation. It is an example of the supreme arrogance of those who wrote this legislation and their consideration of the individual. Under such a provision what chance does a private citizen have in a disagreement with local officials over, for example, the valuation of his home or business when the question "shall be resolved in favor of the power or authorities existence."

The real question whether the courts would rule in favor of the rights of the individual or in favor of the dominance of government over the individual is indeed frightening.

On page 3 the tone of this legislation is again established. It points out our contention that this legislation is simply an extension of Executive Reorganization and in this regard we think that a fiscal note should be written as to the cost to local governments and to state government of the implementation of this legislation and not only additional personnel to state and local governments but buildings and the like.

Section 2 on page 3 states where local government is required by state law to provide information to a state agency and fails to provide the required information the Department of Community Affairs may issue an order stopping

payment of any state financial aid to the local government.

Very plainly this imposes ultimate dominance over local government through the power of the dollar. If local governments fail to fall into line then gasoline taxes, liquor taxes and I presume even state equalization funds for local schools could be stopped until local governments performed to the dictates of the Department of Community Affairs.

I should add also that one of the reasons this legislation was defeated in 1977 was that no one could really understand what it meant. I don't know of any organization that has the thousands of dollars that it would cost to have this legislation analyzed by legal experts as to its ultimate affect upon local and state government. Are the statutes in conflict. Can you sell bonds under this act. I don't know but I do know that you can sell bonds under our current statutes and I do know that our current statutes have been tested in the courts to a point where they are no mystery to anyone.

Time does not permit a page by page analysis but for example on page 48, Section 53 under Emergency Appropriations there is no definition of what an emergency consists of. Evidently the governing body by resolution may authorize additional appropriation upon their interpretation of what consists an emergency. We contend that the emergency should be spelled out in detail in the statutes and that this is no catch-all or poor planning or mismanagement.

The obvious intent of this bill is to provide almost unlimited sources of revenue to local governments for spending. The impetus is upon increasing spending of cities, towns and counties. In our opinion the majority of the people paying the bill in this state want to see just the opposite. That is a limitation of county and city spending to the essentials of apparent housekeeping functions of government. So essentially we reject the revenue section as not only unneeded in view of existing revenue sources but unwanted by the general public. It is our opinion that such proposals would be rejected by the people at a state-wide election.

Senate Bill 22 is obviously designed to authorize if not promote additional county and municipal expenditures through increased property tax rates and additional sources of revenue.

We cannot object to property tax issues being placed before the voters for the support of county and city governments. The property tax is a broad-based tax and if people want to vote additional levies upon themselves from this tax we find it less objectionable than other alternatives authorized in the bill.

We do object to statutory mill levy limits being increased to the point where they really aren't limits at all. It should be remembered that the valuation of the state has increased sharply and can be expected to increase sharply therefore generating additional spending authority in the future as in the past.

It might well be considered to adopt a formula reducing property tax limits as the valuation increases. This would give added protection to the property owner.

We object to the increased property tax limits.

Montana has one of the highest income taxes in the Nation and a 20 per cent increase in the personal income tax would further compound this current inequity. The method of collecting and distributing the county income tax is unduly complicated and would pose obvious administrative problems to the Department of Revenue.

We oppose the hotel/motel sales tax because it is an unwarranted tax--a penalty tax--aimed at a specific segment of the economy. A sales tax of 10 per cent aimed at the traveling public especially those who must make a living by traveling is unwarranted and excessive. We oppose this proposal.

The gas tax on fuels would pose numerous problems as far as administration and is open to evasion. It doesn't take much ingenuity to evade such a tax when the adjoining county does not have the tax.

In essence we oppose all parts of the revenue section.

In conclusion we reiterate what we have stated so many times before. There is a body of well thought out law pertaining to local governments that has been passed by this legislature over a good number of years. I will not be a party to saying that past legislators were not well intentioned nor were they incompetent and inept. The laws were passed and were amended as needed. Much of the legislation has been drafted by the Montana Association of Counties, the Montana League of Cities and Towns and those in public office.

This legislation has been recodified in Title VII so the excuse can no longer be put forth that these sections are scattered throughout the Codes of Montana. This never was a good argument to begin with.

These existing statutes can be readily amended if such amendments are necessary.

I should also mention that there is a great amount of case law pertaining to local statutes. These court decisions are explanatory in nature. After going through the various bills that embodies House Bill 122 I can only see a jungle of verbage that will need to be interpreted by the courts. The people of Montana should not have this burden cast upon them. It obviously is expensive to bring legal action to clarify the various statutes where the language is in doubt. No organization or individual should have to foot such a legal bill.

I do not think this legislature should even consider legislation of this magnitude that cannot be thoroughly researched by those who are affected. The taxpaying public in the State of Montana is obviously affected. We don't have the financial resources, the thousands of dollars, it would cost to have these bills reviewed by competent legal counsel. And furthermore I don't know of any other organization that has had such a review nor do I know of any organization or individual that could afford it.

In final analysis this legislation should be killed and attention given to the amendment of existing statutes if such amendments are necessary. The legislature can then go on to more important things and I say more important because we do have adequate legislation on the books and we shouldn't embark into the uncharted jungle of House Bill 122. This is one litter that should be mercifully disposed of.