MINUTES OF THE HOUSE TAXATION COMMITTEE MEETING
January 13, 1981

Chairman Nordtvedt called the meeting of the Taxation Committee to order at 8:00 a.m. on Tuesday, January 13, 1981 in Room 102 of the State Capitol. All members were present.

Chairman Nordtvedt opened the hearing on HOUSE BILL 73. Rep. Vincent, sponsor of the bill, began by passing out copies of a proposed amendment which would earmark 50% of the annual allocation to each unit of local government for reduction of the General Fund property tax mill levy, See Exhibit "A." As the bill currently stands, 100% of the money would be "no strings attached" money. Rep. Vincent requested that the Committee consider the bill with the amendment. He stated that HB 73, as amended, represents a positive effort to accomplish: (1) promotion of local government control, (2) much-needed financial assistance for Montana cities and counties, and (3) property tax relief. Rep. Vincent submitted that the property tax was one of the most regressive taxes in existance. He also said that bills such as HB 73 had been introduced in previous sessions of the Legislature and they would continue to be presented until one was passed. He expressed the belief that HB 73 was the bill that would gain passage.

The following PROPONENTS then presented testimony on HB 73:

Terry Carmody, Mayor of Townsend, stated that small counties such as his were having extreme difficulties and unless something happens, Townsend will be $50,000 short on its budget of $160,000. Tax valuations have not continued to parallel costs, and the small counties definitely need help from somewhere.

Don Peoples, Chief Executive from Butte, then spoke. In his twenty years of involvement within local government, he has seen budgets getting tighter and tighter. Management of local affairs has been extremely good, but many local governments are on a collision course with disaster much like the bigger cities in the country have been encountering. We cannot continue to rely on property taxes as the sole source of revenue, because they don't follow the upper movement of the economy. Increases in market values are not reflected in taxes because of the lengthy appraisal process. A significant cut in services or a substantial rise in taxes are the only alternatives other than revenue sharing. He stressed that Montana must not continue to rank 46th in state revenues. In Butte, the total millage income has not kept up with cost-of-living adjustments, and services have been cut, and no more "fat" can be found to cut out of the budget. He gave several examples of the rising costs that local governments have been faced with. Concurrently, local economic conditions in Butte have deteriorated; the labor strike and the Anaconda closure have been two major factors. In the coming year, and 11-12 mill increase will be needed to keep the same level of revenue as at present. He added that he supports HB 73 with the amendment. In closing, he predicted that some towns might go bankrupt before the next session of Legislature if no relief was forthcoming.

Gene Thayer, Mayor of Great Falls, then spoke up in support of HB 73. He stated that in his three and one-half years on the City Commission, city revenues have remained pretty much the same while costs have gone up. During that time about 150 people have been laid off. Services have been maintained, but the city is at the point where no additional savings can be effected. The budget has been scrutinized and Departments have been consolidated, in addition to other attempts at conservation, and there just isn't anything more that can be done; tax relief is needed desperately. Montana is one of only four or five states which doesn't have some type of revenue sharing program with her cities and counties. He added that in Washington D. C., a relatively cold view is taken of the fact that Montana is building a large reserve and not sharing with the cities and towns. The current Congress reflects this feeling by the fact that cities and towns' allocations have been reinstated for three-four years, while the state's share is done on a year to year basis. He stated that mandated costs have been a source of trouble for local governments. Several copies of a detailed listing of Great Falls' problems were distributed; see Exhibit "B." Mr. Thayer expressed his approval of the amendment to HB 73. He added that this bill is an all-encompassing way of offering relief, and would only prevent a series of other types of bills which would only cause fragmentation and wouldn't do the job as well as this bill would.

Larry Herman, Mayor of Laurel, then spoke in favor of the bill. He said there was no question that Montana's cities and towns were in a serious plight. Budgets are going up 20-30% and revenues are going up 6-8% and this does cause a problem. In Laurel, capital expenditures are almost nil because there is not enough money to meet federal fund-matching requirements, and to get enough revenue would put a burden on the taxpayer. Street repairs in Laurel would cost $1 1/2 - 2 million; they just cannot be repaired without some assistance.

Judy Mathie, City Commissioner from Bozeman, passed out some graphs showing property taxes levied for the past ten years; see Exhibit "C." The city hit its 65 mill limit in 1974 and hasn't seen it since. She stated that two years ago this same bill came before the Legislature at which time the cities were told to "cut the fat." This has been done. The fact that MSU is not required to reimburse the city of Bozeman for fire and police protection has been a burden to the city's finances. In conclusion Ms. Mathie submitted that Bozeman has "cut the fat" as much as it can. As for future funding, thus far additional mill levies have been approved by the voters, and Bozeman's population has been increasing by about 3% a year. However, all towns are not so fortunate. Inflation has put Bozeman in a bind. Energy cost estimates for the next ten years were submitted to the Committee; see Exhibit "C." Ms. Mathie suggested that utility costs would take an increasingly large portion of the budget, and help would be needed.

Cy Jamison, from the Billings City Council, then rose in support of HB 73; see written testimony Exhibit "D." Jan Lloyd, from the Billings City Council, stated that until the Legislature authorizes local governments to come up with alternative forms of financing, it needs to take the responsibility to help local governments.

Mike Stephen, Executive Director of the Montana Association of Counties, then spoke in favor of the bill. He said that local governments are strapped with a ceiling on the money they can generate. "X" amount of dollars can be collected, primarily from property taxes, and the school districts compete for the funds. Concurrently, income tax collections have rendered a surplus in the state. Many local governments never end up with a surplus and the mechanism is there so that they can't. In addition the impact of federal and state regulations hasn't helped the situation, because local governments have had to bear the added related expenses. The formula in this bill calls for a distribution of funds, so that the cities get approximately 75% and the counties 20 - 25%. Even though the counties aren't getting their fair share, Mr. Stephen stated that his association was in favor of HB 73.

Bill Cregg, Mayor of Missoula, then spoke in favor of the bill; see Exhibit "E." He stated that expenses have been going up by 10% per year while at the same time the City of Missoula has grown as much as it can. He listed several problems the City had, including annexation difficulties, a lack of water revenue, and U of M students who pay no property taxes. Of any income-producing bill before the Legislature, he feels that this one is the most desirable.

Ray Blehm, Jr. representing the Firemen of the State, said that in the last several years cutbacks in fire department personnel have caused a reduction in safety.

Dan Mizner, Executive Director for the Montana League of Cities and Towns, then spoke up on support of the bill; see prepared statement Exhibit "F."

Rose Leavitt, representing the League of Women Voters for the State of Montana, then testified in favor of HB 73. See Exhibit "G."

Dennis Taylor, representing the City of Helena, submitted written testimony; see Exhibit "H." There were no further PROPONENTS to HB 73.

Dennis Burr from the Montana Taxpayers Association then rose in opposition to HB 73. He explained his opposition was philosophical, and the association would suport revenue sharing if it were designed to reduce taxes, but he felt that HB 73 could not be viewed in that light. He further stated that the amendment which purports to provide 50% of the money for tax relief wouldn't have that effect. He stated that mill levy limits are not effective in controlling property taxes. He submitted that local government funding was not totally dependent upon property taxes, as might be inferred, and added that in fact only 35% of the local revenue in Montana comes from property taxes. Also, he didn't feel that local government expenditures were being unduly restricted, and added that the portion of local budgets that has depended on property tax revenue has decreased steadily over the past several years. He said that it would be very hard to determine that local government budgets were being held down unduly because of property tax restrictions.

There were no other OPPONENTS to HB 73. Questions followed.

Rep. Sivertsen expressed the concern that revenue sharing funds might not be used for tax relief. The question was posed to Cy Jamison to draw an analysis between this bill and another proposal which would cut state spending and go to the people if no services were needed locally.

Mr. Jamison responded that the basic problem was that property taxes have been falling on people with fixed incomes. In addition he said that the state had more revenue sources than the cities.

Rep. Sivertsen commented that the people are paying the taxes in the state and the question boiled down to how to redistribute that revenue. He added that for senior citizens, tax relief is being sought on the state level. He expressed concern that if revenue sharing were instituted, the Legislature would always be asked to raise the amount of sharing. He pointed out that city limits have always expanded slower than the cities do, but that money from outside the city limits still came into the city and generated more revenue.

Rep. Vinger said that decreasing taxation on the state level and saying that now local governments may increase their taxes was no solution for tax relief.

Rep. Roth asked Mike Stephen what rural counties stood to gain from revenue sharing. He answered that the formula in the bill is set on a population size, so that rural counties would only get 20-25% of the money and that it was triggered for the larger areas, but that in this instance a 50/50 split won't be sought after strongly by the Association of Counties.

In response to questioning from Rep. Dozier, Mr. Jamison said that of the three levels of government, the greatest amount of services are provided by local government which receives the least amount of revenue.

Rep. Switzer expressed the opinion that the best approach would be to remove some of the State and Federal mandates. He felt that the effect of property tax relief in the rural areas would be almost negligible. Rep. Vincent agreed that it would be less in rural areas, but it would still help there, and it would be better than what is happening now. As for removal of state mandates, this bill does not address that.

Rep. Vincent admitted that HB 73 doesn't ensure tax relief, but it would ask that a good-faith effort be made by local governments. Theoretically, revenue sharing dollars would replace property tax dollars and thus one could call it property tax relief. Nothing in the bill precludes a town from applying the full 100% of its revenue sharing funds to property tax relief.

Rep. Asay suggested that maybe other avenues of income aren't being utilized by local governments, and perhaps the Legislature should be looking at a more direct people tax in those areas which benefit from a wide area.

Rep. Vincent said that he would personally think very hard before imposing any new taxes such as people taxes would be. Meeting needs through the existing tax structure is preferable in his opinion.

Rep. Nordtvedt asked Mr. Mizner whether the League of Cities and Towns had a position on revenue sharing versus local operational taxes. He replied that there are several options: (1) alternative sources of revenue; (2) revenue sharing, or (3) redistribution of tax bases of counties and cities. The priority is venue sharing because it spreads the base across the state and works for counties and for cities.

Rep. Nordtvedt asked him whether local options weren't a more responsible approach than revenue sharing on the state level. Mr. Mizner agreed that this would be true if the cities and towns had the authority to go to the voters for alternative sources of revenue, however, this approach would be adding to the tax burden.

Rep. Asay wanted to know what the other sources of revenue were that comprised the remaining 65% of budgeted money.

Mr. Dennis Burr referred him to the information contained on Exhibit "B." Mr. Thayer responded that when he presented his testimony, he was talking about the general fund, and the total budget is what Mr. Burr was referring to. The total budget encompasses a lot of pass-through funds. The money derived from local taxpayers against the general fund computes out closer to 66%.

Jane Lloyd from the Billings City Council added that living in a growth area did not influence property taxes unless new buildings were erected. Also, growth costs a lot to governments. It sounds reasonable to say that growth is good, but it is not necessarily good for the treasury of the local government, initially.

Rep. Vinger then expressed his opposition to the amendment. He feels the cities ould be accountable to where the money should go. However, Rep. Vincent responded that he had wanted the language added, because he wanted it made very clear that one of the major directives of the bill was tax relief. It represents a sincere attempt to make sure that the point was well brought out; however, it is up to the Committee whether to keep the language as is or to put the amendment in.

Rep. Sivertsen questioned how far we should go with revenue sharing; he expressed the conviction that city and county governments will always be coming back to the Legislature and asking for increases in revenue sharing amounts.

Rep. Nordtvedt solicited the feelings of the City Manager of Bozeman on the topic. He responded that basically the only other source of revenue for local governments was license taxes and Bozeman's percentage of total revenues is well in excess of 2/3 from property taxation.

Rep. Vincent confirms that HB 73 hopes that State Revenue sharing will be on a fairly permanent basis and he added that he felt the Legislature was responsible and would continue to be, and the fate of the bill shouldn't rise or fall on the thought that revenue sharing might be a problem in the future.

Rep. Bertelsen commented that his problem with revenue sharing was that one could never portion out funds in an equitable enough manner. He preferred that the Foundation Program be funded better instead of revenue sharing.

Rep. Vincent replied that increasing Foundation funding would not help out with reducing taxes locally.

Rep. Bertelsen expressed his preference for an approach which would increase school funding through the Foundation program and would also provide additional opportunity for people-taxing.

Rep. Vincent reiterated that he believed revenue sharing was a viable approach. Local option taxes are new taxes and the State has $126 million to spare; and hopefully both local governments and the Foundation Program can receive appropriate attention.

Rep. Vincent then closed. Property taxes are what is at dispute. People have to pay higher rates just to maintain basic services. It is a restrictive tax both for the taxpayers and for local governments. It is time this Legislature recognizes the effect of inflation on the property tax. The dollars are there and it is just a question of how to utilize them. He said that he didn't think that some of the concerns expressed about federal revenue sharing shortcomings are valid for state revenue sharing. Passge of this bill would back up the Legislature's position in favor of helping local governments and encouraging local control.

The Committee then recessed for five minutes. Upon reconvening, the Committee went into EXECUTIVE SESSION, and action was taken on HOUSE BILL 47. Rep. Vinger moved that it DO PASS; Rep. Harp seconded the motion. Rep. Harrington spoke up opposition to the bill, stating that the Superintendent of Public Instruction should determine mill levies. He would rather see a conservative estimate of revenue rather than the reverse. He added that the amount of money that was underestimated would be used in the long run. Rep. Harp spoke up in favor of the bill. Chairman Nordtvedt said that in spite of a growing school surplus in the Foundation Program which has now reached $43 million, the Superintendent found it desirable to put a deficiency levy on the property of Montana and this indicated a lack of control on the picture of school finances on the part of that department. He pointed out also that the Superintendent's office had not opposed this bill. Rep. Harrington added that the miscalculation on the part of the Superintendent's office was not due to a lack of expertise, but that the office didn't think there would be as much interest and income money from coal and oil; their estimate was simply too conservative. Rep. Vinger expressed his support for the bill, because it is not healthy for a department to come up with expenses and also determine revenue; checks and balances are needed. Rep. Brand wanted to know what the Superintendent's track record had been over the past ten years, and Chairman Nordtvedt responded that he believed the surplus had been accumulating over the past four years. Rep. Sivertsen moved that the bill be amended to be effective upon passage; motion carried unanimously.

A roll call vote was then taken on the motion of DO PASS AS AMENDED. Eleven committee members were in favor of the motion; seven were opposed, with Rep. Burnett absent; see Roll Call Vote Sheet.

The meeting was adjourned at 10:40 a.m.

Rep. Ken Nordtvedt, Chairman

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VISITORS' REGISTER

HOUSE TAXATION COMMITTEE

BILL HB 73 Date

SPONSOR

NAME	RESIDENCE	REPRESENTING	SUPPORT	OPPOSE
Terry Carmody	Townsend	Mayor	✓	
Don Peoples	Butte	Chief Executive	✓	
Larry Hermann	Laurel	Mayor	✓	
Judy Mathre	Bozeman	Commissioner	✓	
Cy Jamison	Billings	Councilman	✓	
Jane Lloyd	Billings	Councilman	✓	
[illegible]	[illegible]	[illegible]	✓	
[illegible]			✓	
[illegible]			✓	
Dennis M. Taylor	Helena	City of Helena	✓	
Hugh Sp[illegible]	" "	" " Gt Falls	✓	
[illegible]	" "	City of [illegible]	✓	
[illegible]		[illegible]		
Mike Stephen	Helena	MT Assoc of Co	✓	
Dan H[illegible]	Livingston	Liv. Enterprise		
Bill Gregg	Missoula	City	✓	
Dennis Burr	Helena	Montax		✓
[illegible]	Missoula	[illegible]	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

EXHIBIT "A"
TAXATION 1/13/81

AMEND HOUSE BILL 73

Line 1, Page 4 change period (.) to comma (,) and add "except that 50% of the annual allocation to each unit of local government shall be used to reduce the General Fund property tax mill levy. Each unit of local government shall determine the General Fund budget and then apply the allocation of revenue to replace the number of mills that equals 50% of the total received."

EXHIBIT "B"
TAXATION 1/12/81

GENERAL STATEMENT IN FAVOR OF STATE-LOCAL REVENUE SHARING

A need clearly exists for cities to share in state collected revenues. The crucial problem confronting local government is the disparity between mounting demands for public services, the rising costs of providing these services and the ability of local governments to raise adequate revenue to finance such services. As municipalities shoulder the responsibility of providing major services to citizens, including those mandated by the state, funds should be shared with municipalities to meet such costs.

It has long been realized (only 4 or 5 states do not have revenue sharing programs) that unless state government provides some revenue sharing to its political subdivisions or provide a means for them to obtain additional sources of revenue, curtailment of vital services will certainly occur. State government must share in the responsibility of ensuring the fiscal viability of Montana local governments. House Bill No. 73 is an important step toward helping local governments hold the line on property taxes and shall provide essential services to their citizenry.

As inflation increases and the burden of property taxex continues, state-local revenue sharing will help local governments solve fiscal problems and provide adequate services to its citizenry. House Bill No. 73 is necessary and vital legislation both to add flexibility to local fiscal systems and give needed relief to governments attempting to provide vital public services from a continually eroding tax base.

ARGUMENTS IN FAVOR OF STATE-LOCAL REVENUE SHARING:

The Act will:

1. Provide funds to local governments independent of property tax resulting in less dependency on the tax.

2. Help to lessen disparities between financial resources and service needs among local governments.

3. Place spending decisions at the level of government closest to the citizens where they have maximum access to decision-making officials. Federal grants often restrict the use of funds provided to areas not in the best interests of the citizens and the regulations require additional personnel at increased costs to administer the programs.

4. Help to eliminate intervening levels of government which tend to increase the expense of many programs.

5. Help in providing adequate municipal services.

6. Provide additional funds to meet financial obligations.

7. Help relieve the financial burden placed on local governments through state mandated programs.

8. Help to stabilize and increase local government revenue as costs increase at a higher rate than revenue minimizing the need to reduce services and personnel.

ANALYSIS OF FINANCIAL STATUS OF THE CITY OF GREAT FALLS INDICATING A NEED FOR STATE-LOCAL REVENUE SHARING

Total Revenue Versus Total Expenditures

1. The 1980-81 Budget totals expenditures of $24,522,718.00 in all funds compared to total revenue of $18,803,824.00, a difference of $5,718,894.00. This compares with actual and re-estimated expenditures of 1979-80 of $19,405,103.00 and revenue of $18,272,413.00.

2. Projected total expenditures of $24,522,718.00 in 1980-81 is an increase of $5,117,615.00 (26.37%) over the 1979-80 total expenditures of $19,405,103.00.

3. Estimated total revenue for 1980-81 of $18,803,824 is only an increase of $531,416.00 (2.9%) over the 1979-80 total revenue of $18,272,413.00.

4. Estimated revenue from general property tax of $4,635,863.00 for 1980-81 is $136,934.00 (2.95%) lower than the $4,772,797.00 revenue from general property tax in 1979-80.

5. The taxable valuation to finance the 1980-81 budget is $58,563,208.00 compared to $58,502,156 in 1979-80, an increase of only $61,052.00 (.1044%).

6. In 1978-79 the taxable value was $58,262,965.00, therefore the taxable value from 1978-79 to 1980-81 increased only $300,243.00 (.515%).

7. A carry over balance from 1979-80 budget is having to be used to fund increased expenditures.

SUMMARY OF REVENUE SOURCES BY MAJOR SOURCE (ALL FUNDS)

	1979-80		1980-81	
Source	Total	Percent	Total	Percent
General Property Tax	4,772,797	26.12	4,635,863	24.65
Special Assessment Tax	2,223,259	12.17	2,080,156	11.06
Licenses and Permits	208,965	1.14	212,710	1.13
Fines and Forfeitures	472,500	2.59	474,000	2.53
Intergovernmental Revenue	3,310,833	18.12	3,712,447	19.74
Service Charges	5,025,347	27.50	5,403,832	28.74
Inter-fund Transfers	1,358,272	7.43	1,584,301	8.42
Miscellaneous Revenue	900,440	4.93	700,515	3.73
	18,272,413	100.00	18,803,824	100.00

GENERAL FUND REVENUE VERSUS GENERAL FUND EXPENDITURES

1. The General Fund expenditures for 1980-81 of $6,976,964.00 represents an increase of $676,387.00 (10.74%) over 1979-80 General Fund expenditures of $6,300,577.00.

2. General Fund revenue for 1980-81 of $7,009,900.00 represents only an increase of $30,765.00 (.44%) over 1979-80 General Fund revenue of $6,979,135.00.

3. The property tax used to support the General Fund represents approximately 60% of the total General Fund revenues.

Under the present funding level, along with staff commitment and innovations, citizens will receive the same level of services as in previous years, but no increase in services. To limit expenditures, departmental requests totaling over $1.7 million that would have improved and expanded services had to be eliminated from the budget.

MANDATED COSTS

The decisions of other governmental units have substantial impact on the City's budget. Although services and programs mandated by other levels of government have increased costs for local governments, the proportion of the property tax has remained the same and other sources of revenue are not available. Inflation and recession coupled with levy limitations have seriously affected local budgets. As the size and number of government programs and regulations increase, the resulting costs to City taxpayers also increase. State Legislative actions account for an estimated expenditure of $1,921,595.00 (7.84% of the total budget expenditure) to City taxpayers as a result of the following mandated programs:

1. Special Pension Programs: Employees of the Police and Fire Departments are covered under separate, independent pension programs established by the State Legislature. As a result of pension legislation governing special Police and Fire Programs, the City must contribute an estimated $303,005.00 for 198-81 into the Police and Fire Pension Plans. Police Pensions total approximately $233,535.00 and an estimated $69,470.00 will be paid into the Fire Pension Plan. All other City employees must participate in the State administered PERS, estimated at a cost of $218,477.00 to the City in 1980-81.

2. Public Safety Medical Insurance: State law mandates that cities provide a medical insurance program for public safety personnel (Police and Fire). The law requires the City to pay the entire cost of medical insurance for employees and their dependents. This cost is estimated to be $75,037.00 for Police and $84,788.00 for Fire personnel and dependents for a total of $159,825.00 for 1980-81.

(State law also mandates a minimum payment for health insurance for all public employees totaling approximately $94,320.00).

3. Leave Benefits: Vacations, paid holidays and sick leave benefits dictate a minimum expenditure of $834,053 for the forthcoming year: or $241,436.00 for holidays, $329,232 for vacations, $263,385.00 for sick leave.

4. Crime Victim's Compensation: The legislature created a program of benefits to persons who suffer bodily injury and to their dependents for persons who are killed by criminally injurious conduct or in an attempt to prevent criminal conduct or apprehend criminals. Funds to make such compensation payments are obtained from fines assessed and bails forfeited on all offenses involving a violation of State Statutes or a City Ordinance relative to the operation or use of motor vehicles. The City must appropriate six percent (6%) of all fines/forfeitures collected in the City Court to the State. The payments contributed by the City last year totaled $27,746.00.

5. Drivers' Education: Prior to 1977, the City operated a drivers' training school for inexperienced drivers, habitual violators, drunken drivers, etc. In 1977, the legislature amended laws to require municipalities to make regular payments to the State for drivers' education. Payments for this State activity are made from City Court fines and amount to twenty percent (20%) of the total fines collected. During the 1978-79 year, the City paid $88,269.00 to the State to subsidize this program.

6. Workers' Compensation: State laws dictate the type and extent of Workers' compensation benefits paid to City employees. Local annual insurance premium costs have risen from $118,810.00 in 1977-78 to approximately $170,900.00 for 1980-81.

7. Unemployment Compensation: Cities are required to pay employee benefits under a program administered by the State. Benefits are paid to unemployed former City employees and the City is billed for these benefits. Costs may vary from $8,000.00 to $18,000.00 annually.

8. Police Officer Training: Training is required by the State for all municipal police officers. Training costs vary from $150.00 to $300.00 per officer, at a minimum.

9. Adult Corrections: The City is responsible for paying daily boarding costs for persons apprehended by Police and sentenced by the Courts. The cost of this service amounts to approximately $10,000.00.

Federal programs also have an impact directly or indirectly on payroll costs of cities, including:

a) Social Security

By 1987, Social Security payments will increase from 6.05% in 1978 of a $17,700.00 base to 7.15% of a $42,600.00 base. This amounts to a 184% projected increase to the City over a nine-year period.

b) In 1978, the minimum wage was increased to $2.65. In 1979 it increased to $2.90, in 1980 to $3.10 and to $3.35 in 1981, or an average increase of 15% a year.

Other federal and state mandated programs, laws and regulations dealing with labor relations, fair law practices, occupational safety and health, equal opportunity, data privacy, water sampling and many more, all have a significant impact upon the City budget by mandatory additional costs and staff.

It should be noted that while expenditures increased over the last year, the City has not increased personnel or services. In fact, the City has realized savings in the amount of fuel used, supplies purchased and etc., but the increased cost of these items, increased personnel costs and mandated costs have substantially increased the City's expenditures while revenues have remained constant.

In addition, the City is levying the maximum number of mills in the General Fund as outlined by State law and the taxable valuation has increased from $58,502,156.00 in 1979-80 to only $58,563,208.00. This represents an increase of $61,052.00 or only .1044% Over the past five (5) years (1976-77 through 1980-81) taxable value has increased only $516,468.00 (.889%) from $58,046,740.00 in 1976-77 to $58,563,208.00 in 1980-81.

Over the past 5 years (1976-77 through 1980-81) revenue from all major sources has increased only $1,715,386 (10.04%) from $17,088,000 in 1976-77 to $18,803,824. Expenditures over the past 5 years have increased $8,266,327.00 (50.85%) from $16,256,391. in 1976-77 to $24,522,718.00 in 1980-81 despite reduction in employees, using economy vehicles and other cost savings measures.

JD:dmh

GENERAL FUND VERSUS TOTAL REVENUE AND EXPENDITURES

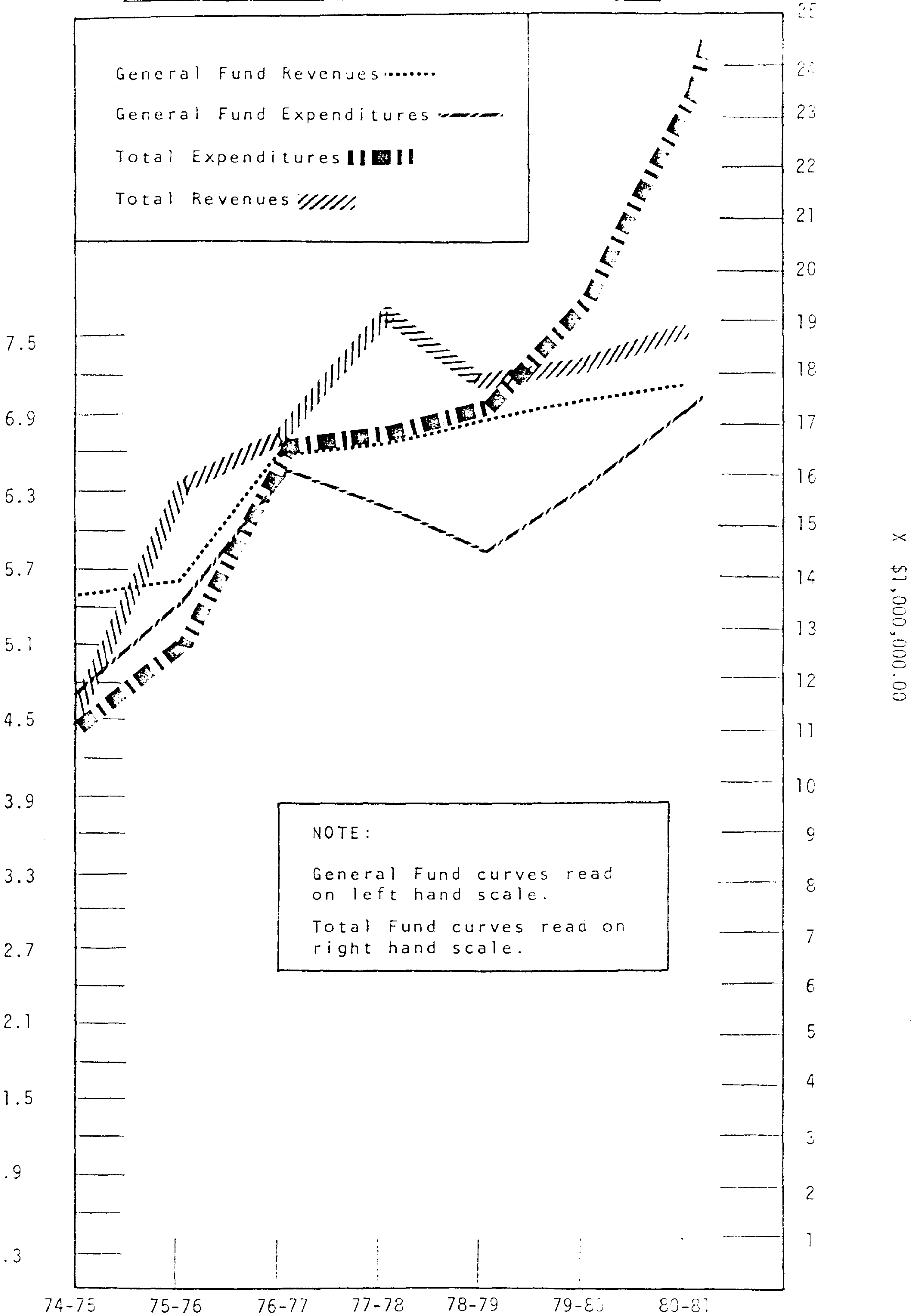
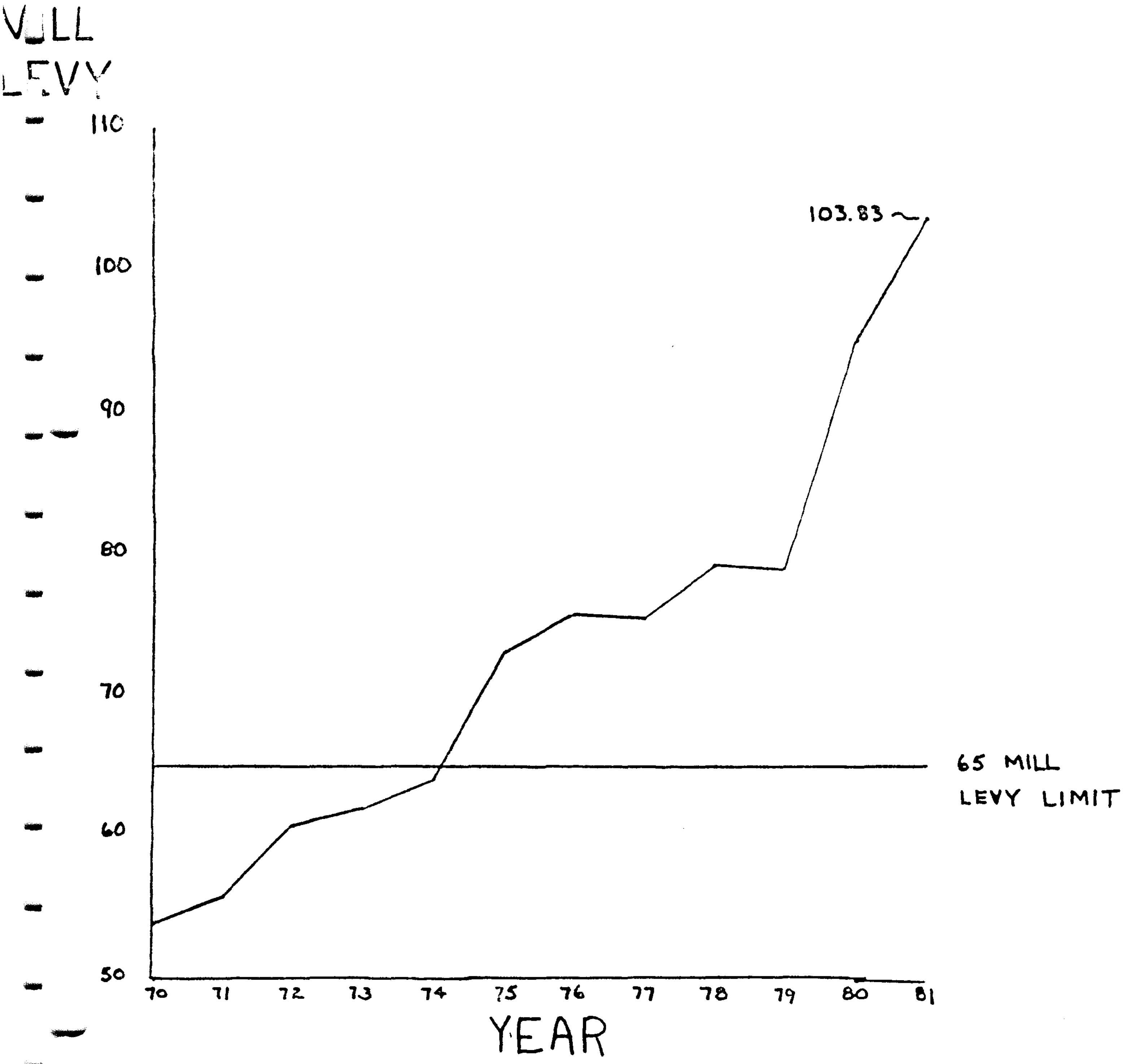
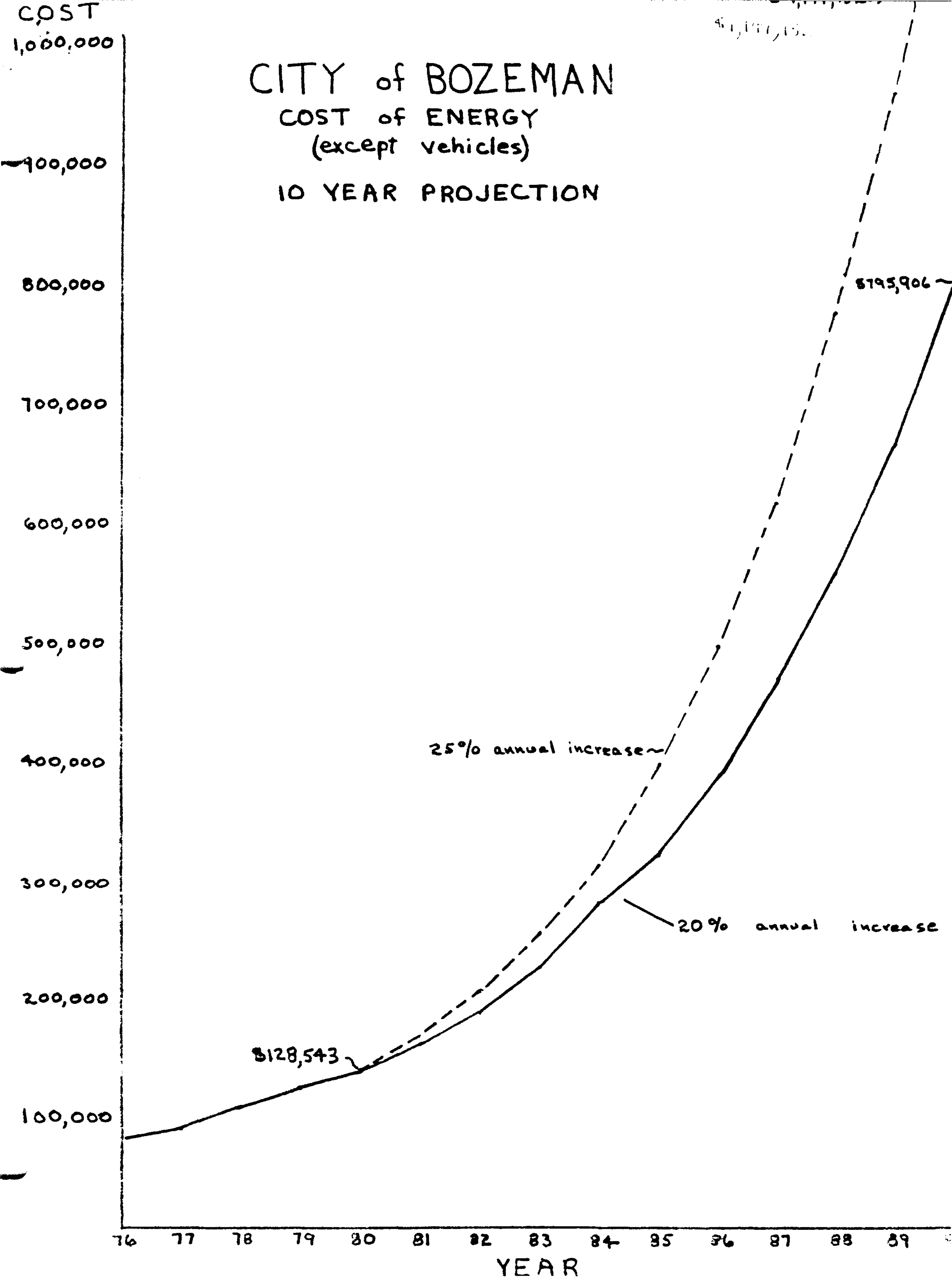


EXHIBIT "C"
TAXATION 1/13/81

CITY of BOZEMAN





CITY of BOZEMAN
COST of ENERGY
(except vehicles)
10 YEAR PROJECTION
COST
1,000,000
900,000
800,000
700,000
600,000
500,000
400,000
300,000
200,000
100,000
YEAR
76
77
78
79
80
81
82
83
84
85
86
87
88
89
$128,543
$795,906
25% annual increase
20% annual increase

EXHIBIT "D"
TAXATION 1/13/81

January 13, 1981

Mr. Chairman and members of the Taxation Committee, my name is Cy Jamison. I am a City Councilmember from the City of Billings and I appear before you this morning on behalf of the City of Billings, and in addition, as the Legislative Chairman for the League of Cities & Towns.

The City of Billings supports HOUSE BILL NO. 73. The financial condition of local government in Montana has reached a crisis stage. At budget time, cities must either curtail services or increase property taxes. In the last budget session in Billings, we experienced a combination of these alternatives: a reduction in services including 55 employees, 25 of which were in such basic services of police and fire, and a 10 mill increase in property taxes.

Billings' original Charter has a maximum limitation of 74 mills. An additional special levy of 10 mills was approved by the voters this past June. We can continue to go to our voters for additional property tax authorization but the Billings City Council believes property taxes are already too high!

It is hard for our citizens to understand why city government has such a serious financial problem at a time when state government has a record surplus. The answer is quite simple -- the State's major source of revenue, the income tax, moves at a rate equal to or greater than inflation while the city's major revenue source, property taxes, moves at a rate of approximately onehalf the rate of inflation. In Billings, our property tax value has increased by an average of 6.3% the last 3 years while inflation has increased costs by an average of 11.3%. The City of Billings has raised business license taxes, building department fees, subdivision fees, engineering costs of special services, and other special fees to place as many services as possible on a self-sustaining basis. This approach to fund Parks, Library, Police and Fire services is not practical. You might well ask the question, "How do cities in other states finance their services?" Let me briefly identify the practice in our neighboring states.

1. Wyoming - Cities and counties have an optional 1% sales tax that has been approved in 14 counties. In addition, a substantial portion of the severance tax on minerals is distributed to cities and counties. Casper, Wyoming, receives 2 million dollars a year from the state mineral tax and 8 million a year from their optional sales tax. This is almost twice as much as the City of Billings collects from all property taxes -- $5,811,524 in 1980.
2. South Dakota - Cities have an optional 1% sales tax and 2% motel/hotel tax, and 57 cities have adopted such a tax since it was enacted in 1970. The City of Sioux Falls collects approximately $65 per capita, or $6,000,000 a year, from these sources. Again, total property tax collected by the City of Billings in fiscal '80 was $5,811,524.
3. Idaho - The State allocates 3% of the 3 cent sales tax to cities and 1/6 of its 9½ cent gasoline tax. In Pocatello, a City of 46,000 people, this results in a $600,000 payment from the State Sales Tax and a $650,000 gasoline tax payment.
4. North Dakota - The cities and counties of the State developed a successful initiative that provides North Dakota cities and towns 5% of the state income and sales taxes. They also receive 1 cent of the State's cigarette tax. Bismarck, a City of 44,000 people, received $691,000 from these sources last year and an additional $900,000 from the State gasoline tax. Billings did not receive any of the State income or cigarette tax and, with a population of 70,000+, we received $580,000 in State collected, locally shared, fuel taxes.
5. Montana - The property taxes are the only major source of revenue available to cities and counties.

As you can see, states around Montana and for that matter, almost all of the other states, have found ways to assist their local governments in meeting the service needs of their citizenry. Some have done it through the authorization of optional taxes, others have done it through revenue sharing, and still others have done it through a combination of the two. The State of Montana has not really recognized the fiscal needs of cities and we are asking you to do this with your support of HOUSE BILL NO. 73.

HOUSE BILL NO. 73 will provide some assistance to cities in meeting the service needs of their citizens. These funds will strengthen cities, and financially strong cities are necessary for a strong and viable state.

Thank you.

EXHIBIT "E"
TAXATION 1/13/81

Missoula, Montana 59801

THE GARDEN CITY
HUB OF FIVE VALLEYS

BILL CREGG
Mayor
201 W. Spruce St.
Phone 721-4700

January 12, 1981

Letter MC-81-104

TO: Ladies and Gentlemen of the House Taxation Committee

FROM: Bill Cregg, Mayor

SUBJECT: House Bill 73: Revenue Sharing

Chairman Ken Nordtvedt and Members of the Committee, the Cities of Montana desperately need financial assistance from the State in the form of Revenue Sharing. The costs of operating a city are rising far more rapidly than tax receipts. As you know local government depends primarily on property taxation to finance its revenue. I won't belabor what you already know of the ever rising property tax burden; rather I would like to illustrate the increasing burden on local government by showing you just how some of our costs have increased.

Over the last 10 years the value of a mill in the City of Missoula has increased an average of seven (7%) percent per year, but only 3.7% and 5.5% respectively in the last two years (see graph 1).

By contrast the cost of street reconstruction has increased on the average of 10.75% yearly. Graph No. 2 illustrates this increase cost while graph No. 3 shows the increase cost of yearly reconstruction compared to largely static gas tax receipts. The consequence is an ever declining number of streets which can be constructed (see graph 4) which requires an ever increasing street life cycle (see graph 5).

Graphs 6, 7, and 8 respectively illustrate the average yearly increase cost for new curbs and repaving, and the spiraling increase in the cost of asphalt.

Another example is the cost of utilities depicted by graph No. 9. While tax receipts have increased in Missoula an average of 7% per year, utility costs have increased by 15.5% per year or 140% overall. To correct current inefficient systems will require substantial capital outlay.

Third, based on the past two budget years police and fire budgets increased by approximately 23.6%, while tax receipts increased by only 9.2%. This increase

TO: Ladies and Gentlemen of the House Taxation Committee
FROM: Mayor Bill Cregg
SUBJECT: House Bill 73: Revenue Sharing
Page 2

was experienced despite the fact that total employment in the two departments increased by one, and no major capital improvements were made out of the general fund. In short, the increase is primarily caused by necessary adjustments in salaries and pension fund contributions.

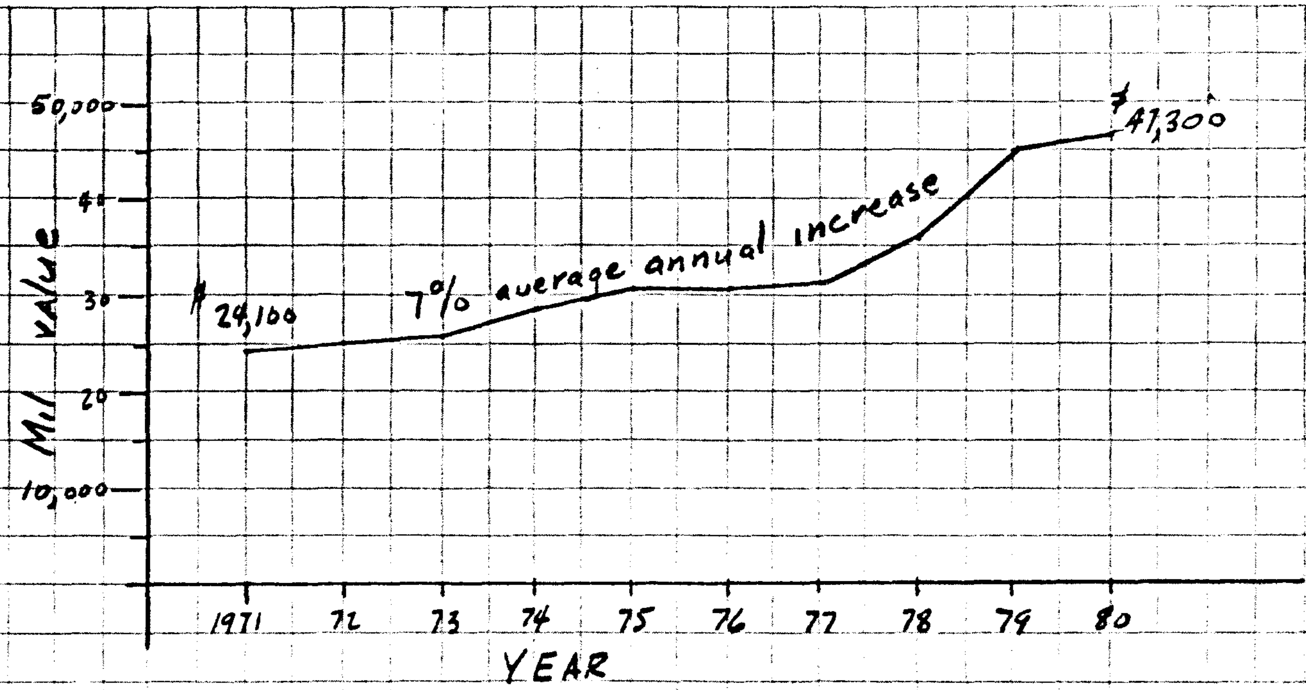
I hope these few examples of the many financial crunches faced by local governments will serve to convince you of our need for State Revenue Sharing. We cannot continue our almost total reliance on property taxes. I agree with and support the purpose statement of H.B. 73, and urge passage of the bill.

Thank you for your time.

Bill Cregg

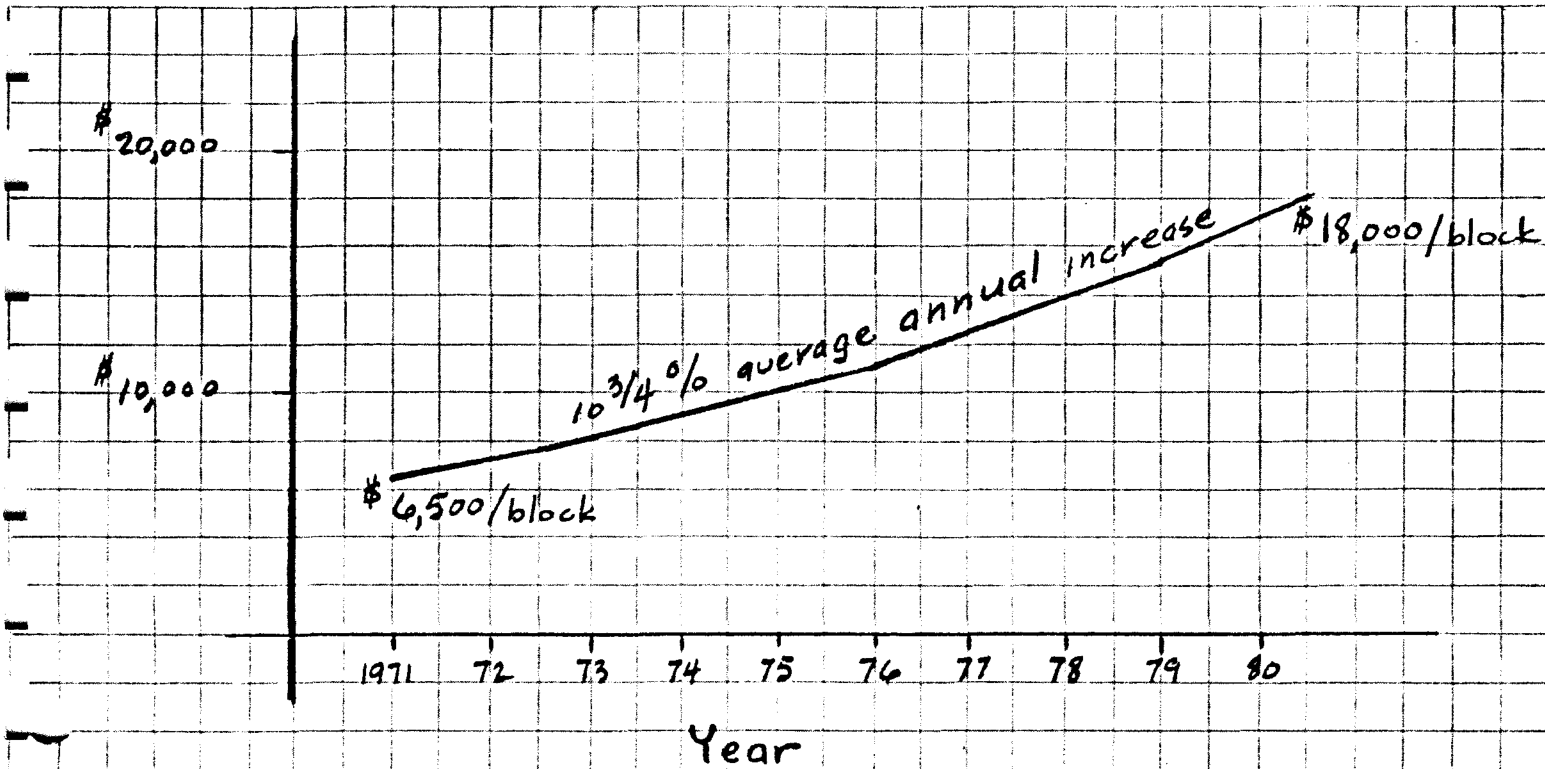
Bill Cregg

PROJECT MILL VALUE DATE Jan 9 1981



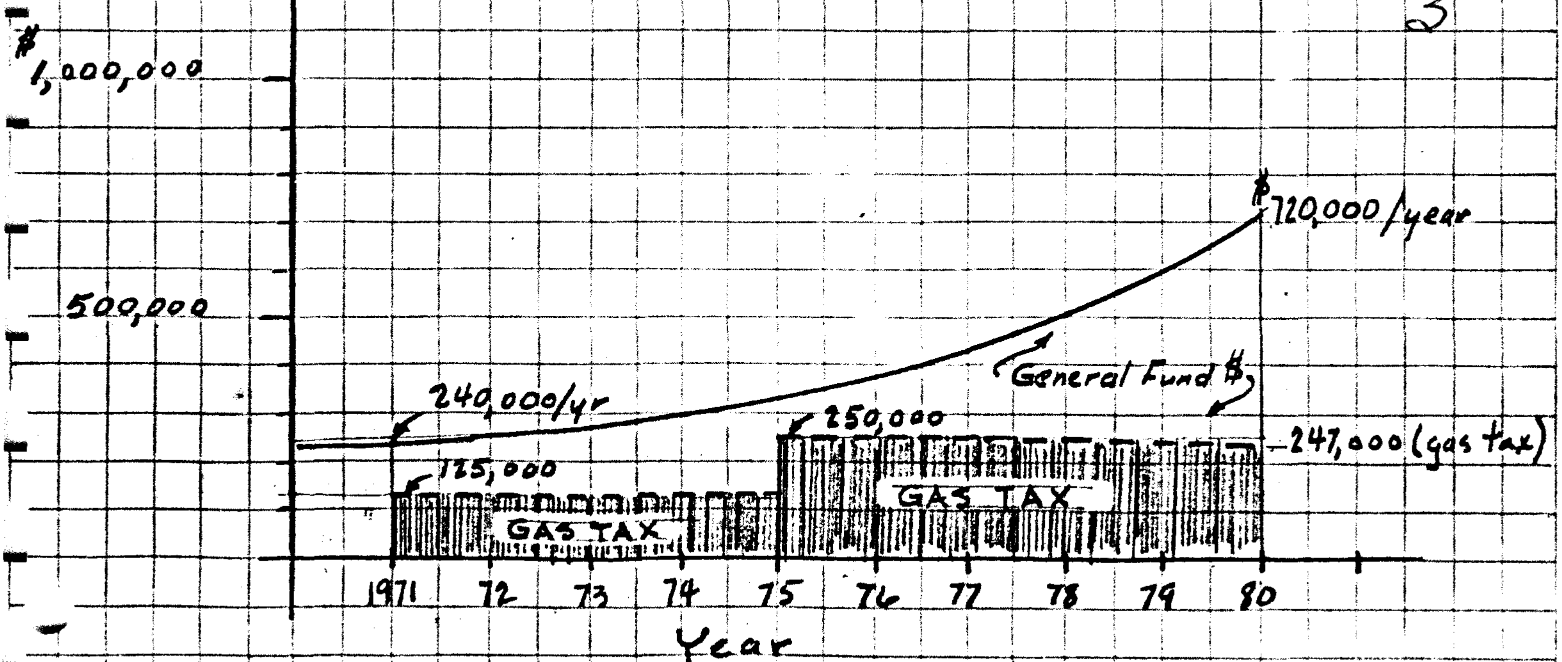
MILL VALUE - MISSOULA

PROJECT STREET COST AND FUNDING DATE Jan 9, 1980



STREET COST PER 300' BLOCK

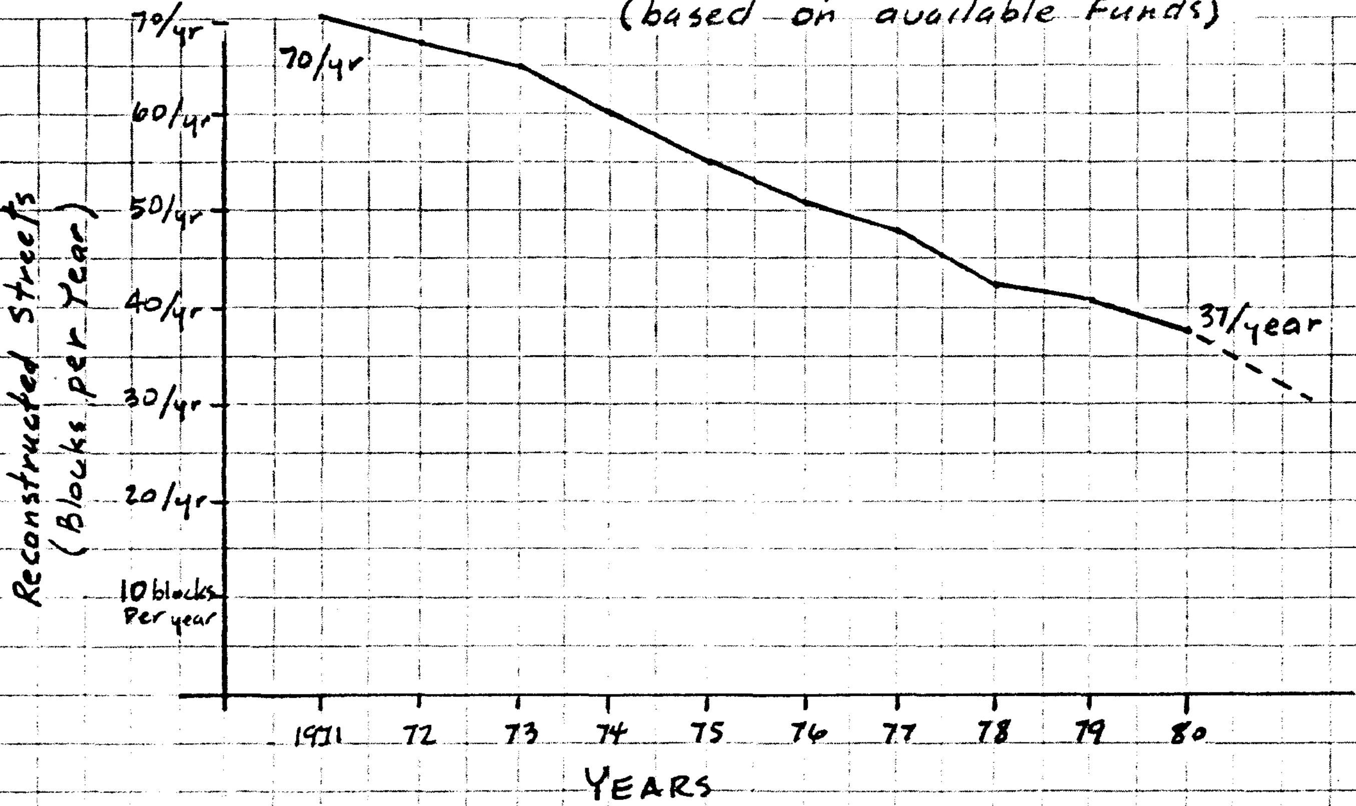
3



STREET CONSTRUCTION FUNDING

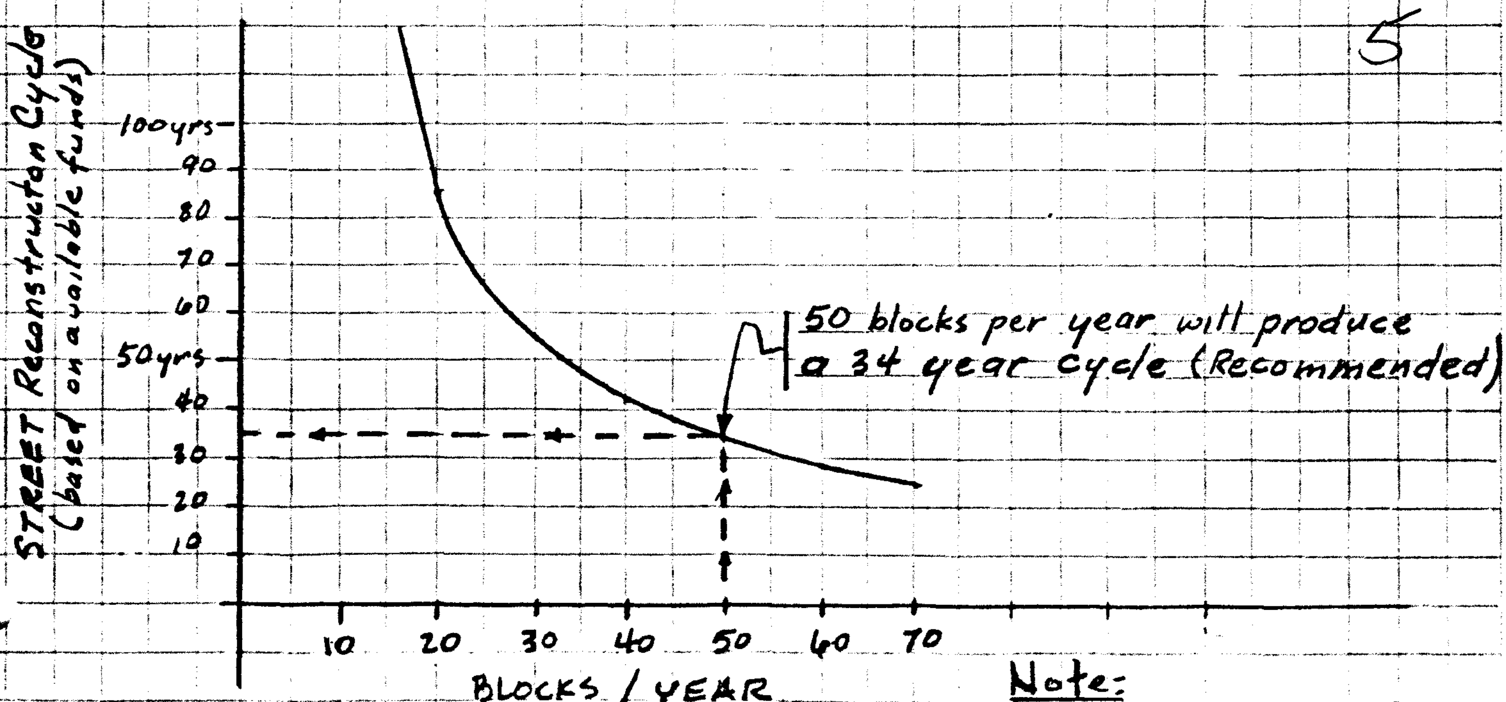
PROJECT *Street Construction - SIZE & CYCLE* DATE *Jan 9, 1981*

(based on available Funds)



STREET CONSTRUCTION (NUMBER BLOCKS PER YEAR)

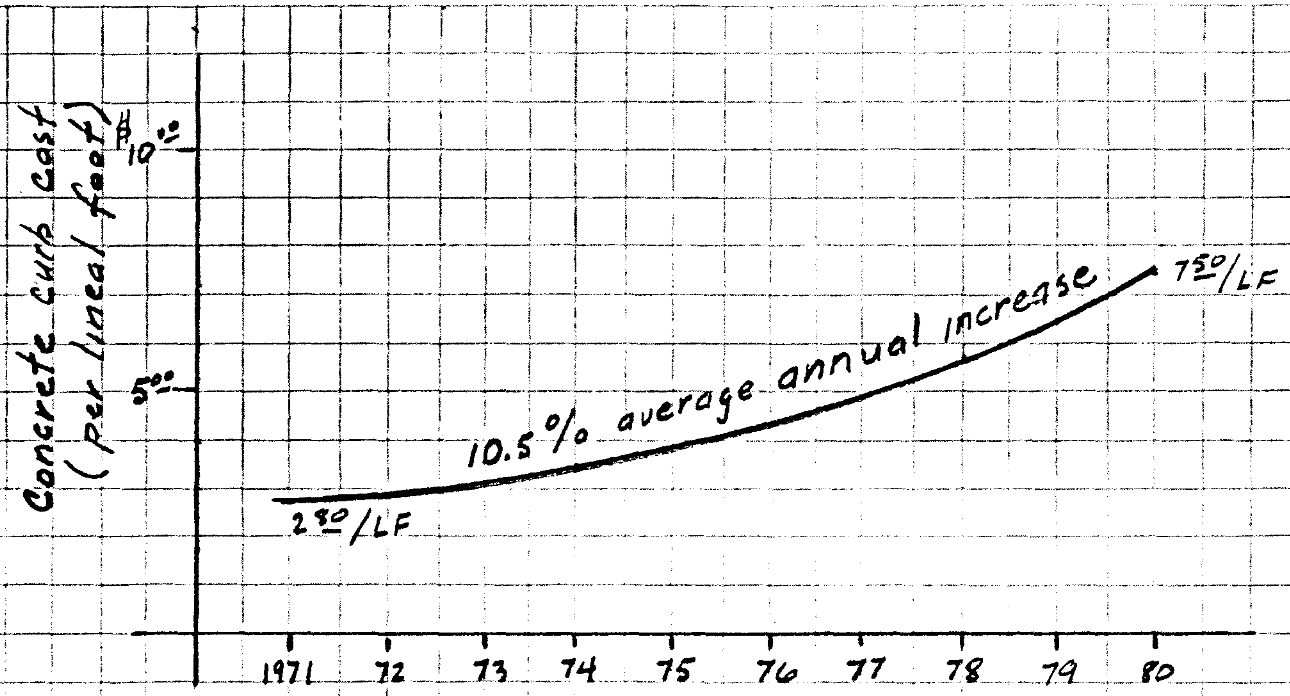
5



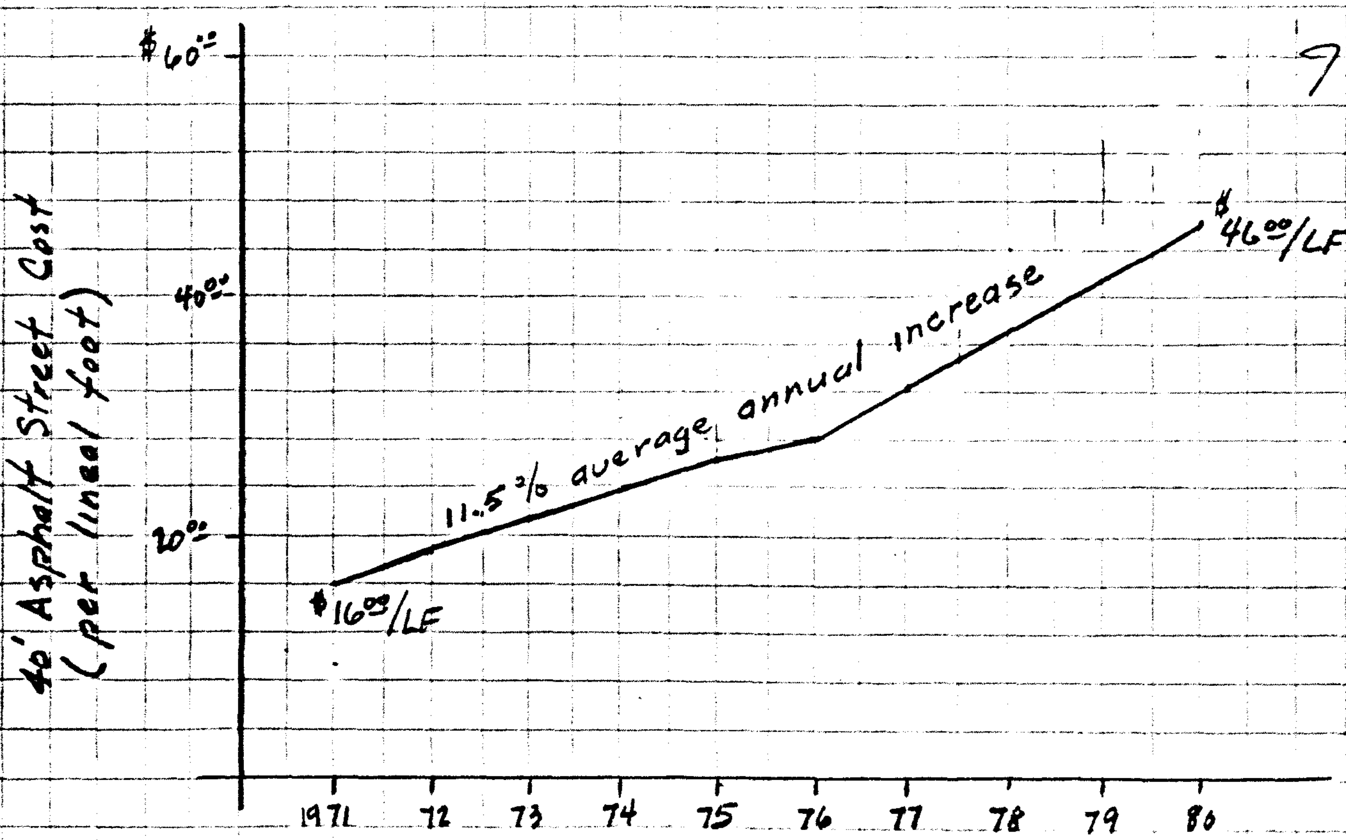
STREET CONSTRUCTION CYCLE

Note:
(Based on Missoula's 1700 Urban Blocks)

PROJECT CONCRETE CURBS AND STREET COSTS DATE Jan 9, 1981



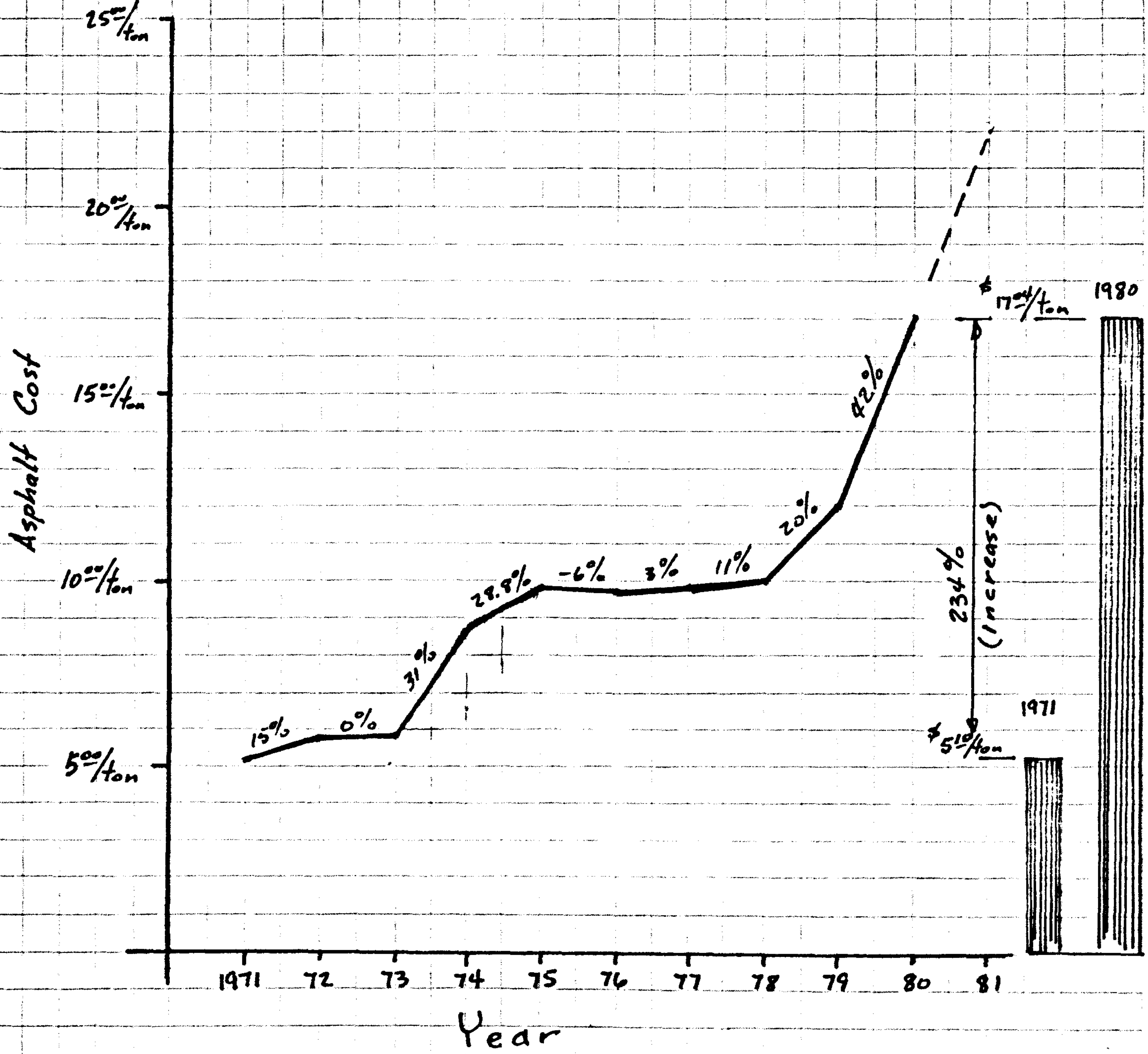
CONCRETE CURBS Year



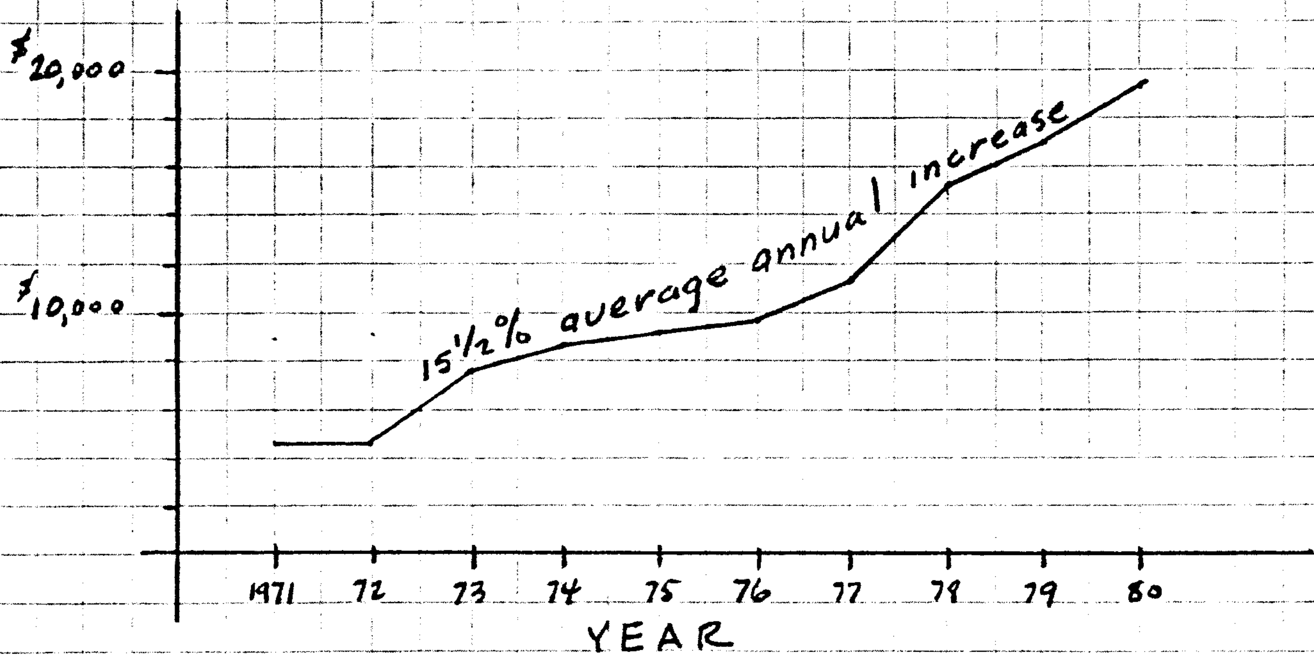
7

ASPHALT STREETS Year

PROJECT Asphalt Cost Per Ton DATE Jan 9, 1981



ROJECT Utility Cost - Street Dept. DATE Jan 9, 1981



STREET DEPT. UTILITIES' COST

EXHIBIT "F"
TAXATION 1/13/81

Position Paper
H. B. 73
Prepared by Montana League of Cities and Towns

House Bill 73 provides that five percent of the state general fund revenues will be distributed to units of local government. This bill has been introduced for two fundamental reasons: to provide necessary financial assistance to county and municipal governments and to alleviate the dangerous accumulation of pressure on the local property tax base.

Local governments in Montana are experiencing financial problems that are approaching crisis dimension. Of the 126 cities and towns in Montana, 83 have set their mill levies at the maximum allowed by state law. Of the state's 13 first and second class cities, 11 have reached the millage limitation and many of these have become dependent on emergency and voted levies to maintain essential services or manage special problems. This is not an isolated or temporary problem. It affects large cities and small towns all across Montana and it is the result of conditions that have been developing for years.

Since 1970, the taxable valuation of Montana cities and towns has increased only 39 percent, which has not compensated for the additional costs imposed by inflation, state and federal mandates, negotiated wage and pension agreements and other factors. In the past two years, the taxable valuation of cities and towns has increased only 9 percent while inflation has been stampeding at a rate between 30 and 45 percent. And these numbers tell the story of the serious financial problems of Montana's cities and towns, school districts and counties.

There are several reasons for the minimal expansion of the property valuations across Montana. Many large industries, including the Anaconda Company, the Milwaukee Railroad and timber producers have closed or curtailed operations in the state. Other industries and large landholders have persuaded the courts and the state tax appeals board to reduce valuations on portions of their property by as much as 34 percent. This narrowing of the industrial tax base has subjected homeowners and small businesses to property assessments that are becoming almost confiscatory. These people in the cities and towns are paying property taxes to support county and municipal government and the school districts. In many communities, this triple obligation has become excessive and these people are appealing to the legislature to recognize and manage this problem.

There are only three other states that collect a higher rate of property taxes per $1,000 of personal income than Montana. Because of public resistance to voted levies, property taxes simply cannot go any higher and many of our cities will be in desperate financial situations if alternative sources of revenue are not available.

This revenue sharing measure, if approved, will provide five percent of the state general fund to municipal and county governments. The bill, as amended, specifies that fifty percent of these revenues will be designated for the reduction of local mill levies. This bill addresses both sides of the local government financial problem. It will make additional revenues available to cities, towns and counties to allow them to continue to provide police and fire protection and other essential services. It will also work to reduce local mill levies.

Based on projected revenues, five percent of the general fund will provide approximately $14.5 million for the revenue sharing program in the first year of the biennium. In the second year, the total will be approximately $15 million.

These funds will be distributed among county and municipal governments with 50 percent of the allocation based on population and the remainder determined by the federal revenue sharing formula. The relative tax effort and income factors considered in the federal formula will provide additional assistance where it is needed most--to communities with high property taxes and low per capita earnings.

The financial crisis in local government is not a management problem or a question of waste and extraneous expenditures, because 80 percent of municipal budgets goes for police and fire protection. The cities have virtually no discretion in the appropriation of funds. They provide only essential and mandated services and they have managed for years on limited revenues. The cities are not supporting this bill as a method of financing new programs. They are, however, advocating state-local revenue sharing as a workable and effective method to provide additional revenues for essential services, to alleviate the pressure on the property tax base and to guarantee the survival of local government.

We have invited the people who live with the financial problems of local government every day to testify here this morning. These mayors, chief executives and council members will describe the deteriorating financial conditions of large and small communities all across the state. They will give you a practical perspective of this problem and an understanding of the legitimate and immediate need for the state to provide additional sources of revenue for local government.

In conclusion, property tax rates in most Montana communities have reached or exceeded the limits of reason. The property tax base is not expanding in accordance with the costs of providing even basic services. This is the old story of the rock and the hard place. People who own homes are being pounded by increasing property assessments and it is time that the legislature recognized this basic inequity in our tax system and its crippling consequences for local government.

FACT SHEET

MONTANA PROPERTY TAXES

Collections per 1,000 personal income	$ 60.55	(4th highest in the nation)
Collections per capita	$408.23	(8th highest in the nation)

TAXABLE VALUATION CITIES AND TOWNS

1969-70	1978-79	1980-81
$304.0 million	$453.4 million	$500.0 million

(The increase for the period from 1970 to 1981 was 39 percent)
(The increase for the period from 1979 to 1981 was 9 percent)

MILL LEVIES CITIES AND TOWNS
(per $1,000 taxable valuation)

1978-79	1980-81	Change
$65.71	$72.73	plus 10%

MILL LEVIES COUNTY, MUNICIPAL, STATE AND SCHOOL
(per $1,000 taxable valuation)

1978-79	1980-81	Change
$237.95	$261.97	plus 10%

Note:

1. 86 of the 123 cities and towns in Montana operate under levies that reach or exceed the 65 mill limitation imposed by state law.

2. 11 of 13 first and second class cities operate under levies that reach or exceed the 65 mill limitation imposed by state law.
Examples: Missoula - 91 mills; Billings - 79 mills; Bozeman - 103 mills; Lewistown - 111 mills; Anaconda (consolidated) - 120 mills; Havre - 86 mills; Kalispell - 100 mills

EXHIBIT "G"
TAXATION 1/13/81

The League of Women Voters of Montana have supported revenue sharing over the past several years. We studied "State Laws and Their Administration as They Affect Local Governments" and from this original study, and updates of that study, we adopted a position which includes revenue sharing as one of the alternatives to local funding.

State and Federal mandated obligations on cities present an increasing tax burden for residents since local governments are dependent upon property taxes for their basic funding. This issue is of particular concern to members of the Billings League.

We supported this concept last session without the funding and support this bill with the funding included. Therefore, we urge you to support HB 73 giving local governments financial relief through shared revenues.

EXHIBIT "H"
TAXATION 1/13/81

NAME DENNIS M. TAYLOR Bill No. HB 73

ADDRESS CITY-COUNTY BUILDING 316 N. PARK HELENA, MT DATE 1-13-81

WHOM DO YOU REPRESENT CITY OF HELENA

SUPPORT X OPPOSE AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

THE CITY OF HELENA ONCE AGAIN OFFERS
ITS SUPPORT OF THE CONCEPT OF A STATE
REVENUE SHARING PROGRAM. HB 73 HAS
A WORKABLE AND ACCEPTABLE DISTRIBUTION
FORMULA THAT BOTH CITIES AND COUNTIES
CAN AGREE UPON. HB 73 WOULD PROVIDE
AN EXCELLENT VEHICLE TO USE STATE
SHARED REVENUES TO REPLACE THE
LOSS OF REVENUE TO LOCAL GOVERNMENTS
THAT WOULD ACCOMPANY THE VARIOUS
SCHEMES FOR PROPERTY TAX RELIEF OR
"REFORM" THAT ARE PENDING BEFORE THIS
SESSION OF THE LEGISLATURE. FOR EXAMPLE
REPLACING THE MOTOR VEHICLE TAX WITH
A FLAT FEE SYSTEM WOULD CAUSE A
SERIOUS LOSS OF REVENUE TO LOCAL GOVERNMENTS
STRAINING UNDER THE PRESSURES OF ~~DEMANDS~~
FOR MORE SERVICES, SOARING INFLATION, ~~AND~~
EVER INCREASING ENERGY COSTS, AND GENERAL
TAX RELUCTANCE IN OUR TAXPAYERS.
OF
PLEASE GIVE HB 73 YOUR FAVORABLE
CONSIDERATION.

1/14/81

City of Malta

Malta, Montana 59538

(406) 654-1251

Aldermen

: SEEL, Mayor
XON D. GRANT, City Clerk
ELLENE HALVORSON, City Treasurer
BUD HASLER, City Engineer
STEPHEN GRANAT, City Attorney
RRAINE STUFF, Water Clerk

Jerry H. Hanson .... First Ward
Clarence O. Mikkelson .... First Ward
Shirley A. Legg .... Second Ward
Karl H. Harms .... Second Ward

January 14, 1981

Mr. Kenneth Nordveldt, Chairman
Taxation Committee
House of Representatives
Capitol Station, Helena, Montana 59620

Dear Sirs:

Malta, like most local governments in Montana, is having difficulty getting enough money through the property-tax mill-levy process. Our taxable valuation is actually less than four years ago, due to the changed formula put into use after the new appraisals, the loss of bank stock as a taxable item, and protests of the appraisals of business properties.

Our costs for the services we provide have risen drastically at the same time that our taxable valuation has gone down. Many of these costs are state-mandated, beyond our control, with no provision to levy for them in excess of the mill-levy limit.

We support state-local revenue sharing as a means of relief for cities. These shared funds should be allocated to cities without any requirement that they be used to reduce the mill levy. We need this money in addition to the 65 mills we are allowed to levy. If our mill levy must be reduced by the amount we receive as revenue sharing, it will be of no benefit at all to our city government.

We support revenue sharing only if it may be used by cities in addition to the 65 mills .

If it turns out that revenue sharing cannot be passed without the restriction that it must be used to reduce taxes, the other solution is to raise the 65-mill all purpose general levy limit to 75 mills.

For the Malta City Council:

Dixon D. Grant

DIXON D. GRANT
City Clerk

cc: State Representative Paul Kropp
State Senator Howard Hammond

1/21/81

Town Of Froid

Froid, Montana
59226

January 14, 1981

Taxation Committee
House of Representatives
Capitol Station
Helena, Montana 59601

RESOLUTION SUPPORTING STATE-LOCAL REVENUE SHARING

Whereas, local governments in Montana are experiencing severe financial problems because of their reliance on property taxes as a principal source of revenue; and

Whereas, the taxable valuation in most cities, towns and counties has remained static while costs of government services have been driven higher by inflation, federal and state mandated programs, negotiated wage and benefit agreements and other factors; and

Whereas, this combination of a static revenue base and increasing costs beyond the control of local government exerts dangerous and inequitable pressure on the property tax base, particularly homeowners, small businesses and farms and ranches; and

Whereas, there is no practical method currently available to local government to solve this combination of problems.

Now therefore be it resolved that the Froid Town Council of Froid, Montana, supports passage of House Bill 73 by the Montana Legislature to establish a system of state-local revenue sharing as the most workable method of providing additional revenues to finance essential county municipal services and most importantly to alleviate pressure on the property tax base.

Sincerely,

The Froid Town Council

Taxation
1/13/81

RESOLUTION SUPPORTING STATE-LOCAL REVENUE SHARING

Whereas, local governments in Montana are experiencing severe financial problems because of their reliance on property taxes as a principle source of revenue; and

Whereas, the taxable valuation in most cities, towns and counties has remained static while costs of government services have been driven higher by inflation, federal and state mandated programs, negotiated wage and benefit agreements and other factors; and

Whereas, this combination of a static revenue base and increasing costs beyond the control of local government exerts dangerous and inequitable pressure on the property tax base, particularly homeowners, small businesses and farms and ranches; and,

Whereas, there is no practical method currently available to local government to solve this combination of problems.

Now therefore be it resolved that the city council or county commission of Walkerville (name of city ~~or county~~) supports passage of House Bill 73 by the Montana Legislature to establish a system of state-local revenue sharing as the most workable method of providing additional revenues to finance essential county and municipal services and most importantly to alleviate pressure on the property tax base.

Helen Foster, City Clerk

vid C. Lloyd
X XXXXXXXX
MAYOR
HONE 842-XXXXX5700

Norma E. Steiner
XXXXXXXXXXX
CLERK-TREAS.
PHONE 842-XXXXX5430

Town of Sheridan

SHERIDAN, MONTANA 59749
PHONE (406) 842-5431

January 15, 1981

Taxation Committee
House of Representatives
Capitol Station
Helena, Montana 59620

Attention Mr. Kenneth Nordtvedt, Chairman

Gentlemen:

The Sheridan City Council of Sheridan, Montana supports House Bill 73 by the Montana Legislature to establish a system of state-local revenue sharing as the most workable method of providing additional revenues to finance essential county and municipal services and most importantly to alleviate pressure on the property tax base,

Very truly yours,

David C. Lloyd

David C. Lloyd
Mayor

DCL:nes

TOWN OF JOLIET

JOLIET, MONTANA 59041

Resolution No. 191

Resolution Supporting State-Local Revenue Sharing:

Whereas, local governments in Montana are experiencing severe financial problems because of their reliance on property taxes as a principle source of revenue; and

Whereas, the taxable valuation in most cities, towns and counties has remained static while costs of government services have been driven higher by inflation, federal and state mandated programs, negotiated wage and benefit agreements and other factors; and

Whereas, this combination of a static revenue base and increasing costs beyond the control of local government exerts dangerous and inequitable pressure on the property tax base, particularly homeowners, small businesses and farms and ranches; and,

Whereas, there is no practical method currently available to local government to solve this combination of problems.

Now therefore be it resolved that the Town Council of Joliet, Montana supports passage of House Bill 73 by the Montana Legislature to establish a system of state-local revenue sharing as the most workable method of providing additional revenues to finance essential county and municipal services and most importantly to alleviate pressure on the property tax base.

R.E. Baumann MAYOR

COUNCIL

RESOLUTION NO. 454

A RESOLUTION SUPPORTING STATE-LOCAL REVENUE SHARING

WHEREAS, local governments in Montana are experiencing severe financial problems because of their reliance on property taxes as a principle source of revenue; and

WHEREAS, the taxable valuation in most cities, towns and counties has remained static while costs of government services have been driven higher by inflation, federal and state mandated programs, negotiated wage and benefit agreements and other factors; and

WHEREAS, this combination of a static revenue base and increasing costs beyond the control of local government exerts dangerous and inequitable pressure on the property tax base, particularly homeowners, small businesses and farms and ranches; and,

WHEREAS, there is no practical method currently available to local government to solve this combination of problems.

NOW, therefore be it resolved that the City Council of the City of Fort Benton, County of Chouteau, State of Montana supports passage of House Bill 73 by the Montana Legislature to establish a system of state-local revenue sharing as the most workable method of providing additional revenues to finance essential county and municipal services and most importantly to alleviate pressure on the property tax base.

PASSED on a roll call vote by the City Council of theCity of Fort Benton and approved by the Mayor this 16th. day of January, 1981.

MAYOR OF FORT BENTON

ATTEST:

City Clerk

STATE OF MONTANA

REQUEST NO. 52-81

FISCAL NOTE

Form BD-15

In compliance with a written request received January 8, 19 81, there is hereby submitted a Fiscal Note for House Bill 73 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

HOUSE BILL NUMBER 73
DISTRIBUTION OF STATE REVENUE SHARING ALLOCATIONS
1982-83 Biennium

Entity	State Revenue 1982	State Distribution 1983
BEAVERHEAD	$94,241	$99,905
Dillon	53,669	56,895
Lima	3,006	3,186
BIG HORN	137,905	146,193
Hardin	40,064	42,471
Lodge Grass	10,241	10,857
BLAINE	103,603	109,828
Chinook	24,548	26,023
Harlem	15,745	16,692
BROADWATER	39,048	41,394
Townsend	21,521	22,814
CARBON	128,079	135,776
Bearcreek	608	645
Bridger	12,761	13,527
Fromberg	6,291	6,669
Joliet	7,429	7,875
Red Lodge	33,229	35,226
CARTER	35,405	37,533
Ekalaka	7,135	7,564

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: ______

Entity	State Revenue 1982	State Distribution 1983
CASCADE	557,038	590,514
Belt	11,780	12,488
Cascade	10,163	10,774
Great Flls	835,661	885,880
Neihart	1,667	1,768
CHOTEAU	70,968	75,232
Big Sandy	9,425	9,992
Fort Benton	21,857	23,170
Geraldine	3,514	3,725
CUSTER	102,701	108,872
Ismay	594	630
Miles City	143,545	152,171
DANIELS	39,026	41,371
Flaxville	2,054	2,177
Scobey	19,473	20,644
DAWSON	109,972	116,580
Glendive	88,094	93,388
Richey	5,125	5,432
DEER LODGE	281,450	298,363
FALLON	60,826	64,481
Baker	27,726	29,392
Plevna	2,190	2,322
FERGUS	140,410	148,848
Denton	5,747	6,093
Grass Range	1,653	1,753
Lewistown	113,879	120,724
Moore	3,208	3,399
Winifred	3,085	3,270
FLATHEAD	681,947	722,929
Columbia Falls	48,867	51,804
Kalispell	183,251	194,263
Whitefish	63,939	67,782
GALLATIN	320,061	339,295
Belgrade	33,981	36,022
Bozeman	320,999	340,289
Manhattan	11,788	12,496
Three Forks	15,838	16,790
West Yellowstone	19,267	20,424
GARFIELD	35,262	37,380
Jordan	5,561	5,895
GLACIER	101,213	107,295
Browning	17,320	18,361
Cut Bank	44,981	47,684

Entity	State Revenue 1982	State Distribution 1983
GOLDEN VALLEY	14,535	15,409
Lavina	1,861	1,973
Ryegate	3,185	3,376
GRANITE	37,301	39,544
Drummond	5,310	5,629
Philipsburg	14,701	15,584
HILL	156,771	166,192
Havre	148,655	157,588
Hingham	2,089	2,215
JEFFERSON	95,164	100,883
Boulder	19,975	21,175
Whitehall	17,971	19,050
JUDITH BASIN	52,610	55,771
Hobson	2,970	3,149
Stanford	8,910	9,446
LAKE	281,314	298,219
Polson	48,631	51,554
Ronan	26,960	28,580
St. Ignatius	11,816	12,526
LEWIS AND CLARK	332,378	352,352
East Helena	26,187	27,761
Helena	321,364	340,676
LIBERTY	44,408	47,077
Chester	13,806	14,635
LINCOLN	206,468	218,876
Eureka	15,073	15,978
Libby	48,337	51,242
Rexford	1,224	1,297
Troy	14,092	14,938
MADISON	105,492	111,832
Ennis	8,273	8,770
Sheridan	7,221	7,655
Twin Bridges	6,370	6,753
Virginia City	2,777	2,943
MCCONE	51,286	54,368
Circle	11,408	12,094
MEAGHER	34,124	36,174
White Sulphur Springs	17,255	18,293
MINERAL	45,918	48,677
Alberton	5,003	5,303
Superior	14,228	15,083

Entity	State Revenue 1982	State Distribution 1983
MISSOULA	699,252	741,274
Missoula	509,889	540,531
MUSSELSHELL	53,741	56,971
Melstone	2,842	3,012
Roundup	37,631	39,892
PARK	126,841	134,463
Clyde Park	3,343	3,543
Livingston	112,033	118,766
PETROLEUM	11,680	12,382
Winnett	3,249	3,445
PHILLIPS	86,233	91,415
Dodson	2,391	2,534
Malta	40,143	42,555
Saco	3,442	3,649
PONDERA	99,974	105,982
Conrad	41,974	44,497
Valier	9,397	9,962
POWDER RIVER	49,747	52,737
Broadus	8,051	8,535
POWELL	67,947	72,030
Deer Lodge	53,855	57,092
PRAIRIE	30,731	32,578
Terry	12,253	12,988
RAVALLI	291,455	308,970
Darby	9,140	9,689
Hamilton	46,978	49,801
Stevensville	16,912	17,928
RICHLAND	171,592	181,904
Fairview	17,928	19,005
Sidney	67,482	71,538
ROOSEVELT	114,538	121,421
Bainville	2,784	2,951
Brockton	4,888	5,182
Culbertson	11,300	11,980
Froid	5,046	5,349
Poplar	14,515	15,387
Wolf Point	39,556	41,933
ROSEBUD	165,080	175,000
Forsyth	34,017	36,060

Entity	State Revenue 1982	State Distribution 1983
SANDERS	131,930	139,857
Hot Springs	8,094	8,581
Plains	19,431	20,598
Thompson Falls	20,476	21,706
SHERIDAN	47,185	50,020
Medicine Lake	5,025	5,326
Outlook	1,360	1,442
Plentywood	26,953	28,572
Westby	3,292	3,490
SILVER BOW	744,204	788,928
Walkerville	11,136	11,805
STILLWATER	99,036	104,988
Columbus	22,931	24,309
SWEET GRASS	38,203	40,499
Big Timber	23,975	25,416
TETON	101,791	107,909
Choteau	21,349	22,632
Dutton	3,886	4,120
Fairfield	9,554	10,129
TOOLE	81,366	86,256
Kevin	2,304	2,443
Shelby	40,007	42,411
Sunburst	5,496	5,827
TREASURE	16,561	17,557
Hysham	6,577	6,972
VALLEY	137,118	145,358
Glasgow	76,643	81,248
Nashua	7,837	8,308
Opheim	3,385	3,588
WHEATLAND	37,144	39,376
Harlowtown	16,239	17,215
Judith Gap	2,447	2,595
WIBAUX	25,521	27,055
Wibaux	8,552	9,067
YELLOWSTONE	714,927	757,889
Billings	996,068	1,055,926
Broadview	1,517	1,609
Laurel	79,276	84,040
GRAND TOTAL	$14,313,684	$15,173,864

STANDING COMMITTEE REPORT

April 17, 1981

MR. SPEAKER:

We, your committee on TAXATION

having had under consideration House Bill No. 73

A BILL FOR AN ACT ENTITLED: "AN ACT TO ESTABLISH A SYSTEM OF REVENUE SHARING FROM THE STATE TO MUNICIPALITIES AND COUNTIES."

Respectfully report as follows: That House Bill No. 73,

introduced (white), be amended as follows:

1. Title, line 5.
   Following: "TO"
   Strike: "MUNICIPALITIES AND COUNTIES"
   Insert: "PROPERTY TAX PAYERS; PROVIDING FOR A LOCAL GOVERNMENT REPLACEMENT MILL LEVY; AND PROVIDING AN APPROPRIATION"

2. Page 1, line 12.
   Following: "with"
   Strike: "municipalities and counties"
   Insert: "property taxpayers"

(Page 1 of 3 pages)

XXXXXXXX

STATE PUB. CO.
Helena, Mont.

Rep. Ken Nordtvedt, Chairman.

COMMITTEE ON TAXATION AMENDMENTS TO HOUSE BILL 73:

3. Page 1, line 16 through page 4, line 4.
Following: "for" on line 16, page 1
Strike: the remainder of line 16, page 1 through line 4 on page 4.
Insert: "the mandatory mill levy established under the provisions of 20-9-501; and to provide for a maximum replacement mill levy for units of local government.

Section 3. Definitions. The following definitions apply to [section 1 through 6]:

(1) The term "replacement mill levy" means the maximum number of mills that a local government unit is authorized to impose in accordance with [section 6].

(2) The term "state payment to county" means the annual dollar amount paid to a county under [section (5)(a)].

(3) The term "total county local budget" means the total of that portion of all local government property tax funded budgets within a county plus the total of all school district budgets within a county minus state and county equalization and local district permissive levy amounts of the school district budgets.

(4) The term "total local government unit mill levy" means the total number of mills being imposed by the local government unit in the current taxable year.

Section 4. Appropriation. (1) There is appropriated from the state general fund to the state treasurer for distribution to county treasurers $38,000,000 for the biennium ending June 30, 1983 for the purpose of funding reductions in the mandatory retirement fund requirements established under the provisions of 20-9-501. The appropriation shall be distributed in accordance with the provisions of [section 5].

(2) The dollar amount appropriated in this section for the 1982 - 1983 biennium shall be multiplied by the ratio of the PCE for the second quarter of the year prior to any future biennial appropriation to the PCE for the second quarter of 1980. "PCE" means the implicit price deflator for personal consumption expenditures as published quarterly in the Survey of Current Business by the bureau of economic analysis of the United States department of commerce.

Section 5. Distribution. The appropriation provided in [section 4] shall be distributed in the following manner:

STATE PUB. CO.
Helena, Mont.

Rep. Ken Nordtvedt. Chairman.

COMMITTEE ON TAXATION AMENDMENTS TO HOUSE BILL 73:

(a) In each year of the biennium the state treasurer shall pay to each county treasurer in accordance with subsection (b) an amount equal to the fraction of the state's population residing in the county according to the 1980 county census published by the U.S. bureau of the census multiplied by 1/2 the appropriation provided in [section 4].

(b) The state treasurer shall make two equal payments to each county on November 30 and May 30 of each year following [the effective date of this act].

(c) The county treasurer shall remit the money received under this section to the credit of the retirement fund established under 20-3-501 and reduce the mandatory county levy accordingly.

Section 6. Local government authorized to levy additional mills.
(1) In addition to any mill levy authorized by law, the governing body of a local government unit may impose an additional replacement mill levy less than or equal to the product of the following formula:

$$\text{(total local government unit mill levy)} \times \frac{\text{state payment to county}}{\text{total county local budget}} = \text{Replacement mill levy}$$

(2) If by interlocal agreement or other statutory requirement a part of a county mill levy is not imposed on an incorporated city or town, then the same proportion of the county replacement levy shall be reduced in the incorporated city or town.

(3) The replacement mill levy may be used by the governing body of a local government unit for any purpose authorized by law."

Renumber: subsequent section

AND AS AMENDED
DO PASS

STATE PUB. CO.
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Rep. Ken Nordtvedt, Chairman.