

MINUTES OF THE MEETING OF THE HOUSE TAXATION COMMITTEE
March 11, 1983

The meeting was called to order at 5:00 p.m. by Chairman Yardley. Roll call was taken and all committee members were present.

This meeting was an executive session to take action on SB 94.

SENATE BILL 94

SENATE BILL 94 is an act to phase out the permissive amount and the permissive levy allowed school districts over a three-year period; to provide a new definition of the foundation program; and to increase the basic county levies in support of local and state equalization of the foundation programs of the elementary and high school districts.

CHAIRMAN YARDLEY said the House Education Committee passed this bill out of their committee with a DO PASS.

REPRESENTATIVE DOZIER moved SB 94 DO PASS.

REPRESENTATIVE ZABROCKI asked that he be the last name called in the roll call vote because the rule book says the names can be called alphabetically. Chairman Yardley said those rules are not committee rules.

REPRESENTATIVE SWITZER made a substitute motion that SB 94 DO NOT PASS.

REPRESENTATIVE JACOBSEN said there may be a possibility of amendments being offered on this bill.

REPRESENTATIVE ASAY asked why the legislature recessed just so this committee could vote on this bill. Chairman Yardley said this bill is related to the foundation program.

REPRESENTATIVE ASAY said he feels it is bad legislation to "ram" everything through as fast as what is happening with this bill.

REPRESENTATIVE ASAY said no one has had a chance to prepare amendments to this bill.

REPRESENTATIVE HARRINGTON said SB 94 came out of the Education Committee with a do pass. It will probably be Monday before this bill would go to second reading. Amendments could be prepared before then.

REPRESENTATIVE KEENAN said this committee is getting bogged down with technicalities. In essence, this committee's action does not mean too much because the bill will be heard on the House floor.

REPRESENTATIVE JACOBSEN said this bill should not be put on the floor in such a short time. Everyone should have enough time to prepare amendments to this bill if they wish to do so.

REPRESENTATIVE WILLIAMS said before anything can be done with the Foundation Program, we need to act on this bill.

REPRESENTATIVE BERTELSEN said he has problems no matter which way he goes on this bill. He made a commitment to the people in his area that he will try to see that the Foundation Program has at least a 4% and 4% increase. If that increase weighs on this bill, then he has problems.

REPRESENTATIVE NORDTVEDT said until we know how much we want to spend, we should not be raising taxes. We should decide the state budget first and then see if we can fund this program with that budget. He said this is just a general tax bill to get more money for the general fund. This bill is tied to the overall state budget, not the Foundation Program.

REPRESENTATIVE NORDTVEDT said he would like to make a motion to table the bill.

REPRESENTATIVE SWITZER withdrew his substitute motion of do not pass.

REPRESENTATIVE NORDTVEDT moved SB 94 BE TABLED.

REPRESENTATIVE NORDTVEDT said this committee could indicate it does not want to raise taxes until the state budget can be decided.

REPRESENTATIVE ASAY said Yellowstone County is probably the most heavily endowed of all counties and they are doing the most grumbling. We have schools trying to run a good school program but are also trying to hold the line on expenses. This would be a blank check and would be the saddest thing that ever happened.

REPRESENTATIVE HARRINGTON said most school districts in the state have tried to tighten their belts. He said he resents the money Billings spent on the school superintendent as much as anyone does but we cannot penalize all school districts because of that one district.

REPRESENTATIVE KEENAN said this issue will be debated on the floor and we are spinning our wheels down in this committee room.

REPRESENTATIVE WILLIAMS said this bill is an equalization factor for the Foundation Program. There is no equity in the way it is being applied now with the mill levy. He said he counted 700 schools that are paying 9 mills now. He said if you count the counties not paying the 9 mills now, fourteen of those counties are in eastern Montana. That is not equity in education. Equity in financing is based on this bill and the Foundation Program and the Equalization Program.

REPRESENTATIVE ABRAMS asked Representative Williams if he is talking about equity in education or in dollars. Representative Williams said he is talking equity in dollars. Before you had oil in eastern Montana, the counties in western Montana were equalizing the funds for the people in eastern Montana.

REPRESENTATIVE ABRAMS said the people in eastern Montana never said the money from timber tax in western Montana. Representative Williams said Representative Eudaily has those figures and suggested Representative Abrams look at them.

REPRESENTATIVE UNDERDAL asked Representative Williams if he believes dollars give equity of education. Do you believe throwing money into education will give quality of education. Representative Williams said you have the dollars to provide education but it is up to your school district to decide how to provide equal education. If the dollars are properly managed, you can have quality education with quality people.

REPRESENTATIVE NORDTVEDT said this bill is based on the falacy that mills are a measure of people's tax loads. If you try to equalize mills, you can say that rural families pay twice as much property taxes as the urban families by virtue of their businesses, and typically the rural families pay twice as much into the Foundation Program. That is not equitable. This is pure and simple an urban con game. This is an attempt to get rural areas to pay for urban services. This is not an education bill. It does not talk about distributing money, it talks about taxes.


REPRESENTATIVE HARRINGTON said the poverty wage is at \$20,000 and if you want to pay less than \$20,000 for teachers than that is your right but is not a question to be brought before this committee.

REPRESENTATIVE DOZIER said rural improvements on property taxes does not match urban improvements on property but take a look at what the urban areas pump into the income taxes.

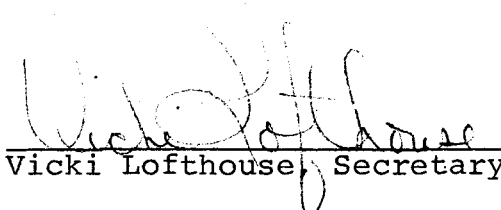
REPRESENTATIVE ZABROCKI said Custer County will double what any other county is paying now. Taxes are so high, people will not be able to keep their homes. He said education has to cut expenses. We cannot give money to education administrators like what has happened in Billings. The money should be given to the teachers.

The motion that SB 94 BE TABLED was voted on and PASSED. A roll call vote was taken. All committee members voted yes except Representatives Dozier, Harp, Harrington, Keenan, Neuman, Nilson, Ream, Williams and Yardley, who voted no.

The meeting was adjourned at 5:30 p.m.



DAN YARDLEY, Chairman



Vicki Lofthouse, Secretary