

MINUTES OF THE MEETING
FINANCE AND CLAIMS COMMITTEE
MONTANA STATE SENATE

February 23, 1985

The 10th meeting of the Senate Finance and Claims Committee met in room 108 of the state Capitol. Senator Regan called the meeting to order following roll call at 6:19 p.m.

ROLL CALL: All members present except Senators Stimatz and Smith being absent and Senators Haffey and Jacobson being excused and leaving votes with the Chairman.

CONSIDERATION OF SENATE BILL 370: Senator Christiaens, Chairman of the subcommittee on SB 370 said he had talked to the individual members of the committee and the majority of them had met on adjournment of the previous meeting. It is agreed that we will accept the proposed amendments which would give a 3.14% one time increase over the biennium and would amount to about \$161,000. The rest of the information is the same and in agreement with the amendments offered by Senator Van Valkenburg.

Senator Bengtson: I believe the figure was \$161,000, wasn't it Judy?

Judy Ripplingale: \$161,162.

Senator Regan: Does it include the Judges and STAB at the same as the state employees?

Senator Bengtson: Yes, that is my understanding.

DISPOSITION OF SENATE BILL 370: MOTION by Senator Christiaens that the subcommittee report be adopted.

Senator Himsel: Was any consideration given by the people involved in this session to just saying we will freeze everything? Why are we giving an increase in one area and not in another? There is no deal with labor. What is the sentiment on the restrictions? We have increased for some who could help themselves. Is any effort made to freeze it?

Senator Story: In answer to that--To freeze it, we kill the bill. If in fact we wind up giving no increases to the state employees it will be killed. All their consideration was to send a House vehicle over to act on. If they get any increase at all, then we put a slight increase in.

QUESTION was called, the motion was voted, passed unanimous of those present.

MOTION by Senator Story that Senate Bill 370 as amended, DO PASS. Voted and passed, unanimous of those present.

CONSIDERATION OF SENATE BILL 271: This bill had been in Education Committee and on the floor of the Senate and was sent back to Finance and Claims Committee. There had been some technical errors in the bill.

Senator McCallum: District 26, sponsor of SB 271 said that up to this time 25% of the income tax goes to the school foundation program. This bill would raise it to 30%. He said his reason is that with the projections that come from the LFA and OBP they give us an idea of how much money there is in the different parts of the pie. This would give the people in Appropriations a figure so they could see how much money was there for the foundation program for the state's share. The I&I, Income tax, etc--and the rest would have to come from the general fund.

PROPOSERS FOR SENATE BILL 271: Bill Anderson representing the OPI said that in order to fund education it is important that the base not be eroded more. I see several bills that are trying to pick away at the funding for education. The property that used to be exclusively for schools it has become the property of anybody. He said Ms. Terry Minow, Montana Federation of Teachers, would have testified but was not here.

There were no further proponents, no opponents, and Senator Regan asked if the committee had any questions.

Senator Regan: I think I would like to make an observation. You are really not affecting the general fund with this bill. You are just setting aside 30% instead of 25% and then appropriate the rest--or you set aside the 25% and appropriate the rest.

DISPOSITION OF SENATE BILL 271: MOTION by Senator Himsl that SB 271 DO NOT PASS. He said, if you do this you are taking it from the general fund and ear-marking more that is not in the general fund. It puts us in a bind. We have left out this and I don't think it is in the general welfare of the people that we do this. Our primary responsibility is to fund the State Government. If we put this in an ear-marked fund we are not being very responsible.

Senator Keating: The tax levy is only so large. We are not talking about an increase, but only distribution. Maybe even a method. My people complain that the property taxes are too high. They don't want to pay for schools with more property tax. If we take it from income tax rather than property tax then they would not have to raise the property tax, but would have to raise the income tax to meet the costs of Education. At any rate it would be a different source. Therefore, I would vote for the bill.

Senator Hammond: There is a shift for the most part.

Senator Bengtson: I speak against the motion of Senator Hims1. There is more equity in financing education through the income tax.

Senator Regan said she would like to apologize to Senator McCallum since he should certainly have the right to close.

Senator McCallum: The reason I put in the bill was in an effort to spare property tax. More and more people are rebelling against property tax. It is getting so you can hardly afford to own a home. I would hope you would give a favorable consideration to this bill.

Senator Story: I don't see how it shifts anything.

Senator Regan: If you look at what is necessary to fund education --the dollars flowing into a huge bottle. You pour in income tax money, property tax money, coal tax money etc. These are mixed and poured into the bottle. We have an obligation to fill it up to the equalization level, and the monies are not sufficient to fund it. We will have to pour in more money anyway. It makes little difference if we fill it to the 25% mark or the 30% mark and then pour in to fill it up anyway. It doesn't shift anything.

Senator Keating: Senate Bill 94 in the last biennium increased property tax and increased the foundation tax on property to bring in more money to further education. \$11 million raise to fund the foundation program from the general fund. It implies that the program was more from property tax. This would reverse it and now we would be taking it from the income tax.

Senator Regan: You would be correct, if when we put the money in it would bring it up to the equalization level, but it does not. We are always short. I would ask Judy Rippingale if she would address this.

Judy Rippingale, Legislative Fiscal Analyst, said I believe it was in the 1981 session that you were not short. Every bit of general fund put in came back. Oil provides a good portion. Now there is not good bonus payments on oil and the price is going down. It was only 4 years ago where the resources dedicated to this account was more than was needed.

Senator Gage: Part of the reason it is short is that the Legislature has raided the tax base in the counties. I think we have a responsibility to replace that with an income tax. We have caused the problem and should rectify it.

Senator Hims1: Anyone that thinks what you put in there now will relieve property tax is wrong. It just won't do it. You can't do it that way. In this way it is just going to come out of what we put in. You are ear-marking funding that will not be available

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for other things. We have kept the school funding program to the last because it was one place you could go to to balance the budget.

Question was called, voted and passed that the bill DO NOT PASS.

Senator Hims1 will carry the adverse committee report.

The meeting was adjourned at 7:07 p.m.



Senator Regan, Chairman

PROPOSED AMENDMENTS TO SB 370

1. Page 1, line 20.
Strike: "70,000"
Insert: "50,452"
2. Page 1, line 21.
Strike: "47,500"
Insert: "36,141"
3. Page 1, line 23.
Strike: "62,500"
Insert: "51,722"
4. Page 1, line 25.
Strike: "60,000"
Insert: "50,452"
5. Page 2, line 1.
Strike: "55,000"
Insert: "46,016"
6. Page 2, line 2.
Strike: "42,500"
Insert: "33,342"
7. Page 2, line 4.
Strike: "46,000"
Insert: "39,672"
8. Page 2, line 6.
Strike: "43,500"
Insert: "37,363"
9. Page 2, line 9.
Strike: "42,500"
Insert: "36,141"
10. Page 2, line 10.
Strike: "42,500"
Insert: "33,342"
11. Page 2, line 12.
Strike: "32,500"
Insert: "32,401"
12. Page 2, line 18.
Strike: "55,000"
Insert: "49,178"
13. Page 4, line 7.
Strike: "28,500"
Insert: "27,655"
14. Page 5, line 4.
Strike: "40,000"
Insert: "27,373"

PROPOSED AMENDMENTS TO SB 370 Continued---

15. Page 5, line 7.

Strike: "37,500"

Insert: "26,635"

16. Page 5, line 14.

Following: "Effective"

Strike: the remainder of line 14.

Insert: "dates. (1) Section 3 of this act is effective January 1, 1989.

(2) All other sections of this act are"

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ROLL CALL

SENATE FINANCE AND CLAIMS COMMITTEE

1965 LEGISLATIVE SESSION - - 185

Date 2-23-85

NAME	PRESENT	ABSENT	EXCUSED
SENATOR REGAN	✓		
SENATOR HAFFEY	✓		✓ x left vote
SENATOR JACOBSON	✓		✓ x left vote
SENATOR AKLESTED	✓		
SENATOR HAMMOND	✓		
SENATOR LANE	✓		
SENATOR CHRISTIANS	✓		
SENATOR GAGE	✓		
SENATOR HIMSL	✓		
SENATOR STIMATZ		✓	
SENATOR BOYLAN	✓		
SENATOR STORY	✓		
SENATOR SMITH		✓	
SENATOR MANNING (Dick)			
SENATOR BENGTON			
SENATOR KEATING			

STANDING COMMITTEE REPORT

February 23

1985

MR. PRESIDENT

We, your committee on Finance and Claims

having had under consideration Senate Bill

No. 370

Introduced reading copy (white)
color

RECOMMENDATIONS OF THE SALARY COMMISSION

Respectfully report as follows: That Senate Bill

No. 370

be amended as follows:

1. Page 1, line 20.
Strike: "70,000"
Insert: "50,452"

2. Page 1, line 21.
Strike: "47,500"
Insert: "36,141"

3. Page 1, line 22.
Strike: "62,500"
Insert: "51,722"

4. Page 1, line 35.
Strike: "60,000"
Insert: "30,452"

5. Page 1, line 1.
Strike: "55,000"
Insert: "48,910"

6. Page 2, line 2.
Strike: "42,500"
Insert: "33,342"

XXXX
DO PASS

XXXXXXXXXX

(continued)

.....
Chairman.

7. Page 2, Line 4.

Strike: "40,000"

Insert: "39,675"

8. Page 2, Line 6.

Strike: "43,500"

Insert: "37,383"

9. Page 2, Line 9.

Strike: "43,500"

Insert: "36,141"

10. Page 2, Line 10.

Strike: "42,500"

Insert: "33,347"

11. Page 2, Line 12.

Strike: "32,500"

Insert: "37,401"

12. Page 2, Line 13.

Strike: "55,000"

Insert: "40,178"

13. Page 4, Line 7.

Strike: "23,500"

Insert: "27,655"

14. Page 5, Line 4.

Strike: "40,000"

Insert: "27,373"

15. Page 5, Line 7.

Strike: "37,500"

Insert: "26,835"

16. Page 5, Line 14.

Following: "Effective"

Strike: the remainder of line 14.

Insert: "dates. (1) Section 3 of this act is effective January 1, 1989.

(2) All other sections of this act are"

AND AS AMENDED
DO PASS

STANDING COMMITTEE REPORT

February ~~24~~, 23

19 85

MR. PRESIDENT

We, your committee on Finance and Claims

having had under consideration Senate Bill No. 271

second reading copy (yellow)
color

INCREASING INCOME TAX COLLECTIONS EARMARKED FOR SCHOOLS

Respectfully report as follows: That Senate Bill No. 271

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DO NOT PASS

Senator Pat Regan

Chairman

SENATE COMMITTEE

FINANCE AND CLAIMS

VOTING RECORD

Date 3-23-85

Senate Bill No. 211

Time 7:02 PM

Name	YES	NO	ABSENT	EXCUSED
Senator Haffey	✓			
Senator Jacobson	✓			
Senator Aklestad		✓		
Senator Hammond		✓		
Senator Lane		✓		
Senator Christiaens	✓			
Senator Gage		✓		
Senator Himsl	✓			
Senator Stimatz			✓	
Senator Boylan	✓			
Senator Story	✓			
Senator Smith			✓	
Senator Manning (Dick)	✓			
Senator Bengtson		✓		
Senator Keating		✓		
Senator Regan	✓			

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Sylvia Kinsey
Secretary

Senator Regan
Chairman

Motion: Himsl - C-6