MINUTES OF THE MEETING
TAXATION COMMITTEE
50TH LEGISLATIVE SESSION
HOUSE OF REPRESENTATIVES

January 20, 1987

The meeting of the Taxation Committee was called to order by
Chairman Ramirez on January 20, 1987, at 9 a.m. in Room 312B
of the State Capitol.

ROLL CALL:  All members were present.  Also present was Dave
Bohyer, Researcher, Legislative Council.

CONSIDERATION OF HOUSE BILL NO. 193:  Rep. Dennis Nathe,
House District #19, sponsor of HB 193, said the bill would
continue the six mill levy to fund higher education, by
submitting the issue to a vote of the people.  He said the
Legislature has the power to impose the levy, but it has
always been submitted to voters.

PROPONENTS:  Jack Noble, Deputy Commissioner of Management
and Fiscal Affairs, Montana University System, stated his
support of the six mill levy and read from a prepared
statement in support of the bill. (Exhibits #1 and #2)

Carroll Krause, Commissioner of Higher Education,
recommended that the Committee approve HB 193.

Terry Minnow, Montana Federation of Teachers, stated her
support of the bill.

Eric Feaver, Montana Education Association, stated his
support of the bill.

Jamie Zinc, Associated Students, Montana State University
asked the Committee not to cut education and to support
HB 193.

Hal Stearns, representing himself, said a substantial
portion of the University System budget is funded by the
six mill levy, and asked the Committee to support the bill.

Matthew Thiel, Associated Students, University of Montana,
asked the Committee to support HB 193.

Betty Jean Wood, American Association of University Women,
stated her support of the bill.

OPPONENTS:  There were no opponents of HB 193.

QUESTIONS ON HOUSE BILL NO. 193:  Rep. Raney asked what
portion of the levy is personal property tax.  Carroll Krause
replied that he was not certain.

Rep. Ream asked what current income is from the levy. Jack Noble replied revenue collections have dropped from $14 million to about $11.5 million annually.

CLOSING:  Rep. Nathe said he hoped the Committee would give the public a chance to vote on the levy and closed without further comment.

EXECUTIVE SESSION:  Chairman Ramirez advised the Committee the gas tax increase bill would be heard on Thursday, January 22, 1987, along with a bill to fund the reconstruction trust fund from coal tax bonds funds.

He commented that the Committee might want to delay action on HB 193 until they have a better picture of property tax relief, since some bills would eliminate all statewide and county mill levies.

DISPOSITION OF HOUSE BILL NO. 148:  Rep. Williams made a motion to TABLE HB 148.  The motion CARRIED unanimously.

ADJOURNMENT:  There being no further business before the Committee, the meeting was adjourned at 9:30 a.m.

Representative Jack Ramirez,
Chairman


a:min0120.txt

DAILY ROLL CALL

HOUSE    TAXATION    COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date  1/20/87

| NAME | PRESENT | ABSENT | EXCUSED |
|------|---------|--------|---------|
| REP. RAMIREZ | ✓ | | |
| REP. ASAY | ✓ | | |
| REP. ELLISON | ✓ | | |
| REP. GILBERT | ✓ | | |
| REP. HANSON | ✓ | | |
| REP. HARP | ✓ | | |
| REP. HARRINGTON | ✓ | | |
| REP. HOFFMAN | ✓ | | |
| REP. KEENAN | ✓ | | |
| REP. KOEHNKE | ✓ | | |
| REP. PATTERSON | ✓ | | |
| REP. RANEY | ✓ | | |
| REP. REAM | ✓ | | |
| REP. SANDS | ✓ | | |
| REP. SCHYE | ✓ | | |
| REP. WILLIAMS | ✓ | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

CS-30

# ROLL CALL VOTE

HOUSE TAXATION          COMMITTEE

DATE _1-20-87_     BILL NO. _HB 148_

| NAME | ABSTAIN | AYE | NAY |
|------|---------|-----|-----|
| RAMIREZ, REP. JACK | | ✓ | |
| ASAY, REP. TOM | | ✓ | |
| ELLISON, REP. ORVAL | | ✓ | |
| GILBERT, REP. BOB | | ✓ | |
| HANSON, REP. MARION | | ✓ | |
| HARP, REP. JOHN | ✓ | | |
| HARRINGTON, REP. DAN | | ✓ | |
| HOFFMAN, REP. ROBERT | | ✓ | |
| KENNAN, REP. NANCY | | ✓ | |
| KOEHNKE, REP. FRANCIS | | ✓ | |
| PATTERSON, REP. JOHN | | | ✓ |
| RANEY, REP. BOB | | ✓ | |
| REAM, REP. BOB | | ✓ | |
| SANDS, REP. JACK | | ✓ | |
| SCHYE, REP. TED | | ✓ | |
| WILLIAMS, REP. MEL | | ✓ | |
| | | | |
| | | | |
| | | | |
| | | | |
| TALLY | 1 | 14 | 1 |

Joann Banschbach        Rep. Jack Ramirez
    Secretary            Chairman

Motion: _Wms - TABLE_

# THE MONTANA UNIVERSITY SYSTEM

33 SOUTH LAST CHANCE GULCH

## HELENA, MONTANA 59620-2602

(406) 444-6570

EXHIBIT_ #1
DATE 1-20-87
HB 193

COMMISSIONER OF HIGHER EDUCATION

TO:        Members of the House Taxation Committee

FROM:      Jack Noble
           Deputy Commissioner for
           Management and Fiscal Affairs

DATE:      January 19, 1987

SUBJECT:   Testimony in Support of H.B. 193 - 6 Mill Levy


     The property tax referendum for the support of the university
system has been a key part of our revenue base since 1920.  Prior to
the 1972 Constitution, the levy could only be assessed by passage of
a statewide referendum.  The 1977 legislature chose to retain the
referendum even though it wasn't required by law and the legislature
was empowered to levy the tax.  The 1978 referendum passed by a two
to one margin even though the election was conducted during a
national climate of property tax revolt.  (i.e., Howard Jarvis'
Referendum in California.)

     The revenue from the levy provides Montana's six campuses with
the following support.

## TABLE I

## 6 Mill Levy Revenue

| Year | Revenue Appropriated | Total Percent Of Budget |
|------|---------------------|-------------------------|
| 1985-86 Actual | $14,384,000 | 12.5% |
| 1986-87 Appropriated | $18,049,000 | 15.7% |
| 1987-88 Projected (LFA) | $11,468,180 | 10.6% |
| 1988-89 Projected (LFA) | $11,659,889 | 10.7% |


     Even though the revenue raised is expected to decline in the
next two years, the 6 mill levy is vital to the support of our uni-
versity operation.  If, for instance, we were to make up the equiva-
lent amount through tuition charges we would have to almost double
the current tuition rates.


(OVER)

THE MONTANA UNIVERSITY SYSTEM CONSISTS OF THE UNIVERSITY OF MONTANA AT MISSOULA, MONTANA STATE UNIVERSITY AT BOZEMAN, MONTANA COLLEGE
OF MINERAL SCIENCE AND TECHNOLOGY AT BUTTE, WESTERN MONTANA COLLEGE AT DILLON, EASTERN MONTANA COLLEGE AT BILLINGS
AND NORTHERN MONTANA COLLEGE AT HAVRE.

*Ex #1*

HB 193

## Table 2
### History of the University System Mill Levy

| Year | - - - - - VOTES - - - - - | | % For | Mills | Appropriated For |
| | For | Against | | | |
|------|--------|---------|-------|-------|------------------|
| 1914 | 34,440 | 42,581 | -- | -- | - - - |
| 1920 | 82,669 | 71,169 | 53.7 | 1.5 | 5 Units, MAES, MCES |
| 1930 | 70,548 | 61,207 | 53.5 | 3.0 | 6 Units, MAES, MCES |
| 1940 | 58,968 | 52,998 | 52.7 | 3.5 | 6 Units, MAES, MCES |
| 1948 | 77,820 | 50,167 | 60.8 | 6.0 | 6 Units, MAES, MCES |
| 1958 | 89,251 | 84,002 | 51.5 | 6.0 | 6 Units, MAES, MCES |
| 1968 | 127,625 | 89,396 | 58.8 | 6.0 | University System |
| 1978 | 181,920 | 88,641 | 67.2 | 6.0 | University System |

Sources: Session Laws; Initiative and Referendum Report, Secretary of State.

Until passage of the 1972 constitution, the legislature was prohibited from imposing an additional mill levy unless the people approved it under terms of Article 12, Section 9 of the 1889 Montana Constitution. Currently, however, according to the state constitution, Article VIII, Section 1, "Taxes shall be levied by general laws for public purposes" and the legislature has a great deal more latitude in taxation as provided in Title 15, Chapter 10, MCA. This means that the Fiftieth Legislature may approve a university system mill levy without submitting it to a vote of the people.

VISITORS' REGISTER

## House Taxation COMMITTEE

BILL NO. HB 193          DATE Jan 20, 1987

SPONSOR Nathe

| NAME (please print) | REPRESENTING | SUPPORT | OPPOSE |
|---|---|---|---|
| Betty Jean Wood | AAUW | X | |
| Jane Zick | Associated Students MSU | ✓ | |
| Terry Minow | MT Fed Teachers | X | |
| Eric Feaver | MEA | ✓ | |
| Gail G Stearns | self | X | |
| MATTHEW THIEL | ASUM-missoula | X | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

CS-33