

MINUTES

MONTANA SENATE 51st LEGISLATURE - SPECIAL SESSION

COMMITTEE ON EDUCATION AND CULTURAL RESOURCES

Call to Order: By Chairman H.W. Hammond, on June 19, 1989,
at 1:00 P.M.

ROLL CALL

Members Present: Senator Chet Blaylock, Senator Pat Regan,
Senator Dennis Nathe, Senator Bob Brown, Senator John
Anderson, Senator Joe Mazurek, Senator H.W. Hammond,
Senator Dick Pinsoneault, Senator Bill Farrell

Members Excused: None

Members Absent: None

Staff Present: Dave Cogley, Legislative Council

Announcements/Discussion: Chairman Hammond explained that the Senate Education Committee will have joint hearings with the House Education Committee to hear the major education bills. Chairman Hammond indicated that the Committee will take executive action on all the bills in room 402. Chairman Hammond stated that there were no Senate Education bills available at the present time. He stated the Committee was still looking at the comparisons of the major bills.

Explanation of House Bill 45:

Dr. Ken Nordtvedt was present to report some of the changes of HB 45 (the Governor's bill). He submitted a one page summary to show how HB 45 affects school revenue, the state foundation program, and the tax payers. (SEE EXHIBIT 1)

Dr. Nordtvedt explained that the fundamental changes of the foundation programs was for the purpose of increasing the state share of equalized funding. This would be a 46% increase in schedule for the 1990-1991 school year above the present schedules. This statement represents an estimation of a \$128,000 increase of the present \$279,000 compared to the new schedules which would be \$407,000.

Dr. Nordtvedt went on to explain that the 1987-1988 base years expenditures, that have been used through the

regular session, would represent 88% equalization of that part of the state for funding. He stated that the expenditures base for 1988 was \$462,000 which was not a real expenditures base for 1991. Dr. Nordtvedt stated that the expenditure base had been increased by 10% to make the first estimate of what realistically spending of these categories would actually be in 1990 - 1991. He said that the high schedules would represent 80% of equalization of \$508,000 in 1991. He stated the retirement fund plus insurance spending in 1990-1991 retargeted 80% of equalization. Dr. Nordtvedt explained that it was converted into 46% of the schedules.

In addition, Dr. Nordtvedt stated the basic equalization had no new revenue sources. He said they had to try and equalize the property tax in the state of Montana and to divert some of the property tax right in the rich school districts into the foundation program. Dr. Nordtvedt responded that there were more court criticisms in the present system. Therefore, a proposal of certain classes of property would be shared 80/20 and an 80% diversion of their effected taxable value to the foundation program. And other classes of property would remain 100% in the local tax base. He said that those classes are first the classes who ought to be divided into shares.

Change in Schedules in + 46% (\$128 higher than present schedules)

Net Revenue to Foundation Program:

$$TV(\text{unshared}) \times (85/1000) + TV(\text{shared}) \times [(85 + 70)/1000]$$

Revenue to Schools:

$$\text{Schedule} = (TV(\text{unshared}) + .2 TV(\text{shared})) \times (\text{voted levy})/1000$$

Net Tax on Taxpayers:

$$\text{Unshared Classes: } TV \times ((85 + v.l.)/1000)$$

$$\text{Shared Classes: } TV \times (85 + 70 + .2 v.l.)/1000)$$

Discussion: Senator Hammond asked Dr. Nordtvedt if combines and big tractors were separate from the centrally assessed property. Dr. Nordtvedt indicated

it was, by estimating the amount of money that brought in was the sum of \$2,000,000. Dr. Nordtvedt replied it was in the class with industrial machinery. "Land is one the unshared classes, pure agriculture districts prove their relevant situations, because they share less property in share classification other than the natural resources."

ADJOURNMENT

Adjournment At: 1:26 P.M.


SENATOR H.W. HAMMOND, Chairman

HH/jd-jj

ROLL CALL

EDUCATION

COMMITTEE

50~~th~~ LEGISLATIVE SESSION -- 1989

Date 6/19/89

1st Special Session

NAME	PRESENT	ABSENT	EXCUSED
SENATOR ANDERSON	✓		
SENATOR BROWN	✓		
SENATOR BLAYLOCK	✓		
SENATOR FARRELL	✓		
SENATOR REGAN	✓		
SENATOR NATHE	✓		
SENATOR PINSONEAULT	✓		
SENATOR MAZUREK	✓		
SENATOR HAMMOND	✓		

Each day attach to minutes.

Effects of Administration's Equalization Bill

STATE EDUCATION
1
COMMITTEE NO. 1
DATE 6/19/89
BILL NO. HB 45

Change in Schedules is +46% (\$128 higher than present schedules)

Net Revenue to Foundation Program:

$$TV(\text{unshared}) \times (85/1000) + TV(\text{shared}) \times ((85 + 70)/1000)$$

Net Revenue to School:

$$\text{Schedule} + (TV(\text{unshared}) + .2 TV(\text{shared})) \times (\text{voted levy})/1000$$

Net Tax on Taxpayers:

$$\text{Unshared Classes: } TV \times ((85 + v.l.)/1000)$$

$$\text{Shared Classes: } TV \times ((85 + 70 + .2 v.l.)/1000)$$

The plan provides state equalization of 88% of the 87/88 base year expenditures for general fund, retirement and insurance; or equivalently 80% state equalization of more realistic 90/91 estimated expenditures for these categories of \$508 million (110% of \$462).

The plan cuts in half the property tax wealth disparities among Montana's school districts, thereby directly addressing the heart of the Court's objections with the present funding system.

