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MONTANA CONSTITUTIONAL CONVENTION
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REVENUE AND FINANCE COMMITTEE

Place of Meeting: Room 215
Mitchell Building

Date Meeting Held: 2/5/72
Time Meeting Held: 1:00 p.m.

Committee Chairman: Sterling Rygg

MINUTES OF THE SIXTEENTH MEETING OF THE REVENUE AND FINANCE COMMITTEE

SUBJECT OF MEETING: General Testimony and Discussion of
Subcommittee Reports

Roll Call:

Sterling Rygg, Chairman	<u>Present</u>
Maurice Driscoll, Vice Chairman	<u>Present</u>
William Artz	<u>Present</u>
E. M. Berthelson	<u>Present</u>
Dave Drum	<u>Present</u>
Noel Furlong	<u>Absent</u> (Excused)
Russell McDonough	<u>Present</u>
Mike McKeon	<u>Present</u>
Roger Wagner	<u>Present</u>

Time of Adjournment: 4:00 p.m.

DISCUSSION:

Chairman Sterling Rygg called the meeting to order at 1:04 p.m. All members were present except for Mr. Furlong, who was excused. Mr. Rygg distributed copies of testimony presented to the committee the previous day. The members began their discussion of subcommittee reports.

Discussion was postponed so that the delegates could listen to testimony from Larry Fasbender, who served as House Minority Whip during the 42nd Legislative Assembly. Representative Fasbender discussed various aspects of taxation, and answered questions from the committee. Several members of the Montana Society of Certified Public Accountants appeared to testify concerning wording in the subcommittee report on Article XXI. After testifying, all witnesses were thanked and excused.

Chairman Rygg turned the meeting over to Vice Chairman Maurice Driscoll and left to testify before the Local Government Committee. The committee then resumed their discussion of the subcommittee reports. Mr. Drum, chairman of the subcommittee on Article XXI, presented his report. Several changes were suggested. Mr. McDonough suggested the following wording: "The state shall control the investment of the surplus funds of all political subdivisions of the state." The members discussed this wording and finally decided upon the following: "The state shall supervise the investment of the surplus funds of all political subdivisions of the state." Mr. Berthelson told the committee that he would like to retain the original wording in the present article which delineates the types of surplus funds. Mr. McDonough pointed out that this too should be left to the legislature, and suggested the following amendment to the report: "The legislative assembly shall enact laws regulating the investment of public funds." Mr. Drum agreed to this change. The last sentence of the section was changed to read:

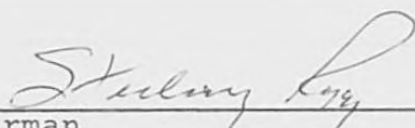
"An audit of all state investments shall be conducted at least annually and submitted to the governor, the chief justice of the supreme court and the legislature." Mr. Berthelson moved that the amended subcommittee report be adopted. The motion carried. Chairman Rygg, Mr. Furlong and Mr. McKeon were not present for the vote.

Mr. Wagner then reported on Article XIII. Section 1 of the report was adopted unanimously. Section 2 was adopted with one dissenting vote by Mr. Driscoll. Section 3 was adopted after it was amended to read: "All money borrowed by or on behalf of the state or any subdivision or district of the state shall be used only for the purpose specified in the law authorizing the loan." Sections 5 and 6 were adopted unanimously. Mr. Driscoll called for adoption of the entire report as amended. The report was adopted. Chairman Rygg, Mr. Furlong and Mr. McKeon were not present for the vote.

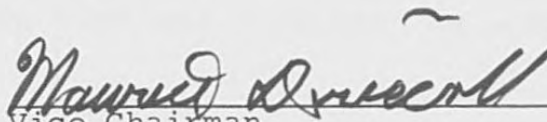
Mr. Wagner briefly read some proposed language for changes in Article XII, Section 15, but Mr. Driscoll asked him to save this report for the entire committee on Tuesday.

Mr. Driscoll announced that the next meeting would be at 10:00 a.m. Tuesday, February 8. The meeting was adjourned.


Time of Adjournment: 4:00 p.m.



Chairman



Vice Chairman



Secretary

TESTIMONY:

I would urge this committee to be very careful about the restrictions you might impose upon the Legislature in the areas of taxation. I would hope that this Convention will unshackle the Legislature and allow them the authority they need to raise money for the state.

I would suggest that this Convention eliminate the provision which says that we cannot use a statewide basis of taxation for the funding of public schools.

Earmarking of funds should be left out of the Constitution and given to the Legislature. Priorities change through the years and only the Legislature can enact legislation to keep up with these changes.

The anti-diversion amendment should be left out of the Constitution. I don't think that leaving this to the Legislature will divert that much more money from the highway department. Rather, it will give the Legislature more control over how this money is spent and will make the highway department more accountable to the legislature and thus, more judicious in the expenditure of its funds.

In the area of property taxation, even saying in the Constitution that "There shall be uniform assessment of property" would not be any assurance that this will happen. The problem is in enforcement. Technically, the means is really in the Constitution now, but it is difficult to enforce property tax assessment.