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Should the section in the January 17, 1972 constitution which says "all property must be taxed" be deleted and let the legislature decide the best way of taxing property?

TO: Leo Graybill, Jr., President

FROM: Sterling Rygg, Chairman, Revenue and Finance Committee

It will be the duty of the committee on revenue and finance to provide the proper framework to produce money for the future needs of the state. The big problem before the committee will be to decide what actually should be contained in the constitution and what should better be left to statute. Our committee has been given articles XII, XIII, and XXI to study.

Inasmuch as the state has any power not prohibited or limited by the federal constitution, it already has the inherent power to tax. Therefore, any provisions that deal with taxation are necessarily redundant or limiting. The State of Connecticut has no article on finance and leaves it solely up to legislative decision. Other states spell out the tax problem in detail. It is to be hoped that our new constitution will provide for a middle course.

There is no telling how many issues will come before this committee but certainly the following will be discussed:

TAX BASE--Should the tax base be spelled out and restricted to the areas of property tax, income tax and license taxes or should the legislature be given free rein with no limits provided?

PROPERTY TAXES--How can our constitution provide an equitable way of evaluating all property, both real and personal? This is what everyone desires. Can this goal be reached by retaining elected assessors in each county or providing for a different system which requires qualified appraisers to evaluate all property?

A change to this approach might be a relief to those who annually sign the present assessment list of household goods and other personal property. Should we retain our Board of Equalization or should the Director of Revenue establish the policy on property evaluation?

Should property tax exemption be spelled out in the constitution or should this discretion be given to legislatures to provide for more flexibility?

Should mining property be assessed differently than other real estate? Should livestock be singled out from other property with a different system of evaluation?

Should the section in the present constitution which says "all property must be taxed" be deleted and let the legislature decide the best way of taxing property?

TAX RATE LIMITATIONS--Most people would like tax rate limitations. Is it possible for a constitution to set up these limitations not knowing what the problems of the future will be? Dare we trust our legislators to see that our citizens are not overtaxed?

EARMARKING OF REVENUES--Our present constitution provides that income from school lands must be used for educational purposes. This part of the constitution cannot be changed unless Congress should so decide. Is it right and proper that other funds should be earmarked for other purposes? If we allow earmarking of funds, where do we stop? Many people believe that the anti-diversion act which earmarks money for highways is very desirable. It is quite certain there are others who will want to remove this from our constitution.

MONTANA TRUST AND LEGACY FUND--has a whole article in the present constitution. It is doubtful whether or not this is justifiable. Many will think this should be deleted. Most states do not have detailed instructions for these funds. These restrictions have limited the amount of monies donated to it. Along the same line, it might be well to give broader investment powers for public monies, so that more income can be derived. Others may want the conservative policy to be retained.

STATE DEBT should probably be limited. The limit is set with a dollar amount in the constitution we are now using and this has not allowed for present inflation. If the debt limit is to be retained, should the ceiling be a fluctuating one tied in with property values or total state income? There will be several schools of thought on this.

AID TO PAROCHIAL SCHOOLS will be another issue to which much consideration will be given.

The above is a summary of potential issues we may expect. Now to see what will actually happen, our tentative schedule will be:

WEEK 1--Committee meetings without hearings or any testimony. Committee members will review all three articles section by section to determine what may be a very general idea of the finished product.

WEEK 2--Monday through Friday--General hearings on all three articles.

WEEK 3--Monday and Tuesday--Continue general hearings if needed.

2. Wednesday and Thursday--Discussing and acting upon citizens suggestions. Hearings on delegate proposals.

4. Friday--Committee review all three articles again in attempt to make a very rough draft of the final article.

WEEK 4--Monday through Thursday--Hearings and discussions of delegate proposals and citizens suggestions.

5. Friday--Review all three articles section by section and attempt a rough draft of final article.

WEEK 5--Monday through Thursday--Specific hearings on controversial proposals.

6. Friday--Attempt drafting a more finished article.

WEEK 6--Monday through Thursday--Specific hearings on controversial sections.

8. Friday--Draft finished product.

WEEK 7--Bring committee report to the Convention.

9. Be prepared to defend our article or amend it as seen fit by the Convention.

Naturally meeting such a schedule might be very difficult, but at least the above will give us a timetable to work with.

10. Recess or adjournment.