

Revenue and Finance Article of Proposed Constitution

# Belief Shown in Representative Government

This is the sixth interpretation of a part of the proposed new constitution by University of Montana faculty members, under the auspices of the U.M. Bureau of Government Research.

By MAXINE JOHNSON  
Associate Professor of  
Business Administration

The revenue and finance article is a testament to the belief in representative government held by members of Montana's Constitutional Convention. Rather than fill the article with constitutional limitations which might serve as hindrances to effective government, they opted, in most cases, for legislative discretion in fiscal affairs. In general, the article is a short and simple statement of guidelines for state fiscal policy.

**THE POSITIVE**

A number of interesting changes were made in the provisions for property tax administration. The state government would be charged with responsibility for appraising, assessing, and equalizing the valuation of all taxable property. In part, this provision was dictated by recent court cases in other states which have found inequalities in local school funding unconstitutional and which may result in widespread state funding of public schools. There is no guarantee, of course, that state government will do a better job of equalizing the impact of property taxes than county offices have done in the past. Taxpayers may hope, however, that the inequities which presently exist within a district among taxing districts can be reduced through statewide administration of the property tax. Taxpayers also should recognize that this section, plus the removal of the 2-mill limit for state purposes, opens the door to property taxation for state as well as local government activities.

Section 5 exempts from the property tax all United States, state, and local government property, property of charitable institutions, nonprofit hospitals, and burial grounds, plus property used strictly for religious worship or educational purposes. Other decisions as to what property, if any, to exempt are up to the legislature. They may, for example, choose to continue the gross proceeds tax in lieu of the property tax on mines. They may, if they wish, abandon the pretense that such property as securities and bank accounts are presently being taxed and expressly exempt them from taxation.

If the new constitution is approved, disgruntled property taxpayers will have a new appeal procedure at their disposal, to be established by the legislature. No longer will the same agency do the assessing and handle the complaints.

The new constitution leaves the administrative details of the tax system to the legislature. It does not provide for constitutional tax boards at either the state or local level. The new state tax agency will be established by the legislature and administered by the executive branch of government. This is in contrast to the existing state board of equalization, which is constitutionally ordained and independent of both the executive and legislative branches.

The new revenue and finance article would omit the section of the old constitution which had been construed to prohibit state revenue sharing with local governments. If the new constitution is approved, then, constitutional limitations will no longer be a deterrent to increased state aid to local governments. The new article does not prescribe debt limits for state and local governments — they are properly left to the discretion of the legislature. It requires a balanced budget — the state may not go into debt to cover deficits incurred because appropriations exceeded anticipated revenue. And no state debt (for construction of public buildings, etc.) could be created unless authorized by a two-thirds vote of the members of each house of the legislature or a majority of the electors voting thereon. These provisions seem reasonable and appropriate.

**THE NEGATIVE**

Not everyone, of course, will be happy with all the article's provisions. This writer has two major reservations. In a bow to the highway lobby, the delegates retained the earmarking of revenue from gross vehicle weight fees and excise and license taxes (except general sales and use taxes) on gasoline, fuel, and other energy sources for highway purposes (Section 6). The new constitution does allow more flexibility than the old in that registration fees and

the tax on new cars are not earmarked. And the permissible uses or earmarked funds have been expanded to include local government road and street systems as well as highway safety, driver education, and tourist promotion programs. The section also provides that the legislature, by a three-fifths vote in each house, may divert the earmarked funds to other uses. Thus it is conceivable — although perhaps unlikely — that sometime in the future highways will not be automatically funded at the expense of other badly needed public services.

When it came to the investment of public funds, the convention abandoned its hands-off policy and included several restrictions which might better have been left to the judgment of the legislature. No public money except retirement funds could be invested in private corporate capital stock. The public school fund and the permanent funds of the university system could be invested only in "public securities of the state, its subdivisions, local government units, and districts within the state, or bonds of the United States, or other securities fully guaranteed as to principal and interest by the United States, or such other safe investments bearing a fixed rate of interest as may be provided by law." There are honest differences of opinion as to how state money should be invested, and few would disagree with the idea that security of funds should be the first consideration. Many experts would contend that such limitations should be left to the legislature and that in years to come investment opportunities other than public or fixed rate securities may represent prudent and safe investments. Surely when tax monies are so hard to come by, a constitutional limitation that may in the future restrict non-tax income solely needed by state and local governments seems ill advised.

**FEW REGRETS**

Section 12 of the revenue and finance article requires the legislature to "insure strict accountability of all revenue received and money spent by the state and counties, cities, towns, and all other local government entities." Montana citizens interested in what happens to their tax money might wish that another sentence requiring a

**Death Toll 10**

SPRINGFIELD, Ill. (AP) — The death toll from a fire that swept through a nursing home here climbed to 10 Sunday with the death of an elderly woman who was critically burned in the blaze.

uniform accounting system for all state and local agencies had been added. Until such a system is installed (and it can be done by statute), we will never have a complete picture of overall government expenditures in Montana. And until we know how our money is being spent, we cannot begin to understand what is going on, or to demand true accountability from our state and local governments.

**WORTHY OF SUPPORT**

If one does indeed believe in representative government and has enough faith in future legislatures to wish that they may legislate with some degree of flexibility, then the new revenue and finance article represents progress. Among the things it permits or directs the legislature to do, which it cannot do under the old constitution are:

1. Provide for property tax administration at the state level.
2. Exempt property from taxation.
3. Levy property taxes for state purposes.
4. Provide for independent appeal procedures for taxpayer grievances.
5. Overrule the earmarking of revenue for highway purposes, but only by a three-fifths vote of the members of each house.
6. Create state debt, by a two-thirds vote of the members of each house.

But there are also limitations on the actions of both state and local governments. Lest any reader be apprehensive that the new constitution provides license for improvidence, the limitations, too, deserve summarizing. Among other things, the proposed constitution forbids:

1. An unbalanced budget.
2. The creation of debt to cover budget deficits.
3. The use of borrowed funds (state or local) for any purpose other than that specified in the authorizing law.
4. The payment of money from the state treasury without an appropriation.
5. The investment of state money (except retirement funds) in corporate stock.

And the legislature is directed to require strict accountability of all revenue received and money spent by all state and local governmental units. (Next: Environment and Resources).

—Advertisement—

## For THAT Awful ITCH

Thousands tortured by vaginal itch, rectal itch or itching skin any place on the body now enjoy glorious relief thanks to a proven medication called BICOZENE. This unique cream formula soothes sore, inflamed tissue as it quiets nerve ends so scratching stops, natural healing starts. Don't suffer. Get BICOZENE today at your drugist.

**THE BOY FRIEND**  
6:15 and 10:05  
Plus "WILD ROVERS"  
8:10 ONLY

**JACK NICHOLSON**  
**"FIVE EASY PIECES"**  
6:30 and 10:20  
8:15 ONLY Dollars

**twi-lite cinema center**  
NOW CINEMA I... ENDS TUE. I  
Phone: 452-4577

WHEN ACADEMY AWARD TIME COMES NEXT YEAR, "THE GOD FATHER" SHOULD "SWEEP THE SLATE". STAR

**The Godfather**  
MARION BRANDO

A REAL HOLLYWOOD HILLBILLY!  
COLOR  
(X)  
**"MIDNIGHT PLOWBOY"**

ALSO: "DESADE" (X)  
OPEN 6:30—"PLOWBOY" 7:00  
and 10:40—"DESADE" 8:30

RATED R—OPEN AT 6:00  
6:30 & 9:30!

# ANDY'S SALE ANNIVERSARY

## Kitchen Aid Special for Mother's Day SALE



- BUILT-IN IS MORE CONVENIENT
- CONTRACTOR PRICES
- INSTANT SERVICE

90 DAYS SAME AS CASH • INSTALLATION SERVICE

## Mother's Day

Give her freedom from the kitchen!

The miracle worker:

# Radarange

MICROWAVE OVEN

If it doesn't say **Amana** it's not a **Radarange**

MICROWAVE OVEN

SEE THE RADARANGE MICROWAVE OVEN DEMONSTRATED

MODEL RRI Low As **\$339.00**

# Amana



Model TR-15G—Lots of space in this model. Plus "refrigerator within a refrigerator" that keeps meat fresh, prevents it from drying out. Two separate Cold Controls fit freezer and refrigerator. Set one without affecting the other. Forget about ice cubes when you add the Automatic Ice Maker (optional).

Only **\$318.00** w/t

**Amana 15**  
15.0 cu. ft. including 3.2 cu. ft. (112 lbs.) freezer!

exclusive **SENSI-matic control**  
It takes care of air that gets in when you open the door. Keeps conditions you set on the control.

power saver  
Save on your electric bills. Switch to low or high humidity settings and use less power.

## LAWN-BOY

# Cleanest CUT OF ALL



90 DAYS FREE TERMS

**YOU'LL NEVER OWN A FINER MOWER.**

- 20% more powerful engine for quicker mowing!
- New solid state ignition reduces service and adjustment problems!
- New 32-to-1 fuel mixture for added economical operation!
- New fold-down adjustable handle!

## FREEZERS



Model U-12F

12.1 cu. ft. holds 424 lbs. **\$209.00** w/t

# SALE ON ALL MAYTAG



**RCA 18" COLOR**  
FREE BASE ER405 **\$328.00**



**MAYTAG'S Full Appliance Line of**  
Big Family Size Maytag Washers  
Low Temp Halo-of-Heat Dryers  
Apartment Perfect Porta-Pair™  
Built-In & Portable Dishwashers  
Food Waste Disposers, too!

DEPENDABILITY FOR THE LAUNDRY OR KITCHEN

**SEIZING TRADES!**

**ANDY'S INC.**  
1225 10th Ave. S.  
Phone 761-3430  
OPEN 8 to 6 DAILY  
CLOSED SUNDAY

MORE "MAD BUTCHER" SPECIAL DEALS!

**TOP SIRLOIN** U.S. Choice Boneless Steak ..... lb. **\$1.49**

**PENNYWISE BACON** ..... lb. **59¢**

**SAUSAGE ROLLS** Rainbow 1-pound ..... **2 / 88¢**

**CASE of 12 SAUSAGE ROLLS** FREEZER SPECIAL ..... **\$4.44**

Fresh Frozen—Tray Pak  
**FRYERS CUT UP** Pound **33¢**

**IMPERIAL MARGARINE** 1-pound package ... **3 / \$1.00**

**LUCKY LAGER BEER** 6-Pack Bottles ..... ea. **99¢**

**BUTTER-PARCHMENT WRAP** 1-Pound ..... ea. **69¢**

**COFFEE** Western Family 3-Pound Tin ..... **\$2.19**

LARGE—Everyday Low Price  
**AA EGGS** Dozen **3 / \$1.00**

**LETTUCE** U.S. No. 1 Solid Heads ..... **5 / \$1.00**

**CANTALOUPE** U.S. No. 1 Ripe 'n Ready ..... **5 / \$1.00**

**ORANGES** U.S. No. 1 Sunkist Juice or Snacks ..... **8 / \$1.00**

PRICES EFFECTIVE MON.—TUES.—WED.

**BOB'S THRIFTWAY MARKET**  
9th STREET and 5th AVENUE SOUTH — 9 a.m. to 9 p.m.