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To Delegates
From Voter Education Committee
Re: Data on tax inequalities and school financing

Delegates are reporting that their most asked question is "What were the reasons for removal of the 2 mill limitation on state-wide property taxes." In response to your requests for data to answer these questions, here are some reports which might be useful.

Recent court decisions in California, Texas, and other states have ruled that the state must provide equal educational opportunity for each pupil regardless of the wealth of school districts. In Serrano v. Priest, S.Ct. Calif. Aug. 1971 a part of the decision read.

> "We have determined that this funding scheme invidiously discriminates against the poor because it makes the quality of a child's education a function of the wealth of his parents and neighbors. . . We cannot agree that Baldwin Park residents care less about education than those in Beverly Hills solely because Baldwin Park spends less than $600 per child while Beverly Hills spends over $1,200."

The argument was that in Beverly Hills a tax rate of $2.38 per $100. in assessed valuation allowed a $1,231.72 expenditure per pupil, while in West Covina a tax rate of $5.24 was necessary for an expenditure of only $621.26 per pupil. West Covina was putting forth twice the fiscal effort for half the yield.

Similar disparities clearly exist in Montana as measured by the taxable valuation per pupil enrolled in the school district. In Montana the lowest taxable valuation per pupil enrolled is $57.00 while the highest is $649.683. The average is $24.521. This means that a 1 mill levy in the wealthiest school district will yield $649.68 per pupil while in the poorest the same 1 mill levy would bring only 5¾¢.

These are the extremes but in statistical analyses the Department of Public Instruction wealthy districts tend to spend more per pupil, to receive more state aid per pupil, to have lower mill levies, and to be in counties with lower tax levies than do poorer districts.

It has been suggested that some inequalities would be lessened by shifting the tax base to counties rather than school districts. However, the 1968-70 Report of the State Board of Equalization indicates that in terms of fiscal effort Powder River County levies 6.18 mills for support of elemen-

tary schools with a yield of $201,844.00 while Mineral County levies 32.42 mills with a yield of only 110,011.00.

The next question is, "If a state-wide property tax is levied for the support of schools, could we count on an equitable valuation of property between counties?"

A state-wide property tax for school finance might do more to compel an equitable valuation of property than will proposed constitutional provision calling for state-wide equalization. Our present constitution clearly gives the Board of Equlization the power and duty to equalize valuations and yet Montana is ranked with Texas and New Hampshire as the three states with the greatest inconsistencies in taxable valuations between counties. (See Barber's Taxation and Finance, p. 52) Barber also points out that "Non uniformity of assessment is a violation of the Equal Protection Clause of the U.S. Constitution."

Those opposing the removal of the 2 mill levy do not frequently tie it to school financing..nor do they recognise the immediacy of court decisions as applicable to Montana.

Bill Diehl in the February issue of Montana Taxpaper supports the thesis that costs in this state are already equalized through the foundation program. Others put forth the argument that quality education is not necessarily a factor of per pupil expenditure. There is also the suggestion that since state support now through the foundation program does not rest on property taxes at this time, it should find other tax sources to support increased expenditures for schools.

Two-thirds of the property taxes now levied go for education - most at the county and school district level. A state-wide property tax for schools would permit lower levies in most school districts.

We should have information on:

..court cases in Texas and elsewhere since Serrano v. Priest

..recommendations of the legislative council subcommittee on school finance...or preliminary findings

Quotes, comments, news stories, letters to the editor, etc. dealing with these issues (and others) should be sent to the state office.