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A newsletter on state tax legislation; state appropriations for universities, colleges, and junior colleges; legislation affecting education at any level. There is no charge for GRAPEVINE, but recipients are asked to send timely newsnotes regarding pertinent events in their respective states.

IN THIS ISSUE

Connecticut Governor proposes plan of tax revision to produce an additional \$715 million for next biennium; would raise sales tax to 5 per cent. . . . . 796

Maine has abolished state college governing boards, and set up one statewide board to govern (not merely "coordinate") the University of Maine and five state colleges. . . . . 797

Maryland's Morgan State College may get name and functions of a regional state university . . . . . 797

Michigan allows limited credit against state income tax for charitable donors. . . . . 797

Mississippi has raised sales tax rate to 5 per cent. . . . . 797

Nebraska lets sales tax rate drop to 2 per cent. . . . . 797

STATE CIGARETTE TAX RATES AS OF SEPTEMBER 1, 1968. . . . . 798

THIRTY-ONE STATE INSTITUTIONS receiving from \$6 to \$7 million of state tax funds for fiscal year 1968-69. . . . . 799

TWENTY-SIX STATE INSTITUTIONS receiving from \$5 to \$7 million of state tax funds for fiscal year 1968-69. . . . . 800

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CONNECTICUT. Governor John N. Dempsey proposed in mid-February a biennial budget of \$2½ billion -- almost exactly 50 per cent larger than the two-year budget adopted and financed by the 1967 legislature, earlier in his administration.

The governor's plan for biennium 1969-71 calls for \$715 million in additional revenues from taxes and fees for those two years. He recommends that the general sales tax rate be raised to 5 per cent, from the present 3½ per cent. (Neighboring Rhode Island already has the 5 per cent rate; and neighboring New York has its practical equivalent in the form of a 2 per cent statewide, plus an additional 3 per cent tax levied in New City, so that about half the people of the state pay 5 per cent.)

Governor Dempsey also recommends a 2 per cent tax on "unearned income"; that is, income from interest, dividends, or capital gains; but he does not recommend a general tax on personal incomes. The corporate income tax would be raised to 6 per cent from the present 5½ per cent.

Another new proposal is to extend the present tax on unincorporated businesses to include doctors, lawyers, and other professionals, all of whom would pay a tax of one-half of one per cent on their gross incomes.

The governor would also broaden the base of the general sales tax by applying

it to purchases of several items hitherto exempted, such as newspapers, electricity, general services, meals costing less than one dollar, and cigarettes. He would also raise the special sales tax on cigarettes to 10 cents a pack from the present 8 cents; and the added general sales tax would raise the total tax on a pack of cigarettes to 14 cents.

Food bought in grocery stores, children's clothing, and prescription medicines would continue exempt from the general sales tax.

The state tax on gasoline would go up to 8 cents a gallon from the present 7 cents; the cost of a driver's license, to \$8 from the present \$6; and the tax on liquors, to \$2.50 a gallon from the present \$2.

The measures would become effective July 1, 1969. It is thought they have a very good chance of being enacted, because both houses of the 1969 legislature are solidly controlled by the Democratic party, of which the governor is a recognized leader in the state.

The bulk of the added expenditures contemplated are for education at different levels and for public health and welfare purposes. The governor intends to appoint a "revenue task force" to advise the 1971 legislature regarding desirable changes in the tax system at that time.

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MAINE. In January 1968, after much debate in at least three prior sessions, the legislature abolished the governing boards of the University of Maine and the five state colleges, and placed the six institutions under a reconstituted Board of Trustees of the University of Maine as a single governing board, now composed of 15 members instead of the former 11.

The Maine Maritime Academy continues under its own governing board. The four vocational-technical institutes are under the control of the state board of education

Maine is a state of only 979,000 people as of July 1, 1968, with a decline of 7,000 during the preceding year, and a gain of only 10,000 since 1960. Thus all the institutions are comparatively small. Despite its stationary population, Maine made an excellent record of gain in state tax support for operating expenses of higher education over the nine years from 1960 to 1969.

MARYLAND. Morgan State College in Baltimore may be one of the next state colleges to gain the name and functions of a regional state university. The obvious need of a large multi-purpose public low-fee university in the metropolitan region of Baltimore argues strongly in its favor. Morgan State is within the central city, and has a longer tradition of cosmopolitanism than any of the several other institutions except the University of Maryland, having long been a college of arts and sciences as well as an institution for the education of teachers.

MICHIGAN. A new statute permits tax credits against the state income tax, on the part of both natural persons and corporations, for charitable gifts to colleges or universities within the state.

MICHIGAN (Continued from preceding column)

An individual may claim up to 50 per cent of his total gift, but not more than 20 per cent of his total state income tax liability, or \$100, whichever is less. For corporations, or resident estates or trusts, the limit is ten per cent of the tax liability or \$5,000, whichever is less. The gift to the college or university must be unrestricted; that is, not limited to any special fund, but for the general purposes of the institution. The donor will obtain a receipt from the institution and submit it with his state income tax return.

MISSISSIPPI. The 1968 regular session raised the general sales tax to 5 per cent from the former 3½ per cent, and abolished city sales taxes. Each municipality will receive 19 per cent of the proceeds of the new 5 per cent sales tax collected within its boundaries.

The state income tax was also improved by raising the rate at the top bracket to 4 per cent, from the former 3 per cent; reducing income tax exemptions; and instituting a withholding system.

NEBRASKA. The 2½ per cent general sales tax act, enacted in 1967 and by its own terms scheduled to drop to 2 per cent January 1, 1969, stands unchanged. A special session in December, 1968, refused to amend it to continue the 2½ per cent rate until July 1, 1969, though urgently requested to do so by Governor Norbert T. Tiemann.

Pointing out that figures on the yield of the tax during its first year of operation were not yet available, the governor argued that continuing the rate at 2½ per cent another six months might very well avoid the necessity of making two changes in the rate within one year, -- but to no avail.

STATE CIGARETTE TAX RATES IN 1968

Table 54. State cigarette tax rates in 49 states as of September 1, 1968\*

State	Cents	Comment	
(1)	(2)	(3)	
Fla	15¢	* U.S. Department of Commerce, Bureau of the Census, <u>State Tax Collections in 1968.</u>	
N J	14		
Okla	13	Every state except North Carolina, the grandmother of the tobacco industry, had a special sales tax on cigarettes; and there have been indications that even North Carolina may have one before the 1969 session adjourns.	
Pa	13		
R I	13		
N M	12		
N Y	12		
Texas	11		
Wash	11		
Ala	10		One could note that the absurdly low rates of 2½ cents per pack are in the tobacco states of Virginia and Kentucky.
Ariz	10		
Cal	10		State taxes on all tobacco products (including cigarettes, cigars, pipe tobacco, chewing tobacco, snuff, etc.) produce only 5 per cent of the total revenues of the 50 states, and thus cigarette taxes are for the most part only pipsqueak producers of state income. Their proportionate contribution may rise somewhat if the rates continue to be increased rapidly, and if the volume of cigarette sales holds up.
Iowa	10		
Me	10		
Mass	10		
Vt	10		
Wis	10		
Ill	9		
Miss	9		
Alaska	8		
Ark	8		
Conn	8	In 1967 cigarette taxes were the third most important source of revenue for the state of Pennsylvania's general fund, after the general sales tax and corporation taxes (chiefly the corporate net income tax, which is at a rate of 7½ per cent after January 1, 1969). Cigarette taxes would have a lower ranking were it not for the fact that Pennsylvania had no personal income tax.	
Ga	8		
Kas	8		
La	8		
Minn	8		
Mont	8		
Nebr	8		
N D	8		
S D	8		
Tenn	8		
Utah	8	Cigarette tax rates have been substantially raised in many states in recent years, due partly to the publicizing of findings regarding the relationships between cigarette smoking and health.	
Wyo	8		
Del	7	There are reasons to believe the rates are about to undergo another round of upward revision in 1969, a year in which 47 state legislatures will have regular annual or biennial sessions, and will be casting about for all sources of additional revenues to support beneficial programs of education and social welfare that are not only indispensable, but must be expanded.	
Ida	7		
Mich	7		
Nev	7		
Ohio	7		
W Va	7		
Ind	6		
Md	6		
Colo	5		
S C	5		
Mo	4	Forty per cent of wholesale price	
Ore	4		
Ky	2½	Thirty per cent of retail price	
Va	2½		
Hawaii			
N H			

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Table 55. THIRTY-ONE UNIVERSITIES FOR WHICH \$6 TO \$7 MILLION OF STATE TAX FUNDS WERE APPROPRIATED FOR OPERATING EXPENSES FOR FISCAL YEAR 1968-69

Universities	1960-61 Year	1966-67 Year	1967-68 Year	1968-69 Year	Apparent \$	8-Yr. Gain %
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Wichita St U	-	5,111	5,994	6,971	-	-
Chicago St Coll	-	5,000	6,958	6,959	-	-
Marshall U (W Va)	2,450	4,378	6,130	6,896	4,446	181 $\frac{1}{4}$
Cent Connecticut S C	1,570	4,441	6,268	6,887	5,317	338 $\frac{1}{2}$
N Y St Coll (Plattsburgh)*	1,407	5,094	6,096	6,865	5,458	388
East Tennessee St U	-	4,791	6,062	6,832	-	-
Indiana U of Pa	1,395	4,041	6,024	6,766	5,371	385
Louisiana Polytechnic Inst	3,347	6,416	6,555	6,739	3,392	101 $\frac{1}{4}$
Mankato S C (Minn)	1,986	4,755	5,807	6,672	4,686	236
N Y St Coll (Potsdam)*	1,423	4,792	5,903	6,633	5,210	366
Cleveland St U (Ohio)	-	2,100	5,297	6,600	-	-
Southern Connecticut S C	1,411	4,242	6,112	6,580	5,169	366 $\frac{1}{2}$
Youngstown St U (Ohio)	-	-	5,860	6,515	-	-
Northern Michigan U	1,340	4,768	5,122	6,437	5,097	380 $\frac{1}{4}$
Wisconsin St U (Eau Claire)	1,026	3,578	5,031	6,422	5,396	526
N Y Ag & Tech Inst (Farmingdale)*	1,679	4,975	6,058	6,415	4,736	282
U of Nevada (Reno)	-	-	6,101	6,386	-	-
Sam Houston S C (Texas)	1,833	4,353	5,757	6,358	4,525	247
NE Illinois Coll	-	-	6,335	6,335	-	-
West Chester S C (Pa)	1,093	3,937	5,418	6,322	5,229	478 $\frac{1}{4}$
N Y St Coll (Fredonia)*	1,312	4,958	5,535	6,319	5,007	381 $\frac{1}{2}$
U of No Dakota	-	4,054	6,286	6,287	-	-
Coll of Wm & Mary (Va)	2,617	3,552	3,991	6,281	3,664	140
Murray St U (Ky)	1,560	4,778	5,648	6,214	4,654	298 $\frac{1}{2}$
Idaho St U	-	5,087	6,201	6,201	-	-
N J Coll of Med & Dent	-	2,489	4,005	6,193	-	-
Lamar S C of Tech (Texas)	1,907	4,384	5,782	6,177	4,270	224
Northern Arizona U	1,169	4,040	5,055	6,150	4,981	426
Virginia S C	2,842	4,888	5,289	6,129	3,287	115 $\frac{1}{2}$
U of So Dakota	1,912	4,312	5,699	6,051	4,139	216 $\frac{1}{4}$
Eastern Wash S C	1,844	3,959	6,016	6,017	4,173	226 $\frac{1}{2}$
Totals	37,123	123,273	178,395	200,609	98,207	
Weighted average percentage of gain over eight years						264 $\frac{1}{2}$

\* One Campus of a multi-campus organization already entered in a previous table of this series.

Table 56. TWENTY-SIX UNIVERSITIES FOR WHICH \$5 TO \$6 MILLION OF STATE TAX FUNDS WERE APPROPRIATED FOR OPERATING EXPENSES FOR FISCAL YEAR 1968-69

Universities	1960-61 Year	1966-67 Year	1967-68 Year	1968-69 Year	Apparent \$	8-Yr. Gain %
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Wis St U, Stevens Pt	956	3,657	4,766	5,884	4,928	515½
U of No C (Greensboro)*	-	3,926	5,187	5,783	-	-
St Cloud S C (Minn)	1,615	3,279	4,976	5,716	4,101	254
Stephen Austin S C (Texas)	1,235	3,031	5,100	5,712	4,477	362½
Southwest Texas S C	1,297	3,259	4,882	5,693	4,396	339
Florida Atlantic U	-	3,729	5,677	5,677	-	-
Northeastern S C (La)	1,947	4,618	4,929	5,638	3,691	189½
Arkansas St U	914	2,914	4,715	5,618	4,704	514½
SW Med Sch (Dallas)*	-	3,387	4,665	5,609	-	-
Morehead St U (Ky)	1,246	3,951	4,625	5,540	4,294	344½
Southeast Missouri S C	1,224	4,094	4,930	5,536	4,312	352
Northwestern S C (La)	2,788	5,110	5,239	5,512	2,724	97½
SW Missouri S C	1,372	3,971	4,964	5,500	4,128	300½
Colorado S C	2,148	4,292	4,869	5,414	3,266	152
Kansas S T C (Emporia)	2,375	4,426	4,814	5,406	3,031	127½
Middle Tenn St U	1,166	3,658	4,756	5,348	4,182	358½
U of Texas (El Paso)*	-	3,456	4,879	5,344	-	-
N Y St Coll of Forestry	-	4,191	4,830	5,311	-	-
Tenn A&I St U	2,289	3,587	4,633	5,219	2,930	128
Montclair S C of N J	1,576	5,274	4,135	5,148	3,572	226½
Towson S C (Md)	1,504	4,185	4,912	5,134	3,630	241½
U of Mo (St Louis)*	-	-	3,209	5,132	-	-
Wis St U (La Crosse)	1,077	3,145	3,968	5,107	4,030	374
Trenton S C (N J)	1,292	5,390	3,712	5,086	3,794	293½
Tennessee Poly U	1,237	3,603	4,487	5,057	3,820	308½
Oakland U (Mich)*	-	4,251	4,385	5,046	-	-
<b>Totals</b>	<b>29,258</b>	<b>98,384</b>	<b>122,244</b>	<b>141,170</b>	<b>74,010</b>	
<b>Weighted average percentage of gain over eight years</b>						<b>253</b>

\* One campus of a multi-campus organization already entered in a previous table of this series.

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