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SINCE
1958

FOURTEENTH
YEAR

Number 163

February 1972

Page 1035

GRAPEVINE

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Reports on state tax legislation; state appropriations for universities, colleges, and junior colleges; legislation affecting education beyond the high school.

IN THIS ISSUE

Looking at nine of the biggest public multi-campus mega- universities	1036
<u>Delaware</u> revises revenue sources	1037
<u>Florida</u> enacts new corporation income tax	1037
<u>Hawaii</u> will have law and medicine in University	1037
<u>Massachusetts</u> raises income, cigarette, gasoline taxes	1037
<u>Minnesota</u> revamps sales and income taxes; increases levies on liquor and cigarettes; will get \$290 million revenue	1037
<u>Nebraska</u> indicates intent to pay 75% of costs of institutions in new "statewide system of community colleges" . . .	1037
<u>New York</u> enacts taxes to raise \$407 million	1038
Flashes toward 1973	1039
<u>Oklahoma</u> revises income tax, retroactive to January 1, 1971; local district votes \$5 1/4 million bonds for new community college	1039
<u>Oregon</u> has special election on cigarette tax	1039
<u>Pennsylvania</u> has new flat rate personal income tax at 2.3 per cent; corporation income tax at 11 per cent	1040
<u>Rhode Island</u> adopts permanent state income tax	1040

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Statement of ownership and circulation of GRAPEVINE is on page 1036 (reverse hereof).

Table 38. NINE MULTI-CAMPUS MEGIVERSITIES, IN DESCENDING ORDER OF STATE TAX FUNDS APPROPRIATED FOR OPERATING EXPENSES FOR FISCAL YEAR 1971-72, AND COMPARISONS WITH EARLIER YEARS.

Megaversities	Year 1961-62	Year 1969-70	Year 1971-72	Apparent 10-yr % gain
(1)	(2)	(3)	(4)	(5)
State U of N Y	56,085	381,791	464,993	729
U of California	133,024	329,828	335,982	152 1/2
U of Illinois	64,936	152,144	160,258	146 3/4
U of Texas System	33,339	118,141	146,854	340 1/2
U of Wisconsin	30,422	100,785	129,912	327
U of N C (Consolid)	25,128	90,722	113,567	352
(City U of N Y) *	(24,075)	(92,493)	(102,550)+	(326)
U of Minnesota	36,242	81,309	100,686	177 3/4
U of Missouri	21,366	80,702	89,994	321
Totals	424,617	1,427,915	1,644,796	-
Weighted average percentage of gain over 10 years				287 1/4

* Municipal university with approximately half of its state and local tax support derived from state sources.

+ Probably slightly understated because not all the smaller channels of state support are included.

The simple tabulation of nine multicampus public megaversities tells a story.

(1) Although there has been some audible sentiment about halting the development of the "giant universities," it appears that each of these nine has at least a little more state tax support for fiscal year 1971-72 than it had for fiscal year 1969-70. To be sure, the gains in California and Illinois are so small as to be negligible, and, inflation considered, actually mean a standstill for three years.

(2) Comparison with the intervening fiscal year, not shown in the table (fiscal year 1970-71, shown on GRAPEVINE page 934 in November 1970) reveals only a negligible gain for the State University of New York, and actual dropbacks for California and Illinois.

(3) Taking the nine megaversities together, the average percentage of gain over the most recent two years appears to be only 15 per cent, as contrasted with 24 1/4 per cent for all higher education, nationwide (\$6.2 billion up to \$7.7 billion).

GRAPEVINE is not a publication of any institution or association. Responsibility for any errors in the data, or for opinions expressed, is not to be attributed to any organization or person other than M. M. Chambers. GRAPEVINE is circulated to numerous key persons in each of the fifty states.

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DELAWARE. The 1971 legislature raised the state income tax rates on incomes above \$20,000 a year, and placed a 20 per cent surcharge on the regular 6 per cent corporation income tax. The state gasoline tax was put at 8 cents a gallon, up from the former 7 cents. The cigarette tax was boosted to 14 cents a pack from the former 11 cents. A new tax of 6 per cent on the charges for hotel or motel rooms was enacted. There is also a new excise tax of 5 per cent on charges for utilities. These new levies may represent a tiny break in the dike which restrains a general sales tax.

Some advances were made in the rates of numerous other state taxes; real estate transfer tax, manufacturers' licensing fee, racetrack admission tax, inheritance tax, parimutuel taxes, and the levies on liquor, wine, and beer.

FLORIDA. A special session late in 1971 enacted a new corporation income tax of 5 per cent on corporate income above \$5,000 a year, following the recent vote of the people approving a constitutional amendment authorizing this type of tax. The new tax will produce \$125 million a year, but \$43 million will be lost to replace the sales taxes on utilities and rentals, both of which will expire on March 1, 1972.

HAWAII. The 1971 legislature authorized the development of a full-fledged school of law and a full-fledged school of medicine for the University of Hawaii, and expanded the membership of its board of regents to 11 from the former 9, with a requirement for representation for geographic subdivisions of the state.

MASSACHUSETTS. The state income tax rate was raised to 5 per cent from the former 4 per cent (the tax on "unearned" income from investments is 9 per cent). The cigarette tax is up to 16 cents a pack from the former 12 cents. The state gasoline tax was raised to 7 1/2 cents per gallon from the former 6 1/2 cents. Several "business taxes" were also increased somewhat.

MINNESOTA. A tax measure expected to produce \$290 million of additional revenue per year was enacted in November 1971. The sales tax is increased to 4 per cent from the former 3 per cent. The graduated personal income taxes are increased by about 25 to 30 per cent for the more or less typical married taxpayer with two children. Liquor and beer taxes are boosted 25 per cent. The cigarette tax goes to 18 cents per pack from the former 13 cents. The corporation income tax goes to 12 per cent from 11 1/3 per cent.

The coverage of the sales tax is broadened somewhat, to include intrastate airline, railroad, and telephone charges; ink and newsprint used by newspapers. The production tax on taconite (low-grade iron ore) is raised to 14 cents a ton from the present 13 cents.

NEBRASKA. The 1971 legislature created a "statewide system of community colleges" which will "coordinate junior colleges and technical schools." The intent is that the state will pay 75 per cent of the costs of the institutions. This is a current example of the salutary current trend toward more substantial state support of local public institutions at the junior college level.

NEW YORK. After it became apparent that there would be a gap of approximately \$1 1/2 billion between the state's expenditures and its income for the 15-month period from January 1, 1972 to March 31, 1973 (the state's fiscal year ends on each March 31), Governor Nelson A. Rockefeller called a special session of the legislature in late 1971 to deal with prospective revenues and expenditures.

Late in December several tax measures were enacted, chief among which was a 2 1/2 per cent surcharge on the state income tax. The maximum rate, for taxpayers in the above-\$25,000 income bracket, was also raised to 15 per cent from the former 14 per cent. Also the statutory income tax credit of \$25 for other taxes paid was repealed. These income tax changes are effective immediately.

Other revenue increases, to be effective February 1, 1972, included cigarette tax raised to 15 cents a pack from the former 12 cents; gasoline tax boosted to 8 cents a gallon from the former 7 cents; and alcoholic liquor tax put up to \$3.25 a gallon from the former \$2.25.

In early January the whole package of new taxes was estimated to produce about \$407 million over the ensuing fifteen months. This would still leave a deficit of nearly \$1.1 billion; but the plan worked out by the governor and the legislature contained other features:

(1) Postponement of \$400 million in state obligations, mainly to school districts, until the beginning of the 1972-73 fiscal year starting April 1. This will force some school districts to do some short-term borrowing, but the state will assume the interest charges.

(2) A reduction of \$275 million in state expenditures by holding selected appropriations to the same dollar level as the current fiscal year.

(continued in next column)

NEW YORK. (continued from precedng column)

(3) Anticipation of receipt of \$400 million in new federal funds from the expected enactment by Congress of a revenue-sharing measure.

Obviously some of these expedients are in the category that FDR used to call "iffy"; but they provide a sort of prospectus of what may be worked out during the next six months.

Twelve Years of History

It is interesting and profitable to reflect upon a few simple and solid facts. State and local tax payments in New York State are larger than in any other state of the Union. The public services (with the possible exception of the ghettos in some of the largest cities) are generally of relatively good scope and quality.

No more than twelve years ago tax-supported higher education in New York State was characterized by knowledgeable New Yorkers themselves as a "stumbling and apologetic enterprise." Its total state tax support was minuscule. Since 1959 this figure has been increased about eight-fold. The twelve-year record of progress is very good.

But in per citizen state tax support of higher education New York now ranks only fourteenth among the 50 states. By that measure it is out-ranked by North Dakota, North Carolina, New Mexico, Utah, Idaho, Oregon, Wisconsin, Colorado, Arizona, Wyoming, Washington, Alaska, and Hawaii. The average personal income in New York is substantially higher than in several of these states. The conclusion is that New York, after splendid progress, has not yet fully assumed the leadership in tax support of higher education that it should assume.

Thus 1972-73 is not an appropriate time for standstill or cutback state tax support of higher education in New York. The Empire State will continue to progress in this paramount function of the state.

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FLASHES TOWARD 1973

Table 39. Eight states made separate appropriations for fiscal year 1972-73.

States	1970-71	1971-72	1972-73	1973 2-yr gain	2-yr gain %
(1)	(2)	(3)	(4)	(5)	(6)
Ohio	\$260,690	\$293,677	\$325,105	\$64,415	24 3/4
Indiana	173,979	201,345	210,595	36,616	21
Minnesota	143,448	164,566	174,040	30,592	21 1/4
Iowa	101,597	119,881	125,505	23,908	23 1/2
Oregon	95,901	103,000	106,990	11,089	11 1/2
Hawaii	55,167	59,866	64,478	9,311	16 3/4
Arkansas	54,922	52,177	56,371	1,449	2 1/2
Montana	29,156	30,635	30,798	1,642	5 1/2
Totals	914,860	1,025,147	1,093,882	179,022	-
Weighted average percentage of gain			-	-	19 1/2

These eight states show a weighted average gain of 19 1/2 per cent for fiscal year 1972-73 over fiscal year 1970-71, two years earlier.

OKLAHOMA. Details of the revised income tax, retroactive to January 1, 1971: the corporation income tax stays at 4 per cent. The individual income tax now begins at 0.5 per cent on the first \$1,000 of taxable income, goes to 1 per cent on the next \$1,500, and rises by an additional 1 per cent on each additional \$1,250, reaching its peak at 6 per cent on income over \$7,500.

Federal income tax paid can not be deducted; and the state's definition of taxable income is the same as the federal. The personal exemption is \$750, and the standard deduction is 15 per cent, within a range of \$1,000 minimum and \$2,000 maximum.

The gross production tax on gas and oil is raised to 7 per cent from the former 5 (which should be good for \$20 million additional revenue); and the liquor tax is up to \$4 a gallon from the former \$2.

OKLAHOMA. The South Oklahoma City Junior College District approved at the November 1971 election a bond issue of \$5 1/4 million for campus construction of the new local public community college.

OREGON. A 1971 legislative act raising the cigarette tax to 9 cents a pack from the former 5 cents was successfully attacked by referendum petition and slated to go on the ballot in November 1972. Meantime a special session ordered a special election on the issue January 18, 1972. If then approved, it will bring in \$13 million between January and November.

PENNSYLVANIA. Appropriations of state tax funds for operating expenses of higher education, fiscal year 1970-71:

Table 40. State tax-fund appropriations for operating expenses of higher education in Pennsylvania, fiscal year 1970-71, in thousands of dollars.

Institutions (1)	Sums appropriated (2)
State-related U's -	
Pennsylvania State U	\$69,163
Temple University	41,392
U of Pittsburgh	37,899
<u>Subtotal, s-r u's - \$148,454</u>	
State-owned institutions -	
Indiana U of Pa	8,006
West Chester St Coll	7,256
Edinboro State Coll	6,260
California St Coll	6,080
Slippery Rock St Coll	5,908
Millersville St Coll	5,341
Clarion St Coll	5,309
Shippensburg St Coll	4,963
Kutztown St Coll	4,910
Bloomsburg St Coll	4,722
Mansfield St Coll	4,142
East Stroudsburg St Coll	3,826
Cheyney State College	3,316
Lock Haven St College	2,978
<u>Subtotal, s-o u's - \$73,018</u>	
Community colleges 11,500	
Private insts, state-aided	
U of Pennsylvania	12,000
Thomas Jefferson U	2,487
Drexel University	2,427
Hahnemann Medical Coll	1,582
Phil Coll of Osteopathic Med	1,343
Lincoln University	850
Medical Coll of Pa *	846
Phila College of Art	299
Phila Coll of Textiles & Sci	210
Dela Valley Coll of Sci & Ag	155
Pa Coll of Podiatric Med	112
Dickinson School of Law	90
Pa Coll of Optometry	84
Phila Musical Academy	75
<u>Subtotal, p i s a - \$22,560</u>	
Pa Higher Ed Asstce Agency	53,989
<u>Total</u>	<u>309,521</u>

* Formerly Womens Medical College

PENNSYLVANIA. In March 1971 an individual income tax at the flat rate of 3 1/2 per cent was enacted, but in June it was declared unconstitutional by the state supreme court as in violation of the state constitutional requirement that "all taxes shall be uniform on the same class of subjects." Later in the year a new act providing for a flat rate of 2.3 per cent was enacted, and met the requirement because it allowed no exemptions. It is retroactive to June 1; and withholdings under the void act between March and June will be credited against the new tax.

Pennsylvania's corporation income tax, highest in the nation, was reduced to 11 per cent from the former 12 per cent.

Late report of appropriations
for fiscal year 1970-71

Observe that Table 40, this page, is for fiscal year 1970-71, one year earlier than 1971-72, the fiscal year now current.

Pennsylvania's appropriations for fiscal year 1971-72 have already been reported in Table 35, GRAPEVINE page 1027 (December 1971). Therefore the present Table 40 is out of chronological order and is placed here merely to make the record complete for readers who keep complete files of back numbers of GRAPEVINE.

One of the advantages of having Table 40 in the record is that it makes possible a rectification of the earlier unverified estimate, substantially overstated, which had to be guessed at in order to finish the 50-state tabulation for 1970-71 which was circulated on GRAPEVINE page 932 (October 1970).

RHODE ISLAND. The 1971 legislature enacted a permanent state income tax computed as 20 per cent of the federal income tax paid by the taxpayer. This superseded a temporary tax set at 15 per cent, which expired July 1, 1971.