

R E P O R T

IOWA COMMISSION ON INTERSTATE COOPERATION

April, 1981

PURPOSE

Section 28B.2, 1981 Code of Iowa, states that the functions of the Iowa Commission on Interstate Cooperation are:

"1. To carry forward the participation of this state as a member of the council of state governments.

2. To encourage and assist the legislative, executive, administrative and judicial officials and employees of this state to develop and maintain friendly contact by correspondence, by conference, and otherwise, with officials and employees of other states, of the federal government, and of local units of government.

3. To encourage cooperation between this state and other units of government in the adoption of compacts and uniform laws and in working relationships with officials of other states."

MEMBERSHIP

Section 28B.1, 1981 Code of Iowa, establishes the Commission's membership at thirteen:

"1. Five members of the senate to be appointed by the president thereof;

2. Five members of the house of representatives to be appointed by the speaker of the house;

3. Three administrative officers to be appointed by the governor.

The governor, the president of the senate and the speaker of the house of representatives shall be ex officio honorary nonvoting members of the commission.

The director of the legislative service bureau shall serve as secretary of the commission."

Members of the Iowa Commission on Interstate Cooperation during the 1979-1980 biennium were:

Governor Robert D. Ray, ex officio
Lieutenant Governor Terry E. Branstad, ex officio
Speaker Floyd R. Millen, ex officio

Speaker William H. Harbor, ex officio
Senator Calvin O. Hultman, Chairperson
Representative James C. West, Vice Chairperson
Treasurer of State Maurice Baringer
Senator Jack W. Hester
Senator A. R. Kudart
Senator Norman Rodgers
Senator Berl E. Priebe
Representative Diane Brandt
Representative Frank Crabb
Representative Herbert Hinkhouse
Representative Lester D. Menke
Mr. Clayton Ringgenberg, Institute of Public Affairs,
University of Iowa
Mr. Gerald D. Bair, Director, Department of Revenue

In addition Senator Richard F. Drake, Senator Willard R. Hansen, Representative Craig D. Walter, and Representative Wendell Pellett participated as members of the Midwestern Conference Task Forces.

COMMITTEES AND TASK FORCES

Section 28B.3, 1981 Code of Iowa, provides for the utilization of committees:

"The commission shall establish such committees as it deems advisable, in order that they may confer and formulate proposals concerning respective means to secure intergovernmental harmony, and may perform such other functions for the commission in obedience to its decision."

The following is a list of public officials appointed by the Commission to serve on the Midwestern Conference of the Council of State Governments committees and task forces:

Executive Committee

Senator Calvin O. Hultman

Agriculture Task Force

Senator Jack W. Hester
Representative Wendell C. Pellett

Education Task Force

Senator Willard R. Hansen
Representative Lester D. Menke

Energy Task Force

Senator Berl E. Priebe
Representative Craig D. Walter

Legislative Oversight Task Force

Senator A. R. Kudart
Representative Frank Crabb

Taxation Task Force

Representative James C. West, Chairperson
Senator Norman G. Rodgers

Transportation Task Force

Senator Richard F. Drake, Vice Chairperson
Representative Diane Brandt

Suggested State Legislation Committee

Senator John N. Nystrom
Representative Betty A. Hoffmann

The above listed persons served on the committees and task forces with representatives of the other eleven states of the Midwestern Conference of the Council of State Governments.

COMMISSION ACTIVITIES

During the 1979-1980 biennium, the Iowa Interstate Cooperation Commission participated in two annual Midwestern Conferences and in standing committee and task force meetings which are held two or three times during each year.

The 1979 Annual Meeting of the Midwestern Conference of the Council of State Governments was hosted by the State of Nebraska in Omaha at the Holiday Inn from July 8 through 11, 1979. The general theme of the Conference was "Preparing for the Eighties" and included addresses and panel discussions on a variety of topics relating to reform of regulatory practices, national health insurance, oil and gas supply and demand, constitutional requirements for a balanced federal budget, the unicameral legislature and telecommunications.

At a breakfast meeting on Monday, July 9, Dr. Gary E. Costley, an executive officer of the Kellogg Company presented "A Business View of Regulatory Reform" in which he urged federal and state legislative bodies to impose strict statutory controls and guidelines on the administrative agencies' rule-making authority. He also emphasized the need for legislative oversight of administrative agencies and legislative veto of administrative rules.

Representative James J. Kennelly, Connecticut, Chairperson, Council of State Governments, also addressed the need for strict legislative control of rule-making authority. He criticized the U.S. Congress for granting broad rule-making authority to federal agencies without proper guidelines or effective oversight. He also criticized federal grant programs for mandating too many duplicative planning requirements. In his concluding remarks, he urged

the continuation of the general revenue sharing program without constraints on use of the revenue by state and local governments.

The first panel discussion centered around the debate on national health insurance. Mr. Wayne W. Bradley, representing the American Medical Association, discussed the A.M.A.'s proposals to extend catastrophic illness coverage to all persons, improve the Medicaid system by standardizing the program nationally, and establish state standards for health care and certify health insurance policies. He also urged additional strengthening of professional standards, financial support for medical education and training, and the removal of duplicative regulation and inspection programs. Senator Doris Miner, South Dakota, urged support for the proposed federal Health Care legislation sponsored by Senator Ted Kennedy. She expressed concern about the shortage of adequate health care for rural residents and the need for adequate health care for all Americans regardless of location, social or economic standing. Mr. John B. O'Day, representing the Insurance Economic Society of America, questioned the desirability and need for a national health insurance program under federal regulation and control. He advocated continued state regulation of the health care insurance and the use of tax credits to subsidize the costs of catastrophic health insurance. Ms. Susanne Stoiber, representing the Department of Health, Education and Welfare, cited a number of serious problems in the current health care situation including the lack of health insurance coverage for 18 million Americans, inadequate coverage for an additional 19 million, inadequate catastrophic coverage for an additional 46 million persons, and the significant waste, inefficiency and inflation in health care costs. She stated that the Carter Administration is advocating a health care program which will replace most of the current Medicaid program and the Medicare program, increase the Medicaid fee schedule to equal the Medicare fee levels and provide a federally-supervised program for employees which will rely on private companies to process claims and states to determine eligibility. Employers would be mandated to provide health care coverage for all employees who work at least twenty-five hours per week for ten weeks.

The second panel discussion covered the debate on a constitutional amendment to require a balanced federal budget. The proponents were James D. Davidson representing the National Taxpayers Union and Senator John R. Murphy of Nebraska. Mr. Davidson and Senator Murphy argued that the U.S. Congress was incapable of balancing the federal budget without a constitutional requirement and that a constitutional convention would be necessary to accomplish this objective. They also argued that inflation could not be controlled or reduced without prohibiting budget deficits. Senator Patrick J. Deluhery of Iowa and Senator Harold D. Schrier agreed that the federal budget should be balanced, but they opposed a constitutional requirement and the calling of a constitutional convention. Senator Schrier advocated requiring an extraordinary majority to adopt a deficit budget or providing that the budget be balanced on the average during a four- or five-year cycle. He argued that this approach would allow sufficient flexibility to the Congress and the President to handle fiscal and economic problems.

Senator Deluhery also agreed that the federal budget should be balanced, but a balanced federal budget would not solve the inflationary and economic problems of the nation. He stated that the U.S. economy is closely tied to the international economy and that economic conditions of other nations, economic concentration and energy prices must be considered along with deficit spending as causes of inflation. He recommended that vigorous antitrust prosecution, wage-price guidelines and a steady program of unemployment reduction be used to control inflation.

The third panel discussion was devoted to the supply and demand for oil and natural gas. Mr. Robert P. Rausch, representing Northern Natural Gas Company, stated that the outlook for natural gas supplies is very encouraging. He added that increased exploration and deep drilling techniques promise to untap large quantities of gas. Attention has been focused on geopressure zones along the Gulf Coast region, deep basins where gas is found at depths between 15,000 and 30,000 feet, western "tight sand" areas in the Rocky Mountains, coal seams, Devonian shales beneath the Appalachians and methane hydrates beneath permafrost and in deep-ocean areas. Concerning the supplies of oil products, Mr. Martin Sedlacek, representing Citgo, stated that the current gasoline and diesel fuel problems basically result from the loss of Iranian products which amount to eight percent of the crude oil and refined products imported to the United States. He added that there are a number of factors contributing to the fuel problems including the fact that unleaded gasoline requires more crude oil in production, the consumption of unleaded fuel is increasing rapidly, the federal allocation system disrupted an already tight supply situation, and there simply is not enough crude oil available to operate refineries at top capacity. He added that conservation of oil is only an answer for the short-term shortage and that deregulation of oil prices is necessary to encourage domestic production and reduce foreign dependence. Ms. Mary O'Halloran, Regional Representative, U.S. Department of Energy, commented that Department of Energy regulations and Presidential authority extended to the Governors to institute minimum purchase requirement, odd-even license number purchase plans and regulate hours of operation have helped ease the gasoline supply problems. She also stated that the recently rescinded emergency allocation plan was necessary to insure adequate supplies for agricultural uses at critical planting times and that the regulations work well for the purpose intended.

The Conference agenda also included a luncheon during which different topics were discussed at each of 15 tables. The topics included mandatory deposit, gasohol, sunset regulation, laetrile, legislative productivity, solid waste disposal, taxation and several others. Sessions held concurrently with the panel discussion on oil and natural gas supply and demand were an emergency telecommunications demonstration and a prospective view of the Nebraska Unicameral Legislature.

Also presented was a special program explaining the Texas plan for the state assumption of the employee share of Social Security payments. The basis of the Texas plan is to have the state assume

the employee's share of the Social Security payment (which was 5.85 percent of \$16,500 at the time of enactment) in lieu of a salary increase of 6.8 percent. The net effect of the plan saves the state money while the employee receives more take-home pay than if a 6.8 percent raise were given. The following is an example of the plan:

<u>Employee</u>		<u>State Cost</u>	
\$1,000.00	Salary (Monthly)	\$1,000.00	
58.50	S.S. Deduct (5.85%)	58.50	S.S. Share
60.00	Retire Deduct (6.0%)	60.00	Retire
<u>200.00</u>	Federal Withholding (20%)	<u>1,118.50</u>	
681.50	Take Home Pay		
1,068.00	Salary (6.8% Increase)	1,068.00	
62.48	S.S. Deduct (5.85%)	62.48	S.S. Share
64.08	Retire Deduct (6.0%)	64.08	Retire
<u>213.60</u>	Federal Withholding (20%)	<u>1,195.28</u>	
727.84	Take Home Pay (6.8% Increase)		
1,000.00	Salary (State Assumption of S.S.)	1,000.00	
0.00	S.S. Deduct	117.00	S.S. Share
60.00	Retire Deduct (6.0%)	60.00	Retire
<u>200.00</u>	Federal Withholding (20%)	<u>1,177.00</u>	
740.00	Take Home Pay		
<u>727.84</u>		<u>1,195.28</u>	
\$ 12.16*	Extra Take Home Pay	<u>1,177.00</u>	
		\$ 18.28	Monthly Sav- ings Per Em- ployee (Per \$1,000 Monthly Salary)

* This amounts to only \$0.46 per month if employee share of Social Security is taxable as I.R.S. ruled.

There are two problem areas with the Texas plan which reduce its attractiveness to the employees. First, the Internal Revenue Service ruled that the employee's share of the Social Security deduction is taxable to the employee even though the state pays the entire amount. The State of Texas disagrees with this ruling, but has not challenged the ruling. The effect of this ruling reduced the take-home pay advantage to the employee in the example to \$0.46 per month. The second problem relates to the effect of not receiving a base salary increase on future retirement benefits. The effect on an employee with many years remaining before retirement may be insignificant, but the loss of a base salary increase for an employee nearing retirement is probably detrimental depending on the retirement plan.

The 1980 Annual Meeting of the Midwestern Conference of the Council of State Governments was hosted by the state of North Dakota in Bismarck from July 27 through 30, 1980.

The Iowa delegation met early Monday morning for breakfast in order to plan its attendance at various workshops and discuss the issues that would come before the Conference. Also held on Monday morning was a panel on transportation deregulation, upon which Senator Richard Drake participated and reviewed the proposed federal law on deregulation of railroads. Other panelists reviewed deregulation of the airline industry and deregulation of the motor carrier industry.

On Tuesday morning, an address was given by Mr. James Ballantyne, who is the Interim Regional Coordinator for the United States Department of Education. Also on Tuesday morning three concurrent task force reports were given--the Taxation Task Force, the Agriculture Task Force, and the Legislative Oversight Task Force.

The Legislative Oversight Task Force meeting included presentations made by Mr. Dale Cattanach, State Auditor of Wisconsin and Senator Robert Garton of Indiana. Mr. Cattanach was highly favorable towards program evaluation procedures and at the same time found fault with what he termed to be exotic type proposals particularly program planning and budgeting systems, zero based budgeting, and sunset laws. He said that while there was a great deal of publicity in regard to the various concepts, they had not worked as well as originally anticipated and said that program evaluation is a much better tool for legislators to determine how state programs are working.

Senator Robert Garton explained how Indiana conducted a study of records used in the state of Indiana with the result that thousands of records were eliminated and hundreds of thousands and perhaps several million dollars were saved. He described a panel that was established to review all the records used by state agencies and had statistics available to show the great savings that Indiana made as a result of the study. The type of study done in Indiana could possibly be done in Iowa. If proposed legislation to reduce the number of forms and records in Iowa would be as successful as that in Indiana, the state of Iowa could save several million dollars.

Also on the program was a review of the North Dakota Coal Gasification Program which is going to be a program which will cost in excess of a billion dollars. It is hoped that this program will provide a great amount of synthetic fuel for the United States in the future.

Mr. Garrison and Mr. Johnson toured the legislative facilities of the state of North Dakota. North Dakota has apparently had the same problems in capturing space for legislative use that Iowa has faced. In several instances committee rooms have been remodeled to accommodate staff, and other areas have been remodeled to provide space for expanding computer staff. It is interesting to note that North Dakota is presently involved in building a wing on the state capitol in which the North Dakota Supreme Court will be housed, as well as the North Dakota Department of Social Services, and at

least one other large state agency. The new Supreme Court chambers will be changed somewhat from the present decor of the capitol and will be quite modern pursuant to the wishes of the present North Dakota Chief Justice. Since the law library in North Dakota is under the direct jurisdiction of the North Dakota Supreme Court, it will be moved into the new area, but that particular library is not near as large as the State Law Library of Iowa. The legislature will take over the space presently occupied by the North Dakota Supreme Court which will provide additional committee rooms and staff rooms. While North Dakota's computer applications in the legislative branch have not been initiated as early as have Iowa's, North Dakota is making good progress towards the establishment of a legislative computer staff and the legislative branch has its own computer programmers. The North Dakota computer staff will be highly centralized and will provide all services including bill drafting, computer searches, bill status, internal indexing for legislative documents, calendar preparation, and the preparation of the journals.

TASK FORCE REPORTS

Agriculture Task Force

The Council of State Governments' Midwestern Conference Agriculture Task Force met in December of 1979 and in May of 1980 to discuss the topic of the 208 Water Quality Program and its effect upon the states. In December, the Task Force heard from members of the Environmental Protection Agency, the United States Department of Agriculture, independent experts, as well as from the Director of the Ohio Department of Agriculture. The general consensus at that time was that there were many factors over which the states and the federal government had little or no control. There were conflicting reports as to whether or not pesticides and fertilizers were the cause of much of this pollution, and some pollution was attributed to poor agricultural practices.

At the May meeting, the Task Force examined and heard testimony from those with additional expertise in this field. The Task Force listened to an environmental specialist with the League of Women Voters, heard from a leading university authority, and had testimony from the private sector.

The Task Force plans to continue a study of this area as the 1982 deadline for solving non-point pollution problem approaches. The Task Force also believes that if the federal government wants to impose these restrictions upon the states, they should be willing to fund such projects. Stated in another way, the states cannot meet the apparent demand of the federal government without adequate funding.

Legislative Oversight Task Force

The charge to the Legislative Oversight Task Force was to look at all areas of legislative organization and procedure, including but not limited to, administrative rules review, performance auditing, and sunset.

The Task Force heard from Mr. Dale Cattanach, State Auditor in Wisconsin, who spoke on the function of legislative auditing in Wisconsin, with particular emphasis on performance evaluation. Each Task Force member also reported on especially good programs in their respective states, including administrative rules review in Kansas and Wisconsin, control of the appropriations committees in North Dakota, and the loaned executive action program in Minnesota. The Task Force agreed to undertake a 50-state study to identify the various legislative oversight practices in the states and to outline how they operate. Mr. Cattanach agreed to work with staff on this project. However, it was subsequently discovered that the NCSL Fiscal Affairs and Oversight Committee was pursuing an identical effort. To avoid duplication it was agreed that the Midwestern Conference Task Force should instead change its original intent, and will produce "profiles" on selected legislative oversight programs in the Midwestern states.

Ms. Winnie Austermann, staff person for the NCSL Fiscal Affairs and Oversight Committee, reported on the Committee's recently completed Oversight of Federal Funds study. Also on the agenda were Mr. Dave Giffith, Illinois Intergovernmental Cooperation Commission, describing Illinois' system of tracking federal funds; Mr. David Johnston, Director of the Ohio Legislative Service Commission, speaking on the user surveys of various state government programs done by his staff; and Senator McClure outlining the provisions of South Dakota's program on sunset of administrative rules. In addition to completion of the "profiles" of legislative oversight programs, the Task Force recommends that it be given approval to study legislative oversight of state court systems, oversight during a time of cutbacks, one-stop licensure, and paperwork reduction during the coming year.

Education Task Force

The Education Task Force was asked to study methods of dealing with school-related energy problems, programs for the gifted and talented, and literacy problems in the schools. The Task Force heard several speakers discuss current federal initiatives in these areas, and surveyed existing state programs as well.

The federal government implemented the Institutional Building Grants Program under Public Law 95-619, the National Energy Conservation Policy Act, in 1978. Nine hundred million dollars has been allocated by the federal government to use for 50-50 matching grants to public schools and nonprofit hospitals to assist them in identifying and implementing energy conservation measures. The Task Force recommends that each state energy office make this program known to local school districts and inform them that federal moneys are available.

The Task Force believes that one of the best potentials school districts have for saving fuel is by streamlining bus routes. School districts should evaluate their present routing and plan bus routes which are most efficient. The state of North Dakota is

working with a computer at the Upper Great Plains Transportation Institute at North Dakota State University to reroute school buses. The state energy office estimates that 40,000 miles of bus travel have been saved by this program.

In reviewing federal and state programs for gifted and talented children, the Task Force first had to have a working definition of the gifted and talented. Gifted and talented children are those whose abilities and potential for achievement are so great as to require special provisions to meet their educational needs. They may have special intellectual or academic skills, or be especially creative, or be exceptional in the performing arts. It is estimated that over 2.5 million students, or five per cent of the total school population, can be classified as gifted and talented.

At the present time, 18 states have mandated programs for the gifted and talented. However, one-third of the known gifted receive no special instruction, and perhaps half of all gifted and talented students do not receive the level of instruction required by them.

The Education Task Force recommends that in-service training be instituted for teachers who have not had special schooling to work with the gifted and talented.

In surveying state literacy programs, the Task Force found that the Midwestern states varied in defining the level at which a person should read or comprehend in order to be considered literate. Not all states even had a working definition of literacy.

The Task Force believes that each state should be able to set its own standards for literacy, but points out the importance of each state having some definition of literacy against which to measure its residents.

Minimum competency testing is becoming very popular and some form of competency testing now exists in every state. It should be used as a diagnostic tool to see if the school system is functioning well and if the school and student are functioning together. Minimum competency testing is very useful for this purpose, but should not be overly emphasized as this can cause the curriculum in non-minimum competency fields to suffer for the benefit of high scores in the minimum competency areas.

Energy Task Force

The charge to the Midwestern Conference Energy Task Force was to review state energy programs and to monitor federal energy programs and analyze them with respect to their impact on Midwestern states.

Mr. Robert Bauer, Regional Representative for the Department of Energy, Region V, gave an in-depth review of recent DOE policy as well as a rundown of the provisions of the bills then being

considered by Congress. The Energy Mobilization Board, the Energy Emergency Conservation Act and the Energy Security Act were reviewed in great detail and it was agreed to determine NCSL's position on these bills before this Task Force would take any action. In addition, Senator Buzbee of Illinois gave a detailed explanation of the Illinois Energy Resources Commission and its activities in funding coal and alternate energy-related projects.

There was a report by staff on the President's proposed gas rationing plan; reports by Senator Sillers, Minnesota, Senator Zimmers, Ohio, Representative Alley, Michigan, and Representative Ferrall, Wisconsin, on the respective state's energy assistance programs; and a report by Dr. Tony Heiting, Iowa Energy Policy Council, on "Gasohol in Iowa."

The Task Force members agreed that there are many problems with alcohol fuels and made the following recommendations:

1. Congress should take a long, hard look at the red tape involved with the production of alcohol fuels.
2. States should regulate and control alcohol fuel plants when the production is for use only as a fuel.
3. Net energy standards for gasohol should be determined and set and federal grant money should not be awarded unless these standards are met.
4. The Midwestern Conference should cooperate with the Western Conference on a "Gasohol Project."

The following policy statement was also adopted:

The Energy Task Force of the Midwestern Conference of the Council of State Governments resolves to advise the federal energy agency that gas rationing should be the last alternative used when the energy crisis gets critical.

The administrative cost of such a program could better be spent now to hasten the development of alternatives such as coal, nuclear, solar, wind, hydro, biomass, shale oil and hydrogen.

When we develop viable alternatives the need for imports can virtually be eliminated and the need for rationing drastically reduced.

All efforts for the further conservation of energy should be heartily supported and funded.

Efforts should also be stepped up to reassess the nation's priorities in regard to environmental laws that are crippling our use of coal, nuclear and biomass. Included in this assessment should be a concentrated effort to solve the waste disposal problem for spent fuel. Most organized opposition to the use of nuclear energy has as a basis for credibility the concern for disposal.

Our efforts must be directed toward alternatives rather than concentrated on defense preparedness. When we become energy self-sufficient, our national defense will be in a much better condition.

Transportation Task Force

The Transportation Task Force was formed to study the impact of proposed deregulation of the trucking industry upon the states.

The Task Force heard representatives of the Carter Administration, the trucking industry, state public service and regulatory agencies, shippers, and other interested individuals present their views.

The consensus of the Transportation Task Force was that less regulation would be beneficial, although there were serious misgivings about total deregulation. Subsequent to the Task Force meeting, the U.S. Senate and House of Representatives passed compromise legislation on trucking regulatory reform. This is now Public Law 96-296. The compromise bill seems to address the majority of concerns indicated by the Task Force. The Task Force specifically supports the following provisions and feels that they will be beneficial to small businesses and shippers:

1. The general relaxation of entry restrictions. Operating permits must be issued if the ICC finds an applicant "fit, willing, and able" to provide trucking service. The burden of proof is shifted from the applicant to the objecting party to show that service would be "inconsistent with the public convenience and necessity." The entry test is eliminated for proposed service to points not regularly served; for service that is a substitute for lost rail service; for transportation of shipments under 100 pounds; and for some service to the federal government.

2. Elimination of rules requiring circuitous routes and gateways, as well as other energy inefficient regulations.

3. Creation of a zone of rate-making flexibility. This would permit a carrier to raise or lower rates 10 percent from the established charge.

4. Easing of food hauling restrictions. Restrictions on the hauling of food were eased, and the transportation of feed, seeds, and plants were exempted from regulation if transported to an agricultural production site or to a market for agricultural products.

Taxation Task Force

The charge of the Taxation Task Force was to examine various methods of property tax assessment and different property taxation policies within the region.

The recommendations on property taxation are:

1. Property taxes should be used to support primarily property-related services. Two possible examples of such services are police and fire protection. Human services, including education, should be primarily funded by taxes other than property taxes.

2. Serious consideration should be given to any constitutional provisions concerning property taxation, such as uniform and equal taxation, limited classification of property, maintaining flexibility to shift from property to other taxes, and state and local spending limits.

3. The Task Force recommends the phase out of the personal property tax because of the problems associated with identification, assessment and collection of the tax. This would allow appraisers and assessors to more effectively utilize their time in regard to real property. There may be a minimal shift to real property tax during the phase out, but the advantages outweigh the disadvantages.

4. The states should impose spending or assessment limits on local, county and state governments by statute with the provision that local and county limits could be exceeded by a vote of the people. Another alternative is to allow local option taxes by a vote of the people. The state should make every effort to reimburse state-mandated costs.

5. In appraising the value of real property the following approaches should be considered:

- a. Market value
- b. Income producing potential
- c. Replacement costs
- d. Cost less depreciation.

6. In order to have a fair and effective property system it is necessary to recruit highly qualified individuals who will deal with property taxation in a professional manner.

7. The complexity of the modern property tax system makes it nearly impossible for the average taxpayer and even some of the administrators to understand it.

a. In states without classification systems one means of simplification would be to replace the present three-step approach of appraisal or market value, assessment ratio (usually in some fraction of the appraisal value), and levy rate (usually in mills per dollar) with a two-step approach of appraisal and levy rate. Thus all taxes would be based on 100 percent value.

b. In the levy of taxes the term "mills per dollar" should be replaced with the more understandable term "cents per dollar."

c. Every taxpayer should be notified in writing of changes in the taxpayer's property evaluation.

d. Every taxpayer should receive a written tax statement, which should include a breakdown of all taxing subdivisions plus a comparison with the previous year's total taxes.

e. The state and local governments should make every effort to provide a continuing public education program on taxes so that property owners may understand the basics of assessment, who levies property taxes and what the procedure is, how state aid can reduce property taxes, how to read assessment notices and tax bills, how to obtain information, credits and refunds, how to use the appeal process, and how their tax money is divided.

f. The review process should maximize professionalism and openness. The appeal process should begin at the local level and then proceed through the state organization. The possibility of a state tax court should be considered.

8. A central factor in fair taxation is to make certain that all property appraisals are kept as current as possible.

9. The role of the tax exemption is pivotal in the property tax structure. While achieving socially useful goals the exemptions shift the tax burden to non-exempt property. States should examine alternative means of achieving those social goals that the exemptions hope to attain. Such alternative means should create greater tax equality.