2019 BIENNium BUDGET

Governor Bullock's budget emphasizes six main priority areas:

- Fiscal Responsibility
- Infrastructure Investment
- Job Creation and Business Incentives
- Educational Opportunity
- Tax Fairness for Montana Businesses
- Caring for Montana Families and Children

FISCAL RESPONSIBILITY
Funding Priorities While Living within Our Means

Governor Bullock proposes a budget that is a reflection of Montana values. Montanans expect state leaders to make responsible decisions about state finances while investing in areas that help grow the state’s economy and create good-paying jobs for our friends, families, and neighbors.

Like families all across this state do with their own finances, Montanans expect government to live within its means. First and foremost, the proposed budget ensures government does not spend more than it brings in and maintains a meaningful rainy day fund. More than just that, the budget funds core essential services and makes necessary investments in infrastructure, tax credits for businesses to invest in new equipment and hard-working middle-class Montanans, and education. Savings, transfers, efficiencies, and cuts are used to make these critical investments and to restore our state’s rainy day fund.

INFRASTRUCTURE INVESTMENT
Building Montana Now and for Future Generations

Governor Bullock proposes a $292 million investment in infrastructure financed through a responsible mix of cash and bonds and the creation of the Build Montana Trust. The Legislation includes Long-Range Building, the Treasure State Endowment Program, Renewable Resource Grants, Resource Development Grants, Quality Schools program investments, and direct loans and grants to local governments.

Further, Governor Bullock proposes a long-term solution to Montana’s infrastructure funding through the Build Montana Trust. This fund will direct coal severance tax revenues into a new subtrust within the coal tax trust fund to finance infrastructure investments for future generations of Montanans.
Governor Bullock proposes new business incentives to help individual businesses capitalize on a positive business climate in the state. These proposals support the creation of new good-paying jobs for Montanans by incentivizing new and expanding businesses to invest in new equipment and increase career and earning opportunities for Montanans by incentivizing businesses to hire workers and provide on-the-job training.

Governor Bullock also proposes a $1,000 tax credit for every position hired where the worker is offered structured on-the-job training, boosting Montana workers’ earning potential immediately while they learn the skills of their vocation and over the lifetime of their career. Given that Montana leads the nation in military service, this tax credit will double ($2,000) for every veteran hired into a recognized apprenticeship program.

In an effort to maintain and bolster Montana’s $6 billion outdoor recreation economy and the 64,000 jobs it supports, Governor Bullock proposes the creation of the Office of Outdoor Recreation. The Office will be housed in the Governor’s Office of Economic Development and will promote economic development by coordinating with outdoor recreation stakeholders, improving workforce development and economic opportunities and working with outdoor recreation businesses to expand and relocate to Montana.
EDUCATIONAL OPPORTUNITY

Continuing Historic Investments in Education and the Future Leaders of Montana

Governor Bullock believes public education is a great equalizer that gives every Montana student the opportunity to succeed. Montanans – just like those in 45 states around the country - know that high-quality early childhood education experiences positively impact a community’s economic development opportunities and set the stage for a child’s success in school and in life. Governor Bullock proposes increased access to high-quality preschool for four-year-olds with a $12 million investment in our earliest learners as well as a $2.4 million investment in the successful Stars to Quality program. Grants will be available to public schools, Head Start programs and community-based providers to create or expand services for at-risk children.

Governor Bullock has worked with the Legislature to ensure historic investments in K-12 education, including a 25% increase over the last four years. Governor Bullock proposes to increase K-12 education by a total of $30.0 million over the biennium. The Executive is also proposing additional investments in K-12 infrastructure, with $5.4 million proposed in Quality Schools grants and using Timber for Technology funds as a match for local school districts to enhance their broadband capacity.

TAX FAIRNESS FOR MONTANA BUSINESSES

Modernizing Montana’s Tax System to Ensure Fairness for All Montanans

Montana continues to be ranked among the fairest tax systems in the country (Tax Foundation, 2016 Business Tax Climate Index). But parts of Montana’s tax system are antiquated and unfair to hard-working middle-class Montana families. Governor Bullock proposes to make Montana’s tax system more fair by making Main Street Montana businesses competitive with large national and international corporations and leveling the playing field for lower-income Montana families.

Governor Bullock proposes that for the first five years of operation, 75 percent of a new or expanding business’ property tax obligations be waived. The savings achieved through this proposal will allow businesses to create more jobs and pay higher wages. Governor Bullock also proposes to implement an expanded income tax credit for working Montanans and to close loopholes on excess revenue from non-working income, a new tax bracket for income over $500,000 per year, and modest consumption taxes.

CARING FOR MONTANA FAMILIES

Increasing Access to and Quality of Healthcare Through Innovative Collaborations

During a time when partisan gridlock is paralyzing much of the nation, in Montana Governor Bullock and the Legislature have made record investments in mental health services all across the state – including crisis intervention, youth mental health, short-term patient care and emergency detention. And thanks to the bipartisan HELP Act, more working Montanans have access to the healthcare they need. But when it comes to Montanans health and wellbeing – both physical and mental – there is always more work to do.

Governor Bullock proposes enhanced investments that will keep more seniors in their homes, devote more resources to youth suicide prevention, and increase funding for the Child and Family Services Division consistent with the recommendations of the Protect Montana Kids Commission,
LEGISLATIVE HIGHLIGHTS WITH FISCAL IMPACTS

HB2 – General Appropriations Act: Governor Bullock proposes expenditures decrease by $8.776 million in FY2018 and increase by $44.017 million in FY2019, for a biennial spending increase of 1.4%.

HB3 - Supplemental Appropriations: Governor Bullock proposes supplemental appropriations for the Department of Corrections, Montana University System, Office of Public Instruction and authority for Coal Board grants.

HBs 5, 6, 7, 8, 11, & 14 – Build Montana and the Build Montana Trust: Governor Bullock proposes $292,913,801 in infrastructure investment through the Treasure State Endowment Program, Renewable Resource Grants and Loans Program, Resource Development Grant Program, Quality Schools Grant Program, Long Range Building Program, and direct loans and grants to local governments. Projects include the Southwest Montana Veterans Home, Romney Hall, Betty Babcock Museum, direct loans or grants for local projects. The Executive additionally proposes to create a Build Montana Trust within the Coal Tax Trust to provide for long-term funding for infrastructure.

HB13 – State Employee Pay Plan: The Administration has bargained a modest 1% pay increase on November 15, 2018 and again on November 15, 2019. There is no increase in state share of employee health insurance coverage requested.

Incentivizing Investing in Working Montanans, Quality Jobs, and New or Expanding Businesses: Governor Bullock proposes to create an employer tax credit of $1,000 for each new apprentice hired, and $2,000 if the apprentice is a veteran; create a Montana earned income tax credit of up to 3% of the federal earned income tax credit; and increase the tax abatement for new or expanding businesses to 75% for the first five years.

Tax Fairness for Small Businesses and Middle Class Montanans: Governor Bullock proposes to eliminate the capital gains credit for gains over $1,000,000 in any one year, require international and out-of-state corporations pay the same taxes as Montana businesses, and apply tobacco taxes to vapor cigarettes.

Historic Investments in K-12: Governor Bullock proposes increasing K-12 Base Aid, per Average Number Belonging and At Risk payments. Further, Governor Bullock proposes to increase special education payments and to leverage Timber for Technology funds for the biennium to match with federal E-Rate funding garnering up to an additional $8 million. Finally, the Executive proposes to repeal the NRD, Data for Achievement, and excess oil and gas payments as well as to revise unusual enrollment provisions. To help compensate for the revenue reductions, the legislation also directs the Office of Public Instruction to reduce paperwork and reporting on K-12 school districts.

Keeping Seniors in Their Homes: Governor Bullock proposes to double the investment in the Area Agencies on Aging as well as invest funds in the the home respite care program.

Youth Suicide Prevention: Governor Bullock proposes investing $1 million in new funds to help address the youth suicide epidemic in Montana.

Implementing Montana’s Energy Blueprint: Governor Bullock proposes four measures to implement Montana’s energy blueprint including creating a grant program for energy efficiency funding by eliminating existing tax credits, revising the Montana Facility Siting Act to be more efficient, allowing for Property-Assessed Clean Energy (PACE) programs, and revising the state’s renewable energy portfolio to incentivize expansion of hydro electricity production. Governor Bullock also proposes an investment in the joint Montana-Wyoming Integrated Testing Center for carbon sequestration and incentivizing commercialization of technologies to use coal in less carbon-intensive matters.

Establish the Office of Outdoor Recreation: As part of the Governor’s Office of Economic Development, Governor Bullock proposes to create the Office of Outdoor Recreation. The Director will be charged with coordinating and enhancing Montana’s burgeoning outdoor and recreation economic sector.

Investing in Montana’s Youngest Learners: Governor Bullock proposes to increase access to high-quality preschool for four-year-olds with a $12 million investment in our earliest learners through grants and $2.4 million in the successful Stars to Quality program. Grants will be available to public schools, Head Start programs and community-based providers to create or expand services for at-risk children.