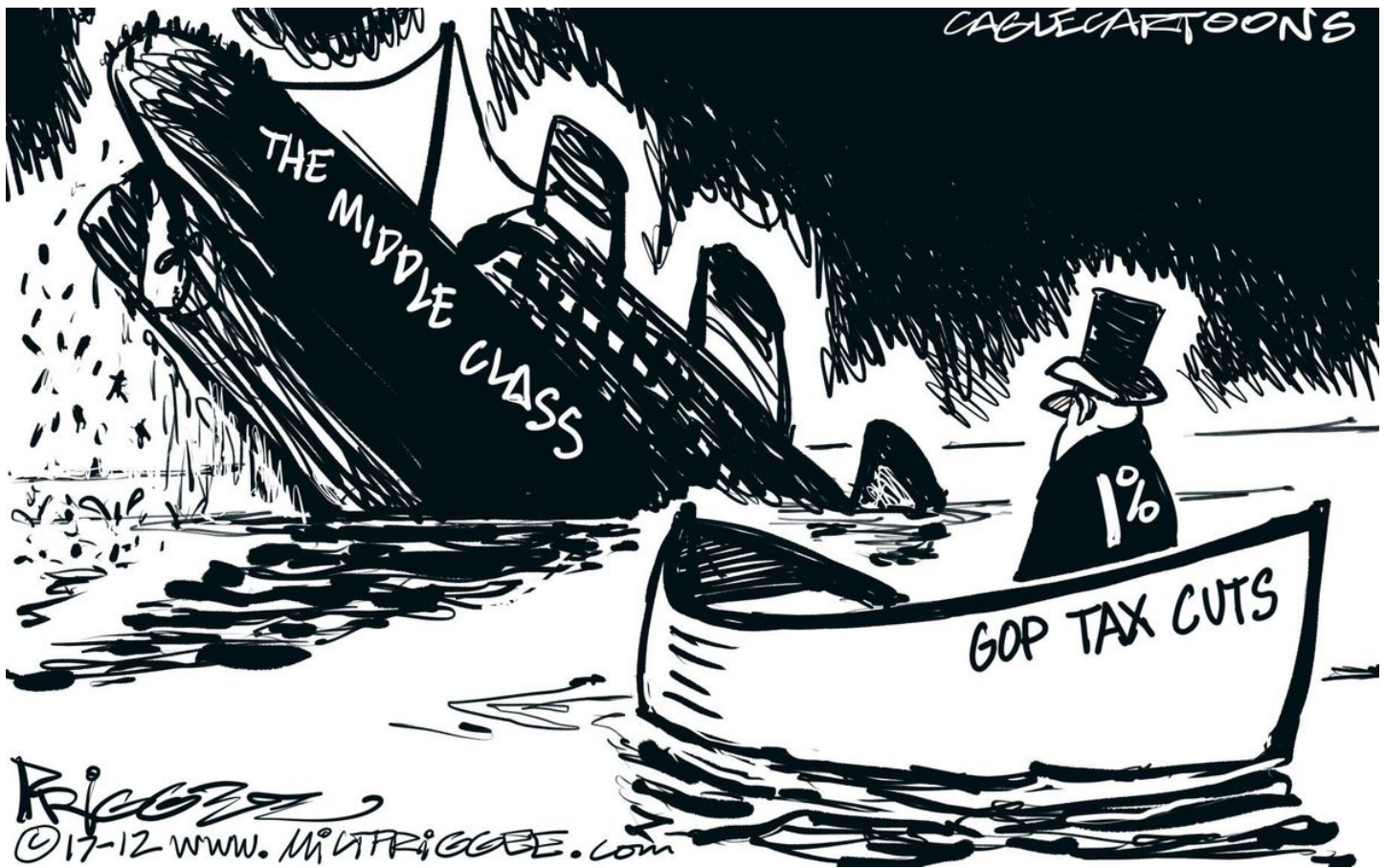


http://billingsgazette.com/opinion/editorial/gazette-opinion-how-will-montana-pay-for-new-tax-plan/article_4bb86037-ab99-54fa-a24a-cdc5ce1ec904.html

GAZETTE OPINION

Gazette opinion: How will Montana pay for new tax plan?

3 hrs ago



Could a new federal tax law force the Montana Legislature into another special session before January 2019?

Analysis of the tax bills passed by the U.S. House and Senate indicate that they would reduce Montana's tax collections, according to Montana Department of Revenue economists.

As reported in The Gazette Thursday by Tom Lutey, the Senate bill would have the largest impact on Montana state taxes. The DOR estimates it would reduce state revenues by \$122 million per year. That would be \$244 million in the state's biennial budget.

Gazette readers will recall that the Legislature met in special session just last month to address a projected \$227 million revenue shortfall in the biennial budget cycle that started July 1 and will end on June 30, 2019. Lawmakers and Gov. Steve Bullock agreed to about \$76 million in budget cuts (on top of about \$90 million in cuts since the Legislature adjourned in April). Most of the rest of the "solution" involves fund transfers and other one-time-only options to bring the state's general fund into balance as required by state law.

Any further revenue shortfalls will be much more difficult to resolve. The state's budget was already austere when the 2017 regular session finished working on that legislation. Most Montana health care providers were budgeted zero increase in payment rates that already fell short of covering the costs of care for the state's low-income children, disabled, elderly and workers.

The U.S. Senate passed its tax bill in the wee hours Saturday on a vote of 51-49. Usually Congress takes too long to make decisions, but in this case, the Senate especially and the House as well have acted in reckless haste. There have been no public hearings on this legislation and even some senators didn't know all it proposed until after the vote.

Now is the time to pause and study the proposals and their effects the people of Montana and the rest of our great nation.

These bills now are being melded into one. The result is certain to increase the national debt by more than \$1 trillion – even if proponents' optimistic economic growth predictions come true. There shouldn't be unintended consequences for states. We have heard howls of disapproval from blue states that would lose federal deductibility for state and local income taxes. We live in a red state that is going to be losing, too.

Sen. Steve Daines and Rep. Greg Gianforte voted for the GOP tax legislation, Sen. Jon Tester voted no. Daines and Gianforte should insist on changes that will mitigate the revenue reduction on their state's government.

The tax bill will balloon the federal deficit, increasing pressure in Congress to reduce federal spending, which is likely to shift costs to state governments. In fact, the House tax legislation already proposes to save the federal government money by reducing mineral royalty payments to states like Montana.

This tax package may be a Libertarian dream, but it will be disastrous for citizens who expect our state government to provide for public health, safety and education. Montana's governor and legislators would be forced to choose between deeper public service cuts and raising state taxes. There may be another special session before spring.

MORE INFORMATION



Daines to support Senate tax bill after pass-through businesses get new 23% income tax deduction

- Montana's state government could lose \$30M in revenue if Senate tax plan passes
- Montana's wealthiest taxpayers will claim half federal tax cut benefits
- Montana Realtors worry capping mortgage interest tax deductions at \$500K will hurt home sales
- Delta flight takes unplanned potty break in Billings