

OFFICE OF THE GOVERNOR
STATE OF MONTANA

Steve Bullock
GOVERNOR



Mike Cooney
LT. GOVERNOR

December 11, 2017

Senator Jon Tester
311 Hart Senate Building
Washington, DC 20510

Senator Steve Daines
320 Hart Senate Building
Washington, DC 20510

Congressman Greg Gianforte
1419 Longworth HOB
Washington, DC 20515

Dear Senator Tester, Senator Daines, and Representative Gianforte:

In its current form, the Tax Cuts and Jobs Act of 2017 poses significant problems for the state of Montana. The Act disproportionately favors the wealthiest Americans and corporations at the expense of Montana workers and families. Several provisions would wreak havoc on our state budget.

With the legislation heading to a conference committee to address the drafting, clerical, and numerous other errors in the version passed by the Senate, I would ask for your bipartisan support in making sure Montana and other states' budgets are left whole in any further versions of this bill.

Meaningful and lasting reform in any area of policy will be substantially hamstrung if that policy is implemented over the uniform objection of the minority party. We need to create tax fairness for workers and families – something folks on both sides of the aisle ought to agree on. But increasing the national debt by over \$1 trillion to give tax breaks to corporations and blowing a hole in states' budgets is not the way to go about tax reform.

Particularly troublesome for Montana is the way the Senate bill treats pass-through entity income. Treating a portion of this income as a deduction significantly reduces revenue to the state -- to the tune of \$82 million this biennium. These benefits go primarily to wealthy individuals and corporations, not main street Montana businesses. The total impact of the Senate bill on the state's general fund would be \$146 million for this biennium.

The Act also negates the bipartisan work that occurred during the recent special session to balance Montana's budget. Our state cannot afford the devastating impact this current legislation would have on the essential services Montanans deserve. I ask that you use your positions as Montana's representatives in Washington D.C. to work towards true tax reform and protect the fiscal health of our state.

Sincerely,

A handwritten signature in blue ink, appearing to read "S. Bullock", with a stylized flourish at the end.

STEVE BULLOCK
Governor