



The Policy Institute

“2011 Legislature Didn’t Reflect True Montana Values”

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The Policy Institute blends authoritative research and hands-on political engagement to create public policy based on economic justice, fair taxation, corporate accountability and environmental responsibility.

The 2011 Montana Legislature adjourned more than one month ago, but the memory of the rocky road that was the 62nd session is still fresh in many minds. Those on the progressive end of the political spectrum knew it would be rough go in this legislature for our values – including economic justice, fair taxation, corporate accountability and environmental responsibility – but I’m not sure anyone could have predicted the assault these values would be under in this legislature.

During the session, far-right legislators like Rep. Janna Taylor (R-Dayton) and Sen. Bruce Tutvedt (R-Kalispell) said they were intent on “cutting spending,” even when proposals to do so made no logical sense (rejecting federal funds for health and human services), were against the will of the people (cuts to Healthy Montana Kids) and were especially cruel (cuts to personal services for seniors and people with disabilities).

Perhaps worse, these same lawmakers were unwilling to support common-sense proposals that would have increased revenue to the state, such as House Bill 222, sponsored by Rep. Dick Barrett (D-Missoula).

HB 222 would have required withholding of income tax – at the time of sale – on real estate sales of at least \$250,000 – but not if the seller was a Montana resident or business, or if the property were a primary residence.

The bottom line: this legislation would have collected a tax – already on the books – from wealthy out-of-staters who sell their expensive vacation homes in Montana. According to testimony by the Department of Revenue, these sellers are sometimes unaware of their tax obligation to the state, but other times, willfully ignore attempts by the state to collect the tax after the sale has been finalized. Collecting the tax at the time of sale would address both of these scenarios.

According to the bill’s fiscal note, this law would have resulted in an increase in income tax collections of more than \$3 million each year. HB 222 wasn’t a “new tax.” It didn’t increase a tax rate. It simply provided increased enforcement of a current law. But the bill died in the House Taxation Committee, tabled under the leadership of committee chairman Rep. Mark Blasdel (R-Somers).

At the same time that conservatives were unwilling to help the Department of Revenue collect millions owed to the state through bills like HB 222, they were willing to give up many more millions by supporting measures like Senate Bill 372, a bill that reduced the business equipment tax in Montana.

SB 372, sponsored by Sen. Bruce Tutvedt (R-Kalispell) and signed by the governor in May, will reduce revenue to the state by more than \$14 million in fiscal years 2013 and 2014, and even more in subsequent years. Who are the biggest beneficiaries of the legislation? Conservatives would like you to think that small businesses in Montana will benefit most from this legislation. However, since the first \$20,000 worth of business equipment is already exempt from taxation, it’s actually larger businesses that will benefit most. In fact, the largest beneficiaries of the bill will be multinational corporations doing business in Montana, like Exxon Mobile and Conoco Phillips. And with big oil companies once again seeing record profits, this is hardly the time to offer them a tax break.

The tide seems to be turning in a progressive direction over the past few months. The push-back against an attack on collective bargaining rights in Wisconsin included tens of thousands of protestors in and around Madison, and the recent election of Democrat Kathy Hochul in a traditionally conservative district of New York State seems to bode well for progressives in 2012.

Like most Wisconsinites and New Yorkers, most Montanans aren’t interested in extreme far-right ideas. They know that the social progress gained in the not-so-distant past must be protected today. Montana values include helping out a neighbor when times are tough and coming together as a community to make every citizen’s quality of life better. As Rep. Jon Sesso (D-Butte) said during the session, “A friend’s good fortune is a blessing,” and Paul Wellstone put it this way: “We all do better when we all do better.”