



Special Session Report

Prepared for: Kalispell Chamber of Commerce

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The Special Session ended around 1:00 a.m. this morning with Legislators providing Governor Bullock with a plan to address the state's \$227 million budget deficit. Through a combination of spending cuts, transfers and delayed payments, fees and savings, Legislators were able to address the state's fiscal imbalance without increasing taxes.

Of importance to the Kalispell Chamber, tax increases proposed by the Governor on accommodations and rental cars did not move forward. Two bills were introduced impacting tourism: SB 6 by Senator Barrett temporarily increased the bed and rental car taxes; and SB 7 by Sen. Hoven to require third party intermediaries such as VRBO and AirBNB to remit lodging use tax to the state. Both bills were tabled in committee.

The plan presented to the Governor included:

\$76 million: Spending cuts proposed by the Governor and implemented in the state's main budget bill, HB 2. By building these cuts into HB2, the base budgets for the state agencies will reflect the reduced budgets in the planning for the next biennium.

\$94 million: Transfers and delayed payments, including:

- Withhold \$8.2 million in block grants to schools
- Withhold \$10.4 million in payments to state employee health plan
- Withhold \$2.8 million in payments to judge's retirement system
- Generate \$2.5 million (FY 18) and \$3.8 million (FY 19) by changing state liquor license lottery to an auction.

\$32 million: If the Governor negotiates an agreement with CoreCivic, the state of Montana will receive this amount in savings to deposit \$15 million in the state fire fund account and any funds over \$15 million will be used to backfill spending reductions.

\$30 million: Management fee on the Montana State Fund.

\$15 million: Furlough state employees making more than \$50,000.