

**Montana's 2017 Biennium Update: Budgeting and Policy
in the Treasure State**

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Introduction

Montana's Legislature ended its 90-day biennium session with a nearly \$10 billion, two-year, all funds budget on April 28, 2015. Unlike the previous session where the governor did not fare well with his agenda, many observers claimed Democratic Governor Steve Bullock was the winner, even though Republicans controlled the legislature. The governor signed 431 bills into law, vetoed 53 bills, and allowed 19 to become law without his signature.

The session was less contentious than in recent years under Republican control. There were few "big issues" other than expanding Medicaid under the Affordable Care Act provisions and enacting campaign finance reform. The GOP-controlled legislature passed Medicaid expansion because Montanans elected more moderate Republicans in the 2014 elections. Republican leadership came from the more conservative wing of the party, but they were unable to hold party lines on many votes as moderates broke and compromised with Democrats.

This was easier because revenue was not a problem for the new biennium. Some observers felt the governor and Democrats were the winners in the session although there were few policy changes that will have a significant impact on the state. Overall, the legislature was routine and uneventful. Some past sessions have been highly contentious, but that was not the case in the 64th legislature. Despite divided government, the session ended with a balanced budget and the state in sound fiscal condition. As the next legislative session approached with the 2016 general election, Montana's economy felt the effect of lower energy prices and a \$300 million general fund surplus became an estimated \$120 million deficit.

Demographic Overview

Montana is a large, rural state with a population slightly over a million. Population has been slowly increasing in recent years, but the growth has not been spread evenly. The state had 799,000 residents in the 1990 census, and that jumped to 905,000 in 2000. The state growth rate just of below 10 percent over the last decade was the lowest among the 13 western states. The western part of the state has seen population and economic growth while the eastern plains remain relatively unchanged. According to moving company data, 54 percent of all moves are outgoing rather than incoming (State Data Lab 2015). Montana's population is not diverse, and the largest two groups are whites and Native Americans.

Table 1. Population Figures

Population Race	Persons	Percent
American Indian and Alaska Native Population		6.5
Asian Population		0.8
Black Population		0.6
Hawaiian Native and Pacific Islander population		0.1
Hispanic Population		3.3
All Others		1.7
White Population		89.0
Total Population (2014 U.S. Census estimate)	1,300,000	

Note: The official population based on the 2000 Census was 902,000. Montana’s population was 799,000 in 1990. The latest estimates show the population to be 1,030,000 (2015). The population increased by 9.8 percent between 2000 and 2010; the lowest increase among western states.

Source: U.S. Census Bureau

A relatively poor state, Montana’s per capita income is 41,809, 39th in the nation. Median household income is \$46,230, and Montana ranks thirty-seventh nationally in per capita state expenditures. Unemployment was 4.2 percent in February 2016. About 14 percent of Montana’s population is categorized as “living in poverty.” The average Montanan is 40 years old.

Although the state ranks among the lowest in the nation for spending on education, education attainment is relatively good. Ninety percent of the population over 25 years of age has a high school diploma (the fourth best in the nation) and 28 percent of the population over 25 has a bachelor’s degree. Montana’s gross state product was \$45 billion in 2015, 47th in the nation. The state receives roughly twice the amount of money in federal funds than it sends to Washington in taxes.

Political Context

Montana is a very partisan state with very competitive political parties and ranks among the states with the most influential interest groups (Bowman and Kearney 2013). Political parties are competitive but relatively weak. This is attributable to the mixed political culture of the state. Unlike other states in the region, such as Utah, Idaho, and Wyoming, no single party dominates politics in Montana.

Montana’s political culture is more liberal than those of Idaho and Wyoming, but more conservative than Oregon or Washington, which are dominated by the Democratic Party. Western Montana tends to vote for Democrats while eastern Montana votes Republican (Greene and Lopach, 2008). The national media likes to call Montana a “red state,” but it has been a swing state throughout most of its history. Voters tend to send conservatives to Helena and liberals to Washington. Republicans continue to control both chambers after the 2014 elections (59–41 in the House, 29–21 in the Senate). Republicans retained control of the legislature in the 2016 elections (59–41 in the House, 32–18 in the Senate), and incumbent governor Steve Bullock narrowly won reelection.

Montana's legislature is very large; probably too large for a state with barely a million residents. The House has 100 members who represent very small districts and few people. The 50-seat Senate also represents a relatively small number of people compared to most states. Coupled with intense partisan bickering, the fragmented, part-time, amateur legislature has inherent difficulties addressing the needs and issues of the state. Term limits, which went into effect in 1992, have caused the legislature to constantly lose those who gain the expertise to manage a smooth legislative process.

Economic Summary

The state economy is depends on agriculture, tourism, natural resource extraction, and mining, which sustain wholesale/retail trade and service sector jobs. Tourism has been good to the state with more than 11 million nonresident visitors to Montana each year. Nonresident tourists spend about \$4 billion annually and tourism supports about 13,000 jobs (Nickerson 2014).

Montana's geographic isolation from major markets, a small and widely dispersed population, and continued dependence on natural resources, limit the state's economic growth potential. The economy is hampered by a volatile farm sector, decreased timber from its national forest lands, aging industrial plants and infrastructure, and labor shortages. Due to the its dependence on commodities, Montana's economy rises and falls with the price of commodities, and it continues to rank at or near the bottom in most economic statistics.

Unemployment rates did not follow national trends in the recession partly due to the nature of Montana's economy, which produces goods that continue to sell even in a recession. Montana exports coal exporter, produces a modest amount of oil, and has three oil refineries. The decrease in the price of oil slowed the state economy, but economists predict more balanced but slower growth (Barkley 2015).

Most growth has been in the private sector in areas with low-paying jobs. Montana has had lots of growth in service and retail, Walmarts, fast food, and hotels. Despite the optimism of some politicians, including the governor, the long-term economic outlook is flat. The last two Democratic governors pledged to bring high paying jobs to the state. But Montana hasn't been able to attract high-tech industries partly due to its location and despite being ranked fairly high in "friendliness toward business indices" (Tax Foundation 2016).

Given its isolated location, economic development is an arduous task. It was also one of the first states in the nation to impose an income tax on businesses. And since 1917, the state has raised corporate net income taxes from one percent in 1917 to its current rate of 6.75 percent. Corporate income tax accounted for about \$153 million in revenue (9 percent) in 2009. Corporate taxes fell from nine percent to seven percent of total revenue between the 2009 and 2015 bienniums. Although big box stores and service sector firms have made their way into the state, economic development has not been easy for either political party.

Higher education aimed at liberal arts and agriculture has had limited success attracting high-tech industry despite efforts by both the University of Montana and Montana State University. Montana's commitment to higher education has dropped dramatically since the early 1990s. In 2011 the state portion dropped below 20 percent. In 2013 and 2015, the legislature appropriated enough funding to freeze tuition. Except for its lone law school, Montana does not have any traditional professional schools such as medicine, dentistry, or even veterinarian medicine.

Montana's business climate is poor and economic development is difficult in a culture generally opposed to growth.

State Revenue Sources

Revenue was not an issue for the 2015 legislative session. Montana gets 55 percent of its revenue from individual income taxes, 26 percent from various consumption taxes, fees, and other miscellaneous taxes, 11 percent from state property taxes, and 7 percent from corporate taxes. The lack of a general sales tax (the state has some limited sales taxes) creates an unbalanced tax structure. The state relies on sources of revenue that are unstable and arduous to administer, such as state property taxes.

Attempts have failed to produce an acceptable general sales tax bill. The last general sales tax was on the ballot in 1993 and was defeated 3 to 1. Montana is one of the few states without a true revenue sharing system with local governments. It has a state lottery, but, like most lotteries, it produces only a small portion of state revenues.

Lack of an adequate revenue system caused the legislature to consider raising taxes on those making \$250,000 per year. Personal income tax brackets were lowered in 2003, and critics argued the cuts caused the state to lose \$100 million annually in revenue. At the time, the top bracket was 11 percent, and the legislature considered creating a bracket of 7.9 percent for those earning more than \$250,000.

Efforts to simplify the tax code in the 2013 legislature and widen the tax brackets in 2015 were vetoed by the governor. Due to the budget deficit in the next session, many proposals have been suggested to increase revenues, such as increased taxes on tobacco, wine, gasoline, and increasing personal income tax (Woods 2017). Governor Bullock's suggestion for a general sales tax was quickly dismissed by the legislature.

The 2017 Biennium Budget

This section provides details and comparisons of the Montana biennium budget. Montana's Constitution requires a balanced budget, and the budget is relatively small compared to most states. The state receives most of its revenues from individual income taxes. Table 3 provides a comparison of the 2009 through the 2017 bienniums.

How does the current budget compare to the last budget on the expenditure side? Table 4 compares the 2015 and 2017 bienniums in major categories. The data is straightforward; expenditures increased for some agencies and decreased significantly for others. Expenditures are not significantly different from the previous biennium. Table 5 is a breakdown of the budget by major departments.

In the case of K-12 education, about a decade ago the Montana Supreme Court ruled the legislature had to define the meaning of a "quality public education," which is a provision in the state constitution. The legislature has funded public education during the last five sessions at a higher level than in the past. This session the legislature appropriated nearly \$1.9 billion to run the state's public schools.

Currently, the state subsidizes less than 20 percent of the cost of tuition for in-state students. Since 1992 the state commitment to higher education has dropped significantly. In 1992 the state funded \$4,578 per in-state student; in 2006 the amount had dropped to \$3,142 in constant dollars.

Table 2. Total Estimated Spending for Selected Western States (2014)

State	State Funds	Federal Funds	Total Spending	Population	Per capita Spending
Montana	\$4,039	\$2,149	\$6,188	1,023,579	\$6,045
Colorado	\$22,531	\$7,756	\$30,287	5,355,866	\$5,654
Idaho	\$4,530	\$2,814	\$7,344	1,634,464	\$4,493
Utah	\$9,263	\$3,644	\$12,907	2,942,902	\$4,385
Wyoming	\$5,563	\$2,082	\$7,645	584,153	\$13,087

Figures in millions of dollars.

Source: National Association of State Budget Officers

Table 3. Revenue Sources (2009 through 2017 Bienniums)

	2009	2011	2013	2015	2017
Individual Income Tax	44.9%	47.0%	44.9%	51.0%	54.7%
Corporation Income Tax	8.9%	6.6%	7.0%	7.4%	6.6%
Vehicle Tax	6.5%	6.0%	6.0%	4.9%	4.5%
Property Tax & Non Levy	11.0%	12.8%	13.4%	12.0%	10.9%
Insurance Tax	3.4%	3.3%	3.3%	2.5%	2.9%
All Other Revenue	25.2%	26.2%	23.2%	22.2%	25.9%

Note: Investment earnings and Natural Resource Taxes are included in All Other Revenue. Information provided by the Legislative Fiscal Division

Table 4. 2015 and 2017 Biennium Budgets Compared by Major Functional Areas (in millions of dollars)

Functional Area	2015 Biennium Budget	Percent of Budget	2017 Biennium Budget	Percent of Budget
K-12 Education	\$1,813.5	19.4%	\$1,932,883	19.1%
Higher Education	559.6	6.0%	628,461	6.2%
Human Services	3,916.0	42.0%	4,248,979	41.9%
Transportation	1,341.0	14.4%	1,343,183	13.2%
All Other	1,698.5	18.2%	1,982,967	19.5%
Total	\$9,328.6		\$10,136,473	

Source: Legislative Fiscal Division. *Fiscal Report: 2015 Biennium* (Helena, MT: Legislative Fiscal Division, June 2013) and *Legislative Fiscal Report: 2017 Biennium* (Helena, MT: Legislative Fiscal Division, June 2015).

Table 5. 2015 and 2017 Biennium All Funds Budgets Compared by Fiscal Years (in millions of dollars)

	FY 2014	FY 2015	2015 Bi	FY 2016	FY 2017	2017 Bi	Bi %
Legislative Branch	14.481	14.901	29.382	15.393	15.210	30.603	4.2%
Consumer Counsel	1.407	1.454	2.861	1.457	1.483	2.940	2.8%
Governor's Office	6.199	6.361	12.560	34.942	61.953	96.895	671.5%
Commissioner of Political Practices	0.497	0.517	1.014	0.569	0.562	1.132	11.6%
State Auditor's Office	9.078	9.310	18.388	8.643	8.171	16.814	-8.6%
Department of Revenue	55.034	56.320	111.354	56.644	56.499	113.143	1.6%
Department of Administration	17.484	17.782	35.266	19.829	18.020	37.849	7.3%
Department of Commerce	27.406	27.350	54.756	26.870	26.809	53.679	-2.0%
Labor & Industry	79.212	81.519	160.731	82.101	80.768	162.869	1.3%
Department of Military Affairs	44.833	43.354	88.188	48.433	48.394	96.828	9.8%
Subtotal Section	255.631	258.868	514.499	294.883	317.871	612.753	19.1%
Health and Human Services							
Economic Security Services Branch	443.059	449.095	892.155	434.135	436.463	870.598	-2.4%
Director's Office	3.887	4.027	7.915	5.579	5.584	11.163	41.0%
Operations Services Branch	52.603	52.329	104.932	50.380	49.830	100.210	-4.5%
Public Health	65.793	66.219	132.012	62.089	62.094	124.182	-5.9%
Medicaid and Health Services	1,355.489	1,431.297	2,786.786	1,528.485	1,614.339	3,142.825	12.8%
Subtotal Section	1,920.832	2,002.968	3,923.800	2,080.668	2,168.310	4,248.979	8.3%
Natural Resources and Transportation							
Dept. of Fish, Wildlife, and Parks	76.328	78.385	154.713	79.497	79.485	158.982	2.8%
Department of Environmental Qual-	56.959	58.257	115.216	61.508	61.612	123.120	6.9%
Department of Transportation	678.664	679.480	1,358.144	671.035	672.148	1,343.183	-1.1%
Department of Livestock	10.110	10.438	20.548	0.170	0.131	0.302	-98.5%
Dept Nat Resource/Conservation	59.714	59.100	118.814	65.960	64.665	130.625	9.9%
Department of Agriculture	17.407	17.779	35.186	17.495	17.475	34.971	-0.6%
Subtotal Section	899.182	903.439	1,802.621	895.666	895.516	1,791.182	-0.6%
Judicial Branch, Law Enforcement and Justice							
Judiciary	40.387	42.034	82.421	50.218	51.056	101.273	22.9%
Crime Control Division	8.594	8.646	17.240	8.128	8.127	16.255	-5.7%
Department of Justice	86.653	89.337	175.990	95.865	96.929	192.794	9.5%
Public Service Commission	3.835	3.869	7.704	3.994	3.972	7.966	3.4%
Office of Public Defender	26.745	27.390	54.134	0.014	0.021	0.035	-99.9%
Department of Corrections	187.228	192.226	379.453	201.113	202.491	403.604	6.4%
Subtotal Section	353.442	363.501	716.943	359.332	362.595	721.927	0.7%
Education							
Office of Public Instruction	890.339	921.928	1,812.267	957.965	974.918	1,932.883	6.7%
Board of Public Education	0.388	0.384	0.772	0.332	0.318	0.650	-15.8%
Commissioner of Higher Educa-	280.481	293.439	573.920	311.641	316.820	628.461	9.5%
School for the Deaf & Blind	6.867	7.093	13.961	7.209	7.179	14.388	3.1%
Montana Arts Council	1.428	1.429	2.857	1.453	1.419	2.871	0.5%
Library Commission	6.362	5.320	11.681	6.451	5.377	11.829	1.3%
Historical Society	5.199	5.292	10.491	5.617	5.573	11.189	6.7%
Subtotal Section	1,191.064	1,234.885	2,425.949	1,290.668	1,311.603	2,602.271	7.3%
Subtotal Ongoing	4,620.151	4,763.662	9,383.812	4,921.217	5,055.895	9,977.112	6.3%

ONE-TIME

General Government	18.774	16.911	35.684	12.248	5.841	18.089	-49.3%
Health and Human Services	6.431	7.179	13.610	1.823	1.755	3.579	-73.7%
Natural Resources and Transporta- Judicial Branch, Law Enforcement	5.248	3.519	8.768	23.672	23.692	47.364	440.2%
Education	3.035	1.973	5.007	33.883	33.737	67.620	1250.5%
Subtotal One-time	17.153	15.773	32.926	12.160	10.550	22.710	-31.0%
	50.640	45.354	95.994	83.786	75.575	159.361	66.0%
Grand total	4,670.791	4,809.016	9,479.80	5,005.003	5,131.47	10,136.4	6.9%

Source: Legislative Fiscal Report: 2017 Biennium, pg. 24.

Between 1992 and 2002 tuition at state public four-year colleges increased 50 percent while medium family income increased one percent.

During this period the number of students receiving financial aid increased 370 percent (National Center for Public Policy and Higher Education 2003). As state funds make up a smaller share of total funding for higher education (a long-term trend likely to continue), the university system has relied on increased tuition and fees. The 2015 legislature provided some relief by giving higher education enough funding for a two-year tuition freeze. Compared to all western states, Montana spends considerably less on higher education per student. Only South Dakota and Colorado spend less per student.

Table 5 shows where the state spends the revenue by major functional area. The largest functional area, human services, consumes 42 percent of the state resources. Secondary public education is the second largest specific area requiring 19.1 percent of the budget. Higher education uses only 6 percent of outlays and transportation consumes 13 percent of the budget. All other areas of state government combined account for about 19 percent of outlays.

Winners and Losers: What did the Legislature Do?

Each year *Governing* presents the major issues being dealt with by state legislatures. In 2015, with most state assemblies dominated by Republicans, *Governing* believed the 10 big concerns would deal with issues caused by the Affordable Care Act. In June the Supreme Court upheld the law, and it did not turn out to be an issue. Other issues included funding CHIP, public pensions, school testing, transportation, water issues, dealing with the high cost of specialty drugs, corrections, tax policy, and carbon emissions (Greenblatt 2015; *Governing* 2015). Only a few of these turned out to be issues in Montana's 2015 legislative session. Each state has its own set of unique issues, and Montana is no exception. Water compacts with tribal governments is an ongoing issue in the state along with a wide range of natural resource issues.

There were 1,087 bills introduced in the 2015 legislative session and about a third of them were signed into law. As in most legislative sessions, the majority of bills never got out of committee. Below are some policy areas the legislature addressed in 2015 (Dennison 2015).

Abortion

Abortion seems to be an issue in most legislative sessions in Montana. The session once again attempted to deal with abortion by requiring insurance companies to offer policies that cover abortions along with policies that do not. An effort for a constitutional amendment about

“personhood,” which defined a person as beginning at conception, passed the House Judiciary Committee but failed in the legislature.

Campaign Finance and Elections

A new law passed about “dark money” in elections requires all political organizations to fully disclose who’s donating money to their groups and how they are spending it in campaigns. A commissioner of political practices is charged with handling all aspects of political practices in Montana, including implementing the new law. The legislature passed a number of bills to make it easier for people with disabilities to vote, including an electronic ballot, and for those voting by absentee ballots to confirm their addresses by e-mail.

Domestic Violence and Unemployment Benefits

A law was passed to remove limitations on unemployment benefits from victims of domestic violence, sexual assault, or stalking.

Gun Rights

Gun bills are common and plentiful in Montana but no significant gun legislation was passed in the 2015 session. Nine bills to expand concealed-weapon laws or various gun-ownership rights were killed in the legislative process or vetoed by the governor

Higher Education

The legislature provided the university system with enough money to allow it to freeze tuition for students over the next two years. The Montana University System (MUS) 2017 biennium total funds budget was \$27 million higher than the 2015 biennium. Faculty salaries remain an issue as Montana ranks 50th in compensation for faculty salaries, benefits, and retirement. Faculty at the two major state campuses earn roughly 68 percent of the national average.

The legislature provided funding to continue another two-year tuition freeze for in-state students. State colleges have had declining enrollments, particularly at the University of Montana, which has seen enrollment drop to 2007 levels. Despite adequate funding from the legislature, many state colleges and universities have had to make deep cuts and offer fewer classes due to declining enrollment and budget shortfalls. For years the legislature allowed tuition to increase to compensate for budget shortfalls. A notable exception is Montana State University in Bozeman where enrollments have not been affected.

The legislature and the Montana University System (MUS) will face a crisis in the next session. The state’s historic flagship school, the University of Montana, has had enrollment decline steadily since 2008 and faced an enduring budget crisis. Having lost nearly 5,000 students and failing to make adequate adjustments, the president resigned in December 2016. He was replaced by interim President Sheila Stearns, a longtime member of MUS and former Commission of Higher Education, while MUS searches for a new president and attempts to fix a \$16 million budget shortfall.

The University of Montana will likely have to make significant cuts and adjustments to downsize to its current enrollment of roughly 11,500 students. This means significant cuts to staff and faculty, and for the first time since the 1970s, MUS is considering offering faculty buyouts and early retirements as it trims its faculty. The enrollment projection for Fall 2017 is another 1,400 decrease. Currently, the university is undergoing a process of prioritization to streamline programs to fit a downsized model. Meanwhile, Montana State University has seen record enrollments, expansion, and budget surpluses. Given the state budget shortfall, the MUS budget is expected to be cut at least \$25 million in the next biennium.

Education and K-12 Funding

The legislature provided a 12 percent increase in state aid to K-12 schools. The funding provides inflationary adjustments for quality educator payments. However, the legislature rejected the governor's proposal for early childhood education, called Early Edge. Governor Bullock signed a bullying law that mandates that schools set up procedures to monitor this in Montana's schools.

Charter schools are not allowed in Montana, one of seven states in the nation that has not passed charter school legislation. Efforts to increase school choice failed in the session. Two bills passed the legislature to create tax credits or vouchers to give financial help to children attending private schools. The governor vetoed the voucher bill allowed the second bill to become law without his signature.

The new law allows a pilot program that will provide income-tax credits for donations of up to \$150 for scholarships for private K-12 education or "innovative educational programs" at public schools. The law takes effect January 1, 2016 and sunsets in eight years. This is the best the Republicans could get out of the 2015 session while school choice initiatives were major priorities. Due to an expected state budget deficit for the next session in 2017, secondary education could see a budget reduction estimated to be in excess of \$23 million.

Medicaid Expansion under the Affordable Care Act

Governor Bullock pushed to expand Medicaid. Supporters of Medicaid expansion argued expanding the state-federal program would offer much-needed health insurance to low-income Montanans and created thousands of new jobs. The plan, rejected by a Republican controlled legislature in 2013, was predicted to fail in 2015, but enough Republicans ultimately supported it for the bill to pass.

With the passage of Medicaid expansion, Montana will offer government-funded health coverage to anyone earning up to 138 percent of the federal poverty line, about \$16,200 for a single person. The program must be approved by the federal government and will likely not function until sometime in 2016. This was the most controversial law passed in the 2015 session.

With regard to the Affordable Care Act, Montana opted not to participate soon after Obamacare was passed. In the 2012 general election, voters approved a legislative referendum to prohibit the state or federal government from mandating the purchase of health insurance or imposing penalties for decisions related to purchasing health insurance. Given changes in Washington with a new president and the effort to repeal Obamacare, there is uncertainty about the future of some the legislation passed by the Montana legislature.

State Pension Systems

Unlike many states that have one primary state pension system, Montana maintains nine separate pension systems. State pensions had a combined shortfall of more than \$4 billion. The legislature approved Governor Bullock's plan to fix the two largest pensions, Public Employees' Retirement System and Teachers' Retirement System, in the 2013 session.

Some attention was given to pensions in the 2015 session, but Montana's system remains problematic. The pension systems have been underfunded for decades as past legislatures and governors appropriated money to keep them afloat and received poor rating by PEW. Montana's system was 66 percent funded in 2011. Changes made in 2013 helped but problems remain. The Montana University System (MUS) was removed from the standard state pension system in early 1990s and has its own system, a private 401k system similar to what is common in the private sector. But the state contribution has been minimal in the 20+ years, partly due to state inability to fund the other pensions (Fletcher 2013; Walsh 2011). Montana ranks among the lowest in the nation for its contribution to the 401k university retirement system. Although Montana's pensions are in better shape than in the past, pensions remain an issue with long-term structural problems (PEW 2012; *Governing* 2011).

Taxes

Tax cuts did not fare well in the legislative session. Many cuts were passed by the legislature, such as one that would have widened the income tax brackets for Montanans or lower property tax rates, but the governor vetoed it and others. Efforts to reduce taxation either failed in the legislature or were vetoed by the governor. Due to the state budget shortfall, the 65th legislative session was already talking about tax increases before the session began.

Utility Regulation and Net-metering

Seven bills attempting to expand net-metering to make it more affordable for homes and businesses to have solar-power systems by allowing them to sell excess power back to the utility failed to pass the legislature. A law was enacted to establish a legislative study of net-metering in the next two years. The group was formally established in June 2015.

Legislative Referendums and Initiatives

There were many proposed legislative referendums in the 2015 session, but none passed. There were four legislative referenda and initiatives on the 2016 general election ballot, but only two passed. A constitutional initiative (CI) to ensure that crime victims' rights and interests are respected and protected by law and an initiative (I) to expand access to medical marijuana.

Conclusion

It was hardly an exciting legislative session but some observers gave a plus mark to Democrats noting that Governor Bullock achieved some of his primary goals with a Republican-controlled legislature. Democrats have to be pleased by passing Medicaid expansion, a landmark campaign finance reform bill, and the water rights compact with the Confederated and Salish and Kootenai Tribes. The session ended with a budget surplus and no increase in taxes. State workers

saw their pay increase 50 cents per hour in 2016 and another 50 cents on January 2017, as well as receiving more money for health coverage. Medicaid expansion and a new campaign finance law were issues that saw a lot of legislative effort.

Republicans did not fare well getting their bills passed including many tax cut bills the governor vetoed. No one knows if the people of Montana will be winners or losers. Of nearly 40 bills identified by the GOP leadership as top priority bills, only eight became law. Most failed to pass or were vetoed (Dennison 2015).

Like many past sessions, the 2015 session illustrated the dilemmas of relying on a part-time, amateur legislature with a short session that meets every other year to construct a budget and deal with significant policies. Lack of continuity of leadership exposed the problems of term limits, revealed the power of Montana's special interests, and the power of the governor in the budget process. The legislature passed a \$10 billion budget that made some short-term fixes, which is the common practice in the state, but did little to make structural changes that would enhance the state's economy, provide a more stable revenue system, or make long-term commitments to areas such as health care and higher education.

Prospects for the next legislature, the 65th, do not look promising. It is clear the next session will deal with a budgetary shortfall that is mostly caused by a failure to adjust spending while energy revenues from coal and natural gas were adversely affected by lower energy prices.

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