

“The Path to Security and Prosperity”
November 13, 2024

Good afternoon. Today, we’re previewing our budget for the next biennium.

But before I address our budget, I want to take this opportunity to reflect on where we stand today. On Election Day, Montanans, and all Americans, spoke loudly and clearly. Six hundred thousand Montana voters cast their ballots. What did they say? They want conservative leadership. Leadership that recognizes that Montanans continue to face an affordability crisis. Leadership that is committed to the men and women of law enforcement. Leadership that supports students, parents, and teachers. Ultimately, Montanans said they want leadership that delivers.

Over the last four years, we’ve worked together with legislators to enact pro-jobs, pro-family, pro-business policies. And those policies are working. Wages in Montana have grown at the second fastest rate in the country. More Montanans are working than ever before. We’ve had record job creation and business creation. With the legislature, we have delivered on our promises, and we have delivered results. And that’s what Montanans voted for.

For the first time in more than 125 years, Montanans elected Republicans to represent them in every seat we have in Congress, in all statewide offices, and with a majority in both chambers of the state legislature. It’s a historic moment.

My proposition was, and remains, simple – create more good-paying jobs, open the doors of greater opportunity for all Montanans to achieve the American dream, and protect our Montana way of life. It is a conservative vision – centered on the family, our communities, and our way of life. Montanans responded resoundingly to that conservative vision. I’m grateful that Montanans have entrusted me and Lieutenant Governor Juras with four more years to continue delivering results for them.

And that conservative vision is what has guided our budget that we’re previewing today. It focuses on our families, our communities, and our way of life. I’m pleased to be joined today by Budget Director Ryan Osmundson who leads the hard-working, dedicated, innovative team at the budget office. I am proud of our budget – The Path to Security and Prosperity.

The strong foundation of a prosperous society is made up of three pillars: economic freedom, safe communities, and strong families who have access to opportunity. Without those three pillars, the foundation of that prosperous society crumbles.

Knowing the headwinds of high inflation from the Biden-Harris administration are still blowing, we’re investing in building a stronger, more stable economy here in Montana. We got a head start over the last four years, but there’s more we must do to encourage job creation, support law enforcement, invest to make our schools better for students and teachers, and protect our way of life.

Once again, our budget is balanced, fiscally responsible, and avoids cuts to essential services. Our budget is built for a stronger future for Montana.

“The Path to Security and Prosperity”

November 13, 2024

To achieve a more prosperous future, I am proud of what we’ve been able to accomplish to lower taxes. Over the last four years, we’ve cut taxes for Montanans at every income level, reducing the income tax rate most Montanans pay from 6.9% to 5.9%, substantially increasing the earned income tax credit to benefit lower-income, hardworking Montanans, and reduced the burden of the business equipment tax for more than 5,000 small businesses that fuel job creation.

We can’t, and shouldn’t rest on our laurels, especially with inflation from the Biden-Harris administration eating away at paychecks, making it harder to make ends meet, and creating a nationwide affordability crisis. We should do what we can to help Montanans keep more of what they earn and to give them more certainty well into the future. Because ultimately, this is your money – not the government’s.

That’s why my budget includes the largest income tax cut in state history. We propose reducing the income tax rate most Montanans pay from 5.9% to 4.9%. We propose expanding the earned income tax credit to help hardworking lower- and middle-income Montanans. Together, these proposals total more than \$850 million in permanent tax relief for hardworking Montanans – a new record tax cut that benefits Montanans at every income level.

We also propose to further reform the business equipment tax to provide relief to small business owners, and family farmers and ranchers by raising the exemption to \$3 million per business. This reform will take nearly 700 additional Montana small businesses and ag producers off the business equipment tax rolls and better allow them to invest in their business and create more good-paying jobs.

And to further help Montanans keep more of what they earn, we propose ending the 3% administrative fee on vehicle registration, saving Montanans about \$6 million a year.

These tax cuts will let Montanans keep more of what they earn, help folks navigate the nationwide affordability crisis, and create a more prosperous future for our state and people.

We, however, are not focused only on permanently reducing income taxes, providing tax relief to small business and ag producers, and ending unnecessary fees. We must also reduce the burden of property taxes. That’s why we propose a homestead rate cut for Montana homeowners for their primary residence and for Montana small businesses.

This property tax-saving proposal is one of the recommendations from the Property Tax Task Force that I established at the start of this year. I again want to thank the members of the task force – the stakeholders, tax experts, local leaders, and a bipartisan group of legislators – for their thoughtful recommendations to deliver meaningful, permanent property tax relief. According to estimates, our homestead rate cut will lower the property tax for Montana homeowners by 15% and for small businesses by 18%. Our proposal is projected to directly reduce property taxes for more than 215,000 primary residences and more than 32,000 small businesses, as well as provide indirect relief to over 130,000 renters.

“The Path to Security and Prosperity”

November 13, 2024

Since I think we should deliver permanent property tax relief for Montanans in 2025 – not in 2026 or 2027, but in 2025 – getting this across the finish line as quickly as possible is one of my top priorities in the upcoming legislative session.

Admittedly, while our proposed reforms are directed to Montana residents for their primary homes, we need local government to come on board to keep taxes as low as possible. While many are fiscally responsible, we need all local leaders to be fiscally responsible to make this work for Montanans. That means containing their spending and keeping Montanans’ property taxes as low as possible.

But we cannot achieve long-term prosperity without safe communities. And at the foundation of a safer, stronger future is our commitment to making public safety a top priority. And our budget backs the blue. We don’t just talk the talk – we walk the walk to back the blue.

Working with the Attorney General, we propose increasing pay for the men and women of Montana’s Highway Patrol by \$7 million. And that’s why we’re also ensuring they have the tools they need to get the job done, investing more than \$1 million in equipment for the MHP. And we’re investing in resources to hold criminals accountable and ensure they receive justice, including more prosecutors at the Montana Department of Justice, DNA forensic scientists at DOJ, more judges to address a growing caseload, and greater resources to support victims of crimes.

Our budget provides \$6.5 million for our corrections officers in secure facilities, funding a pay increase for them, and invests in their training and resources.

And while we continue to crack down on criminals peddling dangerous drugs like fentanyl into our communities, we’re also focused on expanding access to treatment and recovery for those struggling with addiction. We started improving access to treatment and recovery in my first year in office, establishing the HEART Fund. To build on the success of that program and other similar ones, our budget provides \$8 million in additional resources for communities to address the opioid crisis. Our budget also invests nearly \$2 million in drug treatment courts across the state that have proven to be a life-changing resource in our communities.

Providing law enforcement with the tools they need to get their job done, however, doesn’t maximize public safety if we can’t put criminals away. The fact is that too many criminals who ought to be at the state prison are filling up county jails. The fact is that there are thousands of unserved warrants, because there is not enough jail space for criminals. For the safety of our communities, we must fix this. My budget proposes spending \$150 million, in one-time-only funding, to expand the state prison, building two new pods for 500 beds.

In 2023, legislators and I established a commission to address fundamental, systemic issues in the state’s behavioral health system. We provided \$300 million in funding – a generational investment to transform and modernize our behavioral health and developmental disabilities systems. The members of the commission, including a bipartisan group of legislators, delivered. We identified what we need to prepare for the future. In 2025, we must prepare for the future of our long-neglected corrections system, and I know there are legislators who agree. That’s why

“The Path to Security and Prosperity”

November 13, 2024

we have budgeted \$250 million, in one-time-only funding, to develop and execute a long-term plan to keep our communities safe and criminals off the street.

While we back the blue, we must also make a commitment to the people of Montana that we will fix our corrections system and improve public safety. Backing the blue requires making investments to close any revolving doors for criminals.

With safer streets, our communities can prosper, flourish, and have a brighter, stronger future. To fully realize that we protect record funding for K-12 public education and put the best interest of our students, teachers and parents at the top of the list. Ultimately, we must ensure students and parents have access to the best education possible. That includes ensuring our teachers are paid for their work, because a worker is due his or her wages. And teaching is one of the most noble and rewarding professions there is. As a son and a father of teachers – I know that personally.

In 2021, we worked with legislators to enact the TEACH Act to boost starting teacher pay. In 2023, we worked together to build upon that success by expanding funding. In 2025, I propose we go further to support our teachers. Our proposed budget invests more than \$100 million to boost teacher pay, with a focus on educators who are starting out their careers in our classrooms.

In our pro-student, pro-parent, pro-teacher education agenda, we’re increasing educational opportunities for Montana students – modernizing education beyond traditional geographic barriers by strengthening the Montana Digital Academy. Our budget also empowers more students by expanding on our successful measures to build a stronger, more highly-skilled workforce, through STEM education, career and technical education, and greater public private partnerships. We increase career and technical education in the classroom to boost the skills of our next generation of workers to meet needs of employers – right now and well into the future. Our budget also increases funding for the popular Big Sky Scholarship Program to \$6 million. The program provides lower- and middle-income Montana families with scholarships to access education opportunities that best meet the needs of their children.

Regardless of the public school our children attend, they should be focused on learning when they’re in the classroom. Too often, however, social media notifications and content tear away at their attention. Ultimately, students in our classrooms should be focused on their teachers – not on TikTok and Instagram. As I’ve met with school administrators, teachers, and parents throughout our state, I’ve heard success stories about how plans for “cell phone-free” schools are working. To that end, our budget dedicates \$1 million, in one-time-only funding, to create incentives for school districts to get rid of distractions in the classroom and adopt “cell phone-free” policies.

Finally, I’ve met with administrators, educators, and parents throughout our state who are concerned about the condition of their schools. Some have leaking roofs. Others have boilers and HVAC systems that either don’t work or are about to fail. The list of major maintenance projects goes on, and they’re particularly pronounced in our more rural school districts. Our budget proposes a one-time-only, \$81 million investment in the School Facilities Trust to help local school districts with deferred maintenance and to fill this fund.

“The Path to Security and Prosperity”

November 13, 2024

A public school system designed for effective teaching and learning is just one of the keys to developing a stronger, brighter future here in Montana. But we all know housing is fundamental to the American dream. And to help all Montanans have access to greater opportunities to achieve the American dream, we must continue our efforts to boost the supply of housing to rein in escalating costs of homeownership and renting.

I’m proud of what we accomplished with legislators to enact pro-housing reforms. I’ve heard from other governors – Republican and Democrat – asking how they can do what we’ve done. The truth is they need a bipartisan group of legislators who are willing to lead on pro-housing reforms. In Montana, we are fortunate to have such a strong pro-housing movement among legislators. To keep our momentum going on housing, our budget proposes spending nearly \$1 million to expedite the review of subdivisions, speeding up the construction of affordable, attainable housing.

A brighter future for Montana, however, also requires a safe, reliable, and modern infrastructure. Recognizing there are bridges in need of repair, we are investing an additional \$10 million a year toward bridges, fixing 500 of them over the next five years. Our budget proposes \$3.5 million to get staff – including inspectors and engineers – on board to get the job done. But our state faces other infrastructure projects that, if we continue to let them go unaddressed, pose a substantial disaster risk. Our budget proposes one-time-only funding of \$100 million for a local disaster resiliency fund. The fund will support state and local projects that reduce or eliminate long-term risk to people and property from future disaster like aging levies and canals that might fail, endangering our communities. With the proceeds from the fund, we can leverage our state dollars for up to a 9-to-1 federal match.

Finally, our budget proposes to invest \$300 million over the biennium, in one-time-only funding, to protect our state pensions against downturns that could expose taxpayers. Our state workers, teachers, and firefighters work hard throughout their careers and should be secure in the knowledge that their retirement will be there. That is a commitment we must keep to them. It’s also critical that Montanans have confidence that they won’t be on the hook and that our pension funding is secure and stable.

Our budget prioritizes the health and well-being of our communities and, most importantly, the next generation of Montanans – by spurring job creation, boosting education, and opening the door of greater opportunity to more hardworking Montanans.

There’s a lot to our Path to Security and Prosperity. It is a conservative budget. It ensures hardworking Montanans keep more of what they earn. It makes historic investments to back the blue and enhance public safety. It makes historic investments to keep criminals off the streets. It fixes our bridges, increases our housing supply, and grows Montanans’ access to affordable, attainable housing. It spurs job creation. It boosts education – supporting students, parents, and educators in the classroom. It does all this while being fiscally responsible.

Our budget is balanced. Our budget holds the line on spending – keeping spending growth well below inflation. Our budget has a strong ending fund balance to protect against economic and financial uncertainty. Our budget avoids cuts to essential services.

“The Path to Security and Prosperity”
November 13, 2024

This is our Path to Security and Prosperity. But nothing in our Path to Security and Prosperity should be a surprise. Working with legislators in 2021 and 2023, we enacted conservative budgets that delivered results – providing permanent tax relief, making smart investments, keeping growth under inflation, and producing a surplus. And let me be clear – we haven’t gotten here alone. Legislators have been key in enacting a conservative budget. And I look forward to working with them in 2025 to succeed again, to deliver results for the people of Montana.

We’ll continue the work together to bring the American dream into greater reach for all Montanans. With what we’ve been able to achieve together so far, Montana can and should be a model for our sometimes-fractured nation. We live in an inspiring place – full of good people who work hard every day.

I’m filled with great optimism; optimism for our state; optimism for our people; optimism for our future.

With that, I’ll take your questions about our budget framework.