MBPC Testimony to the House Committee on Taxation in Opposition of House Bill 148

Presented January 22, 2019

Mr. Chairman, members of the committee.

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We rise in opposition to HB 148.

HB 148 represents a dramatic shift in how the legislature can act on proposals related to tax and fee increases.

Measures such as this have passed in several other states, mostly in the Deep South, and have put a significant strain on policymakers' ability to invest in their communities.

Since the implementation of a supermajority vote, states such as Oklahoma and Arizona have struggled to adequately fund K-12 education. Following the adoption, both states enacted deep tax cuts – which only require a simple majority – that resulted in far greater loss of revenue than originally projected. As a result, both states have cut investments. In Arizona, the state and local school districts have cut support for K-12 education by more than 30 percent over the past decade. Since Oklahoma voters put in place the supermajority requirement in 1992, the state has faced widespread disinvestment in communities, including the largest cuts to school funding in the nation and the decimation of mental health funding.

Last year, Oklahoma lawmakers within Republican majority leadership called for reconsideration of the supermajority rule, acknowledging that it has been "impossible to pass necessary revenue measures to provide for adequate core services in Oklahoma."

Second, rating agencies have explicitly stated that supermajority rules can reduce a state's creditworthiness. Moody's Investors Services cited the broad supermajority vote rules in Nevada and Arizona as reasons for downgrading their credit rating. More recently, credit rating agencies have raised concerns about the ballot initiative passed in Florida to impose a supermajority rule, putting at risk the state's AAA bond rating. Putting at risk Montana's superb credit rating may also has an impact on local schools and governments that often rely on the state's credit rating for their own borrowing costs for new schools and infrastructure.

Finally, a supermajority rule places greater pressure on local communities, families paying tuition, and residential property taxpayers, to cover increased demands on services. As the supermajority rule hinders the state from raising necessary revenue, local school districts and municipalities may be forced to ask local residents to pay a greater share.

We urge this committee to consider the dangerous implications of this proposal and reject HB 148.