SENATE TAXATION
EXHIBIT NO. 1
DATE 1-16-09
BILL NO. SB146

# OFFICE OF THE GOVERNOR
## BUDGET AND PROGRAM PLANNING
STATE OF MONTANA

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## MEMORANDUM

To: Senator Laible
Senator Essmann, Chair
Members of the Taxation Committee

From: David Ewer, Budget Director

Re: Opposition to SB 146, Biomass tax credit

Date: January 16, 2009

Dear Senator Laible and members of the committee: Given budget constraints, I respectfully go on record as opposing SB 146 for fiscal reasons. My opposition is not based on any intrinsic merits of SB 146.

The Executive Budget currently has a structural surplus, however, unlike the 2007 Session, which had over $80 million in projected revenues over the Administration's ongoing general fund expenditure proposals, the current budget is very tight. While the Administration insisted on a spending cap to preserve the structural surplus of $80 million, the modification or rejections of some Administration proposals created substantial fiscal 'space' for other legislative priorities).

The Schweitzer Administration fully understands and respects the legislative process and a legislator's prerogative to achieve any legislation he or she so desires. Given that it is very early in the 2009 session and this bill's hearing date, it is certain that the legislature will take later action that will either free up or additionally constrain budget capacity. But again, the importance of maintaining a basic level of public safety, health, and education service levels require this opposition.

This letter is intended to benefit, not impede communications. I am eager for any feed back as to how we can maximize effective communications.

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