

OFFICE OF THE GOVERNOR
STATE OF MONTANA

STEVE BULLOCK
GOVERNOR



JOHN WALSH
LT. GOVERNOR

May 6, 2013

The Honorable Linda McCulloch
Secretary of State
State Capitol
Helena, MT 59620

Dear Secretary McCulloch:

In accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby veto Senate Bill 81 (SB 81), AN ACT ALLOWING TAX CREDITS FOR CONTRIBUTIONS TO EDUCATIONAL IMPROVEMENT ORGANIZATIONS AND STUDENT SCHOLARSHIP ORGANIZATIONS BY INDIVIDUAL AND CORPORATE TAXPAYERS; CREATING PUBLIC SCHOOL AND STUDENT FUNDING THROUGH TAX REPLACEMENT PROGRAMS; ESTABLISHING REQUIREMENTS FOR ORGANIZATIONS THAT AWARD GRANTS AND SCHOLARSHIPS; ESTABLISHING REQUIREMENTS FOR AWARDED PUBLIC SCHOOL GRANTS AND DETERMINING ELIGIBLE PUBLIC SCHOOLS; ESTABLISHING REQUIREMENTS FOR GRANTING STUDENT SCHOLARSHIPS AND DETERMINING EDUCATION PROVIDERS THAT ARE ELIGIBLE TO EDUCATE STUDENTS RECEIVING SCHOLARSHIPS; PROVIDING THAT THE AMOUNT OF A SCHOLARSHIP IS NOT TAXABLE INCOME; ESTABLISHING THE MAXIMUM AMOUNTS THAT MAY BE CLAIMED AS CREDITS; LIMITING THE TOTAL AMOUNT OF CREDITS THROUGH AN APPLICATION PROCESS TO THE DEPARTMENT OF REVENUE; REQUIRING REPORTS TO THE REVENUE AND TRANSPORTATION INTERIM COMMITTEE; ESTABLISHING ORGANIZATION REVIEW AND TERMINATION PROCEDURES; PROVIDING RULEMAKING AUTHORITY; AMENDING SECTION 15-30-2110, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE, A RETROACTIVE APPLICABILITY DATE, AND A TERMINATION DATE."

SB 81 creates tax credits for individual and corporate contributions to "educational improvement organizations" and "student scholarship organizations." The ostensible purpose of the bill is to support and enhance the opportunity for private schooling in Montana.

I recognize and support the right of parents to choose to educate their children in private elementary and high schools, or at home. According to recent statistics, over 7,000 elementary and high school students attend private schools, and approximately 4,000 children are home-schooled. Thus, school choice exists in Montana. The issue raised by SB 81 is whether the State of Montana should subsidize school choice by creating an income tax credit that is projected to cost the state general

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fund in excess of \$6.5 million over the next biennium, with increases beyond that in subsequent years. I do not believe it is right to do so from either a policy or a fiscal standpoint.

As a policy matter, I strongly support our public school system, and I believe as a state we properly should keep our focus on supporting and enhancing that system. Public education is the great equalizer in our society. The doors of our public schools are open to all children, and our educators serve those students with dedication and professionalism. By concentrating our financial support on our public school system, we continue to build and maintain a society that is inclusive and not fragmented – as I believe the framers of our Constitution intended. *See, e.g.,* Mont. Const. Conv., Tr. pp. 2008-09 (“The growth of a strong, universal, and free educational system in the United States has been due in part to its exclusively public character. Under federal and state mandates to concentrate public funds in public schools, our educational system has grown strong in an atmosphere free from divisiveness and fragmentation.”). While we must safeguard the right of individuals and organizations to establish and maintain private schools, I do not believe we should subsidize those schools with tax revenues redirected from the state treasury.

As a fiscal matter, SB 81 costs the state general fund money that we cannot justify. We must maintain structural balance, and I am committed to maintaining an appropriate ending fund balance. Because the Legislature did not stay within these budgetary parameters, I have had to veto a number of bills, many of them well-intentioned, in order to maintain structural balance and leave money in the bank for a rainy day. SB 81 is one more bill that must be vetoed.

As stated above, I support parents’ right to choose to educate their children outside of Montana’s public school system. I do not, however, support legislation that subsidizes that right at the projected cost to the state general fund of more than \$6.5 million in the coming biennium.

For these reasons, I veto SB 81.

Sincerely,



STEVE BULLOCK

Governor

cc: Legislative Services Division
Jeff Essmann, President of the Senate
Mark Blasdel, Speaker of the House