

OFFICE OF THE GOVERNOR
STATE OF MONTANA

STEVE BULLOCK
GOVERNOR



MIKE COONEY
LT. GOVERNOR

May 8, 2019

The Honorable Corey Stapleton
Secretary of State
State Capitol
Helena, MT 59601

Dear Secretary Stapleton:

In accordance with the power vested in as Governor by the Constitution and the laws of the State of Montana, I hereby veto Senate Bill 239 (SB 239), "AN ACT EXEMPTING CERTAIN FIBER OPTIC OR COAXIAL CABLE FROM PROPERTY TAXATION; PROVIDING A DEFINITION; PROVIDING APPROPRIATIONS; AMENDING SECTIONS 15-6-135, 15-6-156, AND 15-6-219, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

Senate Bill 239 creates a tax break for corporations to do things they're already doing in Montana. The State's limited budget does not have room for additional tax breaks like these that only benefit the largest companies.

The budget I proposed to the legislature was balanced, maintained a meaningful reserve, and made targeted investments in education, infrastructure, and critical services. It is the constitutional obligation of the legislature to pass a balanced budget. Yet in the closing days of the session and after final adjournment, Republicans have sent me bills that entail millions of dollars of unfunded spending, well beyond the capacity of the legislature's own revenue projections. Among those is SB 239, which would have an impact to the General Fund of at least \$3.1 million over the coming years.

The proponents of SB 239 argue that it is necessary to encourage the construction of fiber optic or coaxial cable. My administration is dedicated to increasing Internet access in rural Montana. However, the entities that brought this bill forward have already been building fiber optic and coaxial cable in rural and urban Montana for years.

A majority of the \$3.1 million tax break outlined in SB 239 would go to large multi-state corporations deploying fiber optic and coaxial cable in cities. As originally introduced, SB 239 focused on rural Montana and rural telecommunication cooperatives. If this original intent remained, this bill would have my support.

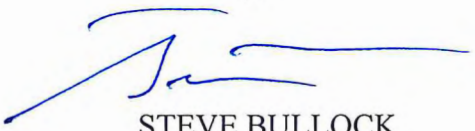
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In addition, SB 239 continues the recent trend of exempting property from taxation under the guise of economic development. Exempting some property from taxation inevitably increases the burden for the remainder of taxpayers, including Montana's seniors, working families, and small businesses pay more in property taxes to provide the basic services that benefit all Montanans, even those that have received the benefit of their property being exempt from taxation.

Senate Bill 239 does not promote buildout in rural Montana any more than existing tax exemption programs do. The supporters of this bill should use existing tax abatement programs to assist with the buildout of fiber optic and coaxial cable projects.

For these reasons, I veto SB 239.

Sincerely,



STEVE BULLOCK
Governor

cc: Legislative Services Division
Scott Sales, President of the Senate
Greg Hertz, Speaker of the House