

Tangible Damages

HARM CAUSED BY THE "WORKING MAJORITY"
DURING MONTANA'S
2025 LEGISLATIVE
SESSION

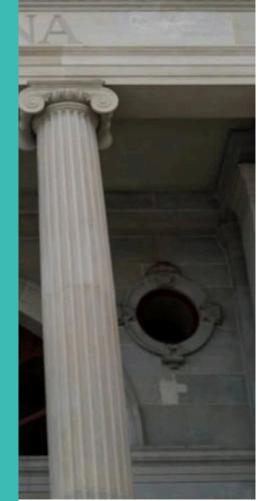


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Executive Summary

Purpose

This report outlines the numerous damages caused by certain Montana legislative Democrats' decision to work unquestioningly with the Republican Governor and his Republican legislative allies. This so-called "working majority" repeatedly worked against Democratic values, causing tangible damages to Democratic goals on tax policy, state finance, protecting LGBTQ rights, defending citizens' ballot initiatives. and strengthening public education funding.

Taxes & State Finance

Legislative Democrats' willingness to align with the Governor and his Legislative Republican allies has reduced state revenues by two and a half billion dollars, threatening funding for education, health, and human services, and risking the implementation of a regressive sales tax.



Attacking Transgender Montanans

The "working majority" failed to stop "far right" policies attacking trans people—in fact, they never really made a real effort to try—threatening the security of trans people and the stability of Montana's nonpartisan judiciary.

2872
D-R
share in gerrymandered House

bills passed attacking LGBTQ rights

Jeopardizing Citizens' Initiatives

The working majority only temporarily succeeded in blocking Republican attempts to take over Montana's courts, while allowing Republicans to make it easier for them to pass judicial partisanship bills in future legislative sessions—paving the way for making Democrats a permanent superminority in the Montana Legislature.

Failing Public Education

The "working majority" blocked significant increases to public education funding sponsored by Democrats in favor of Republicans' own convoluted and potentially ineffective policy, threatening future programmatic and personnel cuts in Montana's public schools.

3%

annual cap on public school funding

Helping the Wealthy

HB 337, sponsored by Speaker of the House Brandon Ler, resulted in a massive tax break for the wealthiest Montanans at the expense of basic services for low-income residents. Montana already operates with a regressive income tax structure that is very close to a flat tax rate (two tiers), and Republican Governor Greg Gianforte has repeatedly stated his ultimate goal is to reach a flat tax. This bill lowered the top tax rate from 5.9% to 5.4%, while more than tripling income the threshold at which a person qualifies for the lower tax rate (4.7%).

When fully implemented, this policy will result in \$280 million per year in reduced state general fund revenue, which directly funds education, healthcare, human services, and other basic services in which Democrats for years have advocated increased investment. When combined with additional, significant reductions in state revenues (described below), future Legislatures will have few funds with which to shore up—much less improve or expand—basic services for low–income Montanans.

Additionally, this policy is overwhelmingly a tax cut for the wealthiest Montanans. While the bill doubles the state earned income tax credit (EITC) from 10% to 20% of the federal EITC amount, the share going to low– and middle–income families pales in comparison to the share going to the wealthiest households. HB337 gives 66% of its tax cuts to the wealthiest 20% of Montana earners. The top 1% of Montanans will receive a tax break of over \$6,000 a year, while low–income Montanans will receive less than \$100.

This bill represented a violation of two major Democratic priorities. Early in the session, Republican legislative leadership approached the House Minority Leader with proposals to reduce the cost of the policy and shift its financial benefits away from wealthier households onto lower– and middle–income residents. However, as the session progressed and the intensity with which other Democratic legislators clung to the alliance with the Governor's faction, the House Minority Leader's leverage to push for such changes disappeared, and the bill passed with Republican votes.

"Trusting" State Finance

HB 924 was sponsored by House Appropriations Chair Llew Jones. Jones is the Governor's most powerful ally in the Legislature, and orchestrated the workings of "The Nine", heavily influenced major actions of the House Speaker, and co-opted a factional group of 15–20 House Democratic members–effectively giving him control of the entire legislative process and significant influence over the Governor's decisions to sign or veto legislation.

HB 924 creates an unprecedented transfer of state general funds away from the Legislature's appropriations and into the control of the Republican governor, while cutting revenues available for basic services supported by Democrats. This bill creates a massive trust composed of smaller sub-trusts, which are funded with hundreds of millions in income tax revenue annually—a direct expense to the state general fund and the services it funds. While the sub-trusts invest in some Democratic priorities like childcare, the amount disbursed by the trust compared to the amount taken in is an order of magnitude smaller.

Combined with the massive income tax cut discussed above, Montana's state general fund will have \$2.5 billion dollars less revenue by 2029. <u>Analysis</u> from the nonpartisan Legislative Fiscal Division housed within the Legislature bears out the impact of this revenue hit by showing the state budget will be in the red by 2029. The Governor may address this structural imbalance with vetoes; it remains to be seen if the brunt of those vetoes will fall on Democratic bills funding public education and investing in childcare.

This large-scale restructuring of state revenues will drastically reduce state revenues, hampering future Democratic legislators' ability to fund human services, healthcare, and public education. Combined with \$90 million in annual cuts to property tax revenues, this alliance between Democrats and the Republican governor sets the stage for implementation of the state's first sales tax—a truly regressive policy outcome.

Additionally, HB 924 represents a significant power transfer away from the Legislature—where Democrats have representation—and towards the executive branch—where Democrats have no power. Not only does the bill give away appropriations authority in perpetuity to the governor's office, it also puts control of the nearly billion—dollar trust into the hands of the Board of Investments, which is run by an ally of Governor Gianforte.

Many Senate Democrats and the Governor-aligned faction of House Democrats voted with Governor-aligned Republicans in the Senate and House to pass this bill. This bill would have <u>failed with united Democratic opposition</u>.

Conclusion

Legislative Democrats' willingness to align with the Governor and his Legislative Republican allies has reduced state revenue by \$2.5 billion dollars, threatening funding for education, health, and human services, and risking the implementation of a regressive sales tax.

Attacking Transgender Montanans

The 2025 Legislature passed eight bills attacking the rights and freedoms of transgender people in Montana. A couple anti-trans bills were defanged or stopped outright, but those wins are fractional in comparison to the onslaught that made it through–almost completely unchallenged–the Legislature controlled by the so-called "working majority".

A comprehensive list of the anti-trans bills passed by this Legislature can be found in the attached appendix. These bills include policies to restrict use of bathrooms and locker rooms aligning with gender identity, ban on sports participation, provide legal protections for deadnaming and misgendering, and create private rights of action against the provision of gender-affirming care.

From the beginning of "negotiations" implementing the "working majority" the Governor and his legislative allies (Rep. Jones, etc.) made it clear they would not consider stopping anti-trans bills as part of any holistic dealmaking. The Legislative Democrats participating most enthusiastically in the "working majority" never used any leverage points to force the anti-trans bills into the conversation. The state's main budget bill, HB 2, would not have passed through either the House or the Senate without Democratic votes, nor would have the Governor's main property tax reduction initiative (HB 231 + HB 542) or Rep. Jones' top-priority trust bill mentioned above (HB 924). At no point did Democratic participants in the "working majority" flex the leverage available around these pinch-points to force their Republican collaborators to protect trans Montanans.

The anti-trans bills that were stopped or modified were brought down through intensive ad hoc negotiations conducted by individual legislators operating outside the bounds of the "working majority". That burden disproportionately fell on legislators who are themselves trans. These legislators, with the support of the House Minority Leader, made an attempt at the end of the session to use leverage to stop or modify a bill subjecting trans people's existence to indecent exposure violations (HB 446).

The leverage in question was <u>HB 863</u>, another high priority for Rep. Jones that carried multiple funding initiatives that he considered must-pass. When Democratic legislators and the House Minority Leader attempted to halt HB 863's progress to secure Republican votes to kill or modify HB 446, Democratic legislators who were enthusiastic participants in the "working majority" refused to vote as requested, allowing HB 863 to pass through, along with HB 446. Trans Montanans were harmed and the only thing gained was the passage of more Republican funding priorities.

These bills can and likely will be challenged in Montana's courts, which have historically stopped anti-trans policies on the basis of the state's strong individual privacy protections. One of the bills passed in the 2025 session has already been enjoined. However, each of these court cases requires significant funding and legal resources in a state that is short on both. The GOP is flooding the zone against a sparse defense, and eventually they will break through. Additionally, every time a court rules against these extreme bills, it fuels Montana Republicans' zealous attacks on the courts, bolstering their claims of judicial politicization and supporting their efforts to take over a judiciary that is currently, but delicately, nonpartisan.

Conclusion

The "working majority" failed to stop "far right" policies attacking trans people—in fact, they never really made a real effort to try—threatening the security of trans people and the stability of Montana's nonpartisan judiciary.

Jeopardizing Citizens' Initiatives

In Montana, citizens' ability to put policy initiatives on the ballot has protected some of our most fundamental rights, with the most recent example being the new Constitutional protection for the right to access an abortion (CI-128). Republicans in the Legislature have targeted the citizens' initiative process for years, increasing their efforts after the legalization of recreational marijuana through the ballot in 2020. The attacks continued into the 2025 session, and if they are allowed to stand, they will jeopardize the ability for future citizens' initiatives to qualify for the ballot.

A citizens' initiative to enshrine the nonpartisanship of judicial races in the state Constitution must pass on the next ballot (2026), or Democrats and the left will face an existential threat. Independent judges not only uphold Constitutional rights and strike down unconstitutional Republican bills on a regular basis, they also ensure the continued nonpartisanship of Montana's congressional and legislative redistricting process.

Without this guarantee of nonpartisanship, it will be entirely feasible (and quite easy) for Republicans to solidify control over both of Montana's congressional districts, and <u>create a Legislature</u> where Democrats are in a permanent superminority. For example, House Democrats could easily go from holding 42 seats (with the possibility of reaching for 45), to holding a maximum of 28 seats. Such a map was proposed during the last redistricting process, and would have held up to legal challenge.

On top of this dire threat, the continued lack of Constitutional protections for judicial races will be held as a sword over the heads of every future Democratic caucus in the Legislature, just as it was during this session. Attempts to regain leverage over the Governor and Rep. Jones during the 2025 session were sacrificed in exchange for their assistance in killing bills to establish judicial partisanshipbut they were used to browbeat Democrats into supporting the Governor's agenda over and over again. Five such bills were introduced at critical points during the session to force Democrats' cooperation with passing the Governor's budget, the Governor's property tax plan, Rep. Jones' trust scheme, and Rep. Jones' aircraft carrier. And an attempt was still made at the final hour to cram partisan judges through anyway, and was only stopped through quick procedural maneuvering by the House Minority Leader.

At every turn, the threat of partisan judges was used to beat Democrats into submission to the Republican Governor, and as long as it remains available Republicans will continue to use it to cudgel Democrats, thereby passing conservative policy and undoing liberal progress. To keep this cudgel available, Republicans passed three major bills making it more difficult—perhaps close to impossible—for citizens' initiatives like Constitutionally—protected judicial nonpartisanship to qualify for the ballot.

- HB 818 from Rep. Braxton Mitchell purports to ban "foreign" funding for ballot measures, in practice making it more difficult for Democrats to gain the financial backing necessary to run a successful initiative campaign.
- HB 201 again from Rep. Mitchell burdens the activities of paid signature gatherers for ballot initiatives, in an environment where the timeline for obtaining the needed number of signatures is already restricted.
- HB 480 from House Speaker Brandon Ler requires that
 parties involved in legal proceedings over ballot
 initiatives be allowed to request a jury trial. The abortion
 initiative (CI-128) was taken to court to overcome
 Republican attempts to block it from the ballot, and
 every indication is that all future liberal/left initiatives
 will face the same attempts. This bill will slow down if
 not outright jeopardize such initiatives' progress
 towards qualifying for the ballot.

The "working majority" did not stop these bills from going into effect. The Democratic legislators most closely involved in the "working majority" in fact did not prioritize them at all in their negotiations with the Governor and his legislative Republican allies. The "working majority" used judicial partisanship to subjugate their Democratic "allies", all while positioning themselves to continue doing so well into the future.

Conclusion

The working majority only temporarily succeeded in blocking Republican attempts to take over Montana's courts, while allowing Republicans to make it easier for them to pass judicial partisanship bills in future legislative sessions—paving the way for making Democrats a permanent superminority in the Montana Legislature.

Failing Public Education

The 2025 Legislature convened after an autumn of failed public school funding levies and personnel and program cuts in districts across the state. Education funding in Montana has been artificially capped at a maximum growth rate of 3%. High inflation during covid was offset by federal funding to schools, but in 2024 that funding ended and the inflation gap hit public education hard. Voters across the state rejected further increases to their property taxes in the form of levies, leaving districts with sizeable budget deficits.

The only significant investment that the Governor and his legislative allies allowed during the session was the STARS Act (HB 252), sponsored by Rep. Jones. While it offers up to an additional \$50 million in education funding annually, schools must meet multiple requirements in order to draw this funding down, the most onerous of which is spending money they don't have first before getting some (but maybe not all) of it backfilled by the state later.

The bulk of this funding goes towards raising starting teacher wages, of which Montana has some of the lowest nationwide, but does not address retention of mid-career or senior teachers or administrators. Lastly, this funding is not going to fill existing gaps in districts' personnel costs; the STARS Act requires schools to further increase their personnel costs before obtaining funding.

The STARS Act is <u>based on the TEACH Act</u>, also led by Rep. Jones in the 2021 session. This initiative was a flop, with only about a quarter of Montana's school districts able to meet the complicated requirements and funding matches required by the bill. Past experience with the TEACH Act calls into question how effective the STARS Act may be in the coming years.

The STARS Act passed easily on a bipartisan basis because it was a top priority for Rep. Jones, the ringleader of the "working majority". He threatened the viability of legislative Democrats' other education bills in order to obtain their support. He also manipulated and threatened prominent education lobbyists to obtain their compliance with the STARS Act strategy, leaving legislative Democrats who wished to assert leverage over the bill to improve it no political cover to do so.

On top of this, when Democrats did attempt to close the inflation gap in state education funding, by injecting another \$50-100 million annually into existing and underfunded formulas, Rep. Jones killed the effort.

Conclusion

The "working majority" blocked significant increases to public education funding sponsored by Democrats in favor of Rep. Jones' own convoluted and potentially ineffective policy, threatening future programmatic and personnel cuts in Montana's public schools.

Appendix

Anti-LGBTQ bills passed by the 2025 Montana Legislature & signed by the Governor

BILL	TITLE	SPONSOR
HB 121	Provide privacy in certain restrooms, changing rooms, and sleeping quarters	Rep. Kerri Seekins-Crowe
HB 300	Generally revise laws related to discrimination in education	Rep. Kerri Seekins-Crowe
<u>HB 400</u>	Enact the "Free to Speak Act"	Rep. Braxton Mitchell
HB 446	Revise indecent exposure laws	Rep. Jedediah Hinkle
<u>HB 471</u>	Revise education laws related to human sexuality and identity instruction	Rep. Jedediah Hinkle
HB 682	Generally revise laws regarding gender transition treatment	Rep. Greg Kmetz
<u>HB 819</u>	Revise laws relating to flag displays in and on state buildings and grounds	Rep. Braxton Mitchell
HJ 10	Resolution on sports laws	Rep. Kerri Seekins-Crowe