

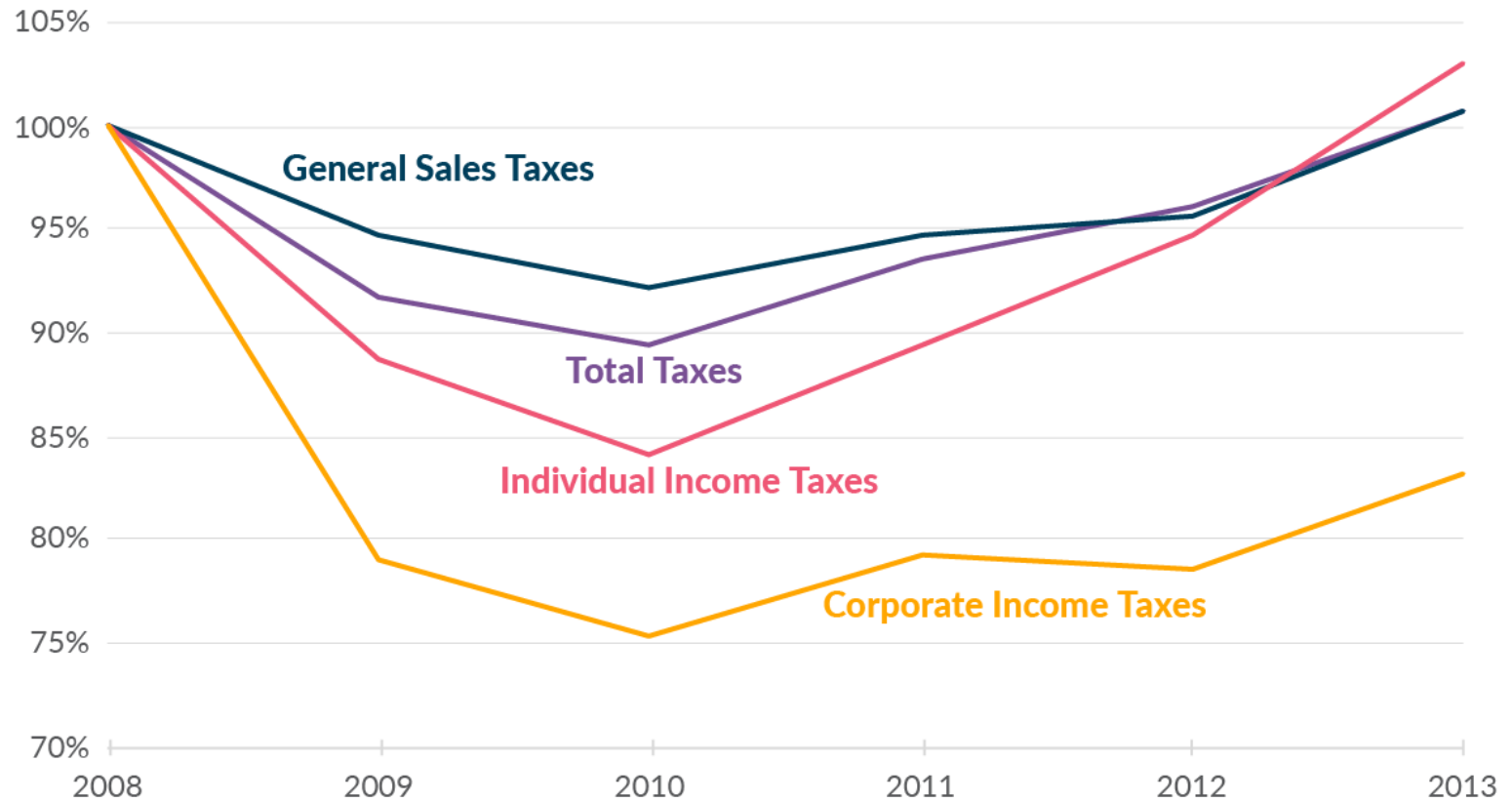
Montana and the Federal CARES Act

April 23, 2020

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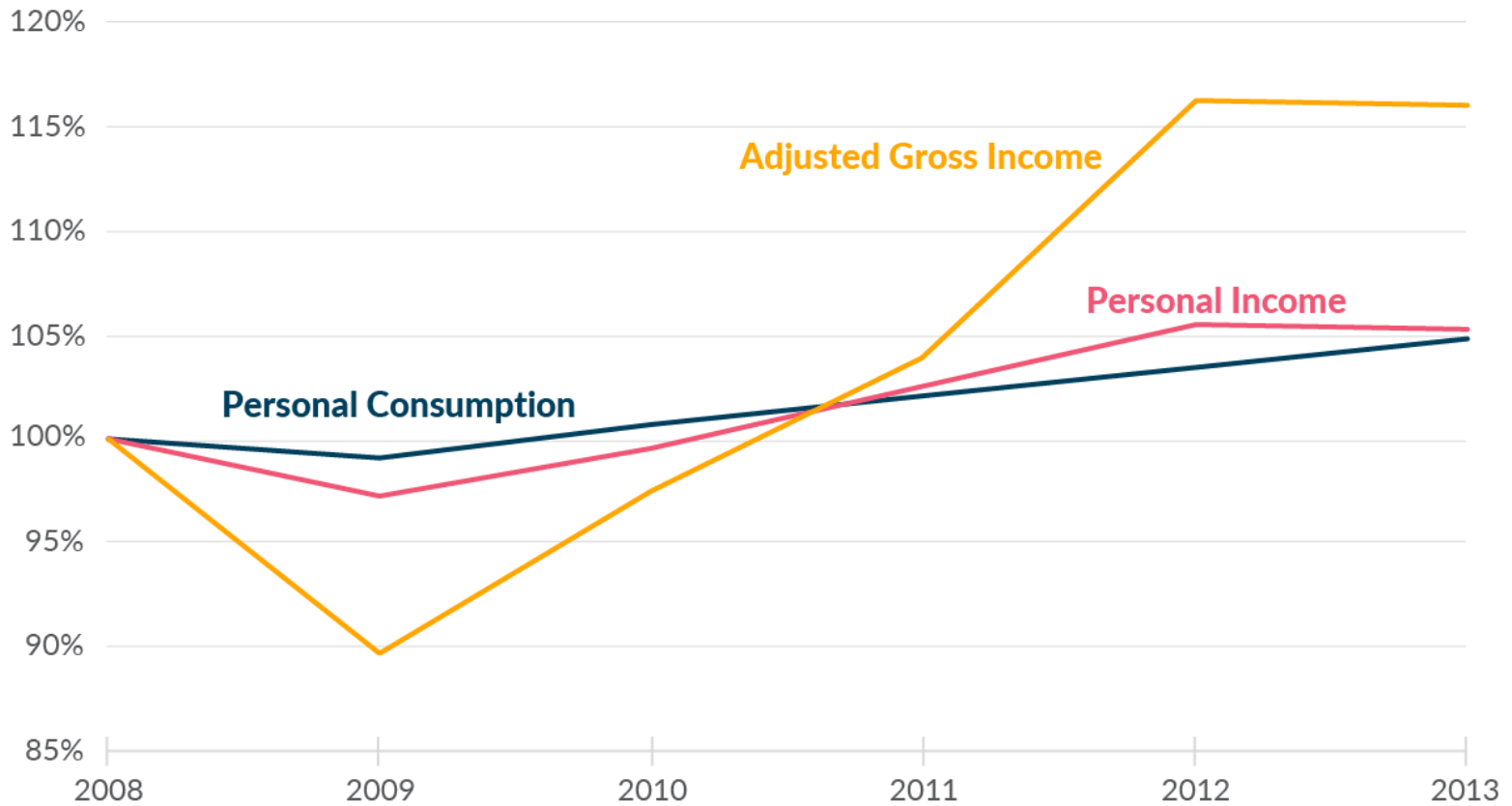


Volatility of State Tax Collections During the Great Recession



Sources: U.S. Census Bureau; Tax Foundation calculations.

Income and Consumption During the Great Recession

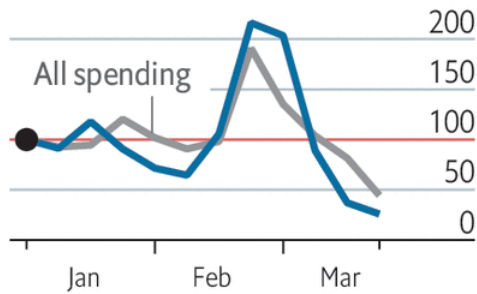


Sources: U.S. Census Bureau; Tax Foundation calculations.

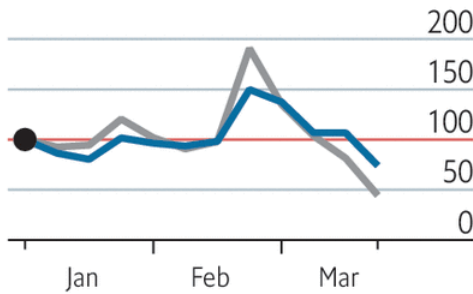
Boom and bust

United States, change in household spending by category
January 8th 2020=100

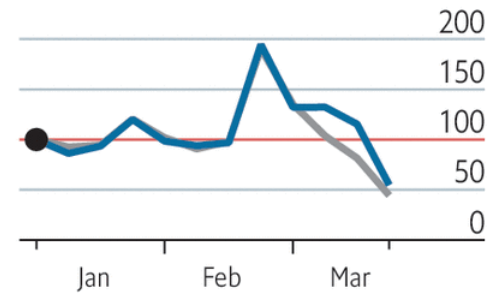
Air travel



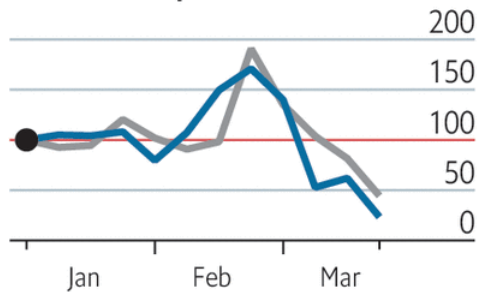
Food deliveries



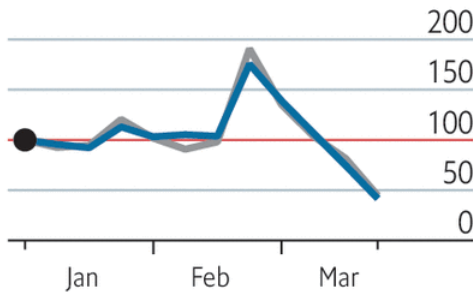
Groceries



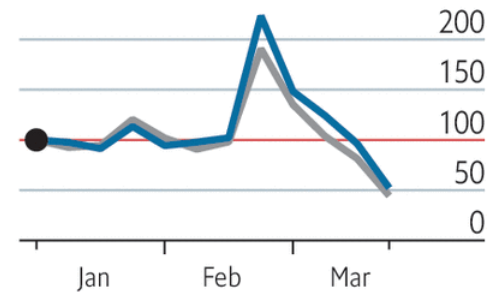
Public transport



Restaurants



Retail

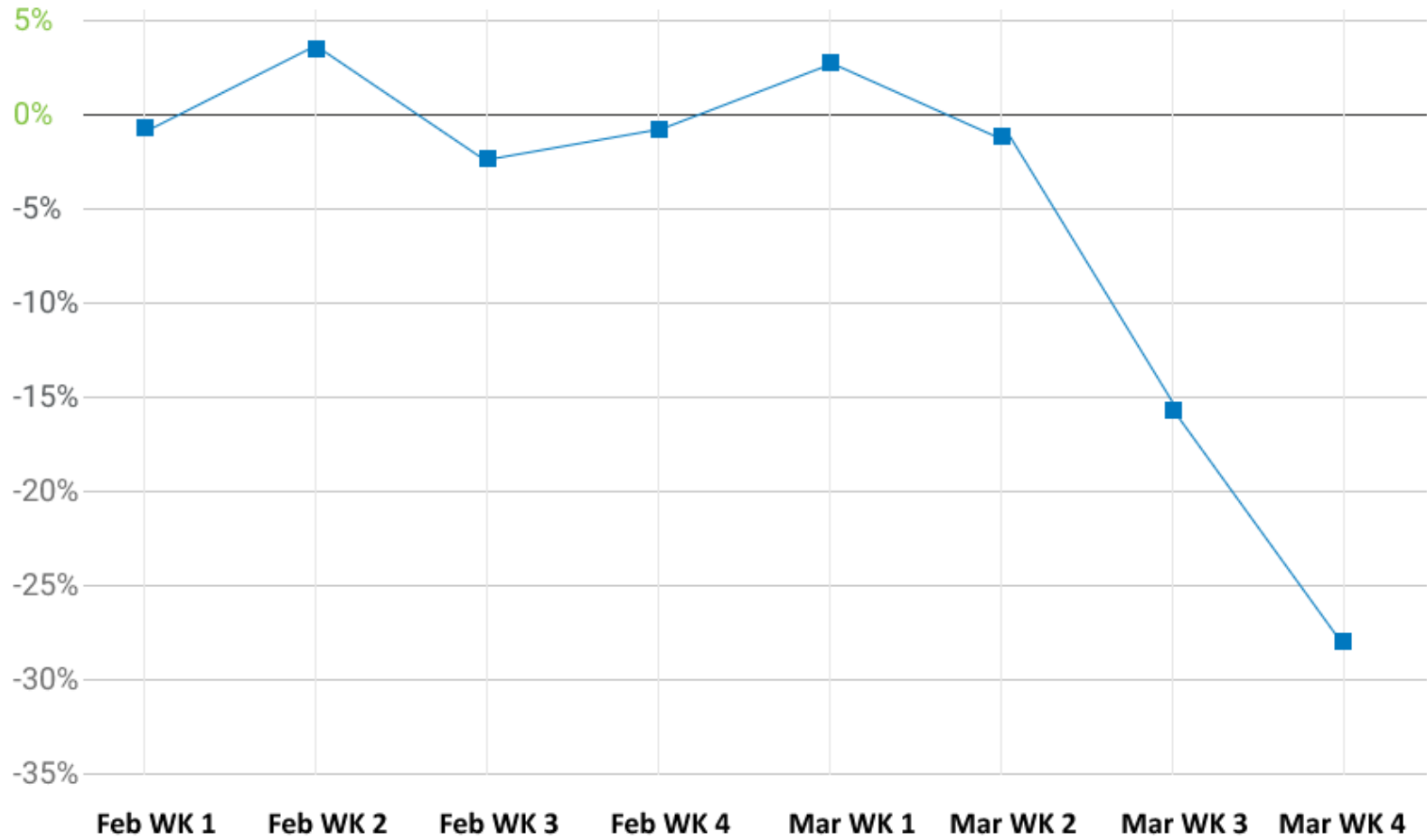


Source: "How Does Household Spending Respond to an Epidemic?
Consumption During the 2020 COVID-19 Pandemic", 2020, by Scott R. Baker et al

The Economist

General Merchandise: Dollar Change Versus Year Ago

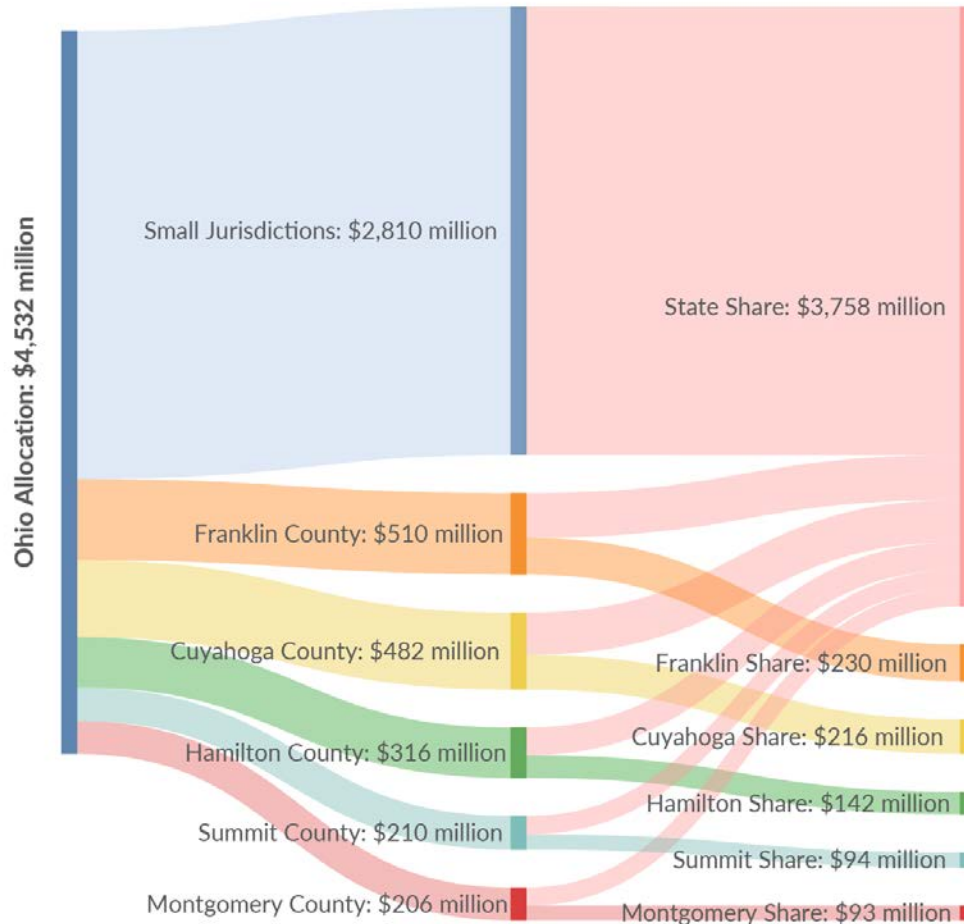
Source: NPD



STATE AID

- Emergency Stabilization Fund (\$454 billion)
- Emergency Supplemental Funding: \$274 billion
 - Disaster Relief Fund: \$45 billion
 - Education Stabilization Fund: \$30 billion
 - Transit Infrastructure Grants: \$25 billion
 - Airport Improvement: \$10 billion
 - Community Development Grants: \$5 billion
 - Homeless Assistance Grants: \$4 billion
 - Economic Development: \$1.5 billion
 - Preparedness Grants: \$1.5 billion
- Coronavirus Relief Fund (\$150 billion)
 - Montana Share: \$1.25 billion
- Stafford Act Declaration: \$50 billion

State and Local Shares of CARES Act Funding in Ohio (example)



Montana Share:
\$1,250,000,000

Sources: CARES Act; U.S. Census Bureau; author's calculations.

CARES ACT CONFORMITY

- 163(j) to 50% of EBITDA for 2019-'20 (conforms)
- NOL carryback of 2018-'20 losses for 5 years;
80% NOL cap lifted for 2019-'20 (decouples)
- QIP technical correction (conforms)
- Loan forgiveness (unclear outcome)
- Economic Impact Payment taxability (MT-specific)

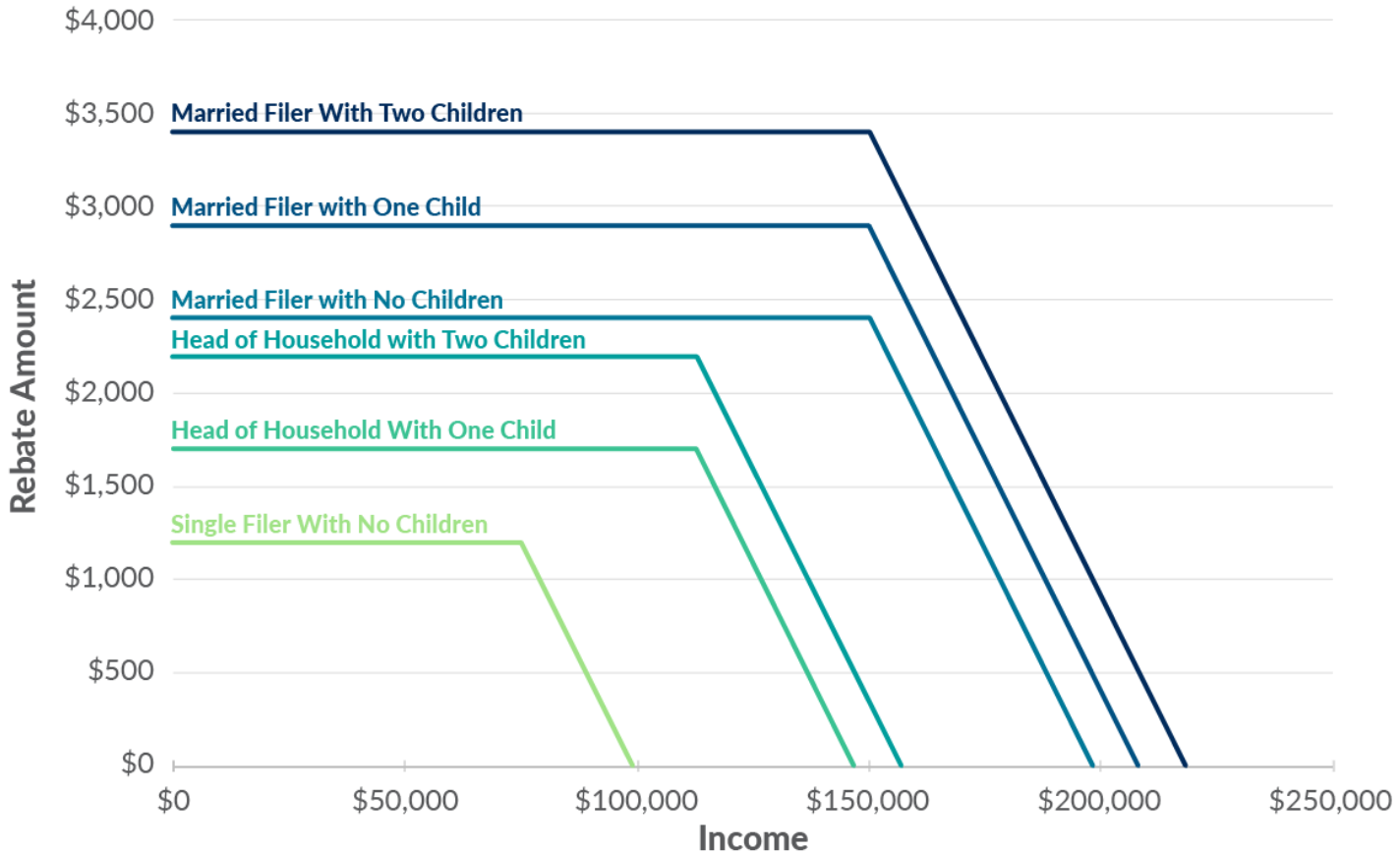
STATE POLICY RESPONSES

- Changes in tax payment and filing deadlines
- Adjustments to telework-related withholding and nexus provisions
- Budget adjustments
- Rainy day fund utilization
- Expansion of UI benefits
- Adjustment of UI tax schedules
- COVID-19 response appropriations or contingency funds



Relief Rebate in the CARES Act

Individual Economic Relief Rebate By Filing Status



Source: "Coronavirus Aid, Relief, and Economic Security Act"

TAX FOUNDATION

@TaxFoundation