

HOUSE TAXATION COMMITTEE MEETING MINUTES
February 23, 1981

A meeting of the House Taxation Committee was held on Monday, February 23, 1981 at 8:00 in the Livestock Auditorium, Helena, Montana. With Vice Chairman Rep. Bob Sivertsen presiding, all members were present except Reps. Nordtvedt and Brand, who were excused, and Reps. Harrington and Neuman, who were absent. SENATE BILL 47 was heard.

The hearing on SENATE BILL 47, sponsored by Senator Elmer Severson, was opened. This bill places inventories of all businesses including livestock and poultry into the same class. The bill doesn't really create impact to the Counties. If the bill had been law last year, more money than in 1978 would have been received from the livestock tax. In 1980 Counties got quite a windfall and this bill would prevent that. A 103% increase over a two-year period has occurred in the tax, while all other property in the State increased 15%. In 1979-80 the industry took a 30% reduction in prices; in a 15% inflation period that is close to a 45% drop. He felt the Fiscal Note was erroneous. It does give the impact to the County from 1980. However, in 1979 it was less than half of that, and in 1978 it would have been a positive impact. This bill was supposed to have been a joint House-Senate bill.

Rep. Audrey Roth then spoke, as co-sponsor of the bill. The industry is only asking for an equitable tax. Equalization has prevailed to reclassify livestock, poultry and unprocessed products from 8% to 4% of market value. Assuming a 200 mill average Statewide, the reduction on livestock would amount to approximately 2% of the total property tax. She pointed out that many States have no inventory tax on livestock; they have exempted livestock completely. Opposition to this bill comes from those Counties depending heavily on the Livestock tax; however, the livestock industry cannot afford the luxury of paying such large percentages to local government, and its ever-increasing services. There are alternative taxes where people can pay their fair share. Livestock taxes were meant for maintaining animal health, inspectors, etc. They don't mind this, but it is high time this property be taxed like others.

George P. Rath, President of the Montana Stockgrowers Association, then rose in support of SB 47; see written testimony Exhibit "A."

Mr. Jack Dunn, Park County Stockgrowers, then spoke, see Exhibit "B."

Keith Anderson, President of the Montana Taxpayers Association, then rose in support of the bill; see Exhibit "C."

Jack Asay, representing the Montana Cattle Feeders Association, Inc., then rose in support of the measure; see Exhibit "D." Alice Fryslie, Montana Cattlemen's Association, then submitted testimony which was presented by Mr. Asay.

Bob Gilbert, Montana Wool Growers Association, then spoke; see Exhibit "E."

Wayne Gibson, First Security Bank of Bozeman Vice President, spoke.

The agricultural industry is in trouble; not only is this complicated by high interest rates and increased costs in operation; but the tax is becoming a real problem, and he wanted the Committee to look at this aspect. The Montana Department of Agriculture in the past ten years has taken the average value of cattle from \$195 to \$510. He feels these figures are inaccurate, and taxing cattle at 8% on these figures creates a substantial burden for ranchers. He encouraged the Committee to reduce the tax to 4%.

Jane Lindgren, President of the Montana CowBelles, then spoke up in support of the bill, urging a DO PASS. It is good logical and sound reasoning to put cattle on the same basis as other business inventory. It is becoming increasingly difficult to keep cattle in Montana, and when cattle leave the State, the State is a big loser. There are 40,000 cattle less in Montana feed lots than a few years ago. Keeping the cattle would create a healthy tax structure and create jobs also. They just want an equal and just footing with their neighbors.

Yvonne B. Snider, representing W.I.F.E., then rose in support of the bill; see written testimony Exhibit "F." Also attached to her testimony were letters from the County Commissioners of Petroleum and Fergus Counties expressing support of the bill.

Senator Tom Hager then spoke up in support of the bill. As a poultryman, he is in favor of the bill.

Senator Tom Towe spoke in support of the bill. From the standpoint of a legislator from an urban area, he pointed out that areas like his must rely on the market that comes to them from the rural areas. He expressed the opinion that it was a good time to support a measure to reduce the property taxes on livestock because: (1) The appraisal system has worked in such a way that the value of cattle has been increased and net revenue is not that much different from what it was two to three years ago under this bill. (2) Many Counties will this year and in the future benefit very well because of decontrol of oil. Their revenue should be increased by at least 200%. Therefore, this is an appropriate time to pass this bill.

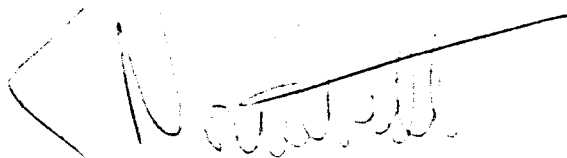
The following persons then stood and identified themselves as being PROPONENTS of the bill: George Vogt, a rancher in the Bitterroot Valley (see Exhibit "G"); Carl Johnson, a Livingston rancher; Ken Spaulding, Park County Commissioner; Ken Mesare, Foothills Livestock Association, Cascade County (see Exhibit "H"); Ray Gerringa, Carbon County Cattle Company (see Exhibit "I"); Stan Brown, Scott Feedlot, Billings (see Exhibit "J"); Charlie Pierson, representing four different organizations (see Exhibit "K"); Bud Pile, Big Timber rancher; Dean Randash, Livingston (see Exhibit "L"); Avis Ann Tobin, Montana Hardware and Implement Dealers; Elizabeth Berg, Fergus County; John Foley, Corvallis; Dan Hafland, First National Bank of Livingston; Alvin Ellis, Red Lodge livestock producer; Art Delsom, Lavina; and Sherry Fields, Lewistown. Ms. Fields added that she disagreed with the argument that all cattle should pay taxes to make up for the lower amount of taxes on BLM land; see Exhibit "M."

Gene Chapel, Vice President of the Montana Farm Bureau Federation, rose in support of the bill; see Exhibit "N." Don Johannsen, National Farmers Organization President, added that a cow kept on a farm is not really an asset, she is a business expense for inventory. This bill will bring the taxes to the point where they were before. Ann Scott, Montana Farmers Union, rose in support of the measure. Warren Ross, representing North Central Montana Stockgrowers, presented a petition in favor of the bill; see Exhibit "O." Bud Boles, Montana Chamber of Commerce, rose in support of the bill.

Mike Stephen, Montana Association of Counties, then rose in OPPOSITION to the bill. He said that the equity question was in the Legislature's hands. The Counties depend on the property tax base; therefore, they are opposed to any move which reduces or exempts property taxes. This bill would reduce revenue to the Counties. The tax burden will be shifted to other property. It is not clear what this other property will be. Also, taxable valuation is reduced. With the fee bills looking like additional impact on the counties, and President Reagan's comments regarding the availability of Federal money, those that depend on property taxes are going to be in a crunch. Even though there is a shift in property taxes, there are limits they have to operate at, and if the County is at a mill ceiling, it isn't an easy thing to compensate for a loss to the tax base.

Questions were then asked. Rep. Asay wanted to know if the language on p. 2 line 14 of the bill was switched to prevent what happened in 1977 from happening again. Sen. Severson said that this was the same language as used in 1977, but this bill does not address cow valuation, only taxable value. Rep. Asay said that it seemed that the bill was saying the same thing as in 1977.

It was announced that EXECUTIVE ACTION would be taken on SB 47 the following week. The hearing on SB 47 was then closed, and the meeting was adjourned at 9:00 a.m.

A handwritten signature in dark ink, appearing to read "Bob Sivertsen", is written over a horizontal line. The signature is slanted and somewhat stylized.

Rep. Bob Sivertsen - Vice Chairman

GEORGE P. RATHS
President, MONTANA STOCKGROWERS ASSN.

Taxation 4/23/81
EXHIBIT 1A

SENATE BILL 47
~~January 16, 1981~~

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE:

The Montana Stockgrowers Association strongly supports Senate Bill 47. The livestock industry is the largest industry in Montana. At one time the cow was largely the only source of tax income in the state and she has continued to carry a disproportionate share of the tax load.

Our Legislature is concerned about bringing new business into the state. We also must be concerned about the old standbys who have supported us faithfully over the years.

Every year in this state the assessors and Revenue Department spend hundreds of thousands of dollars trying to equalize the taxes and assessments on like kinds of property.

At present we have livestock paying a tax on 8% of market value while other unprocessed agricultural products pay a tax on 4% of market value. Inventory also pays at a 4% rate.

Let us compare these items:

Livestock is a product of the soil, water and air. It is unprocessed. It requires a large taxable base of land and machinery to produce it.

Livestock, therefore, is very similar to other unprocessed agricultural products, yet it is taxed at twice the rate. Why?

Compare livestock to inventory. I would say it's a very slow moving inventory item as over three years go by before you can sell part of the cow as calf. The value of the cow is arrived at by using operator sales price. Inventory value is arrived at by using cost to the merchant.

By using brand inspections it is very easy for an assessor to come up with almost 100% count on cattle. They are readily assessable.

I see little distinction between livestock and other inventory. In fact it

it is probably just the opposite. Yet cows are taxed at twice the rate.

If we spend a great deal of effort and money trying to equalize taxes, shouldn't the inequity between livestock and the agricultural products be changed? Certainly it's a large burden to the rancher.

Certain people object to lowering the tax rate on livestock not because it's fair or unfair, but because they fear the loss of revenue.

I think we have almost broken the back of that old cow.

In the past, counties with large amounts of federal lands didn't receive much in lieu. However, the grazing fees have been raised substantially. Large acreages are leased for oil or coal or other minerals. The federal government receives large royalties and timber payments.

A part of all these moneys go to state or counties. Maybe counties could get a greater share of these revenues much as the people in western Montana are asking for a greater share of timber receipts.

Our surrounding states have no tax on livestock. They have found ways to replace it or never did have one.

Wyoming especially is very similar to Montana in that they have land patterns and ownership---federal and private and counties like ours with the same problems.

Mr. Chairman, Members of the Committee, we ask that you take favorable action on this bill.

Thank You.

CATTLE TAX EQUALIZATION

BY

JACK DUNN

Park County Stockgrowers
Park County Farm Bureau

Feb. 23 1981

CATTLE VALUATION VS BUSINESS VALUATION

"MARKET VALUE"

IMPOSED

BY EQUATION EXCEEDS
ACTUAL RETAIL PRICE

REPLACEMENTS

BULLS

95% CATTLE CROP

GROSS SALES



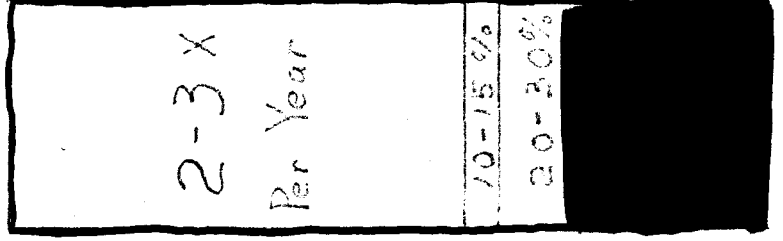
CATTLE

x8%



TAXABLE VALUATION

x4%



BUSINESS

GROSS SALES

TURNOVER

PRE INVENTORY SALE
MARK UP

Cost

CATTLE TAX EQUALIZATION

The present Cattle Inventory Tax system is very unfair & discriminatory in both the rate (cattle @ 8% ,business at 4%) and the method of market valuation.

Figure 1 shows the comparison between a cattle business and any other business. A business pays inventory tax only on the inventory in the store at the time of inventory. When during the year he sells that item and replaces it, there is no inventory tax on subsequent sales. A business that turns inventory over twice a year would pay inventory tax on only $\frac{1}{2}$ the sales. This inventory level can be reduced even further by a clearance or pre-inventory sale.

Business inventory is also valued at "the cost to the person subject to the tax"; that's dealer cost before any mark up. So all their operating expenses, wages and return on their labor and investment is not subject to the inventory tax. For many types of business, cost would be 20-30% less than the retail price. The combination of turnover and mark-up compensate each other. A business with a slow turnover would have a higher mark-up and a grocery store with a higher turnover would have less mark-up.

This reduced inventory valuation is then multiplied by 4% ($\frac{1}{2}$ the rate for cattle) to arrive at taxable valuation.

CATTLE ARE TAXED AT TWICE THE RATE !

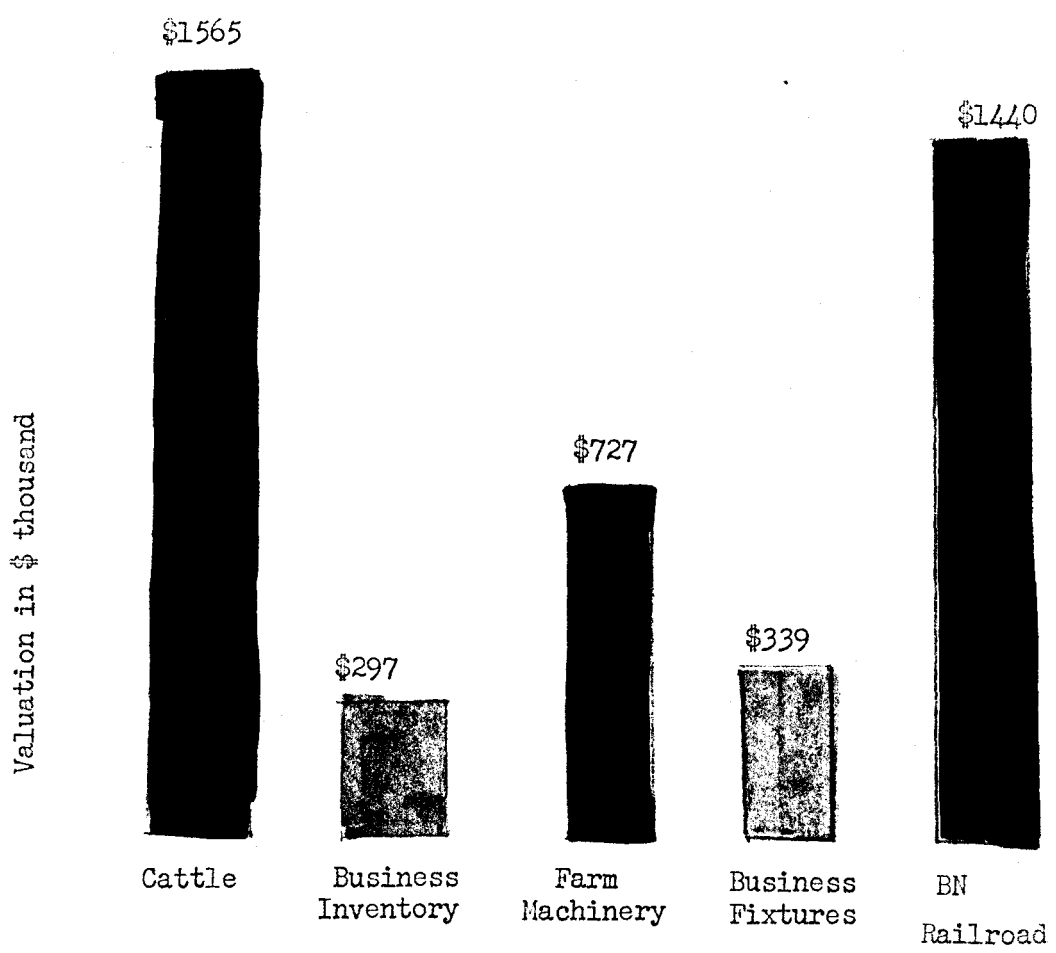
By comparison, cattlemen are to pay inventory tax on every animal and since it takes 9 months to gestate a calf and another 6-9 months to raise it to a marketable age, we can't raise more than one calf per year. We don't benefit from inventory turnover particularly when we have to pay inventory taxes on replacement heifers that won't have a calf until they are two years old. Then there are those cows that either won't have or will lose their calf. Generally replacement heifers might be 10-20% of a herd and only 90% of the cows complete the raising of a marketable calf. We also pay an inventory tax on our bulls. These bulls are necessary but don't have calves themselves and are sold for considerable less than what was paid for them. Yet their inventory tax is based on their prime initial value and no depreciation is allowed.

So the combination of these factors means that we pay inventory tax on 130% of our gross sales. Then instead of being able to use our own costs or even our own retail price, we are forced to use a hypothetical "market value" imposed by a FORMULA that has some of our animals valued at twice what we paid for them. This inflated valuation is then multiplied by 8% (twice rate of any other business) to arrive at a taxable valuation. Since this is a multiplier, it further exaggerates the differences in valuation. So the real difference is more like a ten to one difference. In its present form, the cattle tax is more like a gross income tax with no allowance for any expenses or depreciation!

As verification of this inequity in inventory valuation, consider the Taxable Valuation of Park County in 1980. The Taxable Valuation for all our cattle is \$1.565 million. By comparison, the taxable valuation of every other business inventory in the whole county is only \$297 thousand...20% of the livestock total! Yet there are only about 250 families out of a population of 12,000 making their livelihood out of ranching. Could we really sell 20% of our cows and buy out everyone else in town??

The railroad is the largest employer in the county and employs over 1000 people with a payroll of \$21 million. Yet the taxable valuation of all the tracks, equipment land and buildings is only \$1.44 million or less than what 250 ranchers are paying on just our cattle.

1980 TAXABLE VALUATION FOR PARK COUNTY



EQUALITY IN VALUATION IS BASIC TO ANY TAX STRUCTURE

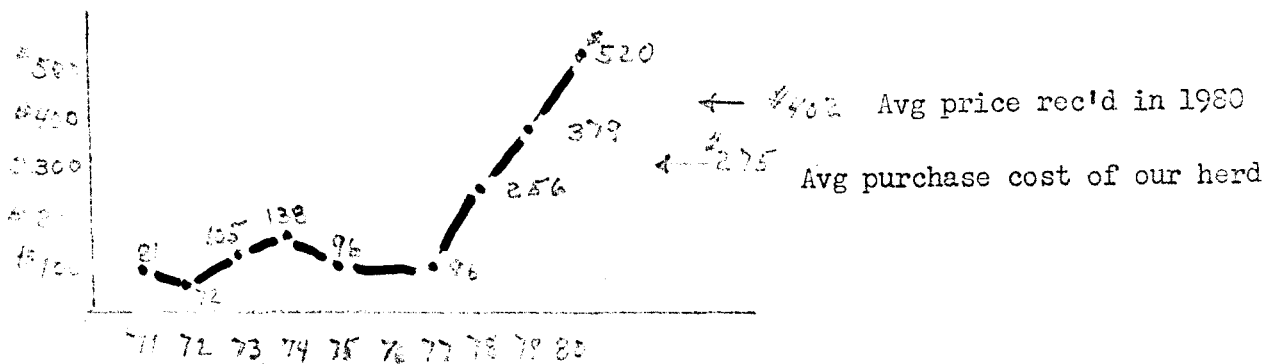
This present inventory tax is unfair and an undue hardship. Last year our inventory tax was \$10.80 per cow while I only received \$9.19 per cow as my wages for taking care of her and for my return on my investment for both her and the land to support her. A dollar less than the govt took for just the inventory tax. Not even minimum wage. We recognize the need to support our schools and other govt functions, but its not the cattle that use those facilities...its people. Only a small portion (15%) of our property tax is used for expenses uniquely associated with living in the country (road &bridges, rural fire and sheriff).

What we are really seeking is fairness in valuation. Its not a change in the tax structure. There are many bills before this legislature dealing with tax reduction or elimination. But it seems to me that even more fundemental has to be the equality in valuation. All SB47 concerns itself with is to achieve equality with other business inventory by using the same 4% to arrive at a taxable valuation. From there the mill levies can be applied equally to raise the desired or approved taxes.

I see no difference between myself as a businessman who happens to be in the cattle business and my neighbor who operates a welding shop to build wood stoves. Our inventory should be valued in a fair and equitable manner. Even in agriculture the present system is not fair. My cousin uses his land entirely to raise grain and pays 4% on his inventory. He doesn't like cattle and wouldn't have one on the place. I feel the same way about dirt farming and don't even own a grain drill. So my land is used entirely for cattle and have to pay twice the inventory tax rate.

In 1977 the legislature voted to correct some of this inequity when they approved a Cattle Tax Relief to lower the assessment rate from 33.3% to 20%. But the corresponding change from an assessment system to a Market Value system resulted in an INCREASE of Taxable Valuation rather than the anticipated decrease! In 1977 the taxable valuation of a cow was \$32; after passage of the relief the taxable valuation of a cow rose to \$41.60 in 1980. Thirty per cent higher than it has ever been. Yet the prices we are receiving for our calves is only one penny more than in 1973. The changes in the valuation effectively nullified the last action of the legislature.

CATTLE VALUATION BY DEPT OF REVENUE



NAME S. KEITH ANDERSON, PRESIDENT BILL No. SB 47
ADDRESS P. O. Box 4909 DATE FEBR. 23, 1981
WHOM DO YOU REPRESENT MONTANA TAXPAYERS ASSOCIATION
SUPPORT XX OPPOSE AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

THE MONTANA TAXPAYERS ASSOCIATION SUPPORTS SENATE BILL 47 TO REPLACE THE CLASSIFICATION RATE OF LIVESTOCK FROM 8 PERCENT TO 4 PERCENT. THE MAJORITY OF OUR MEMBERS FEEL THAT LIVESTOCK SHOULD BE CONSIDERED INVENTORY AND SHOULD BE TAXED NO DIFFERENTLY THAN BUSINESS INVENTORY UP AND DOWN THE STREET.

THE SUPPORT OF THIS LEGISLATION GOES MUCH DEEPER THAN THAT. THE TAXATION OF INVENTORY ESSENTIALLY MEANS DOUBLE TAXATION. NOT ONLY IS THIS INVENTORY TAXED BECAUSE IT IS SIMPLY ON THE RANGE, AND THERE IS NO LOGICAL RATIONALE FOR THAT ARGUMENT, BUT IT IS TAXED THROUGH THE INCOME TAX WHEN SOLD IN THE MARKET PLACE.

WE ALSO CONSIDER THE EQUITY QUESTION FROM THE VIEWPOINT OF TAX REFORM. AND HERE WE ENCOUNTER THE ARGUMENT BY THOSE WHO OBJECT TO TAX REFORM OR ALTERATION OF THE TAX STRUCTURE BECAUSE IT WILL ALLEGEDLY DEPRIVE GOVERNMENT OF REVENUE. THERE ARE MANY THAT VIEW THE TAX STRUCTURE AS SOLELY A VEHICLE TO RAISE MONEY FOR GOVERNMENT, NO MATTER WHERE IT COMES FROM, RATHER THAN TO ACHIEVE EQUITY WITHIN THE TAX STRUCTURE.

THE SAME OBJECTIONS WERE POSED WHEN THE LEGISLATURE ELIMINATED HOUSEHOLD GOODS AND SOLVENT CREDITS FROM PROPERTY TAXATION. LOCAL GOVERNMENTS OPPOSED THOSE BILLS BECAUSE "THE LEGISLATURE WAS CHIPPING AWAY AT THE TAX STRUCTURE." BUT WHAT REALLY HAPPENED WHEN THOSE TWO TAXES WERE TAKEN OFF THE BOOKS AND WHAT WILL HAPPEN WHEN LIVESTOCK IS REDUCED FROM 8 PERCENT TO 4 PERCENT? IN BOTH CASES, NOTHING REALLY

HAPPENED BECAUSE THE VALUATION INCREASES OF OTHER PROPERTY MORE THAN OFFSET ANY DECREASE IN VALUATIONS FROM HOUSEHOLD GOODS AND SOLVENT CREDITS. IN THE CASE OF HOUSEHOLD GOODS THE VALUATION OF THE STATE INCREASED NEARLY 14 PERCENT THE NEXT YEAR AND COUNTY OFFICIALS DIDN'T EVEN KNOW IT WAS OFF THE BOOKS--EXCEPT THEY DIDN'T HAVE TO GO TO THE COST OF TRYING TO COLLECT THE TAX.

IF THE VALUATION OF LIVESTOCK HAD BEEN REDUCED DOWN TO 4 PERCENT FOR THE CURRENT FISCAL YEAR \$41.9 MILLION IN TAXABLE VALUE WOULD HAVE BEEN ELIMINATED FROM THE TAX STRUCTURE. THE VALUE OF ALL PROPERTY IN MONTANA INCREASED FROM \$1.6 BILLION TO \$1.8 BILION OR \$224.1 MILLION FOR 1931. SO IF LIVESTOCK HAS BEEN ELIMINATED FOR 1981 PROPERTY VALUATIONS WOULD STILL HAVE INCREASED \$181.1 MILLION STATEWIDE WITH PERCENTAGES VARYING FROM COUNTY TO COUNTY.

ANY TAX SHIFT WOULD HAVE BEEN LARGELY MINIMAL AND WHAT WE FORGET IS THAT THIS SO-CALLED TAX SHIFT WOULD LARGELY BE ASSIMILATED BY THE VERY PEOPLE THAT ARE RUNNING LIVESTOCK TODAY. THE TAX WOULD BE PICKED UP ON LAND, BUILDINGS, MACHINERY AND OTHER PROPERTY SO AGRICULTURE WOULD STILL BE BEARING MUCH OF THE TAX BURDEN OF CATTLE BUT COLLECTED ON OTHER PROPERTY--AND FROM A MORE STABLE TAX BASE.

I SHOULD MENTION ALSO THAT THE INCREASING VALUE OF LIVESTOCK IN THIS INFLATIONARY ECONOMY WILL LIKewise SERVE TO OFFSET ANY DECREASE IN THE TAXABLE VALUE.

UNFORTUNATELY OUR TAX STRUCTURE IS VIEWED BY MANY AS A VEHICLE TO INCREASE TAXES FROM YEAR TO YEAR INSTEAD OF A VEHICLE TO BRING ABOUT TAX EQUITY. LOCAL SPENDING WILL NOT BE AFFECTED UNDER THIS BILL. LOCAL BUDGETS WILL BE ADOPTED AND MILL LEVIES EXTENDED AND THE TAXES COLLECTED. VALUATION SHOULD NOT BE EQUATED WITH TAXES. VALUATION PER SE DOESN'T PRODUCE A SINGLE DIME UNTIL THE MILL LEVY IS ADOPTED BY

COUNTY OFFICIALS AND IMPOSED AGAINST THAT VALUATION. I REJECT THE ARGUMENT OF REPLACEMENT REVENUE BECAUSE YOU CAN'T MAINTAIN THE STATUS QUO AND HAVE TAX REFORM. IN FACT IF THE TAX ON LIVESTOCK IS UNFAIR AND INEQUITABLE, AS I BELIEVE IT IS, IT HAS AMOUNTED TO WINDFALL REVENUE FOR GOVERNMENTS OVER THE YEARS.

WHAT WE ARE REALLY TALKING ABOUT WITH THIS LEGISLATION IS TAX REFORM AND AN ATTEMPT TO GAIN A MEASURE OF TAX EQUITY. I REITERATE THAT NEITHER WILL BE ACHIEVED IF WE ATTEMPT TO MAINTAIN THE STATUS QUO. AND THAT'S WHY WE HAVE THE TAX STRUCTURE ON THE BOOKS THAT WE DO TODAY.

I ENCOURAGE YOUR PASSAGE OF SENATE BILL 47 AS ONE STEP TOWARD TAX REFORM IN OUR STATE.

MONTANA CATTLE FEEDERS ASSOCIATION, INC.

P.O. BOX 30736, BILLINGS, MONTANA 59107

January 16, 1981

Chairman,
Senate Taxation Committee
Montana 47th Legislature

Dear Mr. Chairman and members,

The Montana Cattle Feeders Association strongly supports the passage of Senate Bill number 47, introduced by Senator Severson.

Our members accept the responsibility of equitable taxation, reject the tyranny of double taxation and oppose the continuation of the unfair tax treatment to which they are now subjected.

The present tax rules force us to compete against out-of-state commercial feeders who advertise, in Montana publications, that they have no livestock tax to pay in their states.

Montana has lost over 50% of its feedlot cattle population from over 160,000 head to less than 70,000 head on feed at one time. At the same time, we have seen losses of meat packing plants in the State and, with them, many jobs.

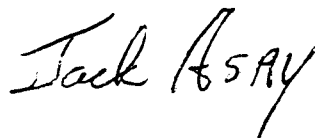
The cattle-feeding business brings cattle into the state to be fed and keeps raised cattle from leaving; it creates a labor market; it creates a grain market; by strengthening meat processing businesses, it helps reduce and stabilize Montana trucking industry.

The raising and feeding of cattle is a Business venture. In Montana, it is Big Business. There is absolutely no justification for the inventory of this Business to be taxed at a higher rate than that of other Montana Business.

IL

We insist that we are entitled to equal treatment under the tax laws. Passage of this bill and the resultant categorizing of our inventories as "class six property" will be a welcome step in the right direction.

Sincerely Yours,

A handwritten signature in cursive script that reads "Jack Asay". The signature is written in dark ink and is positioned above the typed name.

Montana Cattle Feeders Assn., inc.

Montana Cattle Feeders, Inc.

P.O. Box 30736
Billings, Montana 59107
Phone 406-962-3248

February 23, 1981

Ray Gerringa
President

Mike Davey
1st Vice President

Stan Brown
2nd Vice President

Jack Asay
Executive Vice President

Dennis Flick
Secretary/Treasurer

Chairman,
House Taxation Committee
Montana 47th Legislature

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raised cattle from leaving; it creates a labor market; it creates a grain market;
by strengthening meat processing businesses, it helps reduce and stabilize Montana
retail meat prices; it causes increased vigor in the Montana trucking industry.

The raising and feeding of cattle is a Business venture. In Montana, it is
Big Business. There is absolutely no justification for the inventory of this
Business to be taxed at a higher rate than that of other Montana Business.

We insist that we are entitled to equal treatment under the tax laws.
Passage of this bill and the resultant categorizing of our inventories as "class
six property" will be a welcome step in the right direction.

Sincerely Yours,

Jack Asay, Executive Vice President
Montana Cattle Feeders Assn., Inc.

NAME JOE GILBERT

Bill No. SB 47

ADDRESS Helena, MT.

DATE 2/2

WHOM DO YOU REPRESENT Montana Wool Growers Assn.

SUPPORT ☒

OPPOSE ☐

AMEND ☐

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

The M.W.G.A. has attempted to get this bill passed to bring equity to the Montana taxation system.

We have worked on this measure with the other farm organizations which represent livestock producers. F.E. Montana Stockgrowers Assn, mt Cattlemen, Farm Bureau & others.

We urge your strong support not only in committee but on the House floor.

WIFE Women involved In Farm Economics

Testimony Supporting Senate Bill 47

Presented by

Yvonne B. Snider

Gilt Edge Route


Lewistown, Montana 59457

Beef Commodity Chairman

for

Women Involved In Farm Economics (W.I.F.E.)

WIFE Women Involved In Farm Economics



My name is Yvonne Snider. My husband Don and I have a cattle and hay ranch in Fergus County. I am the Beef Commodity Chairman for Women

Involved in Farm Economics (W.I.F.E.) and in that capacity I represent approximately 500 members, most of whom have either cattle, sheep, hogs, or poultry in addition to other crops. Montana WIFE strongly supports and urges passage of Senate Bill 47 which would be a major step toward eliminating the unjust and discriminatory methods presently used to tax Montana's major industry.

Livestock and poultry producers are presently being taxed at twice the rate of any other business. This inequitable tax rate, in addition to other tax practices, put livestock producers at a financial disadvantage.

Other businesses are allowed to set their own prices for tax purposes. They make the decision as to what price item they will carry and the taxable valuation is based on that wholesale price, whereas the Department of Revenue sets the price on our product, as if we are not to be trusted. The price that they set is unrealistically high, based on selected sales and an arbitrary formula. This is analogous to taxing every clothing item in a department store on the retail (rather than wholesale) price of a Christian Dior original.

One of the excuses often used for the present practice of setting our cattle evaluation for us is that ranchers don't keep accurate records of their purchases and sales. That is a ridiculous charge--if our records are good enough for the IRS they should certainly be good enough for county tax purposes. We are businessmen and we have to keep records like any other business.

A retail merchant can turn his profit many times a year but he is taxed just once a year. We are taxed once a year even though we can turn that inventory only once, or less.

Pre-inventory sales or allowing inventory to deplete are common practices used by other businesses to prevent payment of their full share of inventory tax. Most livestock or poultry producers can not take advantage of this obvious tax dodge as it is not feasible or possible for a cow-calf operator.

Even though they are taxed as such, cows and bulls are not inventory--they are a manufacturing production unit that depreciates in value as any other manufacturing equipment does. They should be taxed on their depreciated value or their salvage price.

We have expenses to our "inventory" which no retail merchant ever has, sickness and death loss, medications and feed every single day, whether they're making a profit or not.

Livestock producers are often accused of giving an unfair account of the cattle they carry on "inventory". As a group, I firmly believe that livestock producers are as honest as any other segment of the population and that if there are discrepancies in the inventory of cattle there are similar discrepancies in store inventories, which would be much easier to hide. How often are the inventory records of other businesses compared with actual inventory? Present brand inspection laws make it very possible for county assessors to keep an accurate check on cattle inventory.

A retail merchant adds on his costs, including taxes, when he prices his product. The customer pays the tax when they buy the product. A livestock producer is subject to the market trends and has no way to pass the cost of his taxes on to anyone, which is proven this

year by the fact that livestock taxes doubled despite the fact that cattle prices were down as much as 25%.

The preceeding information should make you realize that livestock producers are subject to obvious tax disadvantages that do not effect other businessmen, yet we are not asking for preferential tax treatment. We are asking only for fair and equal tax rates.

The only opposition that we have heard to the reduction of cattle taxes is coming from the commissioners in some of the sparsely populated counties that only have cattle or land for a tax base. I would like to point out though, that these sparsely populated counties like Garfield, Petroleum and Carter, have fewer services to provide and therefore do not require the revenue per capita that more populated counties do. For example, they have fewer schools and school districts, fewer roads and bridges to maintain, less law enforcement required, fewer county employees, and less welfare needed.

We have checked with friends of ours in Petroleum and Garfield Counties to compare our taxes. We know that vehicle licenses in Petroleum County are always cheaper. In our district, which is certainly not the highest in Fergus County, it cost us \$14.00 per cow for taxes this year. Our neighbors in Garfield County only paid \$10.00 per cow, and in Petroleum County the taxes cost just \$7.00 per cow. Our friends in Petroleum County did not feel that the reduction of the cattle tax would be harmful to the operation of their county government or to them personally, since levying of additional mills is both possible and reasonable. In support of the above statements I have brought along letters from the County Commissioners of Fergus

and Petroleum Counties in which they state their support for Senate Bill 47.

We understand the concerns of those County Administrators who are speaking in opposition to Senate Bill 47, but I would like to remind you that the few very sparsely populated counties are not representative of our state. It would be very unfair to penalize the livestock producers of the entire state in order to provide a tax base for those few counties that have no other business or industry. Our state leaders have found a way to equalize taxes for the benefit of the heavily populated counties like Yellowstone and Cascade. It seems reasonable to expect them also to provide an equalization plan that will make it possible for those less populated counties like Garfield, Carter, and Petroleum to continue to operate.

Senate Bill 47 would be a major step in giving livestock producers the equal tax status with other businesses which they deserve and need. We urge you to support the passage of Senate Bill 47.

Thankyou for allowing me the time to present these statements.

FERGUS COUNTY

STATE OF MONTANA

Lewistown, Montana 59457

January 19, 1981

To Whom it may Concern:

The Board of Fergus County Commissioners whole-heartedly support Senate Bill # 47, changing the livestock tax from 8% to 4 %.

This would bring livestock taxation to an equal basis with other business inventory. We feel it is only fair as livestock should be considered as inventory of the stockmen.

Very truly yours,
BOARD OF COUNTY COMMISSIONERS
FERGUS COUNTY



Otto Jensen, Commissioners

OJ/mb

COUNTY OF PETROLEUM

WINNETT, MONTANA 59087

Kenneth Welter, Comm.
~~ESTHER BEVIS GANNAK~~
PATRICIA WEINGART, COMMISSIONER
BRENDAN J. MURPHY, COMMISSIONER
Chairman

January 19, 1981

To Whom It May Concern:

With regard to SB 47, the Petroleum County Commissioners would like to add their support and recommend its passage. Certainly it will affect our budgeting, but we feel the tax rate on livestock is too high when compared to other items and should be lower.

Sincerely,

Brendan J. Murphy

Brendan J. Murphy, Chairman

*Tax on a middle aged
w in Petroleum county
1981. \$6.76*

*Brendan Murphy
Commissioner!*

Members of the Committee, Ladies and Gentlemen:

I am George Vogt, a rancher in the BitterRoot Valley, and appreciate the opportunity to give my reasons for supporting Senate Bill #47, which will reduce the tax on livestock from 8% to 4% which is presently levied on other businesses.

I am not seeking to escape the livestock producers fair share of the tax payments, but to present some facts that may not have been considered in the past.

1. Inventory taxes on livestock ~~is~~ ^{are} twice as high as that on inventories of other businesses.
2. The tax on business inventories is based on wholesale prices, while the taxes on livestock inventories are based on prices received by the producer when he sold his product. Otherwise wholesale price for the businesses and selling price for the livestock grower.
3. Some businesses have rapid turnovers for their product and can, by ^{pro-} inventory sales, reduce inventories to a minimum. Not so for the beef producer who pays taxes on a cow during her entire lifetime often over ten years and receives no income from her for the first 2 or 3 years of her life until her first calf is sold.
4. In times past livestock owners were accused of reporting fewer animals than were owned. This can no longer be a valid claim. The assessor in our county reported that all brand inspection slips are sent to each assessor in the state to provide information for cattle numbers. Inspections are required to ship cattle out of the county, and to slaughter houses in the county.
5. Many people including some livestock growers and legislators are not aware of a heavy special tax paid by owners of livestock for support of the Montana Livestock Commission which they and they alone pay. This year 1/8 of all the counties in Montana paid fewer mills to fund their entire county budget than livestock producers paid in this special tax, which was 33 mills in 1980 and 35 mills in 1978-79.

Our neighboring states of Idaho, N.D., S.D. levy no such tax, but evidently supply the same services for which Montana stockmen pay ~~for~~ and which in many instances directly or indirectly affect or protect every Montanan. I am not asking that the tax be removed but that it be remembered when the tax on livestock is considered, for the special levy is not light.

6. I have attached to my written testimony a record of the funds each county received from the federal government last year. These are the two kinds:
 - A. Federal Revenue Sharing, and
 - B. Payments in Lieu of Taxes or P.I.L.T. moneys.

These funds are often confused or lumped together.

PILT money is determined by the amount of federal land in a county, less the amount of money the county has received for the timber sales, grazing fees and other incomes.

The purpose of this fund was to decrease property taxes on individual owners, but in the past, it has been used by some counties for special projects even for C.D.'s.

Taxpayers in Ravalli County have insisted that PILT money go into the county's general fund, resulting in a decidedly lower millage.

I feel these funds should be considered for actual county needs and certainly could fill any loss that may be caused by an equitable tax on livestock.

7. Finally the cattle industry , a very important one in Montana is in trouble. Here are some of the indicators:

- A. Cattle numbers are down 19.47% in Montana over the five years preceding 1980 according to figures given me by the Montana Crop and Livestock Reporting Service. The 1% increase in 1980 which has been recently reported is not all that encouraging.
- B. Producers have management problems beyond their control.
 - 1. Widely fluctuating prices. So much so here that even Australians have cut their supply to the United States.
 - 2. Price on our steer calves this last fall was down 25% over 1979.
 - 3. High Interest rates.
 - 4. Highly inflated prices on what we buy and deflated prices for our products.
 - 5. And this year High taxes based on last year's high valuations.

The beef industry has been one of the few agricultural industries receiving no support prices, no subsidies. I would like to keep it that way and believe we can weather the storm if our present efforts are allowed to develop, among which is our request to pass Senate Bill #47. I respectfully ask your support for this bill.

THANK YOU!!!

PILT PAYMENTS TOTAL \$8,078,067

Montana's counties will receive some \$8 million for FY 1980 payments-
in-lieu of taxes from the Department of Interior, Bureau of Land Management.

The payments, by county, are as follows:

| | | | |
|---------------------|-----------|--------------|-----------|
| Anaconda-Deer Lodge | \$113,227 | Madison | \$212,436 |
| Beaverhead | 224,471 | McCone | 131,196 |
| Big Horn | 24,911 | Meagher | 95,420 |
| Blaine | 251,461 | Mineral | 63,354 |
| Broadwater | 156,332 | Missoula | 226,388 |
| Butte-Silver Bow | 137,164 | Musselshell | 34,870 |
| Carbon | 304,529 | Park | 366,003 |
| Carter | 78,701 | Petroleum | 32,210 |
| Cascade | 149,817 | Phillips | 145,702 |
| Chouteau | 108,889 | Pondera | 75,320 |
| Custer | 232,366 | Powder River | 100,529 |
| Daniels | 148 | Powell | 109,493 |
| Dawson | 49,808 | Prairie | 42,612 |
| Fallon | 73,514 | Ravalli | 411,864 |
| Fergus | 341,382 | Richland | 34,087 |
| Flathead | 250,589 | Roosevelt | 3,052 |
| Gallatin | 467,629 | Rosebud | 232,439 |
| Garfield | 82,625 | Sanders | 89,427 |
| Glacier | 293,851 | Sheridan | 974 |
| Golden Valley | 22,510 | Stillwater | 132,356 |
| Granite | 69,891 | Sweet Grass | 140,846 |
| Hill | 33,972 | Teton | 186,134 |
| Jefferson | 215,517 | Toole | 31,783 |
| Judith Basin | 130,801 | Treasure | 8,145 |
| Lake | 32,589 | Valley | 309,287 |
| Lewis and Clark | 703,452 | Wheatland | 47,504 |
| Liberty | 21,992 | Wibaux | 17,146 |
| Lincoln | 175,835 | Yellowstone | 49,517 |

Source: Montana Association of Counties

Payments on Bond 11 Sept 1979 to set off

General Federal Revenue Sharing - Montana

Entitlement Period 1 - 11, Jan. 1, 1972 - Sept. 30, 1980

| | E. P. 1 - 10 | E. P. 11 | Total | | E. P. 1 - 10 | E. P. 11 | Total |
|--------------------------|--------------|------------|--------------|-----------------------|--------------|-----------|------------|
| Beaverhead County X | \$ 1,236,562 | \$ 141,474 | \$ 1,378,036 | Granite County | \$ 515,256 | \$ 65,218 | \$ 580,474 |
| Dillon | 248,302 | 42,138 | 290,340 | Drummond | 26,965 | 3,815 | 30,780 |
| Lima | 17,338 | 1,290 | 18,628 | Philipsburg | 85,788 | 10,617 | 96,405 |
| Big Horn County Y | 1,168,140 | 179,554 | 1,347,694 | Hill County | 1,661,852 | 227,966 | 1,889,818 |
| Hardin | 196,938 | 24,394 | 221,232 | Havre | 852,548 | 120,724 | 973,272 |
| Lodge Grass | 73,980 | 7,668 | 81,648 | Hingham | 10,474 | 1,041 | 11,515 |
| Crow Tribal Council | 737,541 | 118,673 | 856,214 | Jefferson County | 950,585 | 130,199 | 1,080,784 |
| Northern Cheyenne | 620,012 | 98,136 | 718,148 | Boulder | 126,927 | 16,618 | 143,545 |
| Blaine County X | 1,160,082 | 156,124 | 1,316,206 | Whitehall | 66,181 | 20,597 | 86,778 |
| Chinook | 140,704 | 22,776 | 163,480 | Judith Basin County | 607,356 | 88,282 | 695,638 |
| Harlem | 95,666 | 15,369 | 111,035 | Hobson | 10,352 | 1,596 | 11,948 |
| Fort Belknap Council | 326,939 | 54,062 | 381,001 | Stanford | 43,832 | 8,451 | 52,283 |
| Broadwater County | 505,185 | 57,741 | 562,926 | Lake County | 2,634,526 | 376,569 | 3,011,095 |
| Townsend | 156,549 | 17,107 | 173,656 | Polson | 300,578 | 55,207 | 355,785 |
| Carbon County | 1,380,507 | 214,882 | 1,595,389 | Ronan | 196,357 | 31,646 | 228,003 |
| Bearcreek | 4,332 | 127 | 4,459 | St. Ignatius | 69,060 | 9,320 | 78,380 |
| Bridge | 69,783 | 14,961 | 84,744 | Lewis & Clark County | 2,619,884 | 417,780 | 3,037,664 |
| Fromberg | 13,808 | 4,859 | 18,667 | East Helena | 190,440 | 27,209 | 217,649 |
| Joliet | 32,711 | 5,227 | 37,938 | Helena | 1,697,402 | 252,558 | 1,949,960 |
| Red Lodge | 200,833 | 38,793 | 239,626 | Liberty County | 486,859 | 77,623 | 564,482 |
| Carter County X | 421,572 | 59,817 | 481,389 | Chester | 76,022 | 12,418 | 88,440 |
| Ekalaka | 25,375 | 3,683 | 29,058 | | | | |
| Cascade County | 6,148,688 | 857,924 | 7,006,612 | Lincoln County | 1,073,420 | 220,864 | 1,294,284 |
| Belt | 81,870 | 10,472 | 92,342 | Eureka | 82,805 | 11,619 | 94,424 |
| Cascade | 55,392 | 7,525 | 62,917 | Libby | 307,264 | 56,544 | 363,808 |
| Great Falls | 5,848,819 | 776,057 | 6,624,876 | Troy | 49,899 | 10,193 | 60,092 |
| Helena | 11,065 | 2,039 | 13,104 | Rexford | 3,046 | 635 | 3,681 |
| Chouteau County | 815,724 | 100,451 | 916,175 | McCone County X | 477,833 | 85,377 | 563,210 |
| Big Sandy | 34,066 | 4,359 | 38,425 | Circle | 67,777 | 7,025 | 74,802 |
| Fort Benton | 95,303 | 15,473 | 110,776 | Madison County X | 851,406 | 178,800 | 1,030,206 |
| Geraldine | 21,671 | 1,727 | 23,398 | Sheridan | 26,634 | 3,332 | 29,966 |
| Chippewa Cree Council | 199,759 | 30,439 | 230,198 | Twin Bridges | 48,413 | 5,777 | 54,190 |
| Custer County | 1,599,642 | 173,192 | 1,772,834 | Virginia City | 10,499 | 2,466 | 12,965 |
| Ismay | 778,120 | 136,223 | 914,343 | Ennis | 28,949 | 5,471 | 34,420 |
| Daniels County | 539,926 | 66,398 | 606,324 | Meagher County | 457,783 | 64,217 | 522,000 |
| Flaxville | 12,701 | 1,350 | 14,051 | White Sulphur Springs | 78,711 | 13,126 | 91,837 |
| Scobey | 86,797 | 16,396 | 103,193 | Mineral County | 474,007 | 61,881 | 535,888 |
| Fort Peck Tribal Board | 805,071 | 129,230 | 934,301 | Alberton | 31,024 | 3,744 | 34,768 |
| Dawson County | 1,123,750 | 147,438 | 1,271,188 | Superior | 88,960 | 11,236 | 100,196 |
| Glencive | 478,467 | 80,303 | 558,770 | Missoula County | 4,817,098 | 758,600 | 5,575,698 |
| Richey | 24,521 | 3,297 | 27,818 | Missoula | 3,018,615 | 506,600 | 3,525,215 |
| Deer Lodge County | 1,932,135 | 406,895 | 2,339,030 | Musselshell County X | 706,188 | 84,808 | 790,996 |
| Anaconda | 1,505,663 | | 1,505,663 | Melstone | 22,923 | 1,000 | 23,923 |
| Fallon County | 842,985 | 120,362 | 963,347 | Roundup | 242,824 | 44,000 | 286,824 |
| Baker | 139,306 | 15,070 | 154,376 | Park County | 1,199,701 | 188,558 | 1,388,259 |
| Plevna | 9,939 | 1,089 | 11,028 | Clyde Park | 11,627 | 1,867 | 13,494 |
| Fergus County | 1,701,939 | 228,421 | 1,930,360 | Livingston | 764,718 | 117,057 | 881,775 |
| Denton | 35,502 | 6,074 | 41,576 | Petroleum County | 138,166 | 18,471 | 156,637 |
| Grass Range | 6,317 | 976 | 7,293 | Winnett | 17,702 | 3,252 | 20,954 |
| Lewis and Clark | 639,543 | 119,768 | 759,311 | Phillips County X | 996,885 | 152,450 | 1,149,335 |
| Moore | 10,172 | 2,720 | 12,892 | Dodson | 13,314 | 2,283 | 15,597 |
| Winifred | 10,307 | 4,054 | 14,361 | Malta | 213,575 | 45,109 | 258,684 |
| Flathead County | 4,723,036 | 893,090 | 5,616,126 | Saco | 24,637 | 2,803 | 27,440 |
| Columbia Falls | 371,405 | 49,929 | 421,335 | Pondera County | 1,287,567 | 176,099 | 1,463,666 |
| Kalispell | 1,195,423 | 216,994 | 1,412,417 | Conrad | 230,721 | 33,815 | 264,536 |
| Whitefish | 510,019 | 75,969 | 585,988 | Valier | 59,276 | 8,685 | 67,961 |
| Flathead Tribal Council | 646,666 | 100,531 | 747,197 | Powder River County X | 604,956 | 80,377 | 685,333 |
| Gallatin County | 2,764,729 | 425,336 | 3,190,065 | Broadus | 37,154 | 3,684 | 40,838 |
| Belgrade | 125,531 | 30,612 | 156,143 | Powell County | 774,332 | 100,262 | 874,594 |
| Bozeman | 1,580,600 | 300,728 | 1,881,328 | Deer Lodge | 190,317 | 41,884 | 232,201 |
| Mannattian | 108,717 | 6,736 | 115,453 | Prairie County X | 393,318 | 54,653 | 447,971 |
| Three Forks | 67,795 | 10,862 | 78,657 | Terry | 54,650 | 9,210 | 63,860 |
| West Yellowstone | 64,413 | 30,615 | 95,028 | Ravalli County | 2,433,782 | 302,907 | 2,736,689 |
| Garfield County | 430,345 | 59,263 | 489,608 | Darby | 53,313 | 9,408 | 62,721 |
| Jordan | 18,033 | 2,623 | 20,656 | Hamilton | 351,969 | 55,248 | 407,217 |
| Glacier County | 1,276,025 | 140,973 | 1,416,998 | Stevensville | 106,307 | 14,773 | 121,080 |
| Browning | 138,625 | 14,391 | 153,016 | Richland County | 1,926,056 | 303,086 | 2,229,142 |
| Cut Bank | 199,233 | 27,258 | 226,491 | Fairview | 103,197 | 13,594 | 116,791 |
| Blackfeet Tribal Council | 1,282,184 | 216,702 | 1,498,886 | Sidney | 293,073 | 36,999 | 330,072 |
| Golden Valley County | 199,116 | 22,572 | 221,688 | | | | |
| Lavina | 7,251 | 888 | 8,139 | | | | |
| Ryegate | 10,173 | 1,591 | 11,764 | | | | |

General Federal Revenue Sharing - Montana

Proposed - June 11, 1979 to 11/1/79
8.1.1979 to 11/1/79

| | E. P. 1 - 10 | E. P. 11 | Total E. P. 1 - 11 |
|--------------------|---------------|--------------|-----------------------|
| Roosevelt County | \$1,212,787 | \$177,434 | \$1,390,221 |
| Bainville | 10,525 | 1,307 | 11,832 |
| Brockton | 16,974 | 3,549 | 20,523 |
| Culbertson | 66,534 | 7,823 | 74,357 |
| Froid | 29,986 | 5,108 | 35,094 |
| Poplar | 84,026 | 13,380 | 97,406 |
| Wolf Point | 242,766 | 27,931 | 270,697 |
| Rosebud County | 1,187,886 | 236,892 | 1,424,778 |
| Forsyth | 123,641 | 26,093 | 149,734 |
| Sanders County | 1,295,617 | 200,864 | 1,496,481 |
| Hot Springs | 40,182 | 6,210 | 46,392 |
| Plains | 121,291 | 23,357 | 144,648 |
| Thompson Falls | 74,900 | 17,150 | 92,050 |
| Sheridan County | 690,541 | 67,792 | 758,333 |
| Medicine Lake | 31,203 | 3,176 | 34,379 |
| Outlook | 5,270 | 599 | 5,869 |
| Plentywood | 129,533 | 11,016 | 140,549 |
| Westby | 20,789 | 1,545 | 22,334 |
| Silver Bow County | 5,303,176 | --- | 5,303,176 |
| Butte | 2,766,978 | 987,569 | 3,754,547 |
| Walkerville | 58,689 | 7,398 | 66,087 |
| Stillwater County | 808,094 | 148,527 | 956,621 |
| Columbus | 128,235 | 23,886 | 152,121 |
| Sweet Grass County | 602,256 | 59,292 | 661,548 |
| Big Timber | 109,832 | 20,816 | 130,648 |
| Teton County | 1,156,107 | 165,924 | 1,322,031 |
| Choteau | 80,970 | 12,183 | 93,153 |
| Dutton | 27,063 | 1,431 | 28,499 |
| Fairfield | 80,349 | 8,697 | 89,046 |
| Toole County | 1,175,384 | 159,479 | 1,334,863 |
| Kevin | 24,053 | 929 | 24,982 |
| Shelby | 193,246 | 27,399 | 220,645 |
| Sunburst | 19,985 | 2,780 | 22,765 |
| Treasure County | 196,520 | 28,484 | 225,004 |
| Hysham | 40,610 | 6,027 | 46,637 |
| Valley County | 1,589,915 | 220,641 | 1,810,556 |
| Glasgow | 426,294 | 87,403 | 513,697 |
| Nashua | 39,347 | 8,046 | 47,393 |
| Opheim | 18,942 | 3,563 | 22,505 |
| Wheatland County | 500,167 | 68,994 | 569,161 |
| Harlowton | 100,467 | 13,317 | 113,784 |
| Judith Gap | 6,209 | 1,270 | 7,479 |
| Wibaux County | 339,532 | 46,669 | 386,201 |
| Wibaux | 25,041 | 3,381 | 28,422 |
| Yellowstone County | 6,362,622 | 989,579 | 7,352,201 |
| Billings | 6,605,609 | 905,213 | 7,510,822 |
| Broadview | 10,596 | 911 | 11,507 |
| Laurel | 414,914 | 71,350 | 486,264 |
| Total | \$123,221,422 | \$18,165,781 | \$141,387,203 |

terminate.

In spite of the impressive sound-
ing ritual of public hearings and
public input enunciated by the
Department of Treasury, the gen-
eral public appears unaware of the
millions of dollars being paid to
state and local governments.
Many taxpayers are unaware of the
amount of money coming to the
cities and counties and how the
amounts are spent. Montax sug-
gests that local chambers of com-
merce and other groups as well as
the press should make it a point to
find out and publish revenue shar-
ing expenditures, along with com-
plete information regarding other
sources of revenue such as "in
lieu" tax payments from the fed-
eral government and funds other
than property taxes which flow
from gasoline taxes, liquor taxes
and the like.

Tables in this publication indi-
cate the allocation to all local
governments in Montana of Enti-
tlement Periods 1-10 plus Entitle-
ment 11 that will be distributed for
the period October 1, 1979 to Sep-
tember 30, 1980.

The allocations are determined
through a five factor formula cal-
culation including population,
urbanized population, population,
inversely weighted for per capita
income, income tax collections,
and general tax effort. Revisions
are made from original estimated
allocations according to data
changes.

* Estimated - Current fiscal data not reported.

Source: Office of Revenue Sharing, Department of the Treasury.

State, Local Entities in Montana Will Get Another \$27 Million Under Revenue Sharing

State and local governments in Montana are slated to receive another \$27.2 million in federal revenue sharing according to the Treasury Department. Of the total, \$8.9 million will be received at the state level and \$18.3 million will be doled out to counties and municipalities. This will be the final payments totalling \$212.1 million being received by the State of Montana since the inception of the federal revenue sharing program authorized by the 1972 Congress. The 1972 Congress appropriated \$30.2 billion over five years and the 1976 Congress extended revenue sharing through 1980 with another \$25.4 billion dollars.

In September, 1980 the final payments under Entitlement Period 11 will be made. In the

meantime pressure groups and politicians representing cities, counties and states that want to keep on enjoying the "free" money which flows from Washington under the revenue sharing plan will be busy lobbying for yet another extension.

State taxpayers associations have generally opposed the federal revenue sharing plan on the basis that the federal government has nothing to share. At their 1979 Annual Meeting in Kalispell, Montana, the Western States Taxpayers Conference adopted a Resolution opposing the extension of federal revenue sharing as being detrimental to sound state, local and federal fiscal policy. The program has not only skyrocketed the National debt now approaching \$879 billion dollars with a

\$65.7 billion interest price tag, but is a major contributor to the breakdown of the federal system by eroding the ability of the local electorate to reasonably hold its public officials accountable for their actions.

The association executives noted that state governments are generally carrying large surpluses that in turn have been caused, at least in part, by federal handouts to the states. Likewise, this has caused state governments as well as local governments to establish new programs and spending levels that have not been approved and, probably would not have been approved, by the general electorate.

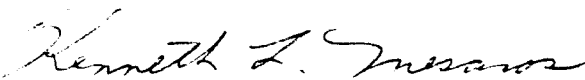
The Resolution urges Congress to allow the general federal

Senate Bill 47 Hearing
Ken Mesaros-Foothills Livestock Assoc.

Ken Mesaros, Rancher from Cascade, Secretary of the Executive Board of the Foothills Livestock Assoc., Cascade County. The Foothills Livestock Assoc. is a marketing association with 100 (one hundred) members marketing approx. 10,000 head of cattle.

Now that cattle production costs are rising much more rapidly than cattle prices, we as cattlemen have been particularly hard hit; Therefore; We of the Foothills Livestock Assoc. strongly support Senate Bill 47. A reduction in the tax assessment will certainly help provide for continuity of the family farm and ranch operations. May it stand on record the the Foothills Livestock Assoc. supports this bill.

Respectfully submitted,



Kenneth L. Mesaros

~~CARBON~~
NAME Raymond F. GERRINGA BILL No. S.B. 47
ADDRESS Boyd, MT. DATE FEB. 23, 1981
WHOM DO YOU REPRESENT CARBON COUNTY CATTLE CO
SUPPORT X OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

WE STRONGLY SUPPORT S.B. 47 FOR A MORE FAIR ~~EQUITABLE~~ TAXATION ON FEEDLOT CATTLE. THIS PAST YEAR WE HAVE SEEN 25,000 HD CATTLE LEAVE MONTANA + GO INTO WYO. WHERE THERE IS NOT A TAX ON CATTLE. WE CANNOT AFFORD TO LOSE ANYMORE BUSINESS TO OUT OF STATE INTEREST. IF THE PRESENT TREND CONTINUES WE WILL SEE A COMPLETE COLLAPSE OF FEEDING IN MONTANA. THIS PAST FIVE YEAR PERIOD HAS SEEN A DECLINE FROM 160,000 HD ON FEED TO 25,000. IN THE FUTURE WE WILL ENCOURAGE CUSTOMERS AND RANCHERS IN OUR AREA TO PAY TAXES UNDER PROTEST & IF THIS MATTER ISN'T TAKEN UNDER CONSIDERATION AND A FAIRER TAX PLACED ON CATTLE

Ray Gerringa

NAME Stan Brown BILL No. SB 47
 ADDRESS Payor Star Route, Billings DATE 2/23/81
 WHOM DO YOU REPRESENT John R. Scott & Sons (dba) Scott Feedlot
 SUPPORT ✓ OPPOSE AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

① As the operators of ^{one of} the dipping vats for the state Scabbies Prevention program, we talk to a lot of people bringing cattle into the state. A lot of people are not bringing cattle to the state due to the excessive taxes.

② We have a feedlot with a one-time capacity of 30,000 head. It is about half full right now & will be less than that this summer. We can't compete with feedlots in neighboring states that do not have any livestock tax.

Decreasing the tax will bring a lot of cattle, a lot of business & a lot of money into the state.

TRANSLATION OF
EXHIBIT - 11 Kth
NAME CHARLIE PIERCE Bill No. SB 47
ADDRESS LIVINGSTON DATE FEB 23
WHOM DO YOU REPRESENT SEE BELOW
SUPPORT ✓ OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

REPRESENTING: AGRICULTURAL PRESERVATION ASSOCIATION
PARK COUNTY LEGISLATIVE ASSOCIATION
SWEETGRASS COUNTY PRESERVATION ASSOCIATION
STILLWATER COUNTY AGRICULTURAL LEGISLATIVE ASSOCIATION

NAME Groene Snider Bill No. SB 47
ADDRESS Gilt Edge Rt. DATE _____
WHOM DO YOU REPRESENT W. I. F. E.
SUPPORT X OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

NAME Chris Ann Tobin BILL No. SB 47
ADDRESS Helena DATE 2-23-81
WHOM DO YOU REPRESENT Mont. House & Imp. Comm.
SUPPORT X OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

Taxation 2/27/81
EXHIBIT

INVENTORY TAX COMPARISON

BETWEEN

A COW-CALF OPERATION AND INVENTORIED BUSINESS

Deah Randash
Livingston, Mt.

COW-CALF OPERATION:

INVENTORY EVALUATION-

For the purpose of analysing these two business operations let's use a cow-calf operation of 110 cows, which will create a cattle inventory value of \$70,000.00 as determined by the Montana Department of Revenue on the assessed market value. The inventory breakdown will be as follows:

1. 110 cows at \$520.00
2. 20 replacement heifers at \$350.00 per heifer
3. 5 bulls at \$1160.00 each

ANNUAL DOLLAR INCOME:

Allowing for cows that do not calve and calves that die at birth, from disease or other causes, let's hope for a 90% survival rate which would yield 99 live calves. Let us assume that there will be 50 steer calves which will grow to a market weight of 500 lbs. and 49 heifer calves, which will weigh 400 lbs. at market time. Let's use last years market prices which were .80¢ for steers and .72¢ for heifers. The calculation of gross income from calves is as follows:

50 steer calves (x) 500 lbs. (x) .80¢ per lb. = \$20,000.00

49 heifer calves (x) 400 lbs. (x) .70¢ per lb. = \$14,000.00

Total income from calves \$34,112.00

INVENTORY TAX EVALUATION

Eight percent of the Montana Department of Revenue assessed market value of cattle inventory is the taxable value. In this case, \$70,000.00 inventory would yield a taxable inventory of \$5,600.00 is 16% of the total gross income (\$34,112.00) generated before any operation expense such as wages, equipment depreciation and feed or grain. Feed and grain is an expense that should be considered a cost of goods, a cost to produce

the finished product (a marketable calf). This would further lower the gross operation income before other expenses are considered.

$\$5,600.00$ taxable value \div $\$34,112.00$ Total income = 16.4%

BUSINESS INVENTORY OPERATION:

INVENTORY EVALUATION-

The inventory value of a business is determined on a last in-first out (LiFo) or a first in-first out (FiFo) basis as is determined by actual invoice receipts.

BUSINESS ANNUAL DOLLAR INCOME-

Let us assume that a \$70,000.00 business inventory will turnover two times (most businesses turn their inventory many more times than this), this will generate a cost of goods sold of \$140,000.00.. If the business generates a gross profit margin of 25%, then \$140,000.00 worth of goods will have sold for a total of \$187,000.00. This leaves the business with a gross profit margin or gross income before any expenses, of \$47,000.00.

INVENTORY TAX EVALUATION:

Businesses are imposed a tax of 4% on the inventory value. In this case, 4% of \$70,000.00 is \$2,800.00 taxable inventory. The percentage of taxable value to gross income is 5.9%.

$\$2,800.00$ taxable value \div $\$47,000.00$ Total income = 5.9%

SUMMARY:

| | BUSINESS INVENTORY % | CATTLE INVENTORY % | DIFFERENCE |
|-------------------------------|----------------------------|--------------------------|------------|
| TAXABLE INV. ÷ GROSS INCOME | 5.9 | 16.4 | 2.8 Times |
| TAXABLE INV. ÷ GROSS SALES | 1.5 | 16.4 | 10.9 Times |
| TAXABLE INV. ÷ COST OF INV. | 4.0 | | |
| TAXABLE INV. ÷ MARKET VALUE | | 10.0 | 2.5 Times |
| TAXABLE INV. ÷ ASSESSES VALUE | | 8.0 | 2.0 Times |

The inventory tax comparison between these two businesses is totally inequitable. The rancher with a cow-calf operation pays 16.4% of his sales in inventory tax, the inventoried business pays 1.5%. The rancher pays 16.4% of his total gross income while the business pays 5.9%. The Rancher is unable to pay inventory tax on the true cost of his product as the inventoried business does, but has to pay twice the rate (8%) on an assessed value which is established by the Montana Department of Revenue.

The assessed value is supposed to be a market value but in fact is greater than the market value.

The rancher in the past has been more than willing to contribute their fair share but this is a gross injustice. Inventoried businesses are able to pass tax increases through their price structure on to the consumer, but the rancher has to accept the market price at the time he goes to market. He is the least able to pay tax levies. I feel, as I hope the rest of the business community would, that this injustice needs rectification.

The ranching industry is very important to Montana's economy. We can not afford to choke it to death by continually assessing it more and more of the tax burden.

Please pass Senate Bill #47.

INVENTORY BUSINESS

187,000.00 TOTAL SALES

GROSS INCOME
(BEFORE
EXPENSES)
\$ 47,000

25% GROSS MARGIN
OR GROSS INCOME
\$ 47,000.00

15%

\$ 140,000.00

COST OF
GOODS SOLD

5.9%

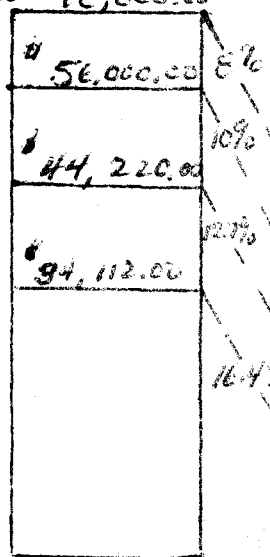
CATTLE BUSINESS (COW-CALF)

ASSESSED INV. VALUE \$ 70,000.00

TRUE
MARKET VALUE

LESS BULLS &
REPLACE. MONT
HEIFERS

TOTAL SALES
OR GROSS INCOME



TITRABLE VALUE

\$ 2800.00

\$ 80,000.00

INV. VALUE
BEFORE CLEARANCE
SALE

\$ 70,000.00

END OF YEAR
INV. VALUE
(COST)

4%

NAME Elizabeth Berg Bill No. 47
ADDRESS Newton, Ont. DATE 2/23/81
WHOM DO YOU REPRESENT H
SUPPORT X OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

The ranchers are willing to carry
our share of the tax burden but we
feel strongly that we want to share fairly
the burden as well as the benefits
of government. Please do pass this bill.
Thank you for your time.

NAME John F. [unclear] Bill No. 8

ADDRESS 1415 [unclear] [unclear] DATE 2/20/68

WHOM DO YOU REPRESENT Mayor

SUPPORT X OPPOSE AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

My name is Sherry Filds. My husband, Lee, has a cow-calf operation north
east of Lewistown in Central Montana. I own a commercial cow herd which
is financed seperately. 2/23/81
EXHIBIT
M

I urge you to pass Senate Bill 47 to alleviate the unfair tax burden carried by the cattlemen of Montana. Not only do we pay a large share of the property tax because of the inflated value of land, but our cattle are apparently considered a superior type of inventory. They are taxed higher than business inventory despite the fact that, unlike business inventory, we do not sell our product at a profit several times a year.

Our inventory needs a continual input to keep it producing while businessmen have their initial cost, hold their inventory until it is sold, then restock and sell again. With cattle you must add grass, water, salt and bulls. At no time do those cows stop eating. And they only produce once a year.

The businessman pays his taxes on his inventory as it comes to him from the manufacturer, at that cost. The cattleman pays his taxes on an arbitrary formula determined by the Department of Revenue, based on no easily understood, known or basic formula.

One of the arguments recently advanced against SB 47 is that in some counties with large amounts of BLM land those who run on BLM land do not pay as much taxes as those who have deeded land. Opponents of SB 47 therefore maintain that all cattlemen should pay more taxes to make up for those taxes lost on the BLM land.

I do not see why I should have to pay a larger share of taxes than a businessman simply because someone else in my industry does not run on deeded land. It would make as much sense to assess a double tax on inventory

owned by a businessman who rents his building.

Politicians and the press in Montana are fond of emphasizing the importance of agriculture in this state, and to the state. Your support of SB 47 is an opportunity to pay more than lip service to agriculture.

I would like to thank the members of this committee for allowing me this opportunity to speak for myself, my family and my industry.

February 23, 1981

Distinguished Representatives of the Taxation Committee:

I'm grateful for the opportunity to address you. I only feel bad in that there are many livestock operators across the State that you will not hear from because of lack of knowledge of the issue that you are working with or distances and time involved. Some of these operators you will not hear from because of the feelings that no matter what they say and think, the politicians and bureaucrats will call the shots any how.

My name is Gene Chapel. I operate and am trying to pay for a cow-calf operation in the foothills of the Snowy Mountains about 8 miles south of Lewistown.

The Livestock Tax is a very important item in my operation as well as the whole livestock industry. Senate Bill 47 that we are addressing today is a step in the right direction towards alleviating some of our burdens.

We are not so naive that we believe that we shouldn't share in the burden of taxes but we know that we are carrying a very disproportionate share of the tax load. As a taxation committee you should take a good look at the method that our taxes are arrived at.

Legislature gave us some relief in last session and then turned around and came in the back door on how the valuation of our livestock is determined and guess who came out losers? You're right, the cattle operators.

Remember we only get to sell once a year, and that is only our production that we sell. Our inventory is always present and only have the opportunity to turn it once, unlike other businesses that turn their inventory many times throughout the year. I guess what I'm trying to say is that we need Senate Bill 47 but please don't roll the loss of revenue back on the livestock industry in some other manner.

I thank you for allowing me this time and you people by virtue of your office have the power to help us or the power to throw an already distressed industry further backwards.

Respectfully submitted,



Gene Chapel, Vice-President
Rt. 1, Box 1858
Lewistown, Montana 59457

Farm Bureau

We the undersigned residents and livestock producers of
North Central Montana do hereby ask and encourage the members of
the House Taxation Committee to support the passage of Senate Bill 47.

Butler J. Allen — Chinook

Don Ross — Chinook

James T. Smith — Chinook

^{Don Ross}
Rich Cook — Harlem

Hansen Farming Co. — Harlem

John A. Overcast — Chinook

Embrose P. Baker — Chinook

Eugene Thorne — Chinook

Sam V. Cronk — Harlem

Ken Regel — Turner

John C. Halpermann — Chinook

Gerome D. Baker — Havre

Noel E. Mene — Malta

Carl H. Kueger — Harlem

Douglas L. Mitchell — Chinook

Larry Bennett — "

Mike Kanner

Gene Cowell

Wm. H. ...

Harlem Rural Sub
Harlem, Mt.

Wm. H. ...

We the undersigned residents and livestock producers of
North Central Montana do hereby ask and encourage the members of
the House Taxation Committee to support the passage of senate Bill 47.

Francis Chapman
Hugh Hutton
Clifford W. Hutton
Arthur J. Holman
Jack Young
Gordon H. Hagen
Wesley Middles
Bob Young
Robert H. Saylor
Wm. Dean
Wm. H. H. H.

Chinook
Lull
Turner
Chinook
Gloyd
Chinook
Chinook
Chinook
Chinook

VISITORS' REGISTER

HOUSE

TAXATION

COMMITTEE

BILL

HB 47

Date

23 Feb 81

SPONSOR

Sewerson

| NAME | RESIDENCE | REPRESENTING | SUP- PORT | OP- POSE |
|-----------------|-------------|--------------------------|--------------|-------------|
| CJ Ruffatto | Stevenville | | ✓ | |
| Jack Brown | Livingston | Park County Stockgrowers | ✓ | |
| Edward Handberg | Big Lake | F. B. | ✓ | |
| Steve McCallum | Lewistown | | ✓ | |
| Bruce McIntire | " | " | ✓ | |
| Pat McElreath | Laramie | | ✓ | |
| Steve Brown | Billings | John R. Scott & Sons | ✓ | |
| Randy Beck | Helena | MT Cattle Credit/leasing | ✓ | |
| Bill Asher | MANHATTAN | APA PCA SPCA & SCALA | ✓ | |
| LARRY LATTIN | Boulder | Agriculture (Kyle Ranch) | ✓ | |
| Keith Anderson | Helena | Montana Taxpayers Assoc | ✓ | |
| Gene Ann Tolson | Helena | Mont. Wildlife & Angling | ✓ | |
| Art Roth | Big Sandy | self | ✓ | |
| Elizabeth Berg | Lewistown | self and family | ✓ | |
| Don Field | Lewistown | self | ✓ | |
| LEE FIELDS | Lewistown | self | ✓ | |
| Norma Lind | Lewistown | Norma Lind & Son | ✓ | |
| Dick Morgan | Belgrade | self | ✓ | |
| Norma Morgan | Belgrade | self | ✓ | |
| Paul Skinner | Belgrade | self | ✓ | |

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

HOUSE TAXATION

COMMITTEE

BILL SB 47Date 2/23/81SPONSOR Severson

| NAME | RESIDENCE | REPRESENTING | SUP- PORT | OP- POSE |
|-----------------------------|-------------------------|---------------------------------------|--------------|-------------|
| Edgar Lewis | Laumia | | ✓ | |
| Kenneth Anderson | Melville | | ✓ | |
| Lucille Anderson | Melville | | ✓ | |
| Harry Gibson | Bozeman | | ✓ | |
| Stan Mikosink | Belgrade | | ✓ | |
| Jayce Mikosink | " " | | ✓ | |
| John Lidgren | Joliet | Mt. Carey Bollen | ✓ | |
| Paul A. Johnson | | | ✓ | |
| John A. Say | Deer Lodge | Mt. Cattle Feeders | ✓ | |
| Charlie Paison | Livingston | Highland | ✓ | |
| Walter Haffland | " | 1st Bank Livingston | ✓ | |
| Ken Spaulding | " | Park Co. Comm. | ✓ | |
| Walter Sanders | Wilsall | Sanders Hardware | ✓ | |
| DEAN RANDASH | LIVINGSTON | CENTRAL MOTOR Supply | ✓ | |
| Graig Kuehnle | Sumatra | | ✓ | |
| Carl Baldwin Jr | Steenerville | | ✓ | |
| Jerome Jackson | Sumatra | | ✓ | |
| Tom Ruffath | Stevensville | | ✓ | |
| Ken Treason | Cascade | Foothills Livestock Assoc. | ✓ | |
| Geo. I. Natch | Roundup | M S G A | | |

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

HOUSE

TAXATION

COMMITTEE

BILL

47

Date

23 Feb

SPONSOR

Severson

| NAME | RESIDENCE | REPRESENTING | SUPPORT | OPPO |
|---------------------|------------|---------------------------|---------|------|
| Harold R. Rasmussen | Cherokee | | ✓ | |
| Nike Stepler | Helena | MT Assoc. of Co | | X |
| Vi Adams | Wintour | Fallon, Williams & Carter | ✓ | |
| Bob Gilbert | Helena | MT Wool Growers Assn | ✓ | |
| Tom Hager | Billings | Mr Egg Council | ✓ | |
| Jack Asay | Deer Lodge | MT Cattle Feeders | X | |
| Jim Shannan | Shelby | NFD + MCA | X | |
| Harold L. Bous | Billings | John R. Scott & Sons | ✓ | |
| Don Brown | Warden | Rancher | ✓ | |
| RAYMOND GERRINGA | BOYD | CARBON COUNTY RATTIG CO | ✓ | |
| John R. Scott | Billings | Scott Feedlot | ✓ | |
| Ken Spalding | Livermore | | | |
| Mary Jo Johnson | Livermore | | ✓ | |
| Carl Johnson | Livermore | Rancher | ✓ | |
| Pat Woodard | Marathon | MT Farm Bureau | ✓ | |
| Delores Galt | Corvallis | Rancher | ✓ | |
| John Fales | Corvallis | Rancher | ✓ | |
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IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

HOUSE _____ COMMITTEE _____

BILL

Date _____

SPONSOR _____

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

NAME John ASAY Bill No. SB 47
ADDRESS 800 5th St. DATE _____
WHOM DO YOU REPRESENT Montana Cattle Feeders Assn
SUPPORT X OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

WITNESS STATEMENT

NAME Jane Lindgren, Pres. BILL No. 47
ADDRESS Calistoga, Montana DATE July 23, 1981
WHOM DO YOU REPRESENT Montana Cattle Feeders
SUPPORT ✓ OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

5-34

NAME Hayne Gibson BILL No. 47
ADDRESS Box 910 Bozeman DATE 2/20/81
WHOM DO YOU REPRESENT First Security Bank of Bozeman
SUPPORT ✓ OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

NAME Dean Randall BILL No. 47
ADDRESS Box 674 Livingston, Mt. DATE 2-23-81
WHOM DO YOU REPRESENT CENTRAL MOTOR Supply
SUPPORT ✓ OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

WITNESS STATEMENT

Name Ann Scott Date 2/23/81
Address Great Falls Support ? ✓
Representing Montana Farmers Union Oppose ? _____
Which Bill ? SB 47 Amend ? _____

Comments:

Montana Farmers Union
strongly supports!

Ann Scott

NAME Bud Pile Bill No. _____
ADDRESS Grey Cliff DATE 23 Feb '81
WHOM DO YOU REPRESENT Self
SUPPORT X OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

NAME Oliver Franklin Bill No. SB 47
ADDRESS P.O. Box 613 - Helena DATE _____
WHOM DO YOU REPRESENT Montana Cattleman Ass'n
SUPPORT X OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

attached -

Presented by
Jack Asby

WITNESS STATEMENT

Name Ray Beck Date 2/23/81
 Address 7 Edwards Support ? X
 Representing Nat Assoc / Cons Dist / St Grazing Dist Oppose ?
 Which Bill ? SB 47 Amend ?

Comments:

The Nat Association of Conservation Districts,
 and the Nat Assoc of State Grazing Districts
 would like to go on record as being in
 support of Senate Bill 47.

Thank-you

Ray Beck

Please leave prepared statement with the committee secretary.

we feel that S.B. 47 however is not the total answer it is a definite step in the right direction to help assist ~~our~~ ^{the} distressed industry.

WITNESS STATEMENT

NAME Mrs. Teigen BILL No. 47
ADDRESS Helena DATE 2/23/81
WHOM DO YOU REPRESENT ML Stockgrowers also Mt. Chamber of Commerce
SUPPORT X OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

Main Street business, understands the
message that SB 47 is trying to correct.
We support the bill.

Montana Cattlemens Association

As many of you know Senate Bill 47 is one of the most widely supported of all the proposed Senate Bills, with thirty seven co-signers it proves to be both equitable and necessary.

This reduction will also make Montana more competitive in attracting outside herds into the state from Canada and other surrounding states for feeding and slaughter. Again increasing the amount of tax money and increasing job opportunity.

This Legislature is attempting, in other deliberations to create an economic climate in which agriculture may continue and yet enable the young or beginning farmer to compete and survive.

Not only is Senate Bill 47 an equitable request but its consideration and passage will give a beginning rancher a better chance of survival through tax equity rather than increased loan funds and interest burden.

There have been projections that this measure will cause a loss of 7 to 8 million dollars in revenue. However, this is shortsighted in that the reduction will inevitably lead to increased numbers of cattle on farms and ranches and in feedlots. The shift in tax burden will fall on both the livestock producer's pasture as well as other agricultural lands. And within a short time should again stabilize at nearly the same levels per individual producer and per county due to recapture of cattle population.

We urge favorable action and a "do Pass" for this bill and for the cattle industry which provides so much to the economy of Montana.

Phil Ringling
President

P. O. Box 827
Livingston, Montana

21 February 1981

Senator Pat Goodover
Chairman, Taxation Committee
Montana State Senate
Helena, Montana

Dear Sir:

Just want to let you know that I am fully supporting the changes in livestock taxation proposed under Senate Bill No. 47. I hope you will let the House Committee on Taxation know that every rancher I have talked to is in support of the proposed tax reduction, and furthermore, it is desired that the power to levy taxes and set tax values should be removed from the State Department of Revenue. Legislation should delineate the taxes to be levied and the values to be levied upon.

Yours truly,


ARNOLD INDRELAND

NAME Donald D. Martin Bill No. SB49
ADDRESS 1111 1st DATE 2/23/81
WHOM DO YOU REPRESENT National Farmers Organization
SUPPORT X OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

attached

National Farmers Organization

Mr. Chairman, Members of the Committee

As noted Senate Bill 47 is one of the most widely supported pieces of legislation in this session. Thirty seven co-signers are proof that it is an equitable and necessary bill.

Nineteen organizations including the farm groups, the Montana Chamber of Commerce and the Montana Taxpayers Association have urged its passage.

— The Livestock producer faces a drop in prices of up to 30% and this in the face of a 15% inflation factor which reflects a 45% drop in real income to the producer.

— There should be no doubt that a cow in a feed lot is business inventory, there should be no doubt that a cow retained on the ranch to "manufacture" additional inventory is a business expense ^{not an asset} for most of her life.

— The reduction from class 7 to class 6 will cause a relinquishment of tax payments within a county for a short while but the impact may be less than expected.

— The shift from a cow to land is likely to be in the neighborhood of 14¢ per acre and this burden will fall upon the livestock producer as well as the grain producer.

North Dakota, South Dakota, Wyoming and Idaho surround Montana. None of these states have a property tax levied upon cattle.

This fact allows for unfair competition by "outside" packers and feeders who "raid" the Montana economy by advertising their area as one in which no tax is paid.

In the past 2 to 3 years this has been a major factor in the decline of cattle numbers in Montana both on feed and on the ranch.

— The State of Montana has lost the tax revenue on nearly 200,000 head of cattle which are gone from the state in the last several years. This inequitable and punitive tax has been a major contributing factor in this loss. Simply stated "fewer cattle, less tax money."

Perhaps you may think that this bill would also mean "less tax, less money"

but in fact the opposite may be true. By lowering the tax, producers will be more inclined to rebuild their herds, even in the face of high interest rates, in order to make more economical use of their "in place" facilities, pasture and feed.

This in turn will regenerate tax revenue to offset the projected loss within a short period of time. More cattle, more tax money--but at a lower rate.

Ronald G. Hansen
President, NFO

STANDING COMMITTEE REPORT

.....March 17,..... 19 81.....

MR. SPEAKER.....

We, your committee on TAXATION.....

having had under consideration SENATE..... Bill No. 47.....

A BILL FOR AN ACT ENTITLED: "AN ACT TO REMOVE LIVESTOCK, POULTRY, AND THE UNPROCESSED PRODUCTS OF BOTH FROM CLASS SEVEN AND PLACE THEM IN CLASS SIX FOR PURPOSES OF PROPERTY TAXATION; AND PROVIDING AN APPLICABILITY AND IMMEDIATE EFFECTIVE DATE; AMENDING SECTIONS 15-6-136 AND 15-6-137, MCA."

Respectfully report as follows: That..... SENATE..... Bill No. 47.....

BE CONCURRED IN

UNANIMOUSLY