

HOUSE TAXATION COMMITTEE MEETING MINUTES  
April 10, 1981

A meeting of the House Taxation Committee was held on Friday, April 10, 1981 at 8:00 a.m. in the Livestock Auditorium, Dept. of Justice. All members were present except Reps. Williams, Dozier, Zabrocki, Hart, Brand, and Harrington, who were absent. SENATE BILLS 44 and 283 were heard and EXECUTIVE ACTION was taken on SENATE BILLS 17, 19, 44, 77, 102, 192, 210, 269, 322, 361, and 377 and SENATE JOINT RESOLUTION 10.

SENATE BILL 44, sponsored by Sen. Roger Elliott, was heard. This bill raises the exemption level to \$1,000 on the State income tax return. This concept has been disclaimed, but he thought it was reasonable. In 1933 the CPI was 39.2 and in November 1980 it was 256.4. If the exemption was raised proportionately, it would be more than \$6,000.

There were no OPPONENTS to SB 44; there were no questions. Sen. Elliott closed, and the hearing on SB 44 was closed.

SENATE BILL 283, also sponsored by Sen. Elliott, was then heard. This bill would remove from property taxation business inventories. The inventory tax has been reduced over the years. In his research, he found that in business practice, this was a report that was grossly mishandled on the local level.

None of Montana's neighbors have an inventory tax and in 36 States the tax has been dropped or it is in the process of being dropped.

One of the main detriments of the tax is that it discourages the location of wholesale centers in Montana. The tax encourages catalog stores. There are many other problems, regarding lack of inventory and unfairness of the tax. People who don't turn over their inventory very often have to pay the same as those who turn the inventory over 8 or 10 times per year. Also, there are seasonal fluctuations and people who don't have inventory at the right time don't have any tax on it.

If the tax is removed, there will be a shift in the burden of taxation because of the loss in the base. At present, 1.7% of the total property tax burden is from inventory, producing \$7.2 million in revenue out of \$418 million from the property tax as a whole. The effect of this loss will be felt in large Cities. To offset this, it has to be considered that there is an increase in other property taxes every year, which alone per year has never been as low as the loss would be from this bill. The cost associated with enforcement of the tax is high and enforcement is nonproductive, also.

Curt Hansen, Executive Vice President of the Montana Retail Association, then rose in support of the bill. In addition to written testimony, he passed out copies of several letters and petitions which the Association had been asked to present; see

Exhibit "A."

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

A. G. "Slim" Slattery, Montana Retail Association, also spoke up in support of the bill; see Exhibit "C."

Gary Langley, National Federation of Independent Business, then spoke; see Exhibit "D."

Craig Anderson, Controller, Tractor and Equipment Co., then rose in support of the bill; see Exhibit "E."

Dorothy Cosco, Billings, rose in support of the legislation. Her business is dependent upon weather and other conditions beyond her control. Competition will not allow her margin of profit to be expanded because of the tax. Just when they are least able to afford the extra burden, when sales are down, they have the tax levied. Sometimes they have to pay the inventory tax on the same stock two or three times. Unlike many other professions who don't have an actual inventory, they have the inventory and thus have to pay the tax for the privilege of doing business. This is a confiscatory tax. While all other taxes are based on sales or profit, this tax has no relationship with the ability to pay or any other economic factor. Often it works as a double penalty.

Bud Spires, in the tire business, said that Montana was the only State he traveled that had the inventory tax. His distributors and dealers are at a disadvantage because of this. In the past five years the tire distributors have had to increase their inventories 5 to 6 times because of the new tires being marketed. The cost has to be passed on to the consumer and this is inflationary in itself.

Mark Lisac, Lisac's Tires of Butte, then spoke. They have large inventories because of the season and they would like to have this bill approved.

Frank Davis, Executive Director, Montana State Pharmaceutical Association, then rose in support of the bill; see written testimony Exhibit "F." He submitted that the tax wasn't equitable because the Assessor extended some people more honor than others.

Charles R. Brooks, one of the owners of Gibson's Products Co., rose in support of the bill; see Exhibit "G."

Gary Buchanan, Acting Director of the Dept. of Business Regulation and Designated Director of the new Dept. of Commerce, then rose in support of the bill. He stated that the Governor had

asked him to come and rise in support of the bill. One of the main goals of the new Dept. of Commerce is to promote the growth of business in Montana. (1) The inventory tax constrains the ability of Montana business to carry a complete line of goods; (2) the tax doesn't affect all business equally; (3) the tax isn't relative to profit, and actually can be inversely related to the ability to pay, and (4) if the State wants to foster the development of new business, the elimination of this tax will help that. He rose in support of the position of the Summit to replace the loss of revenue to local governments.

Avis Ann Tobin, Executive Vice President of the Montana Hardware and Implement Association, urged passage of the bill.

George Allen, owner of a small retail business in downtown Helena, rose in support of the bill. A few years ago when this was being discussed, he found that his store paid more than \$2,000 in inventory taxes while a catalog store doing the same gross sales paid \$122. Another catalog store did three times his gross sales, but paid \$455. A chain store with a catalog operation did more than five times the volume that he did and they paid just about the same inventory tax. The small retailer trying to give his customers a selection is penalized. This is an inequitable, unfair tax and the small independent is carrying an unfair burden as compared to the majors.

Fred Robinson, manager of Peterson Lumber, Helena, and representing several other lumber dealers throughout the State, rose in support of the bill. They feel this is a very unfair tax. Bad or unwise business decisions are made because when the end of the year comes and the tax is due, they reduce their inventory and then the customer suffers because the stock that is needed isn't available.

Charles Haeffner, Anaconda Chamber of Commerce, wished to go on record in support of the bill. Relief is much needed, especially in Anaconda. Most of their businesses are small ones and their property taxes are high and will be more so if they have to make up for the loss from the Anaconda Co.'s pulling out. He asked that the Committee consider the plight of Anaconda and pass the bill. He said that in order to make the freight rates worth it, stocks are large, and if business is slow, the tax becomes very inequitable. If Anaconda is to progress, new industry is needed. The first thing people want to know when they are considering starting a business in the area is what taxes they will be paying. He submitted that more industry and people are needed in the State.

Lois Topparski, Lenz Cards and Gifts, Butte, and also repre-

senting the Montana Retail Association, rose in favor of the bill. It took them five years to make their business into a money-making entity and during those lean years, it was quite a hardship to pay the inventory tax.

She rose in support of the Governor's effort to create the Dept. of Commerce. However, they had problems concerning how this approach could be effective as long as the inventory tax was still on the books. If the Legislature will provide some kind of interim financing for the Cities and Counties, so they can expand their tax bases, they will come out more than ahead from what they will lose from the absence of the inventory tax.

Loren Davis, Davis Business Machines of Helena, rose in support of the bill. He also represented the Montana Office Machine Dealers Association; see written testimony Exhibit "H."

Irv Dillinger, Executive Secretary of the Montana Building Materials Dealers Association, rose in support of the bill, as did Dave Goss, Billings Area Chamber of Commerce.

Clark Pyfer, Chairman of the Board, Montana Chamber of Commerce, and also a consultant to a CPA firm, rose in support of the legislation. He reemphasized that because of high interest rates, almost everyone is penalized for holding an inventory, even more than in prior years. He emphasized that the Legislature had been billed as pro-business, but up to date, there hadn't been too many concrete evidences of that pro-business legislation being signed into law.

Maynard Olson, Special Assistant to Ed Argenbright, Office of Public Instruction, then spoke. He requested that adequate replacement revenues be found. Schools will be adversely affected if these revenue sources are eliminated or reduced without funding being provided to make up the loss. He stated that he was neither a proponent nor an opponent of the bill.

Roger Tippy, Montana Beer and Wine Wholesalers, stated that that organization was in favor of the bill.

Bill Verwolf, Finance Director, City of Helena, then spoke up, neither in support of nor opposed to the bill. The business community is their lifeblood and they support this. He reminded the Committee that the bill had the prospect of eliminating a revenue source and the Cities and Counties were in dire financial straits as it was, and one of the reasons was because of the tax appraisal system. For property in any area that is not expanding, the tax valuation has remained static, so the only increase in revenue the governments get is from construction or additions. Helena's taxable valuation has increased at less than 2% per year

in the past few years and when increases are compared to the impact from inflation, the Cities can be seen to be slipping further and further behind in their ability to provide services. It is getting down to core services that need funding. Although they don't oppose the bill, they submitted that the Cities, Counties, and School Districts needed replacement revenue.

Mike Stephen, Montana Association of Counties, then rose in OPPOSITION to the bill. He asked, just what should be included on the property tax and what should be eliminated. What is equitable and fair was for the Committee to decide, he submitted. When a bill increases the burden on the property tax, this needs to be scrutinized. He remarked that if the bill passed, they hoped there would be replacement funding in the plans of the Legislature.

Owen Nelson, Montana Education Association, pointed out that 33% of the money for operating public schools presently came from voted tax levies. This bill would reduce that tax base by \$33 million and this will be very detrimental to many of their schools. If the bill would provide for replacement of the lost revenue, they would support it.

Larry Weinberg, Dept. of Revenue, then made some comments. As the agency charged with the duty of valuing the property, they are neutral on the bill. However, he urged the Committee to consider sources of replacement revenue.

Questions were then asked. Rep. Roth asked Mr. Buchanan if he had any suggestions as to the method of replacement of the lost revenue. He replied that he had no comment.

Rep. Roth asked Sen. Elliott for his response. He said it had to be kept in mind that the reduction was \$7.2 million across the State out of much more collected. Taxable value increased more than this every year. He considered that the tax was low enough that it wouldn't have to be replaced. He recognized the fact that there would be a reduction, however. He submitted that there was a considerable amount of saving that could be done by the Cities and Counties.

Rep. Nordtvedt pointed out that the livestock tax classification had been changed to inventory status, and wanted to know if it was the intent of the bill to bring livestock to "0" or to leave it at 4%. Sen. Elliott said there was a section in the bill to provide that if the bill passed, the livestock category would be left at 4%.

Sen. Elliott then closed. Regarding the livestock situation, the Dept. of Revenue just doubled the valuation of livestock, so instead of considering reducing the percentage of assessed valuation in that classification as was done on the real estate level, it

would have made good logic to reduce the rate of assessed to taxable. However, livestock chose instead to take their classified items out of Class 7 and into Class 6 and that had been the problem considering that particular issue.

He said he recognized the problems of the Cities and the Counties and the School Districts. He submitted that his previous comments in that area had been his personal feelings. Their responsibility is to run the Cities, Counties, and School Districts, and to do this, they needed to raise money. Budgets determine mill levy amounts. The fact that the tax base is shrinking points out the fact that mill levies are increasing. He suggested that the Legislature or future ones consider raising the allowable mill limits. He suggested that the Committee look at the size of the budget of the Cities. The problem is the other limits that are put on the governments and not the fact that their tax base is shrinking. He wanted to reinforce the idea that this was only 1.7% of the total tax base. The hearing on SB 283 was then closed.

The Committee then recessed and returned to Room 102 of the State Capitol. The Committee reconvened at 9:50 a.m.; all members were present except Rep. Williams, who was absent.

The Committee went into EXECUTIVE SESSION; Rep. Underdal moved that SENATE BILL 361 BE CONCURRED IN. Rep. Dozier made a substitute motion that the bill BE NOT CONCURRED IN. The question was called for on the substitute motion; motion failed by voice vote. The original motion was then voted on and carried 13 - 3; see roll call vote. Rep. Underdal agreed to carry the bill.

Rep. Oberg then moved that SENATE BILL 377 BE CONCURRED IN. Discussion took place, and the question was called for. Motion carried with Reps. Roth, Zabrocki, Harp and Underdal opposed. Rep. Williams had left a "yes" vote with the Chairman.

SENATE BILL 210 was considered. The argument that an individual's rights might be undercut if another lawsuit was lost was discussed. The language on P. 5, line 24 said that the individual still had rights of appeal on an individual basis. It is only the class action court case that would apply to all people affected. Mr. Oppedahl (Legislative Council) reviewed what the amendment was that the Committee had accepted on March 20; see Exhibit "I."

Rep. Nordtvedt moved that SENATE BILL 210 be taken off the Table and that it BE CONCURRED IN AS AMENDED; motion carried unanimously.

SENATE BILL 322 was considered. Amendments were distributed; see

Exhibit "J." The amendments clarified that there wouldn't be a double deduction. The amendments were moved; motion carried unanimously. Rep. Sivertsen then moved that SB 322 BE CONCURRED IN AS AMENDED; motion carried with Reps. Neuman and Nordtvedt opposed.

Rep. Sivertsen moved that SENATE BILL 192 be TABLED; motion carried with Reps. Roth and Brand opposed.

SENATE BILL 160 was then considered. Rep. Nordtvedt moved that it BE CONCURRED IN. Rep. Harrington questioned the validity of the Fiscal Note. The question was called for and the motion carried 9 - 8; see roll call vote.

Rep. Dozier moved that SENATE BILL 102 BE CONCURRED IN. Discussion took place. Rep. Dozier submitted that the fiscal impact wouldn't be very substantial. Rep. Nordtvedt moved an amendment to P. 3, line 9, at the request of the Senate. The amendment was unanimously adopted. The question was then called for on the bill; motion carried with Reps. Neuman and Oberg opposed.

Rep. Nordtvedt moved to amend SENATE BILL 77 back to 1983; motion carried with Rep. Neuman opposed. Rep. Nordtvedt then moved that SB 77 BE CONCURRED IN AS AMENDED; motion carried unanimously. Rep. Underdal agreed to carry the bill.

Rep. Harp moved that SENATE BILL 44 be TABLED; motion carried unanimously.

SENATE BILL 269 was considered. Joe Thares, Mtn. Bell, spoke about the amendment he had proposed; see Exhibit "K." Rep. Nordtvedt said that the sponsor of the bill was agreeable to the amendment. Rep. Zabrocki moved the amendment; motion carried unanimously. Rep. Harp then moved that SB 269 BE CONCURRED IN AS AMENDED; motion carried with Reps. Burnett and Neuman opposed.

Rep. Harrington moved that SENATE BILL 17 BE CONCURRED IN. Mr. Oppedahl said the purpose of the bill was to clarify the channel one would go through in an appeal. Also, the bill would allow the State Tax Appeals Board to order a refund of taxes paid under protest so that they could enforce their decisions. He pointed out that there was a technical amendment needed on P. 4, line 8 regarding the spelling of the word "judgment." The question was called for on the motion that the bill BE CONCURRED IN (AS AMENDED); motion carried unanimously.

SENATE JOINT RESOLUTION 10 was considered. Rep. Dozier moved that it BE CONCURRED IN; discussion took place. The question was called

for and the motion carried with Reps. Devlin, Roth, Vinger, Asay, Nordtvedt, Burnett, and Harp opposed. Rep. Oberg agreed to carry the resolution.

The meeting was adjourned at 10:45 a.m.

*Ken Nordtvedt*

---

Rep. Ken Nordtvedt - Chairman

da



## VISITORS' REGISTER

HOUSE Taxation

COMMITTEE

BILL 513 253Date 4/10/51SPONSOR 811/51

NAME	RESIDENCE	REPRESENTING	SUPPORT	OTHER
Larry Wemling	Helena	D.O.R.	<u>CONGRS</u>	
Art Kuehn	Helena	Capital Spt. Hstn	X	
William J. Fitzgerald	St Falls	Mattencio's Super Sack	X	
Lars Topperschi	Butte	Shay Under Ship. Trenton, Wis. Chem.	X	
Marcell Linn	Butte	Lisac's Tiles	X	
W. B. Hill	Butte	Dist. H. S.	X	
Mike Connolly	Helena	Eng. Sam Day Hltn	X	
Dave Riley	Helena	" " " "	X	
Grim Schmidt	Helena	" " " "	X	
Ken Diepgrafe	Helena	" "	X	
Wm. G. Gunning	Helena	"	X	
Muellet H. H. H.	"	" "	X	
Grace J. J. J.	Helena	Reynolds' Dine	X	
Larry J. J. J.	Helena	Bergman Drug	X	
Samuel J. J. J.	Helena	Bergman Drug	X	
Owen Wilson	"	MEX		
Gary Buchanan	Helena	H. T. Comm.	✓	
Roder L. J. J.	Helena	Art Ben & Win Wholesaler	✓	
Fred W. Davis	Helena	Daniel B. J. J.	✓	
Geo Caras	Missoula	Garden City Floral	✓	
Don L. Davis	Missoula	DON DAVIS business	✓	
R. Scott Sorenson	Missoula	Southgate Mall	✓	
Clark Payler	HELENA	MONT. CHAMBER	✓	

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## VISITORS' REGISTER

HOUSE Taxation

COMMITTEE

BILL

SB 283

Date 4/10/81

SPONSOR

Elliott

NAME

RESIDENCE

REPRESENTING

SUPPORT

OPP

Verwo1f

Helena

City of Helena

X

C B Hansen

Helena

MT Retail Assoc

X

Mary Ramsey

HELENA

NAT. FED OF IND BUSINESS

X

Maynard A. Olson

Helena

O. P. I.

Concern

Charles R Brooks

B. Higgins

Helena

✓

Charles Hoffner

Concordia

OSCO DRUG

✓

Dorothy Casper

Butte

Fritz's Ski House

✓

Mark Paul

Angus

First Am Bank

✓

Fritz Grogan

Butte

Fritz's Ski House

✓

Olaf Pyke

Helena

Mont 'E of Conn

✓

Chris Ann Tobi

Helena

Mont Silver Impression

✓

K. A. BLEVINS

MISSOULA

SIRCO MFG.

✓

Keith Anderson

Helena

Mentax

✓

Dr. Dellinger

Helena

MBMDA

✓

Craig Anderson

Billings

Tractor &amp; Equipment

✓

Frank Jones

Great Falls

M. M. Thom's Assoc

✓

F. H. BOLES

HELENA

MT. CHAMBER

✓

FRANK CAPP

HELENA

MONTANA STATE  
FOOD DIST.

✓

M. Statten

Helena

Mountain Lion  
Retail

✓

Mike Wolf

Helena

Power Division Co.  
Mont. Fiber & Imp.

✓

Shirley Olson

Helena

Shirley's

X

George E. Olson

Helena

The Jackson

X

G. H. Jones

Tornusend

Tornusend

X

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

HOUSE Taxation COMMITTEE

BILL S.B. ~~4~~ 283  
 SPONSOR Ellis

Date 4/10/81

[illegible]

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.



Executive Office  
P.O. Box 440  
34 West Sixth  
Helena, MT 59624  
Phone (406) 442-3388

BEFORE THE HOUSE TAXATION COMMITTEE

IN SUPPORT OF

SENATE BILL No. 283

MR. CHAIRMAN AND MEMBERS OF THIS COMMITTEE. MY NAME IS CURTIS B. HANSEN. I AM THE EXECUTIVE VICE PRESIDENT OF THE MONTANA RETAIL ASSOCIATION.

YOU HAVE HEARD A LOT ALREADY ABOUT INVENTORY TAX AND YOU WILL BE HEARING A LOT MORE - SO I WILL KEEP MY COMMENTS SHORT AND SWEET.

- BUSINESS INVENTORY TAX IS UNFAIR AND INEQUITABLE -

IT IS DEPENDENT ON THE HONESTY OF CITIZEN REPORTING... THE INDIVIDUAL JUDGMENTS OF 56 COUNTY ASSESSORS... AND IS IMPOSSIBLE TO PROPERLY POLICE AND ENFORCE.

IT HAS NO CONSIDERATION OF "ABILITY TO PAY".

IRONICALLY, WHEN BUSINESS IS POOR BECAUSE OF ECONOMIC, CLIMATIC, OR OTHER UNFORSEEN EVENTS, THE BUSINESSMAN MUST PAY HIGHER INVENTORY TAXES WHEN HE IS LEAST ABLE TO PAY IT.

- IT PUTS MONTANA BUSINESSES AT AN UNFAIR DISADVANTAGE -

NONE OF OUR NEIGHBORING STATES HAVE AN INVENTORY TAX.

MANY PEOPLE GO TO SPOKANE, IDAHO FALLS, SALT LAKE CITY, OR BISMARCK, WHERE INVENTORIES ALLOW A BETTER SELECTION OF GOODS.

- THERE HAS LONG BEEN AN EXPRESSED INTENT TO ELIMINATE THIS TAX -  
FROM ENACTMENT AT FULL AND TRUE VALUE, THIS TAX HAS BEEN

CONTINUALLY REDUCED BY VARYING RATES, PERCENTAGES, LEVIES, AND LEGISLATIVE ACTIONS. ALL WITH THE INTENT OF REDUCING IT TO THE PLACE WHERE IT COULD BE ELIMINATED WITH OUT UNDUE SEVERE, IRREPARABLE HARM TO COUNTIES AND CITIES.

WE ARE AT THAT PLACE NOW!

- ELIMINATION OF THE INVENTORY TAX WILL STIMULATE BUSINESS-  
REPEAL WILL SIGNAL NEW AND EXISTING BUSINESS THAT MONTANA UNDERSTANDS THEIR PROBLEMS. COMBINE EXPANSION OF EXISTING BUSINESS WITH NEW BUSINESS INFLUX AND THE RESULT IS A STIMULATED ECONOMY, EXPANDED TAX BASE AND THE "GOOD BUSINESS CLIMATE" FOR "DIVERSIFIED CLEAN INDUSTRY" YOU HAVE ALL TALKED ABOUT DURING THIS LEGISLATIVE SESSION.

IN THE LONG RUN, THE ELIMINATION OF INVENTORY TAX WILL NOT COST, IT WILL PAY !

ALL OF MONTANA WILL BENEFIT.

I URGE YOUR SUPPORT OF SENATE BILL 283 AND YOUR "DO PASS" RECOMMENDATION.

PETITION FOR THE PASSAGE OF SB283 INVENTORY TAX EXEMPTION FOR BUSINESSES

Name

Address

- [illegible]

PETITION FOR THE PASSAGE OF SB283 INVENTORY TAX EXEMPTION FOR BUSINESSES

Name	Address
(1) <del>Robert C. Jenkins</del>	<del>Box 26, Red Lodge, MT</del>
(2) <del>Robert C. Jenkins</del>	<del>Box 26, Red Lodge, MT</del>
(3) <del>Robert C. Jenkins</del>	<del>Box 26, Red Lodge, MT</del>
(4) <del>Robert C. Jenkins</del>	<del>Box 26, Red Lodge, MT</del>
(5) <del>Robert C. Jenkins</del>	<del>Box 26, Red Lodge, MT</del>
(6) <del>Robert C. Jenkins</del>	<del>Box 26, Red Lodge, MT</del>
(7) <del>Robert C. Jenkins</del>	<del>Box 26, Red Lodge, MT</del>
(8) <del>Robert C. Jenkins</del>	<del>Box 26, Red Lodge, MT</del>
(9) <del>Robert C. Jenkins</del>	<del>Box 26, Red Lodge, MT</del>
(10) <del>Robert C. Jenkins</del>	<del>Box 26, Red Lodge, MT</del>
(11) <del>Robert C. Jenkins</del>	<del>Box 26, Red Lodge, MT</del>
(12) <del>Robert C. Jenkins</del>	<del>Box 26, Red Lodge, MT</del>
(13) <del>Robert C. Jenkins</del>	<del>Box 26, Red Lodge, MT</del>
(14) <del>Robert C. Jenkins</del>	<del>Box 26, Red Lodge, MT</del>
(15) <del>Robert C. Jenkins</del>	<del>Box 26, Red Lodge, MT</del>
(16) <del>Robert C. Jenkins</del>	<del>Box 26, Red Lodge, MT</del>
(17) <del>Robert C. Jenkins</del>	<del>Box 26, Red Lodge, MT</del>
(18) <del>Robert C. Jenkins</del>	<del>Box 26, Red Lodge, MT</del>
(19) <del>Robert C. Jenkins</del>	<del>Box 26, Red Lodge, MT</del>
(20) <del>Robert C. Jenkins</del>	<del>Box 26, Red Lodge, MT</del>
(1) <del>Robert C. Jenkins</del>	<del>Box 26, Red Lodge, MT</del>
(2) <del>Robert C. Jenkins</del>	<del>Box 26, Red Lodge, MT</del>
(3) <del>Robert C. Jenkins</del>	<del>Box 26, Red Lodge, MT</del>
(4) <del>Robert C. Jenkins</del>	<del>Box 26, Red Lodge, MT</del>
(5) <del>Robert C. Jenkins</del>	<del>Box 26, Red Lodge, MT</del>

PETITION FOR THE PASSAGE OF SB283 INVENTORY TAX EXEMPTION FOR BUSINESSES

Name	Address
(1) Barbara Borden	4308 Stone Special Sigs Shop Bldg k
(2) David M. Bilbun	P.O. Box 278 Seeley Mountain Billings C.O.H.
(3) Mark C. Diamond	1150 2nd St Livingston, Mt. Casey Diamond
(4) Phyllis Ginsberg	1150 2nd St, Livingston, Mt. Casey Diamond
(5) Jasper Don Schreier	Box 340 Circle Mt. Jr. Dept. Store
(6) Gary M. Teal	352 Clark Bldg The Spinning wheel
(7) Lowell Beryl	308 Broadway Townsend, Mont. Berglund's Dept 57
(8) Ellen A. Rogers	104 N. Main Chateau Mont. Ellinger
(9) [Name obscured]	104 N. Main Chateau, Mont. [Name obscured]
(10) [Name obscured]	104 N. Main Chateau, Mont. [Name obscured]
(11) Victor E. Laxson	Gambler's Store 112 W. Main Circle, MT 59205
(12) [Name obscured]	Progressive Home Shop 300 7th St. Or
(13) [Name obscured]	Western Outdoors 48 Main Kalispell Mt
(14) [Name obscured]	3-2 Western Outdoors 220 Centre Hamilton, MT
(15) [Name obscured]	Three Forks Valley Three Forks, MT
(16) [Name obscured]	Lewis & Clark, West Yellowstone, MT
(17) [Name obscured]	Cinderella Shops Shelly Mt.
(18) [Name obscured]	Lori's Shops 2518 3rd Ave N. Billings Mt
(19) Phyllis Morrison	Evangelia Store Jordan Montana
(20) [Name obscured]	Ellie's Dicton Mt 59155
(21) [Name obscured]	Western Outdoors 7th Avenue Mt 59809
(22) Robert Drayton	Jasons Bldg 200
(23) Sheila Allen	Sheila's Helena Mt 38 N. Main
(24) George Allen	Sheila's 38 N. Main Helena Mt
(25) Alan Ford	Box 426 Hamilton, MT 59840



PETITION FOR THE PASSAGE OF SB283 INVENTORY TAX EXEMPTION FOR BUSINESSES

Address

119 So. 2nd  
- 21v; 1 n +

- | Name                          | Address  |
|-------------------------------|--|
| (1) Dorothy M. Blanc          | The Fashion House<br>119 So. 2nd St.<br>Billings 59103 |
| (2) Lynne G. Benson           | 2020 Jefferson Ave. Billings 59103                     |
| (3) Eagle                     | #3 Canyon - West Yellowstone, MT. 59725                |
| (4) Eagle                     | " " "  |
| (5) June Johnson              | 1957 Harrison Blvd N.O.                                |
| (6) Pat Whitely               | 325 2nd St. Havre Montana                              |
| (7) Loretta Bryan             | 229 Jackson Bldg. Billings                             |
| (8) Mel Peterson              | 112 N. Main Peterson's Men's Store                     |
| (9) June Johnson              | 324 E. Main Terrestan, MT                              |
| (10) Bob & Margaret           | Batch Enclat Eureka Commercial                         |
| (11) Mary A. Edgington        | Rx Lot Eureka Mt.                                      |
| (12) Roger J. Sauer           | 5440 Warden Place Bldg. Mt. Helena                     |
| (13) Melodie Means            | Yellowstone Merc Sidney MT                             |
| (14) Stefan                   | CASZIO'S 411 MAIN DICK LINCOLN, MT.                    |
| (15) John H. ...              | ... ..   |
| (16) ...                      | ... ..   |
| (17) ...                      | ... .. The Football Museum Inc                         |
| (18) ...                      | Box 627 Broadview Mt. KNOX Clothing                    |
| (19) Arnold P. Walter         | P.O. Box 91 Fort Benton MT Pioneer Mercantile Co       |
| (20) Betty J. Lind            | 345 Center Martin's Holman Near                        |
| (21) M.F. Rappic              | 313 Center Hardison MA                                 |
| (22) Yellowstone Racquet Club | 3440 Riverside Rd Billings 59102                       |
| (23) ...                      | ... ..   |
| (24) ...                      | Box 8 Round Mt. - LARSEN SPORTS + ETC                  |
| (25) ...                      | P.O. Box 1063 Ronan, MT                                |

PETITION FOR THE PASSAGE OF SB283 INVENTORY TAX EXEMPTION FOR BUSINESSES

Name	Address	
(1) Dan Boyer	Buttrick's E.C. Bozeman Mt	Boyer's Jack & Walter
(2) Dan L. Finner	1957 Harrison Ave. Butte	John Johnson Shop, Inc.
(3) Carla Hoge	927 Main	Fourth Mt. & Jay - Ann's
(4) Will & Seung	927 Main	Fourth Mt. & Phil Morris
(5) Anthony G. L...	1-2nd Ave F	P. 1, Mt. & A. L. ... Inc.
(6) William H. ...	273 Central Ave. W.	Conrad, Mont. & The N. Thing
(7) Ellen ...	1116 N 4th	Great City & Illinois Dress Shop
(8) Sheryl Bellehus	119 main	Stacey & Bellehus Family Clothing
(9) Linda M. J...	Rt. 2 Box 9	Terry & Joyline's Fashion Plus
(10) Shirley Sturges	Box 160	T-Shirt Shop & Eureka Mt
(11) Don ...	Box I	DJS DEPT & Libby, Mt
(12) George D. Boyer	Box 7	Fort Peck MERC & Poplar, MT
(13) William W. Wharf	Box 405	Belgrade Mont. & Sam Allen Cloth
(14) Eugene B. Hess	Sumack Hall Convergence Center	Bellevue, MT & Gus Unlimited
(15) James S. Zimbric	Bozeman Mt	131 E Main & MacCracken
(16) Neph. M. ...	Box AF	Bridger Drug
(17) Lea Boles	ANNA BOLES SHOP 321 W. Main	Levi's Town Mont 59457
(18) John W. Boles	Yellow Pine 62 E. C. Gulch	Boles Montana 59601
(19) Fred ...	Box 1137	Fashion Island & Miles City, MT
(20) Ann Erickson	1108 Main	E. Cargo Shirt Co. & Miles City
(21) Wendy Erickson	104 S. Merrill	Glendive & Fashion Island
(22) Dennis Jahrmay	2415 Main	Miles City & A+T Supply
(23) Fred ...	128 E MAIN	NEW IMPRESSIONS & BOZEMAN MT
(24) Wilma ...	Box 409	Therapy Day & Bozeman
(25) ...		

PETITION FOR THE PASSAGE OF SB283 INVENTORY TAX EXEMPTION FOR BUSINESSES

Name	Address	Location
(1) J. Gifford	320 East Main	Mont
(2) Kate Sullivan	2756 Huckleberry Dr	Great Falls, MT
(3) M. W. W. W.	1101 So Fork	Monticello
(4) Jerry W. Chaffin	103 Willow N.W.	Cut Bank, MT
(5) William H. L. L.	808 Main M.C., City Mt	Monticello
(6) M. W. W. W.	306 W. Main St. N. N. Chetani	Mont
(7) Belle Wenzel	211 W Main	Heavens Gate
(8) R. W. W. W.	4 W. Lawrence	McDonough Saddle Creek
(9) R. W. W. W.	107 N. Merrill	Glendive, Mont 59321
(10) Mike D. Huber	809 Main	Mont 59300
(11) Mary Anderson	123 Prospect	Glendive, Mont
(12) Penak Franzen	Rimrock Mall, Billings	Montana Rocking
(13) L. Craig Lande	122 MAIN ST.	SCOBEE, MT-59203
(14) Shirley Westworth	Westworth	Valley, Crane, Cut Bank
(15) Don Westworth	Westworth	Valley, Crane, Cut Bank
(16) Mary Marshall	3 N. Broadway	Bozeman, Mont
(17) Elsie Deming	315 Ind. Bldg	Cheney, MT 59523
(18) L. W. W. W.	1160 HARD ROCK	Monarch
(19) L. W. W. W.	Reiter, Merion	Bly, MT 59102
(20) L. W. W. W.	11	11
(21) L. W. W. W.	2825 W. Main	Emporium Bozeman 59715
(22) L. W. W. W.	FLASHES GIFT SHOP	RED SODGE, MT 59
(23) L. W. W. W.	Terrence J. Brady	Tremper's Shopping Center
(24) L. W. W. W.	Dr. J. W. W. W.	Libby
(25) L. W. W. W.	2128 Vermillion	W. W. W. W.

PETITION FOR THE PASSAGE OF SB283 INVENTORY TAX EXEMPTION FOR BUSINESSES

Name	Address
(1) Cullw Peterson	Box 28 Three Forks, MT Three Forks Saddlery
(2) Margant McCarty	Box 610 Red Lodge Mt The Village Shoppe
(3) Laraine Cresser	810 S. Washington Toole's Dallon
(4) Janet Larson	30 1st Ave. S.E. Cut Bank, MT. Larson's Mens Wear
(5) Ruth Hesch	216 Main, Shelby, MT. Cinderella Shoppe
(6) Mike Jirassu	PO Box 270 Elletts Dallon
(7) Anne Brekke	104 East First Ave. Platteau The In Step
(8) Rigmor Norman	W. U. S. C. 1300 Norman's Ranch, U.S. Cut Bank, MT.
(9) Dennis Norman	5107 Hammer Butte, MT.
(10) Janet (J) Jirassu	342 Broadway, Butte, MT.
(11) John Jirassu	803 Third St. Butte, MT.
(12) Barbara Kelson	PP Box 1117 Clark City, MT.
(13) John Jirassu	124 1st St. Butte, MT.
(14) John Jirassu	Box 7 Superior, MT.
(15) John Jirassu	Box 7 Superior, MT.
(16) John Jirassu	Box 7 Superior, MT.
(17) John Jirassu	Box 7 Superior, MT.
(18) John Jirassu	Box 29 Jordan, MT. Elly's
(19) Elsie Strick	611 Central Great Falls Infanteen
(20) Darrell Morehouse	215 4th St. So. Glasgow D & G Sports and more
(21) Angela Landough	215 4th St. So. Glasgow, MT
(22) John Jirassu	Box 7 Superior, MT.
(23) John Jirassu	Box 7 Superior, MT.
(24) Bob Jirassu	120 North Main Butte H & K's
(25) John Jirassu	120 2nd Ave. So. Lewistown MT. Don's

PETITION FOR THE PASSAGE OF SB283 INVENTORY TAX EXEMPTION FOR BUSINESSES

Name

Address

- (1) Ray ERICKSON 18 E. MAIN THE STYLON (Stylon Shops Inc)
- (2) VERN ERICKSON 663 N Juniper Bay SOMERS MT 59932
- (3) K. J. Linger 706 and 2 Perry Jack Jackson
- (4) Fred Brown 1506 Grand St. H. Benton Mont 59404
- (5) Ned's Foggery - Melba L. Batts, Ford Benton MT 59404
- (6) Bill Hamilton 576 Prairie Ave B6 Helena MT 59401
- (7)
- (8) Carson Nelson Billings, MT
- (9) Al Kelly Trout Agency W. Yellowstone, MT
- (10) W. J. Brown 411 Main Ave. Boz. "Billings"
- (11) Larry Lee 1155 E. Front St. Boz. MT U. Bay Shop
- (12) W. J. Brown 1600 E. Main Boz. MT U. Bay Shop
- (13) W. J. Brown 1141 C Ave SE Hardison, MT 59026
- (14) Judy & Harold 1951 Forest St. Boz. MT
- (15) W. J. Brown 1504 8th Ave. Boz. MT U. Bay Shop
- (16) W. J. Brown 1504 8th Ave. Boz. MT U. Bay Shop
- (17) W. J. Brown 1504 8th Ave. Boz. MT U. Bay Shop
- (18) W. J. Brown 1141 W. Calhoun Potomac Springton, MT
- (19) W. J. Brown 117 W. Calhoun Potomac Springton, MT
- (20) W. J. Brown (Kaiser's Hardware) 529 S. Hill St. Boz. MT
- (21) W. J. Brown 1941 S. 44th Ave. Truck Stop, Boz. MT
- (22) Steve Schaefer 411 W. Mendota Hill Boz. Schaefer's Best Co.
- (23) Steve Schaefer 411 W. Mendota Hill Boz. Schaefer's Best Co.
- (24) Steve Schaefer 1133 W. Main Boz. Schaefer's Best Co.
- (25) Steve Schaefer 1422 W. Main Boz. Schaefer's Best Co.

PETITION FOR THE PASSAGE OF SB283 INVENTORY TAX EXEMPTION FOR BUSINESSES

Name \_\_\_\_\_

Address

- | Name                                   | Address                                    | City             | State         | Zip      |
|--|--|------------------|---------------|----------|
| (1) Lenora Overland                    | 103N Broadway                              | Blg.             | MT            | 59101    |
| (2) Roger Thorne (3 STOKES)            | 822 N. Rouse                               | Bozeman          | MT            | 59715    |
| (3) KIMMATT'S WESTERN 2-STORYS         | 3100 HARRISON                              | BUTTE,           | MT.           | 59701    |
| (4) Karla West                         | 307 Main                                   | Hamilton         | MT            |          |
| (5) C. W. Waters                       | Waters Store Box 190                       | Red Lodge        | MT            |          |
| (6) Dennis Oulander                    | 2312 My Lane                               | Billings         | MT            | 59101    |
| (7) Annie Larsen                       | 702 First St. N.                           | Roundup,         | MT.           | 59065    |
| (8) K. Wiedersick                      | WIEDERICK'S clothing                       | MALTA,           | MT.           | 59501    |
| (9) <del>Harold</del> Campbell         | Columbus Ranch Supply                      | Columbus,        | MT            | 59001    |
| (10) <del>Harold</del> Campbell        | Columbus Ranch Supply                      | Box 513          | Columbus,     | MT 59001 |
| (11) <del>Harold</del> Campbell        | Columbus Ranch Supply                      | Box 513          | Columbus,     | MT 59001 |
| (12) <del>Harold</del> Campbell        | Columbus Ranch Supply                      | Box 565          | Columbus,     | MT 59001 |
| (13) Myra Thomas                       | 122 Central Ave                            | Whitefish        | MT            | 59937    |
| (14) David W. J. Beland                | 415 W. 5th St.                             | Whitefish,       | MT            | 59943    |
| (15) Robert D. Griffiths               | Alger, W. 1st St.                          | St. Ignace,      | MT            | 59860    |
| (16) Jerry Thomas                      | Thomas' Bros.                              | Butte,           | Mont          | 59701    |
| (17) Penny Bestley                     | 7621 King Ave W.                           | Billings         | Mont          | 59101    |
| (18) Mantel Malloy                     | 1318 Custer                                | "                | "             | "        |
| (19) Sharon Lucas                      | Rt 3                                       | Billings         | MT            | 59101    |
| (20) Jamie Houghton                    | 2036 Aberdeen                              | Beja             | MT            | 59102    |
| (21) Kurt Rice                         | 644 sunnyside                              | Plentywood       | mt            |          |
| (22) <del>John</del> <del>Thomas</del> | <del>Handy</del> <del>316 Federal St</del> | <del>Butte</del> | <del>MT</del> |          |
| (23) <del>John</del> <del>Thomas</del> | <del>Handy</del> <del>316 Federal St</del> | <del>Butte</del> | <del>MT</del> |          |
| (24) <del>John</del> <del>Thomas</del> | <del>Handy</del> <del>316 Federal St</del> | <del>Butte</del> | <del>MT</del> |          |
| (25) Eldon F. Kemmis                   | The Toggery                                | Sidney,          | Mont          | 59251    |

PETITION FOR THE PASSAGE OF SB283 INVENTORY TAX EXEMPTION FOR BUSINESSES

Name	Address	
(1) <u>Prudence N. Wickstrick</u>	<u>Wickstrick, Clothing</u>	<u>Box 431, Maltby, MT</u>
(2) <u>Edna Bauman</u>	<u>110 E. Callender</u>	<u>Livingston, MT 59020</u>
(3) <u>Stirling Bauman</u>	<u>110 E. Callender</u>	<u>Livingston, MT 59020</u>
(4) <u>Edna Bauman</u>	<u>110 E. Callender</u>	<u>Livingston, MT 59020</u>
(5) <u>John W. (Don) Dwyer</u>	<u>Dwyer D</u>	<u>St. Ignace, MT 59020</u>
(6) <u>Anna J. (Penny) Dwyer</u>	<u>141 E. 90th Inter</u>	<u>Deer Lodge, MT</u>
(7) <u>Robert Hallmark</u>	<u>142 E. 90th Inter</u>	<u>Deer Lodge, MT</u>
(8) <u>Frank C. Pierce</u>	<u>" "</u>	<u>Deer Lodge, MT</u>
(9) <u>Anna Bauman</u>	<u>Box 509</u>	<u>Livingston, MT 59020</u>
(10) <u>John A. Torgerson</u>	<u>3729 Heritage Dr.</u>	<u>Billings, MT 59102</u>
(11) <u>John Wilson</u>	<u>823 W. 1st St. E. Bldg.</u>	<u>Billings, MT 59102</u>
(12) <u>Karolyn Rice</u>	<u>644 Sunnyside</u>	<u>Plentywood, MT</u>
(13) <u>Gerald E. (Don) Fox</u>	<u>Box 780</u>	<u>Lewistown, MT</u>
(14) <u>Leatrice E. Fox - Don's</u>	<u>Box 780</u>	<u>Lewistown, MT</u>
(15) <u>Mazel B. Sorenson</u>	<u>418 Glendale Box 628</u>	<u>Dillon, MT</u>
(16) <u>Lybun M. (Don) Sorenson</u>	<u>Mich's Dept. Store Box 459</u>	<u>Whitehall, MT</u>
(17) <u>Robert L. Armstrong</u>	<u>Armstrong's Sea View Box 1089</u>	<u>Chinook, MT 59002</u>
(18) <u>Marion (Hermie) Sorenson</u>	<u>1544 S.W.</u>	<u>Chinook, MT 59002</u>
(19) <u>John Torgerson</u>	<u>815 7th St. S.W.</u>	<u>Chinook, MT</u>
(20) <u>Marion (Hermie) Sorenson</u>	<u>271 3rd St. S.W.</u>	<u>Chinook, MT</u>
(21) <u>Robert L. (Don) Sorenson</u>	<u>Box 459</u>	<u>Chinook, MT 59002</u>
(22) <u>Robert L. (Don) Sorenson</u>	<u>Box 459</u>	<u>Chinook, MT 59002</u>
(23) <u>John A. Torgerson</u>	<u>451 N. Higgins</u>	<u>Malden, MT 59001</u>
(24) <u>Robert L. (Don) Sorenson</u>	<u>451 N. Higgins</u>	<u>Malden, MT 59001</u>
(25) <u>John B. Rogers</u>	<u>Ellen 109 N. Main</u>	<u>Chinook, MT 59002</u>

PETITION FOR THE PASSAGE OF SB283 INVENTORY TAX EXEMPTION FOR BUSINESSES

Name

Address

- (1) McIntosh Erickson 1632 So. Rose Bozeman, MT
- (2) Paul Chapman 314 W. Main Bozeman, MT 59701
- (3) William W. Cattermole 2708 1st Ave. N. Billings, MT 59101
- (4) John H. Chapman 3142 1st Avenue Billings, MT 59101
- (5) John D. McCampbell 23 No. Brady Red Lodge, MT 59060
- (6) John H. Chapman 1212 1st Ave. N. Bozeman, MT 59701
- (7) Robert H. Kelly 30 Madison Ave West Yellowstone
- (8) Robert H. Kelly Box 1127 West Yellowstone, MT 59717
- (9) Robert H. Kelly Box 1127 West Yellowstone, MT 59717
- (10) Robert H. Kelly Box 1127 West Yellowstone, MT 59717
- (11) Robert H. Kelly Box 1127 West Yellowstone, MT 59717
- (12) John J. Cramer 312 4th St. Bozeman, MT 59701
- (13) John J. Cramer 312 4th St. Bozeman, MT 59701
- (14) John J. Cramer 312 4th St. Bozeman, MT 59701
- (15) John J. Cramer 312 4th St. Bozeman, MT 59701
- (16) John J. Cramer 312 4th St. Bozeman, MT 59701
- (17) John J. Cramer 312 4th St. Bozeman, MT 59701
- (18) John J. Cramer 312 4th St. Bozeman, MT 59701
- (19) John J. Cramer 312 4th St. Bozeman, MT 59701
- (20) John J. Cramer 312 4th St. Bozeman, MT 59701
- (21) John J. Cramer 312 4th St. Bozeman, MT 59701
- (22) John J. Cramer 312 4th St. Bozeman, MT 59701
- (23) John J. Cramer 312 4th St. Bozeman, MT 59701
- (24) John J. Cramer 312 4th St. Bozeman, MT 59701
- (25) John J. Cramer 312 4th St. Bozeman, MT 59701



PETITION FOR THE PASSAGE OF SB283 INVENTORY TAX EXEMPTION FOR BUSINESSES

Name

Address

(1) *Ernie A. Tiller* *20 E. Main - White Sulphur Springs MT 59714*

(2) *Lee T. Tiller* *34 - Hammer Road Ray Spotsylvania*

(3)

(4)

(5)

(6)

(7)

(8)

(9)

(10)

(11)

(12)

(13)

(14)

(15)

(16)

(17)

(18)

(19)

(20)

(21)

(22)

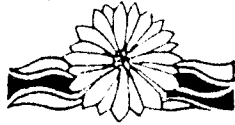
(23)

(24)

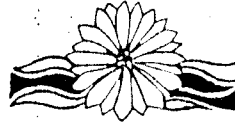
(25)

# BITTERROOT VALLEY CHAMBER OF COMMERCE

105 E. MAIN ST.



HAMILTON, MT. 59840



[406] 363-2400

February 6, 1981

TO: The Senate Taxation Committee

FROM: Retail Businesspersons in the Hamilton Area

REGARDING: Senate Bill 283

We the undersigned, do hereby encourage the passage of Senate Bill 283 which would eliminate the inventory tax. With the present economic climate in the Bitterroot Valley, the passage of this bill would greatly assist the small business community, and thereby stimulate the entire economy of this Valley.

Thank you for your consideration.

Sincerely,

NAME

BUSINESS

ADDRESS

Sherry E. Hawley	Sanderson OK Hardware	248 W. Main
Don E. Gaudin	Butterfly Gift	114 W. Main
Kentley Monk	Natural Beauty Shop	128 Main St.
Rick W. Johnson	Bitterroot Sport Goods	130 Main St.
Angela Schuchman	Anthony's Chocolates	206 W. Main
David L. Baughman	Spruce Roitz	201 South 2 <sup>nd</sup>
Victor C. Redman	Ben Franklin Store	208 Main
Dale Lendrick	Paper clip	228 Main
Scott Locke	Book Club	228 Main
Don B. Hawley	Sanderson OK Hardware	248 W. Main
Sheila L. Stuckelmeier	Nellie's Clothing	213 Main
Ernie M. Lake	Lake M. Mfg. Co.	110 Main St.
Carl F. Lippert	Longhorn Rest.	500 S. 1st St.
Mike H. Mc	Big O. Paint & Wallpaper	404 S. 1st St.
Robert A. Harmon	The Hip Jacket	221 S. 1st St.

Kurt & Joyce Country Club 214 & 1st Main  
Carol Wilson - Joe & Carol's Eatery 207 So. 1st  
Joseph Wilson " " " " " " " " " " " "

Eileen Spurnuth Spurnuth's Arctic Center 616 Notre Dame Hamilton, N.Y.

Ed Spurnuth " " " " " " " " " " " "

Susan Weisfeld Nature - North 205 & 1st St. Hamilton

William D. Drexler Simply Elegant Dredal - 113 Hyatt 93

Ron Beyer Beyer Catering 113 Hyatt 93

Jan Palanuk Simply Elegant 113 Hyatt 93

Ray Murphy McFarlane's (C. L. L.) 11 1/2 W. 1st Hamilton

Bob Lachner Range Cafe 133 Main St Hamilton

Alvin Clark Clark's Kitchen 1001 Bedford Hamilton

Bob Lachner Range Cafe 133 Main St Hamilton

J. J. Dunning Dunning Pharmacy 133 Main St

Frank & Fred Frank's Shop 203 W. Main Hamilton

Rich E. Melton Franks Shop 203 W. Main Hamilton

Wayne O'Brien Difference & Day 214 Main Hamilton

Gene & Joyce Robbins Bookstore 215-219 Main Hamilton

Richard M. Laggain The Book Shoppe P.O. Box 979 Hamilton, N.Y.

Michael Smith General Supplies Co. Box 1242 Hamilton, N.Y.

Clarence B. Smith Perron's Jewelry Box 431 Hamilton, N.Y.

Louise E. Smith " " " " " "

Charles H. Sackel Charles Sackel Shop 203 W. Main

Richard J. Blase Chapter One Bookstore 140 N. 2nd St. Hamilton

Robert E. MacRae J. E. MacRae's Bookery Hamilton, N.Y.

Ann D. Allen Hamilton 203 W. 2nd Hamilton, N.Y.

Missoula, Montana  
February 6, 1981

Senate Taxation Committee  
State Capitol Building  
Helena, MT 59601

We the undersigned would ask that you please support Senate Bill #283  
eliminating "Business Inventories" from taxation.

As a business person I think this tax is both unfair and difficult to  
deal with.

We need your support.

<u>NAME</u>	<u>BUSINESS</u>	<u>BUSINESS ADDRESS</u>
<u>Joe Correa</u>	<u>Rafferty's Candies</u>	<u>Southgate Mall</u>
<u>Robert DeJure</u>	<u>Universal Athletics</u>	<u>Southgate Mall</u>
<u>David Johnson</u>	<u>Phil 'N' Bros</u>	<u>Southgate Mall</u>
<u>Kevin Crockett</u>	<u>Jenny's</u>	<u>Southgate Mall</u>
<u>Jackie Lusk</u>	<u>Jay Jacobs</u>	<u>Southgate Mall</u>
<u>Chris Daniels</u>	<u>Ballantyne Shoes</u>	<u>Southgate Mall</u>
<u>Jan Sherwood</u>	<u>Maurices</u>	<u>Southgate Mall</u>
<u>Pat Bennett</u>	<u>Anita's</u>	<u>Southgate Mall</u>
<u>Robert Summers</u>	<u>Craft Creations</u>	<u>Southgate Mall</u>
<u>Barbara Mout</u>	<u>FOXDOG</u>	<u>Southgate Mall</u>
<u>John J. J.</u>	<u>Kinnery's Shoe</u>	<u>SOUTHGATE MALL</u>
<u>Paul J. J.</u>	<u>HOUSE OF FABRICS</u>	<u>SOUTHGATE MALL</u>
<u>Yvonne Shields</u>	<u>B Dalton Bookstore</u>	<u>Southgate Mall</u>
<u>W. Shields</u>	<u>The Hobby Shop</u>	<u>Southgate Mall</u>
<u>Joyce M. Burt</u>	<u>Hatch's</u>	<u>Southgate Mall</u>
<u>Henry W. Burt</u>	<u>Bakers</u>	<u>Southgate Mall</u>

NAME

BUSINESS

BUSINESS ADDRESS

Sofea Koures

The Altogether

Southgate Mall - 2

Julia Engelhardt

Spencer's Gifts

Southgate Mall

George E. Harrison

Thom Men Women

Southgate Mall

Richard Elliott

Smith King Cotton

" "

John S. Furr

Schubach Sinks

" "

Robert K. Salmore

Slice-A-Pizza

" "

Nancy L. Leonard

Sunderdoodles

Southgate Mall

Sandy Billie

The Wardrobe

" "

John S. Jones

Mr. Mark

SOUTHGATE Mall

Dewey Fitzhugh

Lerner Shop

" "

Jan Winters

Clowntown

" "

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

S. J. L. L.

4-6-81

TO: HOUSE TAXATION COMMITTEE

FROM: BUSINESS OF GLENDIVE, MONTANA

The undersigned support SB283 for the repeal of the Business Inventory Tax.

NAME:

BUSINESS ADDRESS:

<del>Ray Riggs</del>	<del>FASHION ISLAND &amp; DON'S SALES</del>	<del>GLENDIVE, MT</del>
Ray Riggs	Riggs Camera & Gift	✓
Kerry Board	Medland Inc	---
Ray Messner	J C Penney (Retired)	
Charles Bauley?	Revenue Printing	Glendive MT
Neil E Oakland	Former's Gas Group	Glendive MT
Robert Turner	Gate City Dairy	" "
Ray West	Yellowstone	
Walter M. Schuch	Glendive	
IRVING K. SET	GLENDIVE	JORDAN VAN
Mark H.	Glendive	Goodies Sports
Mark H.	Glendive	Old West Kitchen
G.W. Scherger	Glendive	The Beer Jug
Phil Dalkin	Glendive	Precision Electronics
Jim Thompson	Glendive	Shannon's
Deane K. Erickson	Glendive	Brenner Drug Inc
Walter H. Johnson	Glendive	Glendive Black St.
Frank Smith	Glendive	Rapid Const.
Henry R. Gorman	Glendive	Gate City Rec. & Club
W. H. Hoyer	Glendive	Hoyer's Car Care
Wm. Datta	Glendive	Boys Office Products
Walter D. Johnson	"	Frank's Home Furn.
Joe Sabier	Glendive	Ponderosa Inc
W. H. Johnson	107 W. Bell	Glendive MT Johnson's Jewels
Elmer H. Johnson	107 W. Bell	Glendive MT Johnson's Jewels

(over)

4-6-81

TO: HOUSE TAXATION COMMITTEE

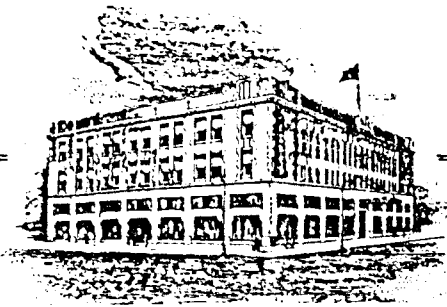
FROM: BUSINESS OF GLENDIVE, MONTANA

The undersigned support SB283 for the repeal of the Business Inventory Tax.

NAME:

BUSINESS ADDRESS:

Richard W. Kolstad	Glendive mnt	Kolstad Jewelers
Doni Orsiach	1105 Merrill	Thos O Day
Charles A Hunter	112 So. Merrill Ave	East-Coast Store
Mathew Henry	118 S Merrill	Ed. M...
Larry D Nelson	113 S Merrill	White D...
B. Bulger	101 S Merrill	Viking Fabric Center
Greg Haginton	105 N. Merrill	Haginton Hardware
R. W. Anderson	107 N. Merrill	Anderson Inc
Mark J. Brown	119 N. Merrill	Smith
J. S. Gray Jr	135- West	Forman - Robert Gray
Charles R. Kasper	126 N Merrill	Kasper Radio & TV Inc



"Something New Every Day"

**Coles**  
Department Store

BILLINGS, MONTANA

59103

February 9, 1981

Testimony in support of Senate Bill 283  
"Elimination of Business Inventory from Taxation"

My name is Bruce Simon, my brother and I are owners of Coles Department Store a Montana based independant retail store from Billings.

I am here today in support of Senate Bill 283 to eliminate business inventory. This is a step which is long over due. The inventory tax has placed an unfair burden on businesses thru out Montana and provides an unfair competitive advantage for firms which keep their inventories out of the state while doing business in Montana. This tax is unfair in that businesses are required to pay on inventory which may or may not be sold at a profit.

I have been pleased to note general agreement on both sides of the aisle over the past two or three years which indicate to me a growing realization that this tax should be repealed as a necessary step to improve the general business climate in Montana.

I hope that the committee will join in this effort to repeal this tax that has long outlived its usefulness.

Thank you for the opportunity of appearing and allowing me to testify.

Bruce T. Simon  
Vice-President  
Coles Department Store





## **And Associates**

### **GAMER SHOE CO.**

Main Office, Capital Hill Center  
P. O. Box 818  
Helena, Montana 59601  
(406) 442-0777

#### **GAMER STORES**

Helena • Butte  
Missoula • Kalispell

#### **CARLSON STORES**

Great Falls • Havre

#### **GARBER STORES**

Nampa • Boise  
Pocatello • Idaho Falls  
Twin Falls

#### **KENKEL SHOES**

Great Falls

#### **THE SHOE BOX**

Spokane

#### **NATURALIZER SHOPS**

Missoula • Nampa

#### **GAMER DISTRIBUTION WAREHOUSE**

Helena

Dear Representative,

As we are all aware, Business Inventory Taxation is not a fair and equitable tax !

Just because we STOCK MERCHANDISE for the benefit of the consumer, we are penalized while our direct competition (The Catalogue Stores) do not have to pay any Inventory Tax.

Montana can't afford to lose any more businesses like we have in the past when General Motors, John Deere and General Electric, moved their warehousing facilities out of Montana, to Nevada or Washington, where there is no Inventory Tax.

We do business in three states. We can, very clearly, see the disadvantages to the merchant and customer through an easy comparison of our own stores based on differing business tactics and decisions because of the consequence of having to contend with Business Inventory Taxation.

Business Inventory Taxation is detrimental to all Montanans regardless of whether they buy or sell.

SENATE BILL # 283 SHOULD BE PASSED, so we can be progressive and better serve all interests.

PLEASE SUPPORT SENATE BILL #283

LOREN MILLS

# MONTANA TAXPAYERS ASSOCIATION



P O BOX 4909

1706 NINTH AVE

HELENA, MONTANA 59604

406/442-2130

APRIL 10, 1981

S. KEITH ANDERSON, PRESIDENT  
MONTANA TAXPAYERS ASSOCIATION  
IN SUPPORT OF SENATE BILL 283

THE INEQUITIES OF THE PROPERTY TAX ON BUSINESS INVENTORY HAS LONG BEEN RECOGNIZED BY THE BUSINESS COMMUNITY AND BY LEGISLATURES THROUGHOUT THE COUNTRY. FOR EXAMPLE 36 STATES AND THE DISTRICT OF COLUMBIA HAVE ALREADY ELIMINATED OR ARE PHASING OUT PROPERTY TAXES ON BUSINESS INVENTORY.

THE ECONOMICS OF THE TAX PROVIDE AMPLE REASON TO ELIMINATE THE LEVY. THERE IS NO UNIFORM ECONOMIC IMPACT OF A TAX ON INVENTORY FROM BUSINESS TO BUSINESS. PROFIT MARGINS VARY AND MERCHANDISE TURNS OVER AT A DIFFERENT RATE FROM BUSINESS TO BUSINESS. LIKewise MERCHANDISING PRACTICES VARY UP AND DOWN THE STREET OFTEN DICTATED BY THE IMPACT OF THE TAX ITSELF. THE TAX FORCES THOSE IN BUSINESS TO MAKE DECISIONS BASED UPON THE ECONOMIC IMPACT OF A TAX RATHER THAN WHAT MIGHT BE GOOD MERCHANDISING OR BUSINESS PRACTICE.

THE ADJUSTMENT OF THE PROPERTY TAX BASE BECAUSE OF ECONOMIC RATIONALE AMOUNTS TO TAX REFORM. A SMALL MEASURE OF TAX REFORM WAS ACHIEVED WHEN THE MONTANA LEGISLATURE ELIMINATED HOUSEHOLD GOODS AND SOLVENT CREDITS FROM TAXATION. BOTH TAXES WERE MUCH LIKE THE INVENTORY TAX. THEY WERE NOT EASILY IDENTIFIED BY LOCAL GOVERNMENTS, THEY WERE NOT EASILY ASSESSED, THEY LACKED ECONOMIC UNIFORMITY AND REALLY DIDN'T AMOUNT TO AN IMPORTANT PERCENTAGE IN THE OVERALL LOCAL GOVERNMENT FINANCING PICTURE.

SENATE BILL 283 AGAIN AMOUNTS TO A SMALL MEASURE OF PROPERTY TAX REFORM.

ACCORDING TO THE DEPARTMENT OF REVENUE TOTAL BUSINESS INVENTORY AMOUNTS TO SOME \$33 MILLION DOLLARS OF TAXABLE VALUE AND CONVERTED TO PROPERTY TAXES THE AMOUNT IS ESTIMATED TO BE \$7.3 MILLION ON A STATE-WIDE BASIS. THIS AMOUNTS TO ABOUT 1.7 PERCENT OF THE TAXABLE VALUATION OF THE STATE. IT LIKEWISE AMOUNTS TO 1.7 PERCENT OF THE PROPERTY TAXES LEVIED FOR FISCAL 1981. I CALL TO YOUR ATTENTION THAT WHILE INVENTORY EQUALED 1.7 PERCENT OR \$33 MILLION OF THE VALUATION OF THE STATE FOR 1981 THE VALUATION OF ALL PROPERTY INCREASED \$223.1 MILLION FOR THIS FISCAL YEAR. HAD INVENTORY BEEN ELIMINATED FOR THIS YEAR THE TAXABLE VALUATION OF THE STATE WOULD STILL HAVE INCREASED BY \$190 MILLION DOLLARS.

MONTANA'S PROPERTY TAX STRUCTURE HAS HAD A STEADY GROWTH FROM YEAR TO YEAR. IT IS ANTICIPATED THAT THE VALUATION OF THE STATE WILL INCREASE BY AT LEAST 10 PERCENT FOR FISCAL 1982. THIS MEANS THAT IF BUSINESS INVENTORY WAS ELIMINATED FROM THE TAX STRUCTURE THERE STILL WOULD BE \$151.5 MILLION IN GROWTH FOR THE YEAR. LIKEWISE AS PROPERTY IS REAPPRAISED BY THE DEPARTMENT OF REVENUE WE CAN EXPECT AN EVEN MORE RAPID INCREASE TO THE POINT WHERE THE FACTOR TO DETERMINE TAXABLE VALUE OF COMMERCIAL AND RESIDENTIAL PROPERTY WILL AGAIN HAVE TO BE REVIEWED BY THE LEGISLATURE AS IT WAS IN 1977 AND 1979. THE ARGUMENT THAT SUCH REFORMS AS SENATE BILL 283 WILL SOMEHOW HARM THE TAX STRUCTURE AND LOCAL GOVERNMENTS COMPLETELY IGNORES THE INCREASING TAXABLE VALUATION OF THE STATE EACH YEAR FROM THE REAPPRAISAL PROCESS, THE ADDITION OF NEW PROPERTY AND INFLATION.

IN FACT IN LISTENING TO THESE ARGUMENTS YOU WOULD THINK THAT THE ONLY SOURCE OF REVENUE FOR MUNICIPALITIES AND COUNTIES IS THE PROPERTY TAX. A REPRESENTATIVE OF THE CITY OF GREAT FALLS TESTIFIED BEFORE THIS COMMITTEE THAT FOR 1980-81 ONLY 25 PERCENT OF ALL REVENUE FOR THAT MUNICIPALITY CAME FROM THE PROPERTY TAX. A RECENT STUDY BY THE MONTANA TAXPAYERS ASSOCIATION SHOWS THAT ONLY 35 PERCENT OF ALL COUNTY REVENUE COMES FROM THE PROPERTY TAX SO IN REALITY WE ARE DISCUSSING THE AFFECT OF INVENTORY UPON APPROXIMATELY  $\frac{1}{3}$  OF COUNTY BUDGETS AND  $\frac{1}{4}$  OF MUNICIPAL BUDGETS.

THE ARGUMENT OF REPLACEMENT REVENUE IS ALWAYS ADVANCED WHEN ANY ATTEMPT IS MADE TO BRING ABOUT TAX REFORM IN THIS STATE. YOU CAN'T MAINTAIN THE STATUS QUO AND HAVE TAX REFORM. IN FACT, IF THE TAX ON INVENTORY IS UNFAIR, EXCESSIVE AND LACKS EQUITY THEN IT HAS BEEN A WINDFALL SOURCE OF REVENUE FOR LOCAL GOVERNMENTS OVER THE YEARS.

WHAT WILL HAPPEN IF THE INVENTORY VALUATION IS TAKEN OFF THE BOOKS? REALLY NOT MUCH. PROPERTY VALUATIONS, EXCEPT IN EXTREME CASES WHERE THERE MIGHT BE ECONOMIC ADVERSITY FOR SOME REASON OR OTHER, WILL CONTINUE TO INCREASE AS FOR 1981 AND PREVIOUS YEARS. LOCAL BUDGETS WILL BE ADOPTED AND IF SPENDING IS NOT MATERIALLY INCREASED THERE WILL BE LITTLE CHANGE IN MILL LEVIES. IF THERE IS A SLIGHT TAX SHIFT THROUGH AN INCREASED MILL LEVY, OR CHANGES IN PROPERTY VALUATIONS, THOSE IN BUSINESS WITH INVENTORIES, WILL PICK UP PART OF THE DIFFERENCE ON OTHER PROPERTY--THEIR LAND, THEIR BUILDINGS AND THE LIKE. SO IN THE LONG RUN THOSE BUSINESSES PAYING THE INVENTORY TAXES TODAY WILL CONTINUE TO ASSUME A PART OF THAT TAX BURDEN ON OTHER PROPERTY BUT IN A SIMPLER AND MORE UNIFORM FASHION WITHOUT THE ADVERSE ECONOMIC IMPACTS OF THE PRESENT LAW.

WHAT WE ARE REALLY TALKING ABOUT WITH THIS LEGISLATION IS TAX REFORM AND AN ATTEMPT TO ELIMINATE THE ADVERSE ECONOMIC AFFECTS UPON BUSINESS OF THE INVENTORY TAX. NEITHER WILL BE ACHIEVED IF WE ATTEMPT TO MAINTAIN THE STATUS QUO. WE WILL SIMPLY CONTINUE THE INEQUITIES PRESENT IN OUR CURRENT PROPERTY TAX STRUCTURE WITH THE ONLY RATIONALE BEING THAT WE MUST GENERATE REVENUE FOR GOVERNMENT REGARDLESS OF THE ECONOMIC IMPACT UPON BUSINESS.

I ENCOURAGE YOUR PASSAGE OF SENATE BILL 283 AS ONE STEP TOWARD TAX REFORM AND TAX EQUITY FOR THE BUSINESS COMMUNITY IN OUR STATE.

Executive Office  
P.O. Box 440  
34 West Sixth  
Helena, MT 59624  
Phone (406) 442-3388



SENATE BILL NO. 283

MR. CHAIRMAN, REPRESENTATIVE NORDTVEDT, MEMBERS OF THE HOUSE TAXATION COMMITTEE: I AM A.G. "SLIM" SLATTERY, REGISTERED LOBBYIST FOR THE MONTANA RETAIL ASSOCIATION, FORMER CHIEF OF THE PERSONAL PROPERTY BUREAU OF THE DEPARTMENT OF REVENUE, PAST PRESIDENT OF THE MONTANA COUNTY ASSESSORS ASSOCIATION, AND COUNTY ASSESSOR OF BIG HORN COUNTY FOR NINE YEARS.

I AM HERE TO SUPPORT SENATE BILL NO. 283, IN BEHALF OF THE MONTANA RETAIL ASSOCIATION, A STATE-WIDE ORGANIZATION OF MORE THAN 400 MEMBER FIRMS AND THEIR EMPLOYEES IN THE STATE OF MONTANA.

FROM THE INCEPTION OF THE 1889 CONSTITUTION OF THE STATE OF MONTANA, TAXATION AT FULL AND TRUE VALUE ON BUSINESS INVENTORIES HAS DEPENDED ON VARIOUS RATES, PERCENTAGES, LEVIES, ETC. PLUS THE INDIVIDUAL JUDGEMENTAL DECISIONS MADE IN THE FIELD BY THE ASSESSORS.

I WAS ELECTED BIG HORN COUNTY ASSESSOR IN 1964 AND HAVE WORKED IN THAT AREA OF PROPERTY TAXATION UNTIL MY RECENT RETIREMENT AS CHIEF OF THE PERSONAL PROPERTY TAX DIVISION OF THE STATE OF MONTANA. I HAVE SEEN AND BEEN A PART OF THESE INHERENT INEQUITIES FOR OVER 16 YEARS.

THERE HAVE BEEN MANY FEDERAL, STATE, LEGISLATIVE AND COMBINATIONS OF FEDERAL, STATE AND LEGISLATIVE COMMITTEES THROUGHOUT THESE YEARS WHICH HAVE INDICATED AN INTENTION AND DESIRE TO REDUCE BUSINESS INVENTORY TAXATION TO A POINT WHERE IT CAN BE ELIMINATED ONCE AND FOR ALL WITHOUT SEVERE ECONOMIC IMPACT. LEGISLATIVE ACTIONS HAVE REFLECTED THIS INTENT. WE ARE NOW AT THE PLACE WHERE ELIMINATION IS THE NEXT AND ONLY LOGICAL STEP.

I WOULD LIKE TO GO BACK TO A REPORT OF A STAFF STUDY, NO. 85-169, PREPARED IN 1969-70, MADE AT THE REQUEST OF THE U.S. SENATE SUBCOMMITTEE ON THE

INTER-GOVERNMENTAL RELATIONS RELATING TO THE ASSESSMENT PROCESS OF REAL AND PERSONAL PROPERTY IN MONTANA IN COOPERATION WITH THE MONTANA DEPARTMENT OF REVENUE, UNIVERSITY OF MONTANA, BUREAU OF BUSINESS AND ECONOMIC RESEARCH, AND OTHER STATISTICAL REPORTING AGENCIES.

THE LATE SENATOR LEE METCALF CHAIRED A DAY-LONG MEETING IN BILLINGS, ON AUGUST 22, 1972, ON THE STAFF STUDY. THIS STUDY EXPRESSED THEIR DISCONTENT AT THE ARBITRARINESS OF THE PERSONAL PROPERTY ASSESSMENT. THE CONSENSUS OF OPINION OF THE MEMBERS TESTIFYING AT THIS MEETING WAS THAT THE ELIMINATION OF BUSINESS INVENTORY TAX WOULD BE ADVANTAGEIOUS TO ALL CONCERNED.

FROM INTERVIEWING VARIOUS MERCHANTS AND TAXPAYERS THROUGHOUT THE STATE, I SET FORTH SOME OF THEIR VIEWS, WITH WHICH I CONCUR:

1.  
THE BUSINESS INVENTORY TAX DISCRIMINATES IRRATIONALLY AND DOES NOT AFFECT ALL BUSINESSES IN A FAIR AND EQUAL MANNER.

2.  
CERTAIN SEASONAL BUSINESSES, SUCH AS WINTER SPORTS MERCHANTS, FARM MACHINERY DEALERS AND OTHER SEASONAL MERCHANTS WHO MUST HAVE LARGE STOCKS OF GOODS AND WARES ON ASSESSMENT DATE, TO MEET THE FUTURE NEEDS OF THE COMMUNITY ARE NOT TREATED FAIRLY.

3.  
MERCHANTS OFTEN FIND IT ECONOMICAL TO REDUCE INVENTORIES BY HAVING CRASH SALES, THUS REDUCING THE SELECTION OF NEW ITEMS ORDINARILY AVAILABLE TO THE CONSUMER RATHER THAN PAY THE TAX ON A LARGER INVENTORY.

4.  
THE INVENTORY TAX CAUSES UNFAIR COMPETITION AGAINST THE BUSINESS PERSON WHO IS WILLING TO INVEST IN A GOOD INVENTORY TO BETTER SERVE THEIR COMMUNITY, WHILE LARGE CATALOGUE COMPANIES HAVE CATALOGUE STORES WITH VERY FEW DISPLAY ITEMS, WHICH THEY SELL BEFORE INVENTORY TAX TIME, AND PAY NO INVENTORY TAX, AND THE CATALOGUE COMPANIES DO A VERY LARGE VOLUME OF BUSINESS IN MONTANA. THEY DO NOT HAVE CATALOGUE SUPPLY WAREHOUSES IN MONTANA BECAUSE OF THE INVENTORY TAX.

5.  
THE INVENTORY TAX ADVERSELY AFFECTS THE BUSINESS CLIMATE OF THE MONTANA RETAIL MERCHANTS AS COMPARED TO ITS NEIGHBORING STATES - IDAHO, WYOMING, NORTH AND SOUTH DAKOTA - WHICH ARE BUSINESS INVENTORY TAX EXEMPT STATES, AND CREATES A VERY HIGH COMPETITIVE BUSINESS ATMOSPHERE FOR THE MONTANA RETAIL MERCHANT WHO IS REQUIRED TO PAY AN INVENTORY TAX. OVER THIRTY STATES AND THE DISTRICT OF COLUMBIA ARE BUSINESS INVENTORY TAX EXEMPT. IDAHO, WASHINGTON, OREGON, NEVADA, UTAH, WYOMING, COLORADO, NEBRASKA, NORTH AND SOUTH DAKOTA AND MINNESOTA ARE ALL BUSINESS INVENTORY TAX EXEMPT STATES. AS YOU CAN SEE, MONTANA RETAIL MERCHANTS ARE AT A PRICE DISADVANTAGE WITH NEIGHBORING STATES.
6.  
MANUFACTURERS, WHOLESALERS AND DISTRIBUTORS LOSE BUSINESS BECAUSE THEY CANNOT PRICE COMPETE WITH THEIR COUNTERPARTS IN STATES WHO DO NOT HAVE INVENTORY TAX. ALSO, MANUFACTURERS, WHOLESALERS, DISTRIBUTORS ARE DISCOURAGED FROM LOCATING IN, OR EXPANDING THEIR OPERATIONS IN MONTANA BECAUSE OF THE INVENTORY TAX. MANY OF THE ABOVE HAVE CATALOGUE STORES OR RESIDENT SALES PERSONS IN MONTANA AND PAY NO INVENTORY TAX.
7.  
THE STORES ON THE INDIAN RESERVATION, OWNED BY ENROLLED TRIBAL MEMBERS, ARE EXEMPT FROM INVENTORY TAXATION, WHICH IS A PRICE DISADVANTAGE TO A NON-TRIBAL MERCHANT WHO IS SUBJECT TO INVENTORY TAX AND OPERATING A STORE ON THE RESERVATION. THERE ARE SEVEN INDIAN RESERVATIONS IN THE STATE OF MONTANA.
8.  
MONTANA LAW EXEMPTS MOTOR VEHICLES, BOTH NEW AND USED, FROM INVENTORY TAXATION WHILE IN THE HANDS OF THE DEALERS. WHY SHOULD WE DISCRIMINATE AND PENALIZE OTHER TYPES OF DEALERS AND MERCHANTS?
9.  
EXEMPTING INVENTORIES FROM TAXATION WILL REDUCE GOVERNMENTAL PAPER WORK FOR BUSINESS, AND SIGNIFICANT ADMINISTRATIVE COSTS TO THE STATE, AND REDUCE THE WORK LOAD AND COSTS IN THE COUNTY ASSESSORS' OFFICES.



10.

ELIMINATION OF THE BUSINESS INVENTORY TAX WILL STIMULATE ECONOMIC ACTIVITY, INCREASE BUILDING CONSTRUCTION FOR WHOLESALE, RETAIL BUSINESSES, INCREASE JOB OPPORTUNITIES, PROVIDE FOR GREATER SELECTION OF GOODS FOR THE CONSUMER AND ALSO ADD TO THE REAL PROPERTY TAX BASE.

11.

THE MONTANA RETAIL MERCHANT PAYS MANY KINDS OF TAX - FEDERAL AND STATE INCOME TAX, SOCIAL SECURITY TAX, CORPORATION LICENSE TAX, FILING FEES, STORE LICENSE TAX, BEVERAGE TAX, TOBACCO TAX, CITY, COUNTY AND SCHOOL DISTRICT TAXES.

12.

TO AGAIN SHOW YOU THE UNFAIRNESS OF THE INVENTORY TAX, HERE ARE EXAMPLES OF REPORTING. MONTANA BUSINESSES USE SEVERAL ACCOUNTING METHODS FOR REPORTING INVENTORIES TO THE COUNTY ASSESSOR - USING (LIFO) LAST IN FIRST OUT METHOD; SOME USE DEPRECIATED COSTS; SOME USE ONLY CURRENT WAREHOUSE STOCK COSTS, AND DO NOT INCLUDE STOCKS ON STORE SHELVES - RATIONALIZING IN THEIR METHOD THAT STOCK ON STORE SHELVES IS CONSIDERED SOLD. SOME TAXPAYERS REPORT "SAME AS LAST YEAR", SOME NO REPORT. OTHER MERCHANTS REPORT THEIR COSTS OF MERCHANDISE ON HAND AS OF JANUARY 1 AT MIDNIGHT OF THE YEAR OF ASSESSMENT. - - - FROM THE FOREGOING EXAMPLES OF REPORTING YOU CAN SEE THAT THE INVENTORY TAX IS UNFAIR, NOT EQUALLY REPORTED AND IS ARBITRARY. INVENTORIES SHOULD BE EXEMPT FROM TAXATION.

COUNTIES	TAXABLE VALUE OF BUSINESS INVENTORIES	AVG. LEVY IN MILLS FOR COUNTY & SCHOOLS	ESTIMATED REVENUE
Beaverhead	\$271,089	184	\$49,880
Big Horn	311,006	88	27,369
Blaine	148,071	130	19,249
Broadwater	203,699	176	35,851
Carbon	87,254	166	14,484
Carter	16,359	194	3,174
Cascade	2,854,235	236	673,600
Chouteau	196,853	158	31,103
Custer	446,453	253	112,953
Daniels	108,287	206	22,307
Dawson	551,288	232	127,899
Deer Lodge	341,643	277	94,635
Fallon	242,381	106	25,692
Fergus	509,021	205	104,349
Flathead	2,125,254	235	499,435
Gallatin	1,567,486	232	363,657
Garfield	23,248	176	4,092
Glatier	528,129	147	77,635
Golden Valley	9,743	169	1,647
Granite	42,654	196	8,360
Hill	817,503	188	153,691
Jefferson	95,993	231	22,174
Judith Basin	32,938	188	6,192
Lake	630,964	192	121,145
Lewis & Clark	1,333,352	269	358,672
Liberty	148,223	152	22,530
Lincoln	878,353	201	176,549
Madison	89,823	172	15,450
McCone	99,023	184	18,220
Meagher	124,153	193	23,962
Mineral	136,601	283	38,658
Missoula	4,077,588 <i>made 652,740</i>	261 <i>489,556</i>	1,064,251
Mussellshell	86,335	134	11,569
Park	297,070	201	59,711
Petroleum	3,902	122	476
Phillips	178,811	140	25,034
Pondera	331,122	179	59,271
Powder River	36,297	94	3,412
Powell	139,202	196	27,284
Prairie	14,373	185	2,659
Ravalli	437,036	190	83,037
Richland	771,575	128	98,762
Roosevelt	610,146	185	112,877
Rosebud	115,420	95	10,965
Sanders	376,848	201	75,746
Sheridan	195,709	113	22,115
Silver Bow	972,963	259	251,997
Stillwater	229,040	187	42,830
Sweet Grass	65,011	168	10,922
Teton	200,488	200	40,098
Toole	214,930	138	29,660
Treasure	21,249	165	3,506
Valley	379,592	205	77,816
Wheatland	72,724	209	15,199
Wibaux	23,667	133	3,148
Yellowstone	8,203,334 <i>approximate based on 1931 figures</i>	207 <i>Based on 1931 figures</i>	1,698,090

7,085,040

\*This average levy applies only to county and school levies. City and town levies are not included, thus the revenue estimates are undervalued.

*City & town levies about 1/3 higher than county levies*

*1931 figures*

Beaverhead	15369525	271440	0.17
Big Horn	15819457	202991	0.12
Blaine	11918271	163337	0.13
Broadwater	5466891	87421	0.15
Carbon	16202154	232962	0.1
Carter	6635679	12002	0.02
Cascade	84553839	1850725	0.2
Chouteau	22705106	248577	0.1
Custer	15973790	380437	0.2
Daniels	5926704	122929	0.2
Dawson	17134138	288066	0.2
Deer Lodge	18393846	188980	0.2
Fallon	20714648	73290	0.03
Fergus	21736221	498303	0.2
Flathead	51253863	808056	0.2
Gallatin	37310311	675697	0.2
Garfield	6240076	79696	0.1
Glacier	21306747	156807	0.07
Golden Valley	3602153	42113	0.1
Granite	5637114	68720	0.1
Hill	21884348	411740	0.2
Jefferson	8025541	87635	0.1
Judith Basin	9306854	100161	0.1
Lake	20819015	449412	0.2
Lewis and Clark	39947902	786048	0.2
Liberty	7261773	84024	0.1
Lincoln	18672613	297635	0.2
Madison	11430141	149976	0.1
McCone	7811188	69740	0.08
Meagher	5335069	66580	0.1
Mineral	3856291	48832	0.1
Missoula	65646625	1278433	0.2
Musselshell	8914924	161875	0.2
Park	14956851	311290	0.2
Petroleum	2625084	32171	0.1
Phillips	11695544	123436	0.1
Pondera 2869/0	16373321	286910	0.2
Powder River	18044614	91902	0.05
Powell	8721180	113907	0.1
Prairie	5197415	75894	0.1
Ravalli	16481409	420173	0.25
Richland	20408024	217250	0.1
Roosevelt	16349980	303088	0.2
Rosebud	19612993	219724	0.1
Sanders	14815392	197246	0.1
Sheridan	11984838	169676	0.1
Silver Bow	50395701	436760	0.1
Stillwater	9595647	201967	0.2
Sweet Grass	7068160	125769	0.2
Teton	14,434,867	227644	0.2
Toole	17213293	157956	0.1
Treasure	3061145	36200	0.1
Valley	18437152	457070	0.2
Wheatland	5192588	57676	0.1
Wibaux	7,920,490	40579	0.05
Yellowstone 0.6	18246146	2,616,627	0.2
	1,061,621,651	1,146,8238	1.645%

1980 Inventory  
Total Value

271089	0.1
311006	0.03
148071	0.04
203699	0.2
87254	0.03
16359	0.01
2,854,135	0.3
196853	0.06
446453	0.2
108278	0.1
557288	0.2
341643	0.2
242381	0.05
509021	0.2
2,125,254	0.2
1,567,486	0.2
23248	0.03
528129	0.1
9743	0.02
42654	0.07
817503	0.2
25993	0.01
32938	0.03
630964	0.2
1,333,352	0.2
148223	0.09
878353	0.3
89823	0.06
99023	0.01
124153	0.2
136601	0.3
4,077,588	0.3
86335	0.04
297070	0.1
3902	0.01
178811	0.01
331122	0.01
36297	0.01
189202	0.1
14373	0.03
437036	0.2
771575	0.09
610146	0.2
115420	0.01
376848	0.2
195709	0.05
972963	0.2
229040	0.1
65011	0.08
200488	0.1
214930	0.06
21249	0.05
379200	0.1
72724	0.1
23667	0.02
8203334	0.4
33025511	0.17%

1980 County  
Total Value

17947532
109381036
35765479
7488822
23663761
8940655
92985125
29524384
21063819
8777461
24245273
17138503
46398647
24998487
80509842
59346336
7599649
41904139
4645036
6138494
43079358
10225256
10702744
28281318
58963634
16049601
29395529
18028822
11668238
6281903
4923698
129649605
19997725
19126865
3867652
25135616
21851305
50773300
12685502
5174002
25248876
74549998
26188329
103277016
19486858
37201403
54502043
14166609
8270426
18560821
34611904
4158449
22213370
5736094
10805080
191777515
1845008937

Testimony of Gary Langley, director of governmental relations/Montana  
for the National Federation of Independent Business.

House Taxation Committee

April 10, 1981

Mr. chairman and members of the committee. My name is Gary Langley. I reside in Helena, Montana, where I am employed as the director of governmental relations in Montana for the National Federation of Independent Business, an organization of 373,265 small, independently owned and operated businesses located throughout the 50 states. I very much appreciate this opportunity to appear today as the representative and spokesman for 5,168 independent businesses in Montana--each of whom has a vital interest in elimination of the business inventory tax.

The National Federation of Independent Business is a nonprofit organization dedicated to the preservation of the free enterprise system. Its major objective is to promote the creation and maintenance at all levels of government a climate favorable to the American system of private business operated for profit in which the individual citizen, subject to the requirements of the common good, is free to achieve his success through producing goods and providing services desired and needed by a general public willing to pay fair prices for them.

The views of our members on issues of current interest and concern to the business community is determined by their ballot votes which are taken and tabulated each year. In the case of the inventory tax, 87 percent of our members who responded to the survey agreed with the concept embodied in Senate Bill 283.

As you can see by the ballot response, few issues have generated such a solidarity of opinion from our membership as the demand for elimination of the inventory tax.

Testimony on Senate Bill 283--Gary Langley  
Page 2

The business inventory tax is both an inequitable financial burden to many businesses as well as a psychological handicap that stifles business activity and economic growth and thus decreases employment opportunity. Although the rationale for repeal of the business inventory tax varies depending on the type of business operation, all lead to the same conclusion: It is an equitable tax.

I would like to set forth just a few of the reasons why we believe business inventories should be exempt from taxation:

1. The business inventory tax does not affect all businesses equally and is not at all related to ability to pay. Manufacturers, wholesalers and retailers engaged in goods-producing or selling operations are, by the nature of their businesses, required to maintain inventories. These activities are thus penalized by the inventory tax compared with doctors, lawyers, accountants and other businesses primarily engaged in providing services who pay little or no tax. Moreover, certain wholesalers and retailers with relatively low turnover of merchandise are particularly hard hit while sellers of goods with rapid turnover are not as severely penalized.
2. Certainly seasonal businesses are unjustly penalized by maintaining a maximum inventory required prior to and including the lien date as they move into the start of their busy season.
3. Many businesses just cannot afford to handle a complete line of replacement parts because of the inventory tax. This would include such firms as auto suppliers, hardware dealers and, in general, retailers of consumer durables.
4. Unfair competition is caused against the businessman who is willing to invest in good inventory to better serve his community while catalogue companies escape taxation.

Testimony on Senate Bill 283--Gary Langley  
Page 3

5. The effective tax rate on inventories are higher than effective rates on real property because inventories and other business personal property is appraised annually while real property is generally appraised less frequently.

6. Inventory taxes are not determined by a business's rate of profit. Inventory taxes actually hurt most when business slows down, inventories build up and money to pay the tax is difficult to find. Hence, the burden of the inventory tax can be inversely related to the level of profits.

Based on the response from our membership, I believe repeal of the business inventory tax would increase the level of economic activity and provide more job opportunities. However, the magnitude to which these events will occur is difficult to document and I know this is important to your deliberations.

The best and most recent information available to my knowledge on predicted economic impact as a direct response of the repeal of the business inventory tax is a study conducted a few years ago by the Washington State Research Council. For this study, a scientific random sample was made by Dunn and Bradstreet Inc. of all types of businesses by standard industrial classifications both large and small and from throughout the state. These businesses were asked whether they would expand their businesses in direct response to complete elimination of the inventory tax; if expanding, in what manner and estimated financial investment; and the amount of inventory tax paid.

The results of the study showed that 70.4 percent would expand their business operations in direct response to the complete elimination of the inventory tax. Of those expanding, 85.4 percent said they would acquire additional inventory, 48.7 percent said they would increase employment, 24.6 said they would increase warehouse space and 36.9 percent said they would increase product development, research, dividends or some other activity.



Testimony on Senate Bill 283--Gary Langley  
Page 4

By correlating the dollar value of expansion plans provided with business inventory taxes paid and with total business inventory tax collected throughout the state, it was estimated the business expansion would be an amount equal to 3.2 to 5 times the inventory tax loss.

Many states already have eliminated or are phasing out business inventory tax. Of the 11 continental western states, eight have either eliminated the inventory tax, are phasing it out or have reduced it.

Repeal of the business inventory tax warrants your serious consideration and approval as a means to eliminate gross tax inequities, add impetus to economic growth, create additional job opportunities and provide greater consumer selectivity and convenience.

I respectfully urge passage of Senate Bill 283 on behalf of the more than 5,000 small businessmen who belong to the National Federation of Independent Business.

-30-



P.O. BOX 30158, BILLINGS, MONTANA 59107 (406) 656-0202  
(BRANCH STORE) 201 N. CENTRAL, SIDNEY, MONTANA 59270 (406) 482-2430

April 10, 1981

To: House Taxation Committee  
  
From: Craig Anderson, Controller  
Tractor & Equipment Co.  
  
Re: Support of Senate Bill 283

Tractor & Equipment Co., as well as other Montana equipment dealers and Montana businesses, believes the personal property tax on business inventories to be a tremendously inequitable tax. There are several inequities to be reviewed.

The major inequity is the taxation of retail and manufacturing businesses whose income earning asset is inventory, while other businesses whose income earning asset is people (service organizations, architects, engineers, lawyers, accountants, doctors, real estate agents) or the financial institutions and insurance companies whose incoming earning assets are money (loans) and insurance policies have no tax on their income earning potential.

There is no sound reasoning in taxing one business's earning assets and not another's. If there is a property tax on inventory, why isn't there a property tax on the earning potential of those businesses who bill out their personal services to their clients? Why no property tax on income to be derived from financial loans? Why no property tax on income to be derived from insurance policies? These items are inventories in those businesses.

The fact that a business buys and sells product inventory does not mean that business has a greater ability to pay than an organization who does not have a product inventory; but, instead, has people services to sell, policies to sell, or money to lend. In fact, in these times of high interest rate and the related costs of carrying inventory, those businesses may have less ability to pay.

The argument may be raised that those businesses who carry inventory require greater local services. These businesses need greater police and fire protection than those businesses that do not carry inventory. Let me assure you that those businesses already pay greater real property taxes on the additional land that is required to store inventories. They also pay greater real property taxes on the warehouses and other buildings required to house and protect their inventories. Those businesses are already paying their proportionate fair share of the municipal services they are provided.



It appears the rationale to tax product inventory is; that it is easy to count, easy to value, so tax it.

There are other inequities among those businesses who pay the tax. Those businesses, of course, who are within the city limits pay a higher tax on their inventory dollars than a business outside the city limits.

For example: In Billings, a business located within the city would pay \$11,600 in taxes for \$1,000,000 in inventory. A business located between Billings and Laurel would pay \$5,046 less, or \$6,615 for the same \$1,000,000 in inventory. This is inequitable when you consider that the inventory located within the city limits receives no more services than the inventory located outside the city limits. In fact, I cannot think of any service that is provided our inventory.

The present tax structure effects our particular business in yet another way. We lease much of our machinery to our customers on a month to month basis. Currently, we do not pay property tax on any of our inventory that is leased or rented as of December 31. It just so happens that our leasing activity is the lowest in December, as our contractor customers return our machinery as they shut down their operations for the winter. Our taxable inventory is, then, at its peak. This leaves our dealership with a taxable inventory value which is much higher than if we took an average of our taxable inventory for the year. This can influence our decisions as to when we will have a customer's lease terminate.

On one D8 Dozer, for example, there is a difference of \$1,650 as to whether a lease terminates the 15th of December or the 1st of January. Multiply this times a few customers and we find that this process can interrupt our normal course of business dealings and our management decision making process.

We encourage your passage of Senate Bill 283. If the property tax on inventory is eliminated, I am sure our dealership will pay those taxes in another way. Most probably through increased taxes on our buildings, land and property. We understand that and we always pay at least our fair share. It is the inequitable share we oppose. If this legislative assembly supports tax reform and tax equality, let us first concentrate on the inequities in our present tax structure. Elimination of the property tax on inventories is a great place to start.

TRACTOR & EQUIPMENT CO.



Craig Anderson  
Controller

CA/td

MONTANA STATE PHARMACEUTICAL ASSOC.  
P. O. Box 6335  
Great Falls, Montana - phone 452-3201

April 10, 1981

Testimony from the Montana State ) In support of: Senate Bill 283  
Pharmaceutical Association by ) "An act to exempt business inventories  
Frank J. Davis, Executive Director ) from taxation".

To: House of Representative Committee on Taxation  
Ken Nordvedt, Chairman.

I have gathered some information from a survey completed for the Department of Social and Rehabilitation Services by the Montana State Pharmaceutical Association, based on 1979 pharmacy statistics, in Montana. We also make reference to figures from 1293 stores as presented in the Lilly Digest, 1980.

These figures show the average drug store in Helena, Montana has a rounded off inventory of \$100,000. Pays a business inventory tax of 336+ mills on a taxable evaluation of \$4000., or \$1,344. The average net profit (from the Lilly Digest) for an operation of this kind is 4.2%, or \$98.44 per day. At this rate it would take 23.8 days of net profit from each store, each year, just to pay the tax on the business inventory in Helena, Montana.

There seems to be no doubt but that this is an unfair and discriminatory tax on business. That it puts Montana merchants at a disadvantage when competing with catalogue stores having no business inventory. Or at a disadvantage when having to compete with other merchants in bordering states having no business inventory tax.

The 210 retail pharmacies in Montana represented by this Association would sincerely appreciate your favorable consideration of this bill.

*Frank J. Davis*  
Frank J. Davis, R. Ph.

Apothecary-24 Pharmacy  
401 15th Ave South  
Great Falls, Mont. 59405  
Febr. 7, 1981

Sen. Pat Goodover  
Capitol Station  
Helena, Montana 59601

Dear Senator Goodover:

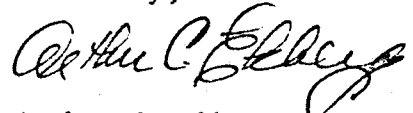
I am writing in reference to Senate Bill 283 regarding the business inventory tax. I personally feel this tax is one of the many unfair burdens on small businessmen such as myself.

In these times of high interest and inflation, I am finding it more and more difficult just to replace inventory at higher and higher costs without having to pay an additional premium to the state of Montana for the privilege of keeping critical drugs on hand for patients needing expensive medication. I could list a number of drugs that I try to stock not because they are a high profit item, but because in that rare occasion where they are needed, the patient is not in a position to wait until it can be ordered.

In addition the warehouses are paring their inventories for the same reason, making it more imperative for the small businessman to keep his stock as high as possible to avoid shortages. A good example was the recent shortage of flu vaccine in this state. Adequate supplies were simply not available. I was able to partially supply the Columbus Hospital from my supplies (at no profit), but I am taxed for the foresight to have adequate stock. Due to the lengthy production times of vaccines, I have just ordered 850 doses for next year. Unfortunately, perhaps, this is timed to arrive to avoid an epidemic of types A & B influenza in Montana rather than to avoid the Montana tax assessor.

Relieving this tax would not be the answer to the small businessman's problems in this or any depressed area, but it would serve to show that our lawmakers are concerned for those of us that are attempting to struggle through these trying times.

Sincerely,

  
Arthur C. Ekberg, R.Ph.

TAXATION 4/10/81  
EXHIBIT "G"

BEFORE THE HOUSE TAXATION COMMITTEE

IN SUPPORT OF - - - - - SENATE BILL 283

\* \* \* \* \*

Mr Chairman and members of this Committee: My name is Charles Brooks. I am one of the owners of Gibson Products Company. We have stores in Billings, Bozeman, Helena, and one store, out-of-state, that is located in Louisiana. We are a Montana-based company and our corporate headquarters is in Billings.

- Montana's Business Inventory Tax is a direct and present burden on Montana businesses. We have a 65 thousand square foot store in Billings and our Louisiana store is the same size. The inventory is larger in the Louisiana store, due in part to the existance of Montana's Business Inventory Tax. This is unfair to the consumer, but necessary to our operation because, even with a somewhat reduced inventory, our taxes on our Billings store are more than double those imposed on our Louisiana store.

I am sure that you realize there is no competition as far as the consumer is concerned between Louisiana and Montana. However, since none of our neighboring states have an inventory tax, there is an unfair disadvantage in competition created, that is a definite detriment to Montana's consumers, businesses and Montana's economic climate and tax base.

In today's competitive marketplace, profit margins are limited and the advantage given to out-of-state competitors, by not having an inventory tax, is difficult, if not impossible, to overcome completely.

Through past actions, statement of specific intent, and several study commissions' conclusions, it is obvious that the intent has been reduction and elimination of business inventory taxation, due to the fact that the shortcomings and disadvantages have long been known.

The unfair and inequitable inherent problems recognized in the business inventory tax, should in itself be reason enough for repeal. However, coupled with the needs that have been discussed for an "Improved Business Climate" and "Diversified Clean Industry" in Montana - - There is really no other intelligent choice but repeal.

Elimination of the inventory tax will stimulate business activity, allow rejuvenation and expansion of existing business and encourage an influx of new business. This will cause new building, more employment and attendant stimulus to many other vital, but sluggish, Montana industries.

Due to such activity, tax bases will be expanded, employment will be increased, tax dollars will be saved and revenue increased, and all Montanans will benefit.

We must be farsighted and view our future in the years ahead, not letting immediate concerns overwhelm us and keep us from taking the steps that are really in the best interests of us all. Short-ranged goals and concerns have, all too often, proven to be counter-productive and detrimental in future years. We must start now if we are to do the job that must be done to protect and enhance Montana's future.

NAME CHARLES HAEFFNER BILL No. 513283  
ADDRESS 218 EVERGREEN, ANACONDA DATE 4-10-81  
WHOM DO YOU REPRESENT ANACONDA CHAMBER OF COMMERCE  
SUPPORT X OPPOSE \_\_\_\_\_ AMEND \_\_\_\_\_

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

WILL GIVE TESTIMONY

BEFORE THE HOUSE TAXATION COMMITTEE

SENATE BILL NO. 283

Business Inventory Taxation

Mr. Chairman and members of this Committee, my name is Loren Davis. I own and operate Davis Business Machines here in Helena and I am appearing in support of Senate Bill 283.

I am sure you have heard or will hear that every business is unique unto itself, and this is true.

My business consists of, by-and-large, what we would refer to as high ticket item sales. Anytime you are dealing with sales and purchases of this type, you are dealing with entities that have taken several months to make up their mind to make the purchase and then after the decision is made they want delivery "YESTERDAY." Once a sale is made, no commissions, service work, or anything else can be counted upon until delivery is made. For these reasons I have to carry, on hand, ready for delivery most if not all of the items that are handled. Not all of these items are sold, so in many cases I pay taxes (based on their original cost) for two or more years on a piece of equipment that is expensive when I purchase it and is depreciating in the amount I can hope to sell it for because of technical advances, etc.

I am also in the business of leasing, on long-term leases, many pieces of large, expensive business equipment. I am required to service these units to keep them in the best possible working order. They depreciate quite rapidly. I continue to pay Inventory Tax on these items at acquisition cost even after they have been reduced by depreciation and obsolescence to a mere fraction of their original cost to me.

Because of competitive practices, I must stock at least one, and in most cases several of each and every model, each and every brand we handle, and with <sup>or</sup> ~~and~~ without attachments and/or accessories.

My inventory is not a fast turning type and in the lease <sup>end</sup> is not really turning at all. There is no way I can reduce my inventory in anticipation of assessment dates. If I even attempted to I ~~would~~ lose so much business that I might just as well close my doors.

The length of time any piece of equipment will stay out on lease depends on the use it is subjected to and the type of equipment. However, to make a point, let's say that I lease out a piece of equipment that has an acquisition cost of \$1,000 and that piece of equipment is leased out for ten years. Over the life of the lease, I will have paid \$400 in business inventory taxes on that single item or an amount equal to 40% of its new cost to me. I will have, in reality, paid out more in business inventory tax on that one item than it is worth at the end of the lease period. Even for some items that are out on a five-year lease, this can be true.

Quite candidly, these costs must be passed on to the consumers, whether we are talking about an item I sell or an item I lease.

Business Inventory Taxes are not based on the ability to pay. They ~~make~~ no distinction as to type of business, the number of times the inventory will turn over during a year, whether it is a controllable inventory or not, ~~obsolescence~~ <sup>obsolescence</sup> or depreciation. It is based on no more than a need felt for revenue ~~and a~~ <sup>from a</sup> selected source. I know of no tax that is more inequitable, unfair, discriminating and truly unenforceable in equity than the Business Inventory Tax, and I recommend its abolishment through support and passage of Senate Bill No. 283.

Thank you.



NAME Clark Pryles BILL No. SB 283  
ADDRESS Box 1699, Helena, MT DATE 4/10/81  
WHOM DO YOU REPRESENT Montana C of Comm.  
SUPPORT X OPPOSE \_\_\_\_\_ AMEND \_\_\_\_\_

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

To compete in the economic arena with our surrounding states we must give our business a fair shake. Small business has been handicapped by the inventory tax for many years. The pressure has been reduced by previous legislation but it is time to remove this handicap completely.

This has been billed as a pro-business legislature. Not much visible action so far to support that. There is an opportunity to help all of our small business.

With very high interest rates it is costly enough to maintain an adequate stock. There is a valid saying "you can't do business from an empty wagon".

Good support from members

NAME Maynard A. Olson BILL No. S.B. 283  
ADDRESS 206 So. Dakota, Helena DATE 4-10-81  
WHOM DO YOU REPRESENT O. P.I.  
~~SUPPORT~~ concerns ~~OPPOSE~~ AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

*We are concerned that if this tax is eliminated, that a replacement tax be provided for financing of schools.*

NAME Bill Verwolf BILL No. SB 283  
ADDRESS 1029 3rd Helena DATE 4-10-81  
WHOM DO YOU REPRESENT City of Helena  
SUPPORT X OPPOSE X AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

The City of Helena opposes the passage of SB283 unless some replacement source of revenue is provided to the local governments. In Lewis and Clark County, the elimination of business inventory tax will cost the City, County, and school district ~~app~~ over \$300,000 in lost revenue. This occurs at a time when local governments and school districts are already severely impacted by fixed property tax bases and escalating costs.

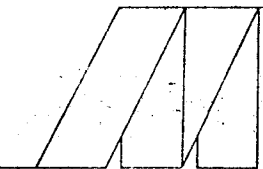
Mr. Chairman:

I would like to go over a few statistics taken from the County Assessor's report to the Department of Revenue. In the reports beginning in assessment year 1973 through 1980 there has been an average taxable valuation increase state wide of 8.4% over the 8 year period. From 1979 to 1980 there was a 12.1% increase in the state taxable valuation of which Business Inventories constituted 1.7% of the State total taxable valuation. By exempting Business Inventories by 1.7%, it leaves a growth rate of 10.4% for 1980, which is 2% over the average growth of 8.4% in an 8-year period. From the above figures, Business Inventories could be eliminated at no burden to the taxpayers of the State.

To give a few more facts and figures - The 1974 legislature exempted Household Furniture and Fixtures used for domestic purposes from taxation. Those properties constituted 1.645% of the states total taxable value, and the State's taxable value increased 11.3% from 1974 to 1975.

In addition to the above facts, legislatures in the past sessions since the 1972 Constitution which granted them Power of Exemption, legislatures have exempted from taxation the following:

Perishable fruits and vegetables after harvest; grain held in storage for seven months; livestock less than nine months of age; farm irrigation sprinkler systems; Don't you think it is about time to address the businessman on main street with a tax relief.



# MISSOULA COUNTY

BOARD OF COUNTY COMMISSIONERS

• Missoula County Courthouse • Missoula, Montana 59801

(406) 721-5700

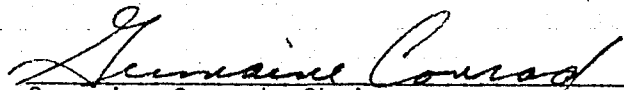
April 7, 1981  
BCC-81-321


Representative Ken Nordvedt, Chairman  
House Taxation Committee  
Capitol Station  
Helena, Montana 59620

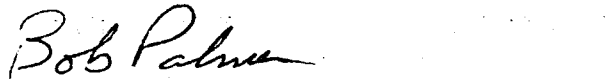
Dear Representative Nordvedt:

In regard to S.B. 283, which would exempt business inventories from the property tax, the Missoula County Commissioners believe that, unless some attention is given to making up the large loss in revenue--our Assessor estimates that Missoula County would lose \$1,250,000--this Bill ought to be defeated. We take this position with full knowledge of the burden this particular tax places on small businesses, but with realization of our obligation to the citizens to fully fund essential services.

Sincerely,

  
Germaine Conrad, Chairman

  
Barbara Evans, Commissioner

  
Bob Palmer, Commissioner

BCC:HS:11

cc: House Taxation Committee Members  
All Missoula House Members

NAME Mr. Oms Luch BILL No. SB 283  
ADDRESS 24 Saddle Butte Drive DATE 4-10-81  
WHOM DO YOU REPRESENT         
SUPPORT ✓ OPPOSE        AMEND       

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

I support SB 283 for three reasons -

It is an unfair tax penalizing those individuals & corporations who endeavor to earn a profit through the sale of tangible commodities. If one is selling knowledge, expertise or a service, they are not subject to this tax. Conversations with large & small locally owned business firms in Idaho reveal that this tax not only encourages but virtually forces falsifying the true value of inventory for purposes of this tax. It also encourages out-of-state warehousing & discourages stocking the top-notch product selection that Idahoan consumers deserve.

⑤ It appeared from conversations with many local businesses in my area, that it appeared that many of them report this actual situation -

NAME

William J. Fitzgerald

BILL No.

SB 283

ADDRESS

111 Falls St

DATE

4-10-81

WHOM DO YOU REPRESENT

Katzenbach's Super Save Drugs

SUPPORT

☒

OPPOSE

AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

The business inventory tax is a very unfair tax imposed on the business people of Montana.

In our case, in operating retail drug stores, we have large inventories in our pharmacy department as new drugs are introduced we buy inventory of this new drug not knowing whether a doctor will write a prescription for it or not. In many cases we will buy a bottle of 100 capsules new drugs and may get one prescription for 12 or 24 of the drug leaving us with the remainder that we can not sell unless we get another prescription for that drug, which often doesn't happen.

Another large department in our drug store is our camera departments. Major manufacturers of cameras such as Kodak, Polaroid, Minolta etc change their entire line very often. as soon as they (the manufacturers) introduce a new line, we are forced to close out at a loss the old line, that we have paid tax on and that we stock the new line of cameras which are subject to the inventory tax also.

Urge your support of SB-283 Thank you

Amendment to Senate Bill 210, Third Reading Copy

1. Page 3, line ~~9~~.

Following: line 8

Insert: "(b) The court shall exclude a taxpayer from an action brought pursuant to [section 1] if the person bringing the action publishes notice as provided in subsection (3) of this section and the taxpayer requests to be excluded by the date specified in the notice."

2. Page 3, line ~~9~~.

Following: line 8

Strike: "(B)"

Insert: "(c)"

Following: "UNDER"

Strike: "THIS SUBSECTION"

Insert: "subsection (3) of this section"

*Patricia Solman*



March 26, 1981

TO: Representative Nordvedt, Chairman  
House Taxation Committee  
Room 114

FROM: Senator Mike Halligan

SUBJECT: Amendments for SB 322

1. Page 3, line 10.

Following: "Montana"

Insert: "if the expenditure was not deducted in computing adjusted gross income"

2. Page 8, line 14.

Following: "3]"

Insert: "which was not used as a deduction in computing adjusted gross income"

3. Page 8, line 15.

Following: line 14

Strike: Section 5 in its entirety

PROPOSED AMENDMENT TO SB 269

1. Delete page 5, lines 24 and 25 and page 6, lines 1-10, inclusive.
2. Substitute the following beginning at page 5, line 24:

"(c) if an easement over or through the defendants' property is involved, in either a lump sum or in not more than five consecutive annual installments."

SB 19

1. Title, line 7.

F: "MCA"

Insert: "; AND PROVIDING AN IMMEDIATE  
EFFECTIVE DATE"

2. Page 4, line ~~14~~

F: line 13

L: "Section 3, <sup>IMMEDIATE</sup> EFFECTIVE DATE.

This act is effective on passage  
and approval."

# STANDING COMMITTEE REPORT

April 14, 1961

SPEAKER

MR. ....

We, your committee on TAXATION

having had under consideration SENATE Bill No. 283

A BILL FOR AN ACT ENTITLED: " AN ACT TO EXEMPT BUSINESS INVENTORIES FROM TAXATION; AMENDING SECTIONS 15-6-136, 15-6-202, 15-8-104, AND 15-24-301, MCA; AND REPEALING SECTIONS 15-24-402 AND 15-24-403, MCA."

Respectfully report as follows: That SENATE Bill No. 283

BE CONCURRED IN

~~DO PASS~~