

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

February 10, 1981

The twenty-third meeting of the committee was called to order at 8:00 a.m. in the Old Highway Building auditorium, Chairman Pat Goodover presiding.

ROLL CALL: All members were present, with the exception of Sen. Steve Brown.

CONSIDERATION OF SENATE BILL 283:

"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 15-24-403 AND 15-24-403, MCA."

Sen Elliott said this is a bill that will eliminate business inventories from property taxation. Reasons he feels these taxes should be removed are 1) 36 states have already dropped, or are phasing out, the tax on inventories, 2) many stores are converting to catalog stores which do not provide a complete line of merchandise, 3) to allow wholesale stores a more competitive position in locating in Montana, and 4) to help seasonal stores, i.e., ski merchandisers, to be more competitive. Sen. Elliott introduced Curt Hansen, Executive Vice-president of the Montana Retail Association. Mr. Hansen read a mail-gram from Ross Sandler, General Manager for the Bon, Attachment #1. Mr. Hansen's testimony is Attachment #2. He also submitted Attachments 3 through 8.

PROPOSERS:

Slim Slattery, registered lobbyist for Montana Retail Association, attachment #9.

Lois Toplarski, Lenz Card and Gift Shop, Butte, Attachment #10.

Alma Hinand, representing Ray's Sports Westernwear in Harlowton, attachment #11.

Bruce Simon, Coles Department Store, Billings, Attachment #12.

Frank Davis, Montana State Pharmacy Association, reading letter from Arthur C. Ekberg, Attachment #13.

H. Allen Shumate, retired, representing National Federation of National Businessmen, President, Helena Property Owner's Association.

Bob Holding, attorney, executive Director for Montana Wood Products Association.

Forrest Boles, President, Montana Chamber of Commerce.

Keith Anderson, Montana Taxpayers Association president, Attachment #14.

Jack Roemer, Roemer's Tire Center, Missoula.

Terry Brady, Sportsman Surplus, Missoula.

Dave Goss, Billings Area Chamber of Commerce.

Dick Hart, Bozeman, representing Downtown Businessman's Association.

Fred Robinson, Manager Peterson Lumber Co., Helena.

Thomas W. Maddow, Mt. Association of Tobacco and Candy Distributors, Inc., Helena.

Ed. McHugh, owner-operator of Clover Leaf Dairy, Helena.

February 10, 1981

Craig Anderson, Tractor and Equipment Co., Billings, Attachment #16. Loren Davis, Davis Business Machines, Helena, Attachment #17. Letters are also attached from Hart-Albin Company, Attachment #18; Sigman's, Attachment #19; Kays, Southgate Mall, Missoula, Attachment #20, and Big Bear Stores, Billings, Attachment #21.

The hearing was closed on Senate Bill 383 and the meeting place changed from the auditorium to Room 415, State Capitol Building.

CONSIDERATION OF SENATE BILL 280:

"AN ACT TO INCREASE THE RATE OF INTEREST CHARGED ON DELINQUENT PROPERTY TAXES TO 3 PERCENT PER ANNUM ABOVE THE DISCOUNT RATE IN EFFECT AT THE DATE OF DELINQUENCY IN THE NINTH FEDERAL RESERVE DISTRICT; AMENDING SECTIONS 15-16-101, 15-16-102, AND 15-17-303, MCA."

Sen. Van Valkenburg said this bill would tie the rate of interest on delinquent taxes to the federal reserve discount rate, saying the rate would be 3 1/2% above discount rate on the date of delinquency. Sen. Van Valkenburg asked that an immediate effective date be considered for this bill. He said Mike Stephen had a breakdown of those who are not paying their taxes in a timely manner.

Mike Stephen, Montana Association of Counties, said he had 3 counties who had submitted testimony: Missoula, Cascade, and Flathead. Attachment #22 is from Flathead County Treasurer, and Attachment #23 from Cascade County Treasurer. Following is an analysis of unpaid taxes in Missoula County. \$0 - \$499, 24%; \$500 - 1,000, 22%; 1,000 - 1,999, 12%; 2,000 - 2,999, 4%; 3,000 - 3,999, 2%; over \$4,000, 35%.

PROponents:

Bruce MacKenzie, D. A. Davidson Co, felt that if there were not sufficient enforcement provisions and a history of delinquencies, the bond ratings suffer and they bear a higher interest rate. He felt a provision that truly penalized delinquencies instead of providing an incentive for late payment was a step to correct the problem.

Bill Cregg, Mayor of Missoula, felt the idea of tying to the Federal discount rate was equitable. On the other hand, he said, if it is lower, the delinquent taxpayers should have the lower rate.

There were no opponents and questions were called for from the committee.

Sen. Crippen wanted to know how many in the \$4,000 class, comprising 35% of delinquencies in Missoula County, were involving people under tax appeal. Mr. Stephen didn't have the figures. Sen. Eck asked Sen. VanValkenburg what kind of rate were we looking at, and he said about 19%.

The hearing was closed on Senate Bill 280.

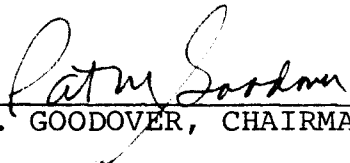
CONSIDERATION OF SENATE BILL 284:

"AN ACT TO CLARIFY WHEN A VOTE OF ELECTORS IS REQUIRED TO INCUR AN INDEBTEDNESS ON BEHALF OF A LOCAL GOVERNMENT FOR AIRPORT PURPOSES; AMENDING SECTION 67-10-402, MCA."

Because Sen. Stimatz was not present and questions arose concerning the bill, it was decided to hold this until further clarification could be obtained.

Senator Towe moved that a committee bill be drafted for the liquor licensing problem. The motion passed, Sen. Manley dissenting.

The meeting was adjourned at 10:00 a.m.



PAT M. GOODOVER, CHAIRMAN

ROLL CALL

TAXATION COMMITTEE

47th LEGISLATIVE SESSION - - 1981

Date 2/10/81

NAME	PRESENT	ABSENT	EXCUSED
Goodover, Pat M., Chairman	✓		
McCallum, George, Vice	✓		
Brown, Bob	✓		
Brown, Steve		✓	
Crippen, Bruce D.	✓		
Eck, Dorothy	✓		
Elliott, Roger H.	✓		
Hager, Tom	✓		
Healy, John E. "Jack"	✓		
Manley, John E.	✓		
Norman, Bill	✓		
Ochsner, J. Donald	✓		
Severson, Elmer D.	✓		
Towe, Thomas E.	✓		

Each day attach to minutes.

DATE Feb. 10, 1981

COMMITTEE ON TAXATION

S. B. 283

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One					
			Support	Oppose				
B.B. Hansen	MONTANA Retail Association	283	✓					
C.J. Reupert	Globe Cl. Co.	283		✓				
W.B. Tucker	Recreation Fun Ctr	283		✓				
Frank & Lewis	Mt. M. Pharmacy Assoc	283		✓				
Bob McLaughlin	Boys of America	283		✓				
Christina Marie	The Fox, Harold	283		✓				
Silva Wilson	Hudson, Sherm.	283		✓				
Paul Anderson	" " " "	283		✓				
Walter Hansen	Retired	283		✓				
Doug Goss	Business Association	283		✓				
John Slattery	Lodging Register	283		✓				
JAMES L. Smith	Knights Gift Shops	283		✓				
Ellen Fobes	Dept of Revenue	280 283						
A.H. Bales	Mount Chambers	283		✓				
Mike Hall	Fourth Townsend Co	283		✓				
S. Keith Anderson	Mont. Taxpayers Assoc	283		✓				
DENNIS SWANSON	COAST TO COAST STORE	283		✓				
Ed McHugh	Clara Lee Dining Helena	283		✓				
Terry Brady	Sportsman Surplus Mpls	283		✓				
Suzanne Roberts	Senora Hardware Co	283		✓				
Ronald Allen	Bedcoi Truck & Recre	283		✓				
JAMES G. LARSON	LARSON Cl. Co.	283		✓				
Jack Roemer	Roemer's Tire Center	283		✓				
Bill Hegg	City of Missoula	280	✓					
Luis [unclear]	Montana Retail Assn Bottle Shop & [unclear]	283		✓				
Ray [unclear]	Hotel [unclear]	283		✓				

(Please leave prepared statement with Secretary)

DATE February 10, 1981

COMMITTEE ON _____

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One					
			Support			Oppose		
James H Russell	Home Ranch	283	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tom Allen	ALLEN ELECTRIC	283	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tom Harris	CAPITAL OFFICE EQUIP	283	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
James Murphy	Allen Elec	-	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Maureen	Karp's Hardware	283	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gene & Lois	Lois Business Mach.	283	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bruce Simon	Colco Dept Store	283	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Barbara Anderson	Tractor & Equipment Co	283	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Robert Jensen	Warner's Furniture	283	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Walt G. Taylor	Walt G. Taylor	283	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bob Needham	Wm. Wood Products Co.	283	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jay Trumbull	Jay Trumbull	1	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mary Combe	Combe Home Furnishings	1	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Wm. T. Galt	Rudolph's Standard Furniture	1	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Phil Gadd	Phil Gadd's Furniture	1	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fred Robinson	Peterman Mfg. Co. Helena	283	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ann Scott	Mont. Furniture Union	283	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Anna Raper	Kennecott	283	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Thomas W. Maddox	Montana Assn. of Tobacco & Candy Distributors	283	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dave Riker	Matt's Super Save Drugs	283	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lincoln	" "	283	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jan Brown	Jan's Photo - Helena	283	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Alley	Alley's Hardware	283	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dave Simkins	Leslie's Hardware	282	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(Please leave prepared statement with Secretary)

THE BON
R SANDLER 110 NORTH HIGGINS
MISSOULLA MT 59801

western union Mailgram

Attachment #1

4-000212D038-001 02/07/81 ICS SOTOIPO MLTN HELA
SUSPECTED DUPLICATE: 4-039245S037 ICS IPMMTZZ CSP
4065437211 MGM TDMT MISSOULLA MT 89 02-06 0339P EST

SENATOR ROGER H ELLIOTT
STATE CAPITOL
HELENA MT 59601

I WOULD APPRECIATE A FAVORABLE YES VOTE FROM YOU ON SB283 WHICH WILL
ELIMINATE MONTANA INVENTORY TAX THIS BILL IS IN LINE WITH SIMILAR
LEGISLATION ENACTED OR UNDER CONSIDERATION IN MOST WESTERN STATES I
NEED THIS ELIMINATION TO REMAIN COMPETITIVE WITH OUR OTHER BON STORES
NOT IN MONTANA SINCE WE COMPETE FOR A SHARE OF THE TOTAL INVENTORY.
WITHOUT THIS TAX A LARGER SHARE OF INVENTORY COULD COME TO MONTANA
SINCERELY YOURS

ROSS A SANDLER RESIDENT GENERAL MANAGER BON MISSOULLA

0132 EST

MGMCOMP MGM



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

BUSINESS INVENTORY TAXATION

WHAT IS IT ?

IT IS UNIFORM APPLICATION OF A TAX PLACED UPON MANY DIVERSE (COMPLETELY UNALIKE) BUSINESSES AND THEIR INVENTORIES. SOME OF THESE INVENTORIES ROTATE OR TURN OVER 50 TIMES EACH YEAR, OR MORE. SOME TURN OVER VERY SLOWLY, SOME DEPEND ON MANY UNCONTROLABLE OUTSIDE INFLUENCES, SOME ARE BY THEIR UNIQUE QUALITIES AT THEIR HIGHEST ON THE ASSESSMENT DATE WHILE SOME ARE AT THEIR LOWEST ON THE ASSESSMENT DATE. IT IS A TAX THAT PAYS NO ATTENTION TO "ABILITY TO PAY".

THIS YEAR, RETAILERS THAT SELL SKIS AND SNOWMOBILES ARE NATURALLY HURTING FINANCIALLY BECAUSE OF THE LACK OF SNOW. AS A RESULT THEIR INVENTORIES ARE GOING TO BE HIGHER THAN USUAL ON THE ASSESSMENT DATE TOO. THIS WORKS AS A DOUBLE PENALTY. BECAUSE THEY HAVE HAD A BAD YEAR IN SALES THEY HAVE BEEN HURT FINANCIALLY AND NOW DUE TO THE SAME REASONS THEY WILL HAVE TO PAY HIGHER BUSINESS INVENTORY TAXES. IS THIS FAIR??

IN CASES WHERE THE RETAILER CAN CONTROL INVENTORIES, AND IS ABLE TO REDUCE HIS INVENTORY SUBSTANTIALLY PRIOR TO THE ASSESSMENT DATE, SO THAT HIS INVENTORY IS AT ITS LOWEST ON THE ASSESSMENT DATE, DOES HE PAY HIS FAIR SHARE??

HAVE YOU EVER TRIED TO EXCHANGE A CHRISTMAS GIFT FOR SOMETHING SUITABLE AROUND THE FIRST OF THE YEAR ??

IF YOU HAVE THEN YOU KNOW WHEN CONTROLABLE INVENTORIES ARE AT THEIR LOWEST.

HAVE YOU EVER WONDERED WHY SO MANY OF THE MAJOR CHAIN STORES ARE CLOSING RETAIL OUTLETS AND GOING MORE AND MORE TO CATALOGUE STORES IN MONTANA?? THEIR CATALOGUE STORES HAVE THE MERCHANDISE SHIPPED TO THEM OR YOU FROM WAREHOUSES IN OTHER STATES THAT DO NOT HAVE BUSINESS INVENTORY TAXES.

WHO CAN EVEN VENTURE A GUESS AT HOW MANY JOBS ARE LOST IN MONTANA BECAUSE OF BUSINESS INVENTORY TAXATION? HOW MANY BUSINESSES HAVE SELECTED OTHER STATES TO DO THEIR EXPANDING IN JUST BECAUSE OF MONTANA'S BUSINESS INVENTORY TAXES?

WE ALL TEND TO TALK IN GENERALITIES ABOUT THINGS LIKE "GOOD BUSINESS CLIMATES". WE ALL TEND TO LOOK FOR A QUICK FIX FOR EVEN OUR MOST COMPLEX PROBLEMS. THERE ARE NO QUICK FIXES THAT WORK. THERE IS NO ONE THING THAT WE CAN DO TO CREATE A "GOOD BUSINESS CLIMATE", BUT THERE IS ONE THING WE CAN DO TO HELP CREATE THAT GOOD BUSINESS CLIMATE AND THAT IS TO ELIMINATE BUSINESS INVENTORY TAXES. IT ISN'T A QUICK FIX. IT DOESN'T CURE ALL OUR ILLS. IT IS A GIANT STEP IN THE RIGHT DIRECTION.

PASSAGE OF SENATE BILL 283, WILL HELP TO CREATE THE "GOOD BUSINESS CLIMATE" IN MONTANA WE ARE LOOKING FOR. IT WILL HELP TO INCREASE THE TAX BASE BY PROVIDING MORE JOBS, MORE BUILDING, LESS RELOCATION OUT OF MONTANA, BETTER SELECTIONS FOR MONTANA'S CONSUMING PUBLIC, LARGER INVENTORIES, MORE COMPLETE STOCKING OF NEEDED PARTS, REPAIRS, ETC., AND, IF THE FREE ENTERPRISE SYSTEM WORKS AT ALL, IT WILL HELP TO REDUCE THE COST OF MERCHANDISE TO ALL MONTANANS BY PASSING ON SAVINGS THAT WILL

BE REALIZED BY RETAILERS.

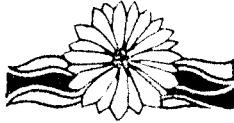
ELIMINATION OF "BUSINESS INVENTORY TAXATION" WILL NOT COST, IT WILL PAY IN THE LONG RUN, AND IT IS THAT FIRST STEP THAT IS ALWAYS THE HARDEST IN A MOVE TO CREATION OF AN ECONOMICALLY "GOOD BUSINESS CLIMATE" IN THIS OUR STATE OF WHICH WE ARE ALL SO PROUD.

WE, THE MONTANA RETAIL ASSOCIATION, ON BEHALF OF RETAILERS, BIG AND SMALL, THROUGHOUT THIS STATE, STRONGLY SUPPORT SENATE BILL 283, AND PRAY THAT YOU WILL MOVE IT FROM THIS COMMITTEE TO THE SENATE FLOOR, WITH A UNANIMOUS "DO PASS" RECOMMENDATION.

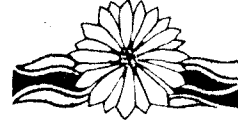
CURTIS B. HANSEN
EXECUTIVE VICE PRESIDENT
MONTANA RETAIL ASSOCIATION

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,

NAMEBUSINESSADDRESS

<u>NAME</u>	<u>BUSINESS</u>	<u>ADDRESS</u>
Shirley E. Pawling	Sanderson OK Hardware	248 W. Main
Donna J. ...	...	...
Barbara Mork	Natural Baby Shop	128 Main St.
Patricia U. Johnson	Bitterroot Spl Goods	130 Main St.
...
David A. Baughman	Spruce Reitz	201 South 2 nd
Victor C. ...	Ben Frankenthorpe	208 Main
Dale Kendrick	Paper clip	228 main
...
Don B. Darling	Judson OK Hardware	249 W. Main
...
Faith M. Lake	Lake Milling Co.	110 Main St.
...
...
...
Robert A. Harmon	The Hip Pocket	221 St 1 st St

Kurt [unclear] [unclear] [unclear] 24 1st [unclear]

Carol Wilson - Joe & Carol's Eatery 207 So. 1st

Joseph Wilson " " " " " Hamilton

Sileen Spannuth Spannuth Arch Center 661 North Hamilton

Ed Spannuth " " " " " Hamilton

Susan Wisnfeld "Nature" Book 205 1st St. Hamilton

William D. Drexler Simply Elegant Dental - 113 Hyman St. Hamilton

Hon. Beyer Beyer Catering 113 Hyman St. Hamilton

Jan Patanuck Simply Elegant 113 Hyman St. Hamilton

Ray Murphy MacFarlane (Cleric) 11 1/2 W. 1st Hamilton

Bro. Lamiere Range Cafe 133 Main St. Hamilton

Mar. Clark Clark's [unclear] 101 1st St. Hamilton

Bob [unclear] Range Cafe 133 Main St. Hamilton

[unclear] [unclear] [unclear] [unclear] [unclear]

[unclear] [unclear] [unclear] [unclear] [unclear]

[unclear] [unclear] [unclear] [unclear] [unclear]

[unclear] [unclear] [unclear] [unclear] [unclear]

[unclear] [unclear] [unclear] [unclear] [unclear]

[unclear] [unclear] [unclear] [unclear] [unclear]

[unclear] [unclear] [unclear] [unclear] [unclear]

DON L. DAVIS
Jewelers INC.
MISSOULA, MONTANA 59801 • 406 721-0340

February 9, 1981

Senate Taxation Committee
Senator Pat Goodover, Chairman

Dear Sirs:

As a small retailer with a heavy inventory commitment, I urge you and your committee to back Bill number 283 for the repeal of this inventory tax.

I am sure you cannot disagree that this is one of the most, if not the most, discriminatory taxes we have.

Now, with interest rates high, and an overretailed situation in nearly every community, we retailers that are forced to carry high, slow moving inventories to service the consumer properly are even at a more disadvantage than in the past.

Thank you for considering our plight, and I am sure your committee will be able to get behind this bill for the good of every one in the state.

Very truly yours,

Don L. Davis, Pres.

Don L. Davis Jewelers, Incorporated
Don L. Davis, President

DLD: jm



Attachment # 5

KAUFMANS

MENSWEAR CENTRE OF Montana

SOUTHGATE SHOPPING CENTER / MISSOULA, MONTANA 59801 / TELEPHONE (406) 721-5010

February 6, 1981

Dear Montana Legislators,

I am writing this letter in support of Montana Senate Bill 283. This bill which would eliminate the current business inventory tax is very crucial for the improved health of all businesses in the state of Montana.

Businesses currently are paying increased taxes on almost every phase of business operations. Elimination of the inventory tax would certainly stimulate the retail community state wide. In addition to allowing for greater after tax profits (some of which would be re-invested) the over all "business feelings" by all merchants would be greatly improved.

The general state of the economy nation wide is making it increasingly more difficult for all merchants to keep their doors open. These national conditions along with things like the inventory tax in Montana are closing more doors all of the time.

As a business man in the state of Montana, I am asking for your help in improving the over all business climate in the state. Please support Montana Senate Bill 283 - eliminate the current business inventory tax.

Sincerely yours,

Barry E Whitmore

Barry E. Whitmore
General Manager, Kaufmans of Missoula

BEW/jb



Corporate Offices:

Southgate Mall
Missoula, Montana 59801
Phone: (406) 728-3760

SLACKS, INC.

February 6, 1981

Dear Montana Legislators,

I am writing this letter in support of Montana Senate Bill 283. This bill which would eliminate the current business inventory tax is very crucial for the improved health of all businesses in the state of Montana.

Businesses currently are paying increased taxes on almost every phase of business operations. Elimination of the inventory tax would certainly stimulate the retail community state wide. In addition to allowing for greater after tax profits (some of which would be re-invested) the over all "business feelings" by all merchants would be greatly improved.

The general state of the economy nation wide is making it increasingly more difficult for all merchants to keep their doors open. These national conditions along with things like the inventory tax in Montana are closing more doors all of the time.

As a business man in the state of Montana, I am asking for your help in improving the over all business climate in the state. Please support Montana Senate Bill 283 - eliminate the current business inventory tax.

Sincerely yours,

Barry E Whitmore

Barry E. Whitmore
President & General Manager, Slacks Inc., dba Bo-Legs

BEW/jb

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 Corsini</u>	<u>Rafferty's Candies</u>	<u>Southgate Mall</u>
<u>Nancy DeLuca</u>	<u>Universal Athletics</u>	<u>Southgate Mall</u>
<u>Daniel Dwyer</u>	<u>Hal 'N' Dues</u>	<u>Southgate Mall</u>
<u>Kelcie Christie</u>	<u>Jenny's</u>	<u>Southgate Mall</u>
<u>Jackie Erickson</u>	<u>Jay Groves</u>	<u>Southgate Mall</u>
<u>Chit Danville</u>	<u>Ballenkamp Shoes</u>	<u>Southgate Mall</u>
<u>Jan Sherwood</u>	<u>Maurices</u>	<u>Southgate Mall</u>
<u>Bob Benhoet</u>	<u>Anita's</u>	<u>Southgate Mall</u>
<u>Lois Simmons</u>	<u>Craft Creations</u>	<u>Southgate Mall</u>
<u>Bonnie Mow</u>	<u>Foxmor</u>	<u>Southgate Mall</u>
<u>[Signature]</u>	<u>Kinnery/Shop</u>	<u>SOUTHGATE MALL</u>
<u>Paul [Signature]</u>	<u>HOUSE OF FABRICS</u>	<u>SOUTHGATE MALL</u>
<u>Tom March-Shields</u>	<u>Bradton Knives</u>	<u>Southgate Mall</u>
<u>[Signature]</u>	<u>The Hobbie Shoppe</u>	<u>Southgate Mall</u>
<u>Jean McCallum</u>	<u>Hatch's</u>	<u>Southgate Mall</u>
<u>Henry West</u>	<u>Bakers</u>	<u>Southgate Mall</u>

NAME

BUSINESS

BUSINESS ADDRESS

NAME	BUSINESS	BUSINESS ADDRESS
Sofea Koures	The Altogether	Southgate Mall - 1st
Jane Campbell	Spencer Gifts	Southgate Mall
Blair E. Garrison	Thom Men Women	Southgate Mall
Richard Elliott	Smith King, Stone	" "
Sam S. Sam	Schubach Sundry	" "
Robert K. D. Moore	Slice-a-Pizza	" "
James L. Diamond	Snickers Bookies	Southgate Mall
Sandy Billie	The Wardrobe	" "
John S. Jones	Mr. Mark	SOUTHGATE MALL
Dorley Fitzhugh	Lerner Shop	" "
Jan Winters	Clowntown	
St. John	St. John	5660 Lemay Blvd. Ky
St. John	Margan Jewellers	SOUTHGATE MALL

SOUTHGATE MALL

February 5, 1981

Dear Senators:

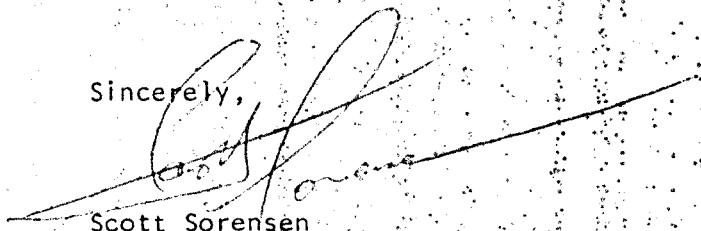
I would like to state my emphatic support for S.B. 283. As General Manager of one of Montana's three largest shopping malls, I have a very close awareness of the great difficulty of most merchants to meet the scores of costs in operating a retail outlet. The business inventory tax is one more burden to carry. To some stores it may mean one of the straws that will break their backs and put them out of business.

It would be of service to the consumers, you and I, to help protect the merchant and allow him to serve our needs with products at reasonable prices. The prices will be more reasonable when the cost of operating is more reasonable.

By passing S.B. 283 you will be helping all of us.

Thank you.

Sincerely,



Scott Sorensen
General Manager

SS/mh





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

SENATE BILL NO. 283

MR. CHAIRMAN, SENATOR GOODOVER, MEMBERS OF THE SENATE 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 # 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 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 AUBUST 22, 1972, ON THE STAFF STUDY. THIS STUDY EXPRESSED THEIR DISCONTENT AT THE ARBITRARINESS OF THE PERSONAL PROPERTY ASSESSMENT. THE CONCENSUS OF OPINION OF THE MEMBERS TESTIFYING AT THIS MEETING WAS THAT THE ELIMINATION OF BUSINESS INVENTORY TAX WOULD BE ADVANTAGEOUS 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.
MANY BUSINESSES CANNOT EITHER AFFORD, OR WILL NOT GAMBLE ON MAINTAINING A COMPLETE LINE OF REPLACEMENT PARTS AND SUPPLIES IN THE LAST OF THE YEAR BECAUSE OF THE LEIN DATE FOR THE INVENTORY TAX.

4.
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.

5.

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

6.

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 EXEMPT STATES, AND CREATES A VERY HIGH COMPETITIVE BUSINESS ATMOSPHERE FOR THE MONTANA RETAIL MERCHANT WHO IS REQUIRED TO PAY AN INVENTORY TAX. -- THIRTY-ONE 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.

7.

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.

8.

MONTANA RETAIL MERCHANTS WHO HANDLE CONSIGNED MERCHANDISE FROM OUT OF STATE AND MANUFACTURERS, WHOLESALERS OR DEALERS WHO HAVE MERCHANDISE IN INVENTORY MUST PAY THE INVENTORY TAX ON THE LEIN DATE EVEN THOUGH THE INVENTORY IS REALLY OWNED BY AN OUT-OF-STATE OWNER, WHICH THE CONSIGNOR CAN RECALL OR TRANSFER TO ANOTHER COUNTY WITHOUT PAYING THE TAX. ELIMINATION OF THE INVENTORY TAX WOULD LESSEN THE BURDEN ON THE MONTANA RETAIL MERCHANT WHO MUST DEAL IN CONSIGNED MERCHANDISE.

9.
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.

10.
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?

11.
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.

12.
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.

13.
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.

14.
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.

SENATE BUSINESS AND INDUSTRY COMMITTEE

SENATE BILL 283

BUSINESS INVENTORY TAXATION

MR. CHAIRMAN (SENATOR PAT GOODOVER) AND COMMITTEE MEMBERS, MY NAME IS LOIS TOPLARSKI, MY HUSBAND AND I OWN THE LENZ CARD AND GIFT SHOP IN BUTTE, MONTANA. I AM CURRENTLY THE PRESIDENT OF THE BOARD OF DIRECTORS OF THE MONTANA RETAIL ASSOCIATION, I AM HERE IN SUPPORT OF SENATE BILL 283.

IN BUTTE SILVER BOW, WE PAY THE HIGHEST MILLAGE IN THE STATE OF MONTANA (366 MILLS). WE PAY ONE OF THE HIGHEST, IF NOT THE HIGHEST, WAGE SCALES IN THE STATE. WE CAN COUNT ON LABOR STRIKES WHICH RESULT IN DISRUPTED SALES. WE LIVE IN AN AREA OF DIMINISHING POPULATION WHICH RESULTS IN FURTHER LOSS OF BUSINESS AND ULTIMATELY INCREASED MILLAGE.

IN MONTANA WE ARE STAGING A STAUNCH CAMPAIGN TO ATTRACT NEW BUSINESS.

WE OPENED OUR STORE IN 1967 - IN THE MIDST OF A STRIKE ON THE BUTTE HILL THAT LASTED OVER 9 MONTHS. DUE TO THAT FACTOR AND THE FACT THAT OUR LOCATION, A SHOPPING CENTER, WAS STILL SMALL AT THE TIME, IT TOOK US FIVE (5) YEARS TO MOVE INTO THE BLACK AND NEITHER MY HUSBAND OR I TOOK ANY SALARY OUT OF THE STORE FOR THE FIRST YEAR.

PAYING INVENTORY TAX IN A NON-PROFIT SITUATION WAS A GENUINE HARDSHIP. THE SITUATION FOR NEW BUSINESSES HASN'T CHANGED. THE INVENTORY TAX IS DEFINITELY A DETERENT TO NEW AND OLD BUSINESSES ALIKE. PLEASE GIVE THIS IMPORTANT LEGISLATION YOUR UNANIMOUS "DO PASS".

PETITION FOR THE PASSAGE OF SB283 INVENTORY TAX EXEMPTION FOR BUSINESSES

- | Name | Address | City | State | Zip |
|---------------------------------------|-------------------------------------|------------------|----------|-------|
| (1) Lenora Overland | Overland Hallmark
103N. Broadway | Blp. | MT | 59101 |
| (2) Roger Hansen (3 stores) | 822 N. House | Bozeman | MT | 59715 |
| (3) KIMMATT'S WESTERN 2-STORRS | 3100 HARRISON | BLITTE | MT | 59701 |
| (4) Karla West | 507 Main | Hamilton | MT | 59844 |
| (5) C. W. Waters | Waters Store Box 190 | Red Lodge | MT | 59068 |
| (6) Dennis Oulander | 2312 Sky Lane | Billings | MT | 59102 |
| (7) Annie Larsen | 702 First St. N. | Roundup | MT | 59072 |
| (8) K. Wiederrick | WIEDERRICK'S CLOTHING | MALTA | MT | 59538 |
| (9) Sharon C. Campbell | Columbus Ranch Supply | Columbus | MT | 59019 |
| (10) Barbara J. Campbell | Columbus Ranch Supply | Box 513 Columbus | MT | 59019 |
| (11) Sharon C. Campbell | Columbus Ranch Supply | Box 513 Columbus | MT | |
| (12) Joan L. Campbell | Columbus Ranch Supply | Box 565 Columbus | MT | |
| (13) Myra E. Egan | 122 Central Ave | Whitefish | MT | 59937 |
| (14) David W. J. Beland | 415 W. 5th St. | Whitefish | MT | 59937 |
| (15) Wilma Griffiths | Alger Warehouse | St. Ignace | MT | 59865 |
| (16) Deryn Thomas | Thomas' Livestock | Butte | Montana | 59701 |
| (17) Penny Bestley | 7621 King Ave W. | Billings | Mont | 59102 |
| (18) Nancy Malloy | 1318 Costa | " | " | " |
| (19) Sharon Lewis | Rt 3 | Billings | MT | 59101 |
| (20) Jamie Houghton | 2036 Overbrook | Blgg | MT | 59102 |
| (21) Kurt Rice | 644 Sunnyside | Plentywood | MT | |
| (22) John Smith | Hardware | 366 Federal St | Billings | MT |
| (23) John Smith | Hardware | 366 Federal St | Billings | MT |
| (24) Sharon Furland | 4141 1/2 S. 1st St. | Country Club | MT | |
| (25) Eldon F. Kemmis | The Toggery | Sidney | Mont | 59270 |

PETITION FOR THE PASSAGE OF SB283 INVENTORY TAX EXEMPTION FOR BUSINESSES

Name	Address	City, State, Zip
(1) Pharis H. Macarick	Woodstock, Clatsop	Malheur, MT 59412
(2) John Bauman	110 E. Callender	Livingston, MT 59001
(3) Stirling Bauman	110 E. Callender	Livingston, MT 59001
(4) William Bauman	110 E. Callender	Livingston, MT 59001
(5) John W. Allen	Drawer D	St. Ignace, MT 59802
(6) Diana J. Poiry	1417-90 N. Inter	Deer Lodge, MT
(7) Robert Hollenbeck	142-9 N. Inter	Deer Lodge, MT
(8) Frank Pierce	" "	Deer Lodge, MT
(9) ...	Box 709	Livingston, MT 59001
(10) ...	3129 N. Taylor	Dillon, MT 59001
(11) ...	833 W. Main	Livingston, MT 59001
(12) Karolyn Rice	644 Sunnyside	Plentywood, MT
(13) Donald E. Han	Box 780	Lewistown, MT
(14) Rebecca E. Han-Louis	Box 780	Lewistown, MT
(15) Margal B. Sorenson	412 Glendale Box 628	Dillon, MT
(16) William M. ...	Box 459	Whitehall, MT
(17) Robert L. Armstrong	Box 1689	Chinook, MT 59522
(18) ...	...	...
(19) ...	815 ...	...
(20) ...	...	...
(21) ...	...	...
(22) ...	...	...
(23) ...	451 ...	...
(24) ...	451 ...	...
(25) ...	...	...

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	623 N Juniper Bay Somers, MT 59932
(3) The Dryden Co	706 one E. Perry Jack Jackson
(4) Fred W. Bond	1506 Arnold St Ft Benton Mont 59404
(5) Ned's Toggery	Nelhat L. Beets Fort Benton MT 59402
(6) Gill Hultman	590 Prairie View Rd Hahpelt, MT 59901
(7)	
(8) Casson Nelson	Billings, MT
(9) Atchilly	Trout Shop W. Yellowstone, MT
(10) Frank Johnson	411 Main Ave Jody "Castles"
(11) Larry Korte	1105 E Front St Falls, MT Valley Shoes
(12) Richard Johnson	1600 E main Oneech's Insurance
(13) Paula G. Buckley	114 C Ave SE Hardisty, MT 59026
(14) Judy K. Perceval	1951 Forest Gable Hill
(15) William Crawford	Box 806 Holca, MT Mt. Canal
(16) Daniel Wendt	Dansell's Lake Hill Big Rock mt.
(17) Willy Meyer	Car-resistant Holiday Village Hours, Mont.
(18) Harold Kambins	117 W. Callender POTWICKI Livingston, MT
(19) Olga Jensen	117 W. Callender " "
(20) K. B. Jensen (Mrs. Hens. Wain)	529 S. 6th St. Glasgow, MT
(21) Hank Schuck	190 S. 5-47 Train Truck Stop Harding, MT
(22) Steve Schue	411 W. Mendenhall B02 Schnees Best Work
(23) Jan Schue	411 W. Mendenhall B02 Schnees Best Work
(24) Rita Merkel	1433 W. Main Bozeman Round House
(25) Jane Walker	1422 W. Main Bozeman, Round House

PETITION FOR THE PASSAGE OF SB283 INVENTORY TAX EXEMPTION FOR BUSINESSES

Name	Address	Business
(1) Cullw Peterson	Box 28 Three Forks, MT	Three Forks Saddlery
(2) Margaret McCarty	Box 610 Red Lodge Mt	The Village Shoppe
(3) Laraine Crosser	810 S. Washington	Elie's Dallon
(4) Janet Larson	30 1 st ^{Cut Bank, Mont.} ^{Rob. S. E.}	Larson Mens Wear
(5) Ruth Hesch	216 Main, Shelby, MT.	Cinderella Shoppe
(6) Mike Jrossen	PO Box 270	Elie's Dallon
(7) Donna Brekke	104 East First Ave Plantywood	The In Step
(8) Virginia Norman	U.V.S.C. ^{Norman's} ^{Recrewear}	Cut Bank, MT.
(9) Dennis Norman	5407 Hamilton	Butte, MT.
(10) [unclear]	3422 [unclear]	Butte, MT
(11) [unclear]	812 [unclear]	Butte, MT
(12) [unclear]	11117	Butte City, MT
(13) [unclear]	114 5 th St	Butte, MT
(14) [unclear]	Box 7	Superior, MT
(15) [unclear]	Box 7	Superior, MT
(16) [unclear]	445 [unclear]	Superior, MT
(17) [unclear]	11416 First	Hamilton, MT
(18) Cynthia Murnion	Box 29 Jordan MT	Elie's
(19) Elsie Strizek	611 Central Great Falls	Infanteen
(20) Darrell Marchese	215 4 th St So. Glasgow	D&G Sports and w/out
(21) Myrna Lavelough	215 4 th St So. Glasgow	"
(22) [unclear]	"	"
(23) [unclear]	Butte	"
(24) Bob Fudel	120 North M.A. Butte	H/Heads
(25) Dale [unclear]	120 2 nd Ave So Lewistown MT.	Dou's

PETITION FOR THE PASSAGE OF SB283 INVENTORY TAX EXEMPTION FOR BUSINESSES

Name	Address
(1) Dorothy M. Blanc	119 So. 2nd St. + The Fashion House
(2) Lynn G. Benson	2020 Republic Dr. Billings 59102
(3) Eagle	3 Canyon - West Yellowstone, MT. 59758
(4) Eagle	" " " "
(5) James Johnson	1957 Heaviness Blvd. No.
(6) Bill Stutts	325 2nd St. Havre, Montana
(7) Jean Hyetta Bryan	224 Superior Bryan, Montana
(8) Bill Peterson	112 N. Main Peterson, Montana
(9) James Johnson	324 W. Main Lewistown, MT.
(10) Jim McElligott	Bald Eagle, Montana
(11) Mary A. Edinger	Box 101, Eureka, MT.
(12) Roger J. Sauer	5440 Warden Place, Billings, MT.
(13) Merle Means	Yellowstone Mesa, Sidney, MT.
(14) Estel	CASPER'S 411 MAIN - DALLAS, TX.
(15) Tom H. ...	1047 Pine Saddle, MT.
(16) ...	213 Main, Billings, MT.
(17) ...	Box 1250, Billings, MT. The Fort H. ...
(18) ...	Box 627, ...
(19) ...	P.O. Box, Fort Benton, MT.
(20) ...	305 Center, ...
(21) ...	315 Center, ...
(22) Yellowstone Racquet Club	3440 Remrock Rd. Billings 59102
(23) ...	... Harlow, MT.
(24) ...	Box 8, ...
(25) ...	P.O. Box 1063, ...

PETITION FOR THE PASSAGE OF SB283 INVENTORY TAX EXEMPTION FOR BUSINESSES

Name	Address
(1) Barland Postcard	4308 Stone Special Size Shop Belpo, MT
(2) David M. Billehn	P.O. Box 278 Scoley, Montana Billehn's Clothing
(3) Mark C. Diamond	11150 2nd St. Livingston, MT. Casey Diamonds
(4) Phyllis Ginsberg	11150 2nd St Livingston, Mt. Casey Diamonds for Me
(5) Joyce Ann Schriener	Box 340 Birch Mt. Jr. Dept. Store
(6) Ann M. Seal	302 Clark Belpo The Spinning Wheel
(7) Lowell Beyer	308 Broadway Townsend, Mont Berglund's Dept St
(8) Ellen Z. Lopez	104 N. Main, Choteau, Mont. Ellen's.
(9) [unclear]	104 N. Main, Choteau, Mont. [unclear]
(10) [unclear]	104 N. Main, Choteau, Mont. [unclear]
(11) Kanton E. Larson	Gambler's Store 11740 Main Road, MT 59215
(12) Milton Boyer	Progressive Shoe Shop 300 First Ave N.
(13) [unclear]	Western Outdoor 40 Main Kalispell MT
(14) Billy [unclear]	3-2 Western Furniture 221 Union Avenue, MT
(15) Nancy [unclear]	Three Forks Saddlery Three Forks, MT
(16) [unclear]	Lewis & Clark Store, Col. Park, Mont.
(17) Ben C. Shuck	Andevella Drugs Shelby, MT
(18) W. Daley	Loris Shopp 2514 2nd Ave N. Billings MT
(19) Phyllis Musnier	Evry's Store Jordan, Montana
(20) [unclear]	814 E. Dutton, MT 59725
(21) [unclear]	Western Cupettes, Hamilton, MT 59841
(22) Robert Snayosi	Jasons Belpo, Mont.
(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

Name	Address	Business
(1) DuBoys	Buttrick's S.C. Bozeman Mt	Boys' Jack & Walter
(2) Paul Johnson	1957 Harrison Ave	Little Humphreys Shop, Inc
(3) Carol Stege	127 Main	Fourth Mt. and Hwy - Ann's
(4) George Stang	127 Main	Fourth Mt. - The Home
(5) Pauline Johnson	1-2nd Ave F	Pharm Mt. - A. I. Mount Inc.
(6) William Johnson	223 Central Ave. W. Conrad, Mont.	The N. Thing
(7) Ellen Greer	106 7th	Miles City - Miles Cross Shop
(8) Sheryl Bellehus	119 main	Stacey Bellehus Family Clothing
(9) Anita M. Jarry	Rt. 2 Box 9 Terry	Joyline's Fashion Plus
(10) Shirley Sturges	Box 160	T-Shirt Shop Eureka Mt.
(11) Don Young	Box I	DJS DEPT Selby, mt
(12) David D. Cooper	Box 7	FORT PECK MERC Poplar, MT
(13) William A. White	Box 405	Belgrade, Mont. Sam Allen's Clothing
(14) Bruce Hess	Rimrock Mall Convergence Center 131 E Main	Billings, MT - Spas Unlimited
(15) James S. Zimbric	Bozeman mt	McCracken
(16) Neib Mackenzie	Box AF	Bridger Drug
(17) Dea Boles	ANNA BOLES SHOP 321 W. Main	Lewistown Mont 59457
(18) John W. Boles	Village Brownstone 62 E.C. Gulch	Lewistown Mont 59601
(19) Lois Erickson	Box 1137	Fashion Island 60 Miles City Mont
(20) Ann Erickson	1108 Main	E. Cargo Shirt Co. Miles City
(21) Wendy Erickson	104 S Merrill	Glendive - Fashion Island
(22) Dennis Jahnyard	2415 Main	Miles City - A+T Supply Inc
(23) Brad Hendricks	128 E MAIN	NEW IMPRESSIONS BOZEMAN MT
(24) Wilmae Dreyfus	Box 409	Threamps Day Deals - Drummond
(25) Donald J. Hartman		

PETITION FOR THE PASSAGE OF SB283 INVENTORY TAX EXEMPTION FOR BUSINESSES

Name	Address	Location
(1) J. Atchiff	320 East Main	Leavitt Mont
(2) Dale S. Leman	2756 Hockley Dr	Great Falls, MT
(3) M. Leman	1101 So. Lake	Helena, MT
(4) Jerry J. Chas. Erick	103 W. Hill St	Butte, MT
(5) William H. Leman	808 Main	Missoula, MT
(6) M. Leman	306 W. Hill St	Chatham, MT
(7) Belle Kargel	211 W. Main	Leavitt, Mont
(8) R. L. Leman	4 W. Lawrence	Helena, MT
(9) R. W. Anderson	107 N. Merrill	Glendive, Mont 59331
(10) Milo D. Huber	809 Main	Missoula, MT Missoula City Mont 59301
(11) Mary Anderson	123 Prospect	Glendive Mont
(12) Penak Hanson	Rimrock Mall	Billings, Montana
(13) L. Craig Lunde	122 MAIN ST.	SCOBEY, MT-59263 TANDE'S TOGETHER
(14) Abner W. Wentworth	Wentworth	Valley, Conrad, Cut Bank MT
(15) Don Wentworth	Wentworth's	Valley, Conrad, Cut Bank Mont
(16) Mary Marchello	3 N. Broadway	Box B - Red Lodge, Mont
(17) Elva Perry	315 1/2 S. D. B. 579	Cheney, MT 59523
(18) L. L. Leman	1160 HARBOUR ROCK	Monarch, Bly, MT 59104
(19) L. L. Leman	Reiter's Marina	Bly, MT 59102
(20) L. L. Leman	"	"
(21) L. L. Leman	2825 W. Main	Emporium Bozeman 59715
(22) L. L. Leman	FRASER'S GIFT SHOP	RED LODGE, MT 59000
(23) L. L. Leman	Terence J. Brady	Tremper's Shopping Center Missoula, Montana Sportsman Surplus
(24) L. L. Leman	Don's Men's Store	Libby
(25) L. L. Leman	2138 Vermillion	W. Coatsy, Mont

PETITION FOR THE PASSAGE OF SB283 INVENTORY TAX EXEMPTION FOR BUSINESSES

Name	Address	
(1) <i>[Handwritten Name]</i>	<i>[Handwritten Address]</i>	<i>[Handwritten City/State]</i>
(2) <i>[Handwritten Name]</i>	<i>[Handwritten Address]</i>	<i>[Handwritten City/State]</i>
(3) <i>[Handwritten Name]</i>	<i>[Handwritten Address]</i>	<i>[Handwritten City/State]</i>
(4) <i>[Handwritten Name]</i>	<i>[Handwritten Address]</i>	<i>[Handwritten City/State]</i>
(5) <i>[Handwritten Name]</i>	<i>[Handwritten Address]</i>	<i>[Handwritten City/State]</i>
(6) <i>[Handwritten Name]</i>	<i>[Handwritten Address]</i>	<i>[Handwritten City/State]</i>
(7) <i>[Handwritten Name]</i>	<i>[Handwritten Address]</i>	<i>[Handwritten City/State]</i>
(8) <i>[Handwritten Name]</i>	<i>[Handwritten Address]</i>	<i>[Handwritten City/State]</i>
(9) <i>[Handwritten Name]</i>	<i>[Handwritten Address]</i>	<i>[Handwritten City/State]</i>
(10) <i>[Handwritten Name]</i>	<i>[Handwritten Address]</i>	<i>[Handwritten City/State]</i>
(11) <i>[Handwritten Name]</i>	<i>[Handwritten Address]</i>	<i>[Handwritten City/State]</i>
(12) <i>[Handwritten Name]</i>	<i>[Handwritten Address]</i>	<i>[Handwritten City/State]</i>
(13) <i>[Handwritten Name]</i>	<i>[Handwritten Address]</i>	<i>[Handwritten City/State]</i>
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(15) <i>[Handwritten Name]</i>	<i>[Handwritten Address]</i>	<i>[Handwritten City/State]</i>
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(18) <i>[Handwritten Name]</i>	<i>[Handwritten Address]</i>	<i>[Handwritten City/State]</i>
(19) <i>[Handwritten Name]</i>	<i>[Handwritten Address]</i>	<i>[Handwritten City/State]</i>
(20) <i>[Handwritten Name]</i>	<i>[Handwritten Address]</i>	<i>[Handwritten City/State]</i>
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(23) <i>[Handwritten Name]</i>	<i>[Handwritten Address]</i>	<i>[Handwritten City/State]</i>
(24) <i>[Handwritten Name]</i>	<i>[Handwritten Address]</i>	<i>[Handwritten City/State]</i>
(25) <i>[Handwritten Name]</i>	<i>[Handwritten Address]</i>	<i>[Handwritten City/State]</i>

PETITION FOR THE PASSAGE OF SB283 INVENTORY TAX EXEMPTION FOR BUSINESSES

Name	Address
(1) <i>James J. Peterson</i>	<i>169 E. Main Street, Mt. Vernon, Va.</i>
(2) <i>Peter J. Evans</i>	<i>301 N. F. St. Hazard, Mo. 63401</i>
(3) <i>Kathleen C. Brennan</i>	<i>11514 The Colliery</i>
(4) <i>James York</i>	<i>Box 2, Jerry, Jayline, Harlow, Pa.</i>
(5) <i>Millie's Shoes</i>	<i>301 S. Arizona, Carl, Co. Mill</i>
(6) <i>11711 W. Allen</i>	<i>Box 16, 5, Redgrade, Mo. 64114</i>
(7) <i>Shirley L. Lunn</i>	<i>219 3rd Ave. S. Westport, Mo. 64486</i>
(8) <i>Butt Court</i>	<i>Westport, Mo.</i>
(9) <i>James Keith</i>	<i>Mountain, Mt. The North Star</i>
(10) <i>Robert H. Barclay</i>	<i>Big Timber, MT. J. S. S. Supply Co.</i>
(11) <i>W. Johnson</i>	<i>Big Timber (Pa.)</i>
(12) <i>Bill Zembura</i>	<i>Box 100, Big Timber, Wyoming</i>
(13) <i>Loren Merchants</i>	<i>Box 11, Bridger, Blaine, British</i>
(14) <i>Wendy S. Sore</i>	<i>3 Mountain Ave. MT. (Pa.)</i>
(15) <i>John R. Gole</i>	<i>521 W. Main, Eastern, Mt. Vernon, Va.</i>
(16) <i>Brother Neville</i>	<i>Box 629, Columbia, MT. 59019, Beala Dept Store</i>
(17) <i>John</i>	<i>1029, Merrill, Columbia, MT. 59030, Dis. Sup.</i>
(18) <i>Jade Beaton</i>	<i>Box 166, Colman, MT. 59230, J & B Supply</i>
(19) <i>John & Beate</i>	<i>124 5th St. Glacier, MT. 59230, Beate's</i>
(20) <i>John Mayhew</i>	<i>840 5th Ave. So. Helena, MT. 59720, Beate's</i>
(21) <i>John H. L. L. L.</i>	<i>1310 E. C. O. N. Anacostia, MT. (Paris Sport Center)</i>
(22) <i>James Malone</i>	<i>Hwy 2 West, Hance, mt. Fleet Wholesale Supply</i>
(23) <i>Frederick G. G. G.</i>	<i>7125 main, Conrad, Fleet Supply</i>
(24) <i>John G. G. G.</i>	<i>Hamilton, S. D. 57054, Hamilton, mt. 59054</i>
(25) <i>John G. G. G.</i>	<i>Patrick's Clothing, P. H. G. W. MT. 59254</i>

PETITION FOR THE PASSAGE OF SB283 INVENTORY TAX EXEMPTION FOR BUSINESSES

Name	Address
(1) MARY G. GILKSON	1632 So. House, Bozeman, MT
(2) [unclear]	314 W. [unclear], [unclear], MT (19200, 31)
(3) M. [unclear]	2708 [unclear], [unclear], MT 59101
(4) [unclear]	3142 [unclear], [unclear], MT 59101
(5) John P. M. Campbell	23 No. Birch, Red Lodge, MT 59069
(6) [unclear]	1001 [unclear], [unclear], MT
(7) Helen Kelley	3 Madison Ave, West Yellowstone
(8) [unclear]	Box 1121, [unclear], MT 59700
(9) [unclear]	[unclear], [unclear], MT 59101
(10) [unclear]	1001 [unclear], [unclear], MT 59101
(11) [unclear]	3101 [unclear], [unclear], MT
(12) John J. Evans	213 4th St, [unclear], MT 59501
(13) [unclear]	1001 [unclear], [unclear], MT 59101
(14) [unclear]	1031 [unclear], [unclear], MT 59102
(15) Howard Butler	1001 [unclear], [unclear], MT 59101
(16) [unclear]	2119 [unclear], [unclear], MT
(17) M. Wiggan	18th Central Ave, [unclear], MT
(18) [unclear]	3100 Harrison, [unclear], MT 59101
(19) Charles Butler	[unclear], [unclear], MT 59101
(20) [unclear]	2222 [unclear], [unclear], MT 59101
(21) [unclear]	2714 3rd Ave, [unclear], MT
(22) [unclear]	[unclear], [unclear], MT
(23) [unclear]	[unclear], [unclear], MT
(24) Steph M. Linn	1001 18th St, [unclear], Montana
(25) [unclear]	2785 B. 14290, [unclear], MT

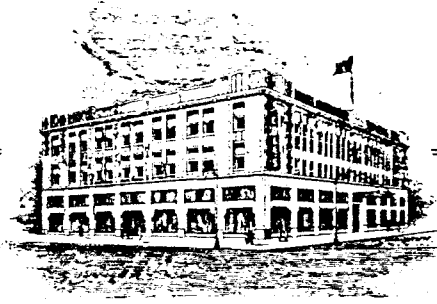
PETITION FOR THE PASSAGE OF SB283 INVENTORY TAX EXEMPTION FOR BUSINESSES

Name

Address

- (1) *Esalyn A. Foster* *40 E. Main - White Sulphur Springs MT 59741*
- (2) *Lee Ann ^{Box} 36 - Hamilton Mont Ray Sports & Recreation*
- (3)
- (4)
- (5)
- (6)
- (7)
- (8)
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"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

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:

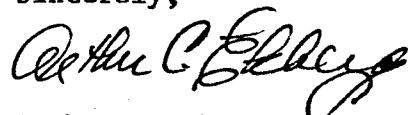
I am writing in reference to Senate Bill 283 regarding the business inventory tax. I personally feel this tax is one of the many unfair burdens on small businessmen such as myself.

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.

Bill

NAME S. KEITH ANDERSON BILL No. SENATE BILL 283

ADDRESS P. O. Box 4909 DATE 2/9/81

WHOM DO YOU REPRESENT MONTANA TAXPAYERS ASSOCIATION

SUPPORT XX OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

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

MONTANA LAW DOES NOT RECOGNIZE THE INHERENT INEQUITIES IN THE INVENTORY TAX. FOR EXAMPLE, THERE IS NO UNIFORM IMPACT OF THE TAX FROM BUSINESS TO BUSINESS. PROFIT MARGINS VARY AND MERCHANDISE TURNS OVER AT A DIFFERENT RATE FROM BUSINESS TO BUSINESS. LIKewise MERCHANDISING PRACTICES VARY FROM THE SHOE STORE TO THE DRESS SHOP TO THE JEWELRY STORE TO THE GROCERY MERCHANT TO THE HARDWARE STORE TO THE IMPLEMENT DEALER. THE INVENTORY TAX FORCES THOSE IN BUSINESS TO MAKE DECISIONS BASED UPON THE ECONOMIC IMPACT OF THE TAX RATHER THAN WHAT MIGHT BE GOOD MERCHANDISING PRACTICES.

IF IT WAS THE DESIRE OF THE LEGISLATURE TO TAX INVENTORY ON A UNIFORM ECONOMIC IMPACT BASIS IT WOULD BE NECESSARY TO ESTABLISH A SEPARATE CLASSIFICATION SYSTEM WITHIN THE INVENTORY STATUTE IN AN ATTEMPT TO ASCERTAIN A UNIFORM IMPACT FROM BUSINESS TO BUSINESS AND PRODUCT TO PRODUCT. THIS IS NOT ONLY THEORETICAL BUT HIGHLY IMPRACTICAL. THE BEST SOLUTION IS TO ELIMINATE INVENTORY FROM THE TAXING PROCESS. SUCH ELIMINATION WILL BE ONE MORE SMALL STEP TOWARD REFORMING MONTANA'S TAX STRUCTURE.

THERE HAS BEEN LITTLE TAX REFORM IN MONTANA OVER THE YEARS. A NUMBER OF OBJECTIONS HAVE PREVENTED TAX REFORM AND WE WILL PROBABLY HEAR SOME OF THEM IN REGARD TO SENATE BILL 283. ONE ARGUMENT IS THAT ANY CHANGE IN THE TAX STRUCTURE WILL DEPRIVE LOCAL GOVERNMENTS OF REVENUE. THIS ARGUMENT WAS ADVANCED, AND REJECTED, 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 WERE PUNITIVE AND THEY REALLY DIDN'T AMOUNT TO MUCH IN THE OVERALL FINANCING PICTURE. IN FACT IT WAS DOUBTFUL WHETHER THE MECHANICAL PROCESS OF IDENTIFYING AND COLLECTION WARRANTED THE IMPOSITION OF THE TAX AT ALL. WHEN SOLVENT CREDITS AND HOUSEHOLD GOODS WERE ELIMINATED FROM THE TAX STRUCTURE THE IMPACT UPON LOCAL GOVERNMENTS WAS MINIMAL, IF ANY, BECAUSE OF PROPERTY VALUATION INCREASES STATEWIDE AND MORE THAN OFFSET THE DECREASE IN VALUATIONS.

ACCORDING TO THE DEPARTMENT OF REVENUE BUSINESS INVENTORIES IS EQUAL TO SOME \$33 MILLION DOLLARS OF TAXABLE VALUE AND CONVERTED TO PROPERTY TAXES THE AMOUNT IS \$7.3 MILLION ON A STATEWIDE BASIS. THIS AMOUNTS TO ABOUT 1.7 PERCENT OF THE TAXABLE VALUATION OF THE STATE AND THE PROPERTY TAXES LEVIED FOR FISCAL 1981. I CALL TO YOUR ATTENTION THAT WHILE INVENTORY EQUALED 1.1 PERCENT OF THE VALUATION OF THE STATE THE VALUATION OF ALL PROPERTY INCREASED \$223.1 MILLION FOR FISCAL 1981. HAD INVENTORY BEEN ELIMINATED FOR 1981 LOCAL GOVERNMENTS WOULD HARDLY HAVE BEEN AFFECTED IN THE BUDGETING PROCESS.

I WANT TO ADDRESS THAT ISSUE ALSO. YOU CANNOT EQUATE VALUATION WITH TAXES. VALUATION PER SE DOESN'T PRODUCE A SINGLE DIME UNTIL THE MILL LEVY IS ADOPTED BY GOVERNMENT OFFICIALS AND IMPOSED AGAINST THAT

VALUATION. UNFORTUNATELY TOO MANY PUBLIC OFFICIALS VIEW THE TAX STRUCTURE AS A VEHICLE TO RAISE MONEY INSTEAD OF ACHIEVING TAX EQUITY SO THEIR EFFORTS ARE TO INCREASE PROPERTY VALUES CARTE BLANCHE WITH NO REGARD TO EQUITY WITHIN THE SYSTEM.

THE ARGUMENT OF REPLACEMENT REVENUE IS ALWAYS ADVANCED AS IT WAS IN THE CASE OF HOUSEHOLD GOODS AND SOLVENT CREDITS. BUT SAY WE AGREE THAT INVENTORY IS BEING OVER-TAXED THROUGH THE PROPERTY TAX. IF THIS IS SO IT WOULD APPEAR LOGICAL TO REFUND OR MAKE FINANCIAL RETRIBUTION TO THOSE WHO ARE BEING OVER-TAXED.

YOU MIGHT SAY THIS IS ILLOGICAL. I AGREE AND IT IS JUST AS ILLOGICAL AS IT IS FOR LOCAL GOVERNMENTS TO EXPECT THAT THE MONEY CURRENTLY BEING COLLECTED FROM INVENTORY BE REPLACED FROM SOME OTHER SOURCE---AGAIN MAINTAINING THE STATUS QUO. YOU CAN'T MAINTAIN THE STATUS QUO AND HAVE TAX REFORM. IN FACT, IF THIS TAX IS UNFAIR, EXCESSIVE AND LACKS EQUITY THEN IT HAS BEEN A WINDFALL SOURCE OF REVENUE FOR GOVERNMENTS OVER THE YEARS.

WHAT WILL HAPPEN IF THE INVENTORY VALUATION IS TAKEN OFF THE BOOKS, REALLY NOTHING. LOCAL BUDGETS WILL STILL BE ADOPTED, 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. IF THE SPENDING STATUS QUO IS MAINTAINED AND THE PROPERTY VALUATIONS CONTINUE TO INCREASE A LOSS OF VALUATION WILL BE OFF SET. IF THERE IS A SLIGHT TAX SHIFT THROUGH AN INCREASED MILL LEVY, OR THROUGH CHANGES IN PROPERTY VALUATIONS, THOSE IN BUSINESS 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 ON OTHER

PROPERTY BUT IN A MORE UNIFORM FASHION.

WHAT WE ARE REALLY TALKING ABOUT WITH THIS LEGISLATION IS TAX REFORM AND AN ATTEMPT TO GAIN A MEASURE OF TAX EQUITY. I REITERATE THAT NEITHER WILL BE ACHIEVED IF WE ATTEMPT TO MAINTAIN THE STATUS QUO. AND BY MAINTAINING THE STATUS QUO, AS WE HAVE IN THE PAST WE HAVE A PART OF THE TAX STRUCTURE THAT IS NOT UNIFORM IN IMPACT AND IN FACT IS PUNITIVE WHEN CONSIDERED IN RELATIONSHIP TO OTHER ELEMENTS OF THE ECONOMY.

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

NFIB MEMO

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

Senate Taxation Committee

Feb. 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 SB 283.

NFIB MEMO

TESTIMONY ON SB 283--Gary Langley
PAGE 2

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.

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 an 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. Certain 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

NFIB MEMO

TESTIMONY ON SB 283--Gary Langley
PAGE 3

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.

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

NFIB MEMO

TESTIMONY ON SB 283--Gary Langley
PAGE 4

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.

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 the 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 SB 283 on behalf of the more than 5,000 small businessmen who belong to the National Federation of Independent Business.

TRACTOR & **E**QUIPMENT CO.

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

February 10, 1981

To: Senate 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), or the financial institutions whose incoming earning asset is money (loans) have no tax on their income earning potential.

There is no sound reasoning in taxing one business's income 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? 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 or money to lend. In fact, in these times of high interest rates 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.

To: Senate Taxation Committee
Re: Support of Senate Bill 283
February 10, 1981
Page Two

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 dollar than a business outside the city limits.

For example: In Billings, a business located within the city would pay \$11,600.00 in taxes for \$1,000,000.00 in inventory. A business located between Billings and Laurel would pay \$5,046.00 less, or \$6,615.00 for the same \$1,000,000.00 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 customer's on a month to month basis. The current law states that we do not have to 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 customer's 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 \$1,650.00 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 those inequities in our present tax structure. Elimination of the property tax on inventories is great place to start.

Craig Anderson

BEFORE THE SENATE 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 and without attachments and/or accessories.

My inventory is not a fast turning type and in the lease end 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 could 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 controlable inventory or not, obsolescence or depreciation. It is based on no more than a need felt for revenue and a 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.

Hart-Albin Company

BILLINGS, MONTANA 59103

February 9, 1981

Mr. Chairman:

I, John Albin, on behalf of Hart-Albin Company, an Independent Retail Store, incorporated in the State of Montana, support Senate Bill #283.

I believe that the inventory tax is an unfair, discriminatory tax. This tax is hard to administer fairly throughout the State in all phases of business and business inventories.

Therefore, if tax reform is to be accomplished, the inventory tax should be eliminated.

Thank you.

A handwritten signature in cursive script, appearing to read "J. W. Albin".

J. W. Albin



FURNITURE • CARPETS 2814 SECOND AVENUE NORTH

PHONE 406-245-6675

BILLINGS, MONTANA
59101

February 9, 1981

Senate Taxation Committee
State of Montana
Helena, Montana 59601

Gentlemen:

I am in favor of Senate Bill #283 pertaining to the elimination of Business Inventory Tax.

The Business Inventory Tax is an unfair tax. It stifles expansion which would lead to more jobs in the State of Montana. It also give out-of-state firms an advantage over Montana firms.

The elimination of this tax would greatly improve the business climate in the State of Montana.

Sincerely,

A handwritten signature in cursive script that reads 'Leo Sigman'. The signature is written in dark ink and is positioned above the typed name.

Leo Sigman
Sigman's Furniture
Billings, Montana

LS/bt

Senator Pat Goodover
Chairman
Senate Taxation Committee

Senator Goodover -

I feel the Inventory Tax in Montana is very unfair and discourages business growth and the development of new businesses in our state.

Inventories are not stable values or amounts. We business owners already pay the following:

1. State income tax on the profit from our inventories
2. Federal income tax on the profit from our inventories
3. Pay a state license fee to do business
4. Pay a city license fee to do business

Kays

SOUTHGATE MALL • MISSOULA, MONTANA 59801 • (406) 542-2634

We are also called upon to support and contribute to every state, county, city and national benevolent cause that comes down the pike. These of course are voluntary contributions, but we must give some to "keep face" in our communities. All added up, it makes one wonder why you have the privilege of paying salaries, taxes and contributions, leaving very little left for the owner.

I fully support Bill 283 to eliminate Business Inventory Tax.

Yours truly
Barbara Moser
owner

rays

SOUTHGATE MALL • MISSOULA, MONTANA 59801 • (406) 542-2634



RIMROCK MALL
300 S. 24th St. W.
BILLINGS, MONTANA 59102

Bruce Simon
Cole's Department Store
Fratt Building
Billings, Montana 59101

Dear Bruce;

I would like to lend my support to you and your group in your effort to abolish Montana's personal property tax on inventory. I have talked with many of our fellow retail merchants and, the consensus is that this is an unfair, arbitrary, and burdensome tax.

The burden of this tax should ultimately be paid by the consumer. However, with decreasing margins on our sales due to rapidly increasing prices and competition, we are not as able to pass on the costs of this tax and the financing of our inventories. It is becoming increasingly difficult to function as an independent merchant, and, if things are to continue over the future as they have the last two years, we will be seeing fewer and fewer independent merchants in Montana. What we will see is more national chain stores who have the ability to finance large inventories and the economics of size to absorb such costs as the personal property taxes on inventories.

I believe it is to the benefit of the State of Montana to encourage its home owned, independent businesses to remain that way. Montana does not gain from national chains who do not reinvest their profits in Montana. The repeal of the personal property tax on inventory will help national chains but, I believe that the repeal of this tax will do alot more than anything the State of Montana has done in recent years to encourage its independent businessmen.

Very truly yours,
Roger Wilson

Flathead County Treasurer

January 23, 1981

Box 698
Kalispell, Mont. 59901
(406) 755-5300
Motor Vehicle Ext. 272
Court House Off. Ext. 219

ROBERTA E. WOLFE
County Treasurer

Montana Association of Counties
1802 Eleventh Ae.
Helena, Mont. 59601

Attention Mr. Duffy

Gentlemen:

You asked for more information on delinquency in Flathead County for the purpose of testimony regarding increase of penalty and interest:

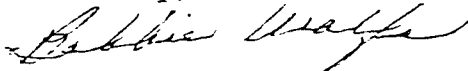
In 1977 Flathead County billed \$12,679,555.49 in Real-Estate taxes. By June 30, 1978, the amount unpaid was \$588,807.39 (approx. 4.644%).

In 1978 Flathead County billed \$15,364,372.70 in Real-Estate taxes. By June 30, 1979, the amount unpaid was \$949,371.75 (approx. 6.179%).

In 1979 Flathead County billed \$17,660,708.37 in Real-Estate taxes. By June 30, 1980, the amount unpaid was \$1,703,127.76 (approx. 9.644%).

Since Flathead County does not recognize stay orders, due to a County Attorney's opinion, they have nothing to do with this delinquency. As to the question of whether this delinquency is due to personal hardship or because of the low interest rate being charged by the county, it is impossible to determine exactly what percentage are hardship cases. However, there are a lot of developers and owners of investment properties that have more delinquent taxes than ever before and most of these people seem to be spending money in other areas. This leads me to believe that they have discovered that it is cheaper to owe the county than to borrow from the bank to pay for other purchases.

Yours truly,



Roberta E. Wolfe
Flathead County Treasurer

cc: Sen. Roger Elliott
Joe Roberts

Cascade County

State of Montana

TELEPHONE: 1406) 761-6700



Great Falls, Montana 59401

January 23, 1981

Bill Duffy
Montana Association of Counties
1802 11 Avenue
Helena, Montana 59601

Dear Bill:

We have 665 "old age" deduction taxpayers - of these 42 are delinquent, making a 6.32% delinquency in this group. We do not feel our delinquency is working a hardship against this particular group of taxpayers, however, experience has shown us that since the City Assessments and S.I.D.'s have been combined with the first half county tax a hardship has been created there, as well as with many of the younger families. It would undoubtedly be a lower figure if the city and county portions could be paid separately after becoming delinquent. Also the \$1,589,147.20 owed on the city property could be payable earlier making the tax money available for use for either cash purposes or temporary investment after proper distribution and more important, the city needs it's share to meet its bond indebtedness.

Under "suburban development" on the attached print-out 1044 persons owe on 4,920 parcels for a sum of \$182,235.46, showing the "use" of the county tax monies for purposes other than taxes as the interest to the county is so much less than to other institutions. That tax owed within the city limits also reflects the same information.

The "increment" tax land is not separated in this report but does have a definite affect on the figures inasmuch as the tax has not been paid due to the "stay" order by Helen Peterson from the State Revenue Office.

Hope this bit of information helps.

Yours truly,

C. L. Buck O'Connell
Cascade County Treasurer

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Incl: 3

