

EXHIBIT 1DATE 3.4.05HB 680

Montana Economic Developers Association

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March 2, 2005

TO CHAIRMAN WATTSCHIES AND THE TAXATION COMMITTEE:

You have before you an important piece of legislation that would have a beneficial impact on local economic development efforts in many areas of the state. House Bill 680 would give local governmental bodies that have reached the spending cap the option of funding their local economic development organization with up to two mills without having to seek voter approval. Currently, if a local government wishes to impose mills to support local economic development efforts, they can assess up to two mills for economic development or use mills authorized for a port authority. In both cases, however, the economic development mills must fit within the local government's spending cap or the local government must put the levy on the ballot.

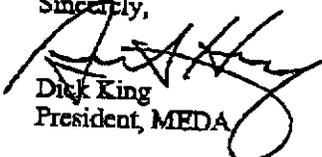
It is agreed that economic development is best accomplished at the local level, through a partnership between the private and public sectors. Public funding for local economic development activity predominately comes from mill levies or contracts. There are some counties that have large enough tax bases to fund the local economic development activities sufficiently. Many rural counties do not have that luxury, however. They desperately need the flexibility to add additional dollars to their local efforts to make sure it is done effectively.

Governor Schweitzer and his economic development team are committed to work in partnership with local economic development organizations to improve the State's economy. In the past, the brunt of the State's funding for local economic development fell on the shoulders of local governments. This proved to be very ineffective. With the Governor's committed support for economic development funding from State government, local governments can now leverage their dollars further. But, the State-imposed spending cap handcuffs many local economic development efforts. Giving local governmental bodies new options to invest in strengthening their local economy will pay dramatic dividends in the future.

House Bill 680 does not impose any additional taxes on the citizens of Montana. It does give the local governmental body a new tool with which they can fund their economic development activities. As mentioned before, economic development is best accomplished at the local level. So, too, is the ability to fund important economic development priorities. HB680 will allow this to happen. This should be seen as an investment in the local economy that will pay back with increased local employment and tax base.

We urge your support for House Bill 680 and look forward to working with you to further Montana's economy.

Sincerely,


 Dick King
 President, MEDA

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