

EXHIBIT 11  
 DATE 4.11.05  
 SB 48



## Montana Economic Developers Association

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April 11, 2005

Representative Karl Waitschies, Chairman  
 House Taxation Committee  
 Montana State Capitol  
 Helena, MT 59620

RE: SB 48

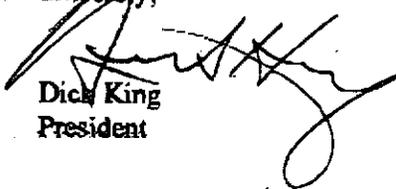
Dear Representative Waitschies and members of the House Taxation Committee:

The Montana Economic Developers Association (MEDA) represents more than 200 economic development professionals that work throughout the State. Most of our members work for local economic development organizations that are supported by private sector businesses and local governmental entities. We all have different priorities, but we share a strong common interest: building a better economy for Montana citizens.

This letter is sent to encourage your support of SB48. MEDA looks for balance in this issue and in comparing our class 8 property tax rate at 3% we are equal to or lower than our surrounding states and thus our industries are competitive with their peers in other states. Furthermore, unless local governments can provide necessary services and have a balanced tax base to provide these services required by business, lower rates may actually act be detrimental to businesses.

Currently, the effective tax rate on class 8 property is about 1.5 percent. Eliminating the tax completely would create a \$60 million shortfall for local government. To fill this gap, the tax burden would probably be shifted to residential and other classes of property. Such a shift would cause other problems. Business, for example, could experience difficulty in attracting qualified employees who cannot afford higher residential taxes. Reduced tax bases have also had detrimental effect on programs that help support new and expanded businesses in Montana. To support and encourage economic development in Montana and to maintain balance in our tax system, we encourage you to support SB48.

Sincerely,

  
 Dick King  
 President

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