EXHIBIT 1
DATE 4.14.05
SB 521

SEMITOOL

April 14, 2005

Joe Mazurek
Crowley Law Firm

Dear Joe,

I sorry I will be unable to attend today's hearing on SB 521. I do want to express some concerns about this bill and its effect on Semitool, Inc.

The Bill will increase taxes on Semitool during downturns in our business cycle. For example in fiscal year 2001 Semitool was profitable and paid approximately 1.5 million in income taxes to the State of Montana. During fiscal year 2002 we entered into a downturn in our industry. We reported both a book income loss and a tax loss. We did not pay any State income taxes. Under 521 we would have to pay the State approximately $525,000 in a year we did not have any book or tax income, because the Bill uses the previous years book income for the calculation. This Bill will impose taxes on companies during economic downturns. Forcing Companies to make cuts in other parts of their budgets, employment levels, capital expendurітures, etc.

This bill will reduce the effect of any tax net operating loss carry forwards or carry backs. Since you would pay the Alternative minimum tax instead of the regular tax if you carry back or forward a loss, I believe you would look to the previous year from the carry back for the book income and compute the alternative minimum tax. In most instances I believe your alternative minimum tax will be higher then your regular tax in the carry back year, thereby reducing any cash flow expected from the carry back claim. The same can be said for a tax loss carry forward as you move forward from the loss year and you have book income your regular tax net operating loss will loss value.

I also have a problem with the term book income and the differences between taxable income and book income. In Semitool, Inc. situation, we are a publicly traded company subject to report our book income under S.E.C guidelines. One of those guidelines is S.A.B. 104, revenue recognition. Under S.A.B. 104 book income is recognized when a customer accepts our tools. Under IRS revenue recognition income is recognized when the tool is shipped from our factory. Now, on our financial statements we have a deferred profit amount at September 20, 2003 of approximately $5 million dollars, at September 30, 2004 that amount was $25 million. For tax purposes we do not deferred any profit, so on our 2004 return I will include $20 million of additional profit on the tax return (the increase in the deferred profit amount). In fiscal 2005 when we recognize the $25 million in deferred profit for book purposes that will be book income. Which would increase my alternative minimum tax for fye 2006. Semitool, Inc. could end up paying tax on income twice, once when reported on the income tax return and again when the revenue is reported as book income and included in the alternative minimum tax calculation.

I have spoken to several tax professionals who work for regional and national accounting firms they were very concerned about the nature of this tax. They mentioned that imposing this tax would make companies think twice about moving or expanding operations in Montana.

Semitool, Inc. was founded in Montana and currently employee's approximately 625 employees in the State of Montana. Semitool, Inc. is proud to say that all research and development and manufacture of their product is done in Montana. We have worldwide sales and approximately half our product is shipped overseas. We are at a disadvantage with our competitors because of their locations closer to our customers and manufacturing faculties overseas. The passage of this bill would only make it harder for Semitool, Inc. to compete in the worldwide market place.

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Sincerely,

Ben Haberman

Ben Haberman
Tax manager