AARP Montana

EXHIBIT 5
DATE 4.14.05
SB 513

April 14, 2005

Representative Karl Waitschies
House Taxation Committee

RE: Support of SB 513

Mr. Chairman and members of the House Taxation Committee, I am Claudia Clifford, Associate State Director of Advocacy for AARP Montana. We are a non-profit, non-partisan organization with 143,000 members in Montana.

National AARP tax policy "supports adoption of measures that would curb the use of corporate tax shelters and tax havens, such as requiring increased disclosure of corporate tax shelter activity, increasing the penalties related to understatements of income attributable to undisclosed transactions, imposing penalties on all parties associated with an illegal corporate tax shelter, and disallowing the use of tax benefits generated by a corporate tax shelter". A tax policy expert at the national AARP office reviewed this bill and recommended that AARP strongly support SB 513 as a tax fairness issue.

When some entities avoid paying taxes through abusive tax shelters it has three consequences by:

- reducing the tax base,
- increasing the tax burden on honest taxpayers,
- and eroding public support for our tax system.

Our members are very concerned about tax increases, especially property tax increases. Very simply, when Montana does not collect all the taxes provided for under law, there is not enough money to adequately fund government services, including schools. The biggest effect this has is to cause increases in property taxes. Our members would like the Revenue Department to aggressively make sure that everyone pays their fair share of taxes, an important step in preventing further increases in property taxes.

Finally, should this bill be adopted and result in an increase in revenue, we encourage this legislature and the next legislature to continue to more adequately fund health and human services, especially Aging Services. Please give your support to SB 513.

30 West 14th Street, Suite 301| Great Northern Addition| Helena, MT 59601| toll-free 866-295-7278| 406-441-2230 fax| toll-free 877-434-7598 TTY
Marie F. Smith, President| William D. Novelli, Chief Executive Officer| www.aarp.org/mt