

Montana State Member Ballot

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SENATE TAXATION

EXHIBIT NO. 7

DATE 8-23-05

BILL NO. SB 517

2004 EDITION

Please Vote our Ballot Today!

VOTE ONLINE OR MAIL IT IN!

Vote online by pointing your Web browser to www.NFIB.com. Use your NFIB member number listed just above your name in the top right corner of this ballot. You can receive your next ballot via e-mail by signing in at www.NFIB.com.

Please take a few minutes to vote.

The NFIB staff in the state capital uses your votes on the state ballot to argue your case in the Legislature.

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Comments _____

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SALES TAX

1a. Should legislation be enacted that would initiate a statewide sales tax?

49% 43% 8%
1 Yes 2 No 3 Undecided 11

1b. If a sales tax were enacted, should it offset any new revenue with reductions in other forms of taxation like property and/or income tax?

91% 3% 6%
1 Yes 2 No 3 Undecided 12

1c. If a sales tax were enacted, should it be voted on by the people?

66% 23% 11%
1 Yes 2 No 3 Undecided 13

1d. Finally, if a sales tax were enacted, should it cover merchandise only, or both merchandise and services?

1 Merchandise only 61%
2 Merchandise and services 25%
3 Undecided 14% 14

Background: A sales tax proposal has been defeated by the people twice — once in 1971 and then in 1993. And in 2003, when the state faced huge fiscal deficits, several tax reform packages surfaced in the Legislature. All the packages included a statewide sales tax as their basic ingredient. Several of these proposals surfaced with surprising bipartisan

support. Instead of passing broad-based tax reform, however, the lawmakers formed a special Governor's Interim Tax Reform Study Committee (SB 461) to conduct a comprehensive examination of taxation in Montana, and to evaluate all of the current and prospective forms of taxation in terms of adequacy, efficiency, burden on taxpayers, fairness, ability to be exported and impact on economic behavior of businesses and individuals. It is expected that a sales tax will be at the center of any new tax reform proposals again.

The tax reform committee is comprised of legislators and individuals representing interested private sector disciplines, including small business. During 2004 this committee will conduct the most exhaustive review of taxation in Montana that has been done in a decade, and NFIB will be sitting at the table during all deliberations. To aid us in these discussions, we need to know the direction our members want to pursue toward tax reform. (Use the "Comments" section to voice views and suggestions.)

BUSINESS EQUIPMENT TAX

2. Should the Legislature change the current business equipment tax of 3 percent (coupled with the triggered elimination of the tax in years to come) to prevent a potential \$200-plus