



EXHIBIT 2  
DATE 2-22-13  
HB 472

**SUPPORT HB 472 – Rep. Jerry Bennett (Libby)**  
**Reduce business equipment taxes by increasing the exemption**

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The Montana Chamber of Commerce realizes that there are other proposals in the 2013 Legislature to reduce the business equipment tax. Although we appreciate those efforts, and are currently supporting them, the Chamber feels that HB 472 provides affordable tax relief to all businesses small and large in Montana. HB 472 is a top priority for the Chamber and part of our “Roadmap to Jobs” agenda for the 2013 Session. The following are key reasons to support HB 472:

**Montana can afford to cut the business equipment tax.**

- Montana has a \$500 million surplus fueled mainly by higher than projected individual and corporate income revenue.
- As Montana is potentially emerging from the recession, tax relief would help spur investment.
- HB 472 proposes to exempt the first \$250,000 completely from the business equipment tax (see subsection (3) on p. 6 and subsection (5) on p. 7).
- We support the amendment mentioned by the sponsor in his introduction. It is clearer language that HB 472 adopts an exemption, not a threshold.

**HB 472 is tax relief for ALL businesses small and large.**

- The threshold approach only exempts businesses that stay under the threshold. An exemption provides tax relief to all businesses that invest in equipment.
- HB 472 will exempt approximately 14,500 of the approximately 18,000 business paying the tax.
- HB 472 is geared toward providing tax relief primarily for small businesses, which make up a vast majority of our state economy and drive job creation.
- However, HB 472 provides tax relief to every business investing in equipment. Whether a business is spending \$500,000, \$1 million, or \$10 million, at least the first \$250,000 is not subject to the tax.

**HB 472 creates a more competitive tax climate to expand and attract business.**

- Montana’s neighboring states North Dakota, South Dakota, and Wyoming do not have a business equipment tax.
- Idaho is considering a proposal to phase out its business equipment tax.
- According to a 2012 Tax Foundation study, states are moving away from imposing a business equipment tax – <http://taxfoundation.org/article/states-moving-away-taxes-tangible-personal-property>.

**HB 472 will spur economic growth and increase the tax base.**

- HB 472 will contribute to economic growth, and growth of the tax base, by leaving dollars in the private sector. These dollars can be used to expand business operations.
- Fiscal notes for tax relief proposals only show how reducing a tax impacts state revenues. They don’t calculate the economic impact, or what is often referred to as the multiplier effect, which increases the tax base and generates additional revenue in other areas of taxation.
- Over the past 20 years as the business equipment tax has been reduced, lost revenues were replaced over time as the economy and the tax base grew.

**HB 472 is a fair approach to tax relief.**

- HB 472 doesn't come at the expense of local governments, local school districts, and the university system.
- It includes mechanisms to reimburse these entities (see Section 1 of the bill).