



Remarks of Mary Caferro, Working for Equality and Economic Liberation, on Department of Revenue proposed rule for Montana source income. February 16, 2006.

Chairman Elliot, members of the Revenue and Transportation Interim Committee, my name is Mary Caferro and although I serve in the Montana House of Representatives I appear today not as a representative of that organization but as a representative of WEEL (Working for Equality and Economic Liberation) in support of the Department of Revenue's proposed rule regarding Montana source income.

WEEL is an organization formed ten years ago by Montanans concerned about the impacts of National Welfare Reform on the low-income working families of our state. Since that time we have grown to an organization of over 3,000 members and have engaged in policy and legislative work designed to improve the lives of Montana's most vulnerable citizens. Our mission has been to empower Montanans who have felt invisible in the decision-making processes which have a profound impact on their lives and the lives of the ones they love. We have encouraged and assisted them to let their voices be heard in the halls of our legislature and the conference rooms of our government.

WEEL has been an advocate for adequate funding of essential public services including access to health care, child care, housing, utility assistance, quality education, transportation, child support enforcement, among others. We have also appeared in the halls of our legislature to urge our elected representatives to assure that Montana's tax system is based on the principal of "fair share." Fair share simply means that taxes should be based upon the ability to pay and that those able to do so should not have to bear an unequal burden in relation to other taxpayers in the same position.

It seems that the Department of Revenue's efforts to achieve equity in taxation among those Montana residents who enjoy a gain from the sale or transfer of Montana property and non-residents who do the same is a no-brainer. Although we understand that the issue is slightly more complicated as the tax deferral provisions of a Section 1031 Exchange provides that taxation of those gains won't occur until the Federal government recognizes the gains, the principal remains the same. Taxpayers, whether they be Montana citizens or non-residents who receive a gain on such activities, should pay equally.

I won't bore you with the details of just how much the impacts of the federal budget reconciliation act will affect Montana families, our state administration and our legislature. Just be assured that the impacts will be enormous and will cause all of us to consider either drastic cuts to Montanans on Medicaid, education, child support, and more, or to come up with the revenue needed to avoid such cuts.

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Revenue & Transportation Committee Meeting
February 16 & 17, 2006

Exhibit #31

WEEL believes that the choices will be hard enough without granting any special tax breaks to individuals who are quite likely to be able to afford to pay their fair share of the costs of living in our great state. We would encourage you to support the Department of Revenue's rule amendment to assure that all taxpayers, resident and non-resident alike, will understand that gains made on the sale or transfer of property in Montana will be taxed at some point. It may not fix a large leak in our ship of state, but perhaps patching the small holes will mean that more Montanans can enjoy the cruise.

Thank you,

A handwritten signature in black ink, appearing to read "Mary Caferro". The signature is fluid and cursive, with a large loop at the end of the last name.

**Mary Caferro, Policy Specialist
Working for Equality and Economic Liberation**