

September 30, 2005

Chairman Jim Elliott and Members
Revenue and Transportation Interim Committee

Dear Chairman and Committee Members:

In a letter dated April 20, 2005, the House Taxation Committee requested your committee consider issues raised in SB513 during the 2005 – 2006 interim. The letter also requested you work with “taxpayers, the Department of Revenue and persons knowledgeable in tax policy and economics” to achieve a “better understanding and appreciation of the state’s income tax system.”

A group of stakeholders that worked together on SB513 during the 2005 session are interested in working with your committee on these same issues. This bill came late in the session without sufficient opportunity for review and discussion by affected taxpayers. While we devoted significant resources reviewing the bill in that short time frame, we continued to identify problems that would have been detrimental to Montana taxpayers. That is why we opposed the bill, yet indicated our commitment to work on these issues during the interim.

It has come to our attention the department of revenue is working on similar legislation that could be introduced as early as the anticipated special session. We believe that legislation developed without input from your committee and affected stakeholders will once again create opposition and lose the ability to pass meaningful legislation.

We would welcome, and look forward to, the opportunity to work with your committee during the interim.

Thank you for your consideration.

Montana Society of CPAs
Montana Taxpayers Association
Montana Chamber of Commerce
Montana Association of REALTORS®
Montana Land Title Association
Montana Coal Council
Montana Contractors Association
Montana Wool Growers Association
Montana Dairy Association
Montana Motor Carriers Association
Treasure State Independent Electrical Contractors
Montana Tire Dealers Association
Montana Petroleum Marketers & C-Store Association

Montana Automobile Dealers
Montana Bankers Association
Montana Farm Bureau
Montana Petroleum Association
National Federation of Independent
Businesses (NFIB)
Montana Retail Association
Montana Restaurant Association
Montana Equity Exchange, Inc.
Montana Coin Machine Operators
Montana Equipment Dealers
Montana Wood Products Association

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Exhibit #10