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REP. ALAN REDFIELD (R) - HD59
Montana House of Representatives
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RE: TAXATION COMMITTEE – Business & Commercial Property Over Taxation and solutions

Taxation Committee,

My name is John Payne and I am the proprietor of several businesses and a commercial property in Park County MT.

ISSUE #1) I have owned this commercial property since November of 2000. As property taxes went up steadily since 2000 it seemed sustainable, but now the Department of Revenue has gone too far, too fast. Through their evaluation, somehow my property TAX jumped over 23%, between 2017-19. This equates to \$2010 per rental unit, per year. This is not business friendly. It is a burden to me and my tenants. Additionally while the taxes went up my building insurance soared up over 300%. There were no claims. So I was forced to go out of the state to secure insurance, as our in state “clearing house” system is really sticking it to business & commercial property owners. But that is just one additional pressure.

ISSUE#2) In two of my commercial property units, I own a casino(taxed weekly), Bar & Liquor Store(80% cumulative pre-paid TAX/FEES on Liquor). First, to have to prepay the tax on OVERTAXED liquor is totally unfair. There is entirely too much tax liability on the Liquor industry in an attempt to make up for a TOTAL lack of tax on other business sectors.

SOLUTIONS:

ISSUE#1) A)A freeze on DOR, limit increases on existing commercial buildings to 3% a year max. There is entirely too much focus by inspectors seeing a building has NEW PAINT and deciding it is worth \$100,000 more because it looks nice. Most of these inspectors do not know the first thing about evaluating these properties. We should be rewarding our commercial property owners for improving their properties. B)Park County government has decided I should pay \$2270 a year for refuge/garbage without recourse as the county tax for refuge/garbage it protected by MT law. I do not use the county

service due to safety & liability issues, so I have a company from Trident, MT drive all the way over to my business in Park County in which they provide a large steel container and come dump it once a week for \$85/month. Park County refuses to accept my request for an abatement. The current MT law forcing residents to use the county refuse/garbage service needs to be amended to specifically address a required abatement if a resident can prove they are using a private garbage service. Furthermore, the state needs to create the EQUATION by which counties fee property owners for refuse/garbage service. For Example, my county garbage/refuse fee it \$2270 a year for two buildings with 3 tenants, while a huge 150 room resort with two banquet rooms, 3 commercial kithchens, 3 bars and does 3-4 weddings per weekend for 52 weeks a year is billed \$5600. The abuse by the counties is represented by the fact that GALLATIN county NETS \$400,000 a month from their trash service/landfill.....

ISSUE#2) The solution here is EQUITALBLE taxation. We have done a GREAT job of protecting the TOURIST. Well, I don't know about you, but when I travel I am subject to as much as 35% in tax & fees on rental cars and hotel rooms and this has not proven to stop me or anyone else from traveling. That means ALL rental cars, hotels, B&B's, Vacation rentals, Medical Marijuana, Cigarettes, Liquor, Recreation/Outdoor activities(including, outfitters, ANY kind of water craft and related equipment, zi p lines, skiing, etc. ALL OF IT THAT IS TOURIST RELATED) ALL get TAXED 25% NET. **To abate and promote in state business, the MT Corporate Tax return and the MT Personal Tax return would have a line added to give all domestic business owners and Montana residents ALL their tax back from the above activities.** Additionally, huge motorcade bus companies are coming through Montana to go to Yellowstone & Glacier national Park. These buses need to be taxed, this could be accomplished in the same manner as semi check stations. I understand these tourism companies already use a bogus tax/fee that is charged to each passenger.

In summary, I know the revenue on the above schedule would provide a huge surplus. That is where the topic of controlled property tax for property owners needs to addressed. There needs to me more education and outreach to residents that stay in their homes and for the elderly on fixed incomes to get tax relief. Additionally, The DOR needs to do its job and stop trying to tax business and commercial property owners out of their properties and REALLY FOCUS on the VACATION RENTAL bed tax collections. This is probably the biggest piece of low hanging fruit to increase state revenue and take pressure off the residents of Montana. I am not oblivious to the fact that this is a BIGGER discussion, but this is a great place to start.

Sincerely,

John Payne

John Payne
MT Resident, Property & Business Owner