



16 December 2021

Attorney General Austin Knudsen
Montana Department of Justice
215 N Sanders St.
Helena, MT 59601

RE: Proposed 2022 Ballot Issue #9

Dear Attorney General Knudsen,

On behalf of the business entities that drive economic growth and development in our state, I am writing with concerns about proposed Ballot Issue #9 (henceforth referred to as "Ballot Issue"). While the Montana Chamber of Commerce recognizes the challenge of residential property taxes in our state, we have concluded that undesirable consequences from this policy change outweigh its perceived benefit.

The Ballot Issue will likely harm Montana businesses. Based on our analysis of the fiscal note, commercial properties could see an increase in property tax of up to \$175 million. This figure is a combination of the estimated general fund and special revenue reductions over the next two fiscal years, in addition to the \$150 million of expected reductions in local collection. Our assumption that these reductions would be backfilled by businesses is justified, as the fiscal note states: "revenue reductions would shift to all other non-residential property" tax classes. With all other property tax classes being commercial, businesses across industry would be on the hook.

Given these circumstances, the Montana Chamber urges your office to execute on its authority pursuant to MCA 13-27-312(9) to require that a statement appear on the front page of the petition that the proposed ballot issue "will likely cause significant material harm to one or more business interests in Montana."

The Montana Chamber also takes no comfort in the possibility of the state legislature acting to prevent the tax shift to other classes of property. Doing so would indefinitely hamstring local government funding to address the ongoing infrastructure deficit and limit school resources to prepare the next generation of Montana's workforce. These impacts are then amplified by the Ballot Issue artificially capping revenue authority in local property tax jurisdictions.

Montana's tax structure is a complex spider web. Having the public pull on one thread, based on a 115-word ballot statement with consequences lacking in specificity, will unravel the web at a pace that cannot be adequately managed. Tax reform is a valiant effort, and one of which the Montana Chamber is an eager participant, but this Ballot Issue is not the solution.

Please issue a determination of whether Ballot Issue #9 will cause significant material harm to Montana businesses during your legal sufficiency review.

Thank you for your consideration.

Sincerely,

Todd O'Hair
President and CEO