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2800 7th Ave. N
Fargo, ND 58102
October 16, 2006

Senator Conrad
U.S. Federal Building
Room 306
657 2nd Ave. N
Fargo, ND 58102

Dear Senator Conrad,

We are writing with extreme concern regarding legislation recently introduced in both the House and the Senate which will inhibit re-investment possibilities/ tax relief relating to exports for small and medium size manufacturers in the U.S. - including some 400 exporters in North Dakota. The Tax Technical Corrections Act introduced on September 29th, 2006 as S. 4026 in the Senate (and as. H.R. 6264 in the House of Representatives), essentially eliminates the possibility of reducing the tax burden on our nations exporters, including those in North Dakota who are primarily equipment manufacturers and agribusiness exporters. Today, these exporters are able to reinvest dollars received from overseas export sales to fund future export activity. In many cases this relief/reinvestment amounts to tens of thousands of dollars annually and in some cases hundreds of thousands of dollars, per company. Export incentives have been one of the primary reasons we have been able to encourage and increase manufacturing export volume in the state of North Dakota by +18% or $ 1.2 Billion in 2005 and by + 30 % for the first 6 months of 2006. Eliminating the DISC (Domestic International Sales Corporation) dividend income tax benefit for small manufacturers would severely inhibit our export expansion capacity as well as inhibit our ability to enable North Dakota companies to compete in the global marketplace.

We urge you to ensure that Section 7 of the Tax Technical Corrections Act (S. 4026, H.R. 6264) is amended to continue DISC dividend income taxation at the capital gain rate.

Sincerely,

Howard Dahl
President & CEO
Amity Technology