

The Sub-Committee on Natural Resources met in Room 435 at 8:30 a.m. on

February 9, 1977, with Chairman Bengston presiding. Present were Representatives Denis G. Nathe, Aubyn A. Curtiss, Dale H. Davis, Pat Binns, Montana Energy Advisory Council, Terry Wheeling, Environmental Quality Council and Russ Plath, Environmental Quality Council, and "Sonny" Hanson, Montana Technical Council.

Chairwoman Bengston called the meeting to order. She stated that they had asked Researcher Debby Schmidt to write up a Resolution on Education and have a copy ready to pass out to each of the committee members. This Resolution was presented and passed out. A copy is attached.

She then read a letter from Researcher Schmidt, which gave a list of the things that the committee would have to watch out for.

The committee then discussed H.B. 430, An act clarifying and revising the provision dealing with adoption of the state building code, fixing dates by which energy conservation rules must be drafted, heard, adopted, published, and implemented.

This bill was then discussed and it was decided that building codes have to be made, but the cost of these codes would have on the young people buying new homes - that it would force them into trailer homes, etc. Bengston stated that the committee would have to be as realistic as possible, facing the energy problems in setting up building codes and to try to keep the cost down as much as possible.

Pat Binns went into detail just how much it would cost to upgrade these homes and gave the percentages he had come up with.

Sonny Hanson went into the cost for natural gas and the cost for solar energy and fossil related materials. He said it depends also upon the areas.

Bengston asked the committee if they would like a separate resolution on Libraries. and Nathe replied that he thinks we should.

The committee then looked over the tentative Resolution drafted by Researcher Schmidt. Nathe stated that in the title of the Resolution in the 4th line, after "Diminishing" should be placed something about fossil fuels.

Bengston suggested that it should be worded "Non-renewable diminishing energy."

A motion was made by Representative Nathe to insert "Non-renewable" after diminishing in the resolution. This was seconded by Rep. Curtiss. and the committee passed this motion. The reading should be "diminishing non-renewable energy"

~~Representative~~ Bengston then said she would like them to go through the Resolution and see if there was anything ~~xx~~ else they would like changed. Nathe told them to look at Page 3, and said that on this page they should also have "diminishing non-renewable energy" on line 2, the same as in the title. The committee agreed.

The agreed that the Resolution was short and concise and to the point.

Chairwomen Bengston asked the committee to look at H.B. 731, introduced by Hal Harper, which is an act appropriating funds to the Department of Administration to develop energy conservation provisions for inclusion in the state building code and to incorporate them into the code; providing statewide workshops for local building code officials.

Sonny Hanson asked them to turn to Page 3, Section 5 of this bill, and the committee agreed that it was too specific, wherein they state that the department of health and environment study information on the environmental and health implications of various insulation types and determine the most healthful and environmentally sound insulation types. That asbestos insulation may not be recommended to the public as healthful or environmentally sound.

The committee agreed that asbestos should not be specifically mentioned, that it has been used for years and is the best for wire, and that it is the very best to be used for high temperature insulation. This is the finished product and it has been proven that it is of no danger to an electrician to install, that they did not see why it should specify the asbestos industry, as they are talking about a standard mfg. produce. Curtiss questioned the appropriation, asking if they thought it was realistic, or necessary.

Pat Binns explained that when legislation was passed in 1975 it did not appropriate any funds for them to work with, and that this appropriation is necessary so that they can have an adequate staff, enabling the necessary training to be accomplished, some refresher courses, so that they could enforce the intent of the legislation.

Nathe stated that this bill, H.B. 731 ties in with H.B. 430. It was agreed that H.B. 731 and 430 should both be put with the "building Codes".
~~Also-that-H-B--70~~

H.B. 701 was then discussed. This is an act to expand the existing weatherization program administered by the department of community affairs. H.B. 701 also mentions the use of asbestos, "asbestos may not be used in the weatherization program funded by this act".

It was decided to pull H.B. 701 from the building codes and put it with "Weatherization"

Chairwoman Bengston stated that she would like to have them take the bills dealing with tax, H.B. 425, S.B. 348, S.B. 167, H.B. 292 Look these bills over and maybe we can get a feel as to just what we will need.

Terry Wheeling of the Environmental Quality Council gave each member a copy of a memo regarding tax incentives for alternate energy systems. which shows the computations of sample Montana tax savings resulting from HB 292, SB 348 and SB 167. He went over these bills with the Committee explaining the differences and stating that in his opinion he believes that SB 167 would be the easiest to administer. He also said that he believes that H.B. 292 and 167 would be the same cost, the same kinds of concern, as far as the tax statement itself is concerned. The committee then went over the various conditions of each of these bills, comparing them to see if there was any duplication in them, and which would be the best for the people of Montana. It was

B. 167 was then discussed. This is an act relating to the taxation of income; providing incentives for the installation or acquisition of solar or other recognized nonfossil forms of energy generation by taxpayers by providing income or license tax credits and accelerated amortization of the costs of the systems.

S.B. 167 offers a tax credit in an amount equal to 40% of the first \$1,000 and 20% of the next \$3,000 of the cost of solar systems or nonfossil systems, including installation costs, or, if the federal government provides for a tax credit substantially similar in kind (not in amount), then a tax credit in an amount equal to 20% of the first \$1,000 and 10% of the next \$3,000 of the cost of such system. The committee agreed that there would be substantial savings, much more substantial with 167 than with 292. It was wondered how much would be spent on solar systems.

Pat Binns then explained how much would be spent, but it was wondered just how much solar equip. or wind equipment would be ~~xxx~~ available

Hansen told about his home that he is making with solar energy, and that he was talking about 5 or 6 thousand dollars for his insulation. This was just a part of his energy. He did not think that most people could put this much money on this type of energy.

Pat Binns then said that not this year but in the following biennium this would be the coming energy. Solar energy was then discussed as to the expense and the feasibility of it to most people. Davis also expressed his concern as to whether or not it would work.

Hanson also declared if you store solar energy, that the rocks should be sterile, as it produces a humidity that encourages growth of plants, which will eventually block the air flow.

Bengston then said she would like an explanation of S.B. 348, an act to ~~amend xxxxxxxx~~ allow a corporation a deduction in computing the corporation license tax for the corporation's investments and operating losses in solar energy research and development or other recognized nonfossil sources of energy. The amendment to the existing law occurs in Section 7, page 6, in which all funds invested in solar energy research and development and all costs incurred during the taxable year in the construction, operation and maintenance of a residence, dwelling, structure, buildings or other facility used for the purpose of solar energy research and development; or for the purpose of construction another recognized nonfossil source of energy generation, There is no limit given in the maximum amount of deduction. Also, on page 6, Section 7, Line 8, investment and development - term "research" is fairly broad that it would be favorable to consider the meaning of those words. It does go on , but that first phrase goes well beyond the notion of the other bills.

Bengston then asked the committee if we are doubling up on ~~xxxxx~~ interest loans.

It was stated that Rasmussen is going to amend S.B. 167.

H.B. 292 was then discussed: An act transferring the energy conservation and alternative energy tax incentives from the property tax to the income and corporation license taxes, as deductions. It does not mention individual dwelling unit. As a sub-divider he would be able to deduct from each one of those homes but they are not on his principal dwelling. Is that the intent of the bill/

Russ Plath stated that there were amendments to 292 and it has been given a "Do pass" recommendation with the amendments.

Bengston stated that they would watch for this bill on the floor.

H.B. 425 - Bengston - We are going to have to recommend a "Do not pass" on this bill. However in the discussion that followed about H.B. 425, it was stated that there may be pieces of H.B. 425 that might be incorporated in other bills.

Bengston stated that we have a sample bill drafted, taking that section of Gary's so that we don't forget that.

Line 23, Page 4 of H.B. 425 was discussed, "~~homeowner-~~standards-may-deduct-\$100" "a certificate of compliance with state energy conservation" as to how they are going to obtain a certificate of compliance.

Bengston than asked the committee members to look over the Resolutions and the bills and talk about it in the morning meeting.

Meeting adjourned at 9:45 a.m.

C. J. Bengston