

MINUTES OF THE MEETING
ENERGY, EXTRACTION AND CONVERSION SUBCOMMITTEE

February 17, 1977
7:00 a.m.
Room 437
State Capitol Bldg.

The meeting was called to order by Chairman Kessler. Roll was taken and it was noted that Representative Kessler, Representative Metcalf, and Representative Ernst were present. Representatives Cox and Frates were absent. Also attending was Mr. Terry Wheeling, Environmental Quality Control.

HB 473 was discussed. A question was brought up by Chairman Kessler as to whether or not a fertilizer plant would be excluded by this bill. Also discussed was whether it would exclude a facility which manufactures a substitute for natural gas. It was decided that the bill specified that it must be commercially useful as a substitute for natural gas. Since fertilizer plants would not be selling the gas, it would be excluded.

Representative Metcalf brought up the fact that Ron Erickson questioned the last line in Section 5. It was decided that the last line was covered by the first half and, therefore, redundant.

Representative Metcalf moved to strike the last line.

Chairman Kessler seconded the motion and Representative Ernst agreed.

It was recommended by Representative Metcalf that perhaps the taxes should go into a resource renewability fund. Chairman Kessler stated he thought they now went into the general fund and he recommended leaving them there.

Representative Metcalf moved that the Subcommittee recommend a do pass of HB 473.

Chairman Kessler seconded the motion. Motion carried.

HB 687 on gasification was then brought up. It was recommended that the subcommittee thoroughly review this bill, especially the Legislative findings and Policy and Purpose in the Act.

Representative Metcalf stated that he felt this bill was completely opposite of what was stated in the Governor's Energy Policy. He objected to the part about Montana being an appropriate sponsor of a program. Chairman Kessler felt the bill was for research and didn't feel there was anything in it that says it is going to set up a coal gasification project.

Representative Metcalf also expressed an objection to the part of the bill which stated they would hire their own personnel. The department to which the commission is attached will provide the services. He questioned why they wanted their own staff services.

Representatives Ernst and Kessler were both in favor of the research and study part of the bill.

Representative Metcalf recommended they draft an alternate bill. He recommended that they draft a bill to put the research and study of gasification into the Governor's Energy Research and Production Office where it really belongs.

It was agreed that there was not time to draft an alternate bill and get it introduced by the deadline.

Representative Metcalf then recommended that they work with the Senate to amend HB 204. He suggested a new subsection 10 under the section "Duties of the Office" which would say "undertaking a continuing study of gasification both on a federal and state level."

Representative Kessler felt this was better than just killing HB 687 as he did feel research should continue.

Representative Ernst questioned what was to stop private industry from getting into the research.

Mr. Wheeling stated that it was his understanding that private agencies were also eligible for federal funds available for this research.

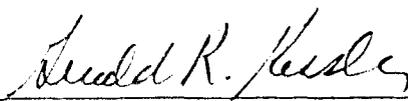
Representative Metcalf moved the subcommittee recommend a do not pass of HB 687 and work with the Senate to amend HB 204 to include research on gasification.

Representative Kessler seconded the motion. Representative Ernst agreed.

It was noted by Chairman Kessler that alluvial valleys would be covered in the meeting scheduled Saturday morning at 9:00 a.m.

Meeting adjourned.

Respectfully submitted,



Gerald R. Kessler