

March 7, 1977

The Natural Resources Committee convened at 8:00 a.m. on March 7, 1977, in room 437, with Chairman Sheldon presiding and all members present (except Rep. Huennekens who was excused).

Chairman Sheldon said we would begin where we left off on Friday--when due to lack of time the questions on SB 110 had not been asked by the committee.

Sen. Dover asked if he could say a few more closing words. Permission was granted. Senator Dover said he believed the public is not accepting the subdivision laws as they are today. He said we will end up using more acreage out in the country--taking good land and poorly using it. He said if the negative aspects weren't in the law, they would develop higher density areas in or closer to the city limits. He suggested looking at past history as far as impacting schools were concerned--schools were built because of necessity--when an area demanded a school, it was built. Streets and curbs historically came after the homes were built and lived in a few years so the owners had some equity. He said meeting these criteria has increased cost and caused developers to move out where the land is cheaper.

Chairman Sheldon asked Sen. Dover what his answer was to urban sprawl. Senator Dover said when the subdivider comes in, he should be welcomed and encouraged to subdivide in or near the town.

Rep. Kessler questioned why the negative feeling against subdivisions. Sen. Dover said all the extra services required to be installed which increases prices.

Chairman Sheldon mentioned in traveling in other states you pass planned subdivisions with all services in (streets, curbs, lights) and as yet no houses. Why can't we do that? Senator Dover thought it was a matter of income.

Rep. Bengtson asked of Jim Richards if he had seen an increase of planning staff. Mr. Richards said there had been an increase but not because of HB 666 but because of increase in interest.

Rep. Davis questioned if the reason so few subdivisions had been turned down was because the prospective developer checked out the possibilities ahead of time and if they weren't good, didn't apply. Mr. Richards said plenty of subdivisions have been reviewed and were turned down because they failed to meet the criteria of the other subdivision laws, not HB 666.

Chairman Sheldon asked Senator Dover about schools--what about schools that are at the top of their bonding capacity. Senator Dover said more houses would increase the tax base. Chairman Sheldon questioned if there wouldn't be a time lag before this would help.

Rep. Hurwitz mentioned the ranch that is surrounded by small tracts--and the small tract owners begin demanding more and more services, etc., and the taxes go way up for the rancher.

Rep. Kessler mentioned the west side of Billings, which is growing by leaps and bounds and taking up some of the best irrigated agriculture land in the state. What can be done? Mr. Christians said the farmer has to get a good price for his product to keep from subdividing.

SB 111 SENATOR MATHERS, District 26, said this is a simple bill which just adds to the oil and gas laws the words "enhanced recovery."

He said this amounts to injecting under pressure a detergent into the oil fields so more oil can be recovered. If the bill passes, the plans are to initiate this in the Bell Creek oil fields. A statement concerning this is exhibit 1 and part of the minutes.

DON ALLEN, Montana Petroleum Association, said anything we can do in the state of Montana to encourage the recovery of oil that is there will be in the state's best interest.

During questions it was brought out this was a new innovation that had been tried in the southwest--but didn't know how successfully. Mr. Allen said all would be watching to see how it will succeed. He said about half the oil under the ground has not been recovered. Mr. Raymond Peete, representing Gary Operating Co., had been expected to help testify but was not present. A question was asked about what the detergent was--answer: similar to dishwashing detergent.

Rep. Hurwitz questioned why a law was needed--couldn't this just be done. Senator Mathers said it has to be a pool agreement--everybody in the field has to participate--because of the money invested and all will benefit. Also because of the vast investment the oil people want to be sure the laws will be supportive.

The state will not be affected in any way except they will collect more taxes from the increased production.

Rep. Nathe brought out that new oil and old oil (from secondary and third pumpings) had a different value. He said it didn't used to pay to remove the old oil. Mr. Allen said this is no longer true and 54% of the wells pump and 11% of the oil now comes from secondary or tertiary methods.

Rep. Metcalf questioned what happens to the detergent and what affect will it have on the aquifers. Rep. Nathe said as long as the detergent stays in the same geographical strata, he didn't think there would be any effect. Mr. Allen was going to check this out.

Chairman Sheldon said this bill, as it didn't have 72 hours notice, would be open to other testifiers if someone wished to do so.

The committee further discussed SB 110. Rep. Frates mentioned in Yellowstone County they reduced the taxes on homes and increased it on unused land within subdivisions to encourage the development of those lands. Rep. Davis said his county, Gallatin County, has probably the hottest subdivision problems in the state. He felt the negative aspects of the subdivision law might be discouraging developers from trying to get high density subdivisions within the city limits and so more agriculture land is being lost to small tracts. He felt another result was the growth of mammoth mobile home parks which provide very little tax base to help support the schools. Rep. Harper mentioned this was a good example of why we should get away from the property tax and tax incomes.

Feeling of the committee seemed to be that the problem was great,

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something was needed to be done in this area but not sure just how to go about it.

Meeting adjourned at 9:05 a.m.

Respectfully submitted,

  
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ARTHUR H. SHELDEN, Chairman

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