

MINUTES OF THE MEETING
Highways and Transportation Committee
Montana State Senate

March 8, 1979

The Twenty-second meeting of the Highways and Transportation Committee was called to order by Chairman Mark Etchart in Room 410 of the State Capitol Building at 1:00 P.M. on March 8, 1979.

ROLL CALL: All committee members were present.

CONSIDERATION OF HOUSE BILL 780: Chief Sponsor of House Bill 780, Representative Brand, told the committee this bill is an act to authorize the department of highways to administer rail planning activities, amending section 60-2-201, and providing an effective date. He said this bill was brought about by the personnel of the Highway Department, railroad companies and labor unions and other interested parties. At one time this was administered by the Department of Administration. The Governor moved it into the Highway Department and Montana is the only state who does not have a rail planning act. He read Page 1, line 25 to the committee:

"(5) The department may administer rail planning activities."

The money comes from federal government. This is a series of bills.

Tom Dowling, representing the Montana Railroad Association, told the committee they support the bill. It is needed. Whenever you have federal money going to a state, the first thing they require is planning. This bill gets the planning done and gets the money to the State of Montana for revitalization.

Jim Beck, Department of Highways, told the committee the Department of Highways supports this legislation. We need to clearly define highway laws. John Craig, the administrator of this is present for any questions you may wish to ask.

Kenneth D. Clark, United Transportation Union, Miles City, Montana, told the committee the Railroad Brotherhood supports this legislation.

Sharon Peterson, W.I.F.E., F.U. Farm Bureau, said they support this bill because the problems in agriculture are with transportation.

Chairman Etchart asked the committee if there were any questions. There being none, the hearing was closed on House Bill 780.

CONSIDERATION OF HOUSE BILL 787: Representative Oberg, the Chief Sponsor of HB 787. Dan Oberg gave presentation on the bill. He told the committee it is an act to provide for rehabilitation of certain rail facilities; authorizing the issuing of revenue bonds and the making of loans and creating a bureau of rail transportation within the department of highways and providing an

effective date. He said the railroads are not able to or may not be able to finance the state rail planning act. This bill will bring in financing. There has been a form of revenue bonds that gives capital to present projects. It is very hard to write a project for industrial bonds on this basis. If the Milwaukee is reorganized and restored under service there may be areas to be rebuilt. The State of Montana could use this type of Revenue Bond to bring this plan. This type of revenue could make it feasible to rehabilitate that track. This also authorizes for facilities. I can see areas where industrial development is going on and bring tracks into these areas. I think we could spur that type of development. We would put a couple of requirements in; making loans to intend to use projects for new jobs in Montana. The bill is self-explanatory. Intent and define, and the manner in which the revenue bonds will be distributed. The interest rate on bonds may not exceed 9%. The bonds may not be sold for less than par. The total amount of bonds outstanding at any one time may not exceed \$25 million. This will give the Department of Highways and the Rail Planning Board some latitude in how they do this and will be selective. There is a definite cause and need before this type of financing will be issued.

Chairman Etchart asked if there were any other proponents.

Tom Dowling, representing the Montana Railroad Association, told the committee they support the concept. The concept is well taken.

Kenneth D. Clark, United Transportation Union, said the Railroad Brotherhood supports this legislation. He gave an exhibit to pass around. We support this bill.

Sharon Peterson, W.I.F.E., F.U. Farm Bureau, told the committee they support this bill.

Chris Johansen, Montana Grain Elevator Association, told the committee they are interested in any piece of legislation that will help transportation, and we support this bill.

John Fitzpatrick, Office of Budget and Program Planning, offered technical amendments. See Exhibit "A". These amendments are basically technical in matter. The bill as written describes the duties under this act. It has been the practice of this State to allow responsibility to the department level. The amendments to the bill are fairly long. They substitute department for bureau. It changes the title and strikes one section. Section 3, subsection 2, that the bonds do not constitute a debt, liability, moral obligation, or pledge of the faith and credit of the state but are payable soley from the revenues or assets of the bureau. It added the word moral.

There being no further proponents, opponents or questions from the committee the hearing was closed on HB 787.

CONSIDERATION OF HOUSE BILL 788: Representative Iverson, District 9, Chief Sponsor of the Bill, told the committee it is an act to provide financial assistance for the manufacture, purchase, or lease of certain railroad rolling stock; authorizing the issuing of revenue bonds and the making of loans and creating a bureau of rail transportation within the department of highways; providing an effective date. This is with the grain shortage transportation in mind. The railroad for various reasons are not going to put enough cars on the track to haul the grain. In talking with various people, the idea developed that we form a corporation. We did a quick study and decided with proper financing, we could do something with this. This bill provides financing.

Terry Murphy, N.F.O., W.I.F.E., Farm Bureau, Farmers Union, said he hopes the committee gives serious consideration of the bill and pass it out of committee. While it may not have an immediate affect, it may be a way to work out the problem. We, as grain farmers are paying millions in late penalties to get our grain to the coast. We cannot get the grain out of Montana. We talked a lot about self-help and state's help and people. I hope you will view it in that light.

Tom Dowling, Montana Railroad Association, said the association supports the bill. He said he checked with the tax people at Burlington Northern and this bill has no problem. The concept of rolling stock is great, but may need further work.

James T. Mular, Board Railway Airlines Clerks, indicated to the committee they have no problems with the mechanism of the bill. I do not believe the bill has any problems.

Chris Johansen, Montana Grain Elevator Association, told the committee he met the grain trade in Great Falls and got some up-to-date figures. The problem has been acute since July 1977. It is getting worse. As of last night, there are approximately 18½ million bushels to deliver by April 15. This portion of grain that was due is running from 1½¢ to 2¢ per bushel per day. It is costing the elevator about 3¢ per bushel per month. A survey was made in the triangle area, they received an average of two cars, Opheim received one car. It will take 340 cars to move these bushels. One 50 car grain train is comparable to 200 trucks to handle the transportation. The increased movement by trucks is aggravating the gas situation. 35% to 38% are now handled by trucks. In talking with Ron Richards, the only roads that can stand up to this, is the interstate system.

Kenneth D. Clark, United Transportation Union, said they support this bill because of the box car shortage in Montana. There is also a locomotive shortage. Recommend a Do Pass for this legislation.

Joint Sponsor of the Bill, Representative Jergeson told the committee a box car cost about \$40,000 and have over a 18 year life. It would pay the farmer to buy his own car and hire the Railroad to haul it around.

Chairman Etchart asked the Committee if they had any questions.

Senator Kolstad asked how many cars might be purchased.

Representative Iverson replied, 400-450 cars.

Senator Kolstad asked if he had assurance of that many new cars not putting a log jam on the coast.

Representative Iverson passed around a study that was made on that subject. See Exhibit "B". Right now, Cargill in Seattle has a week's worth of cars waiting to be unloaded. This is not unusual. This does not mean that they can't handle more. Top management says there is no problem with unloading more cars, they would simply double shift. In fact they said they would like nothing better. The ports will expand within the next five or six years. This has a favorable ruling from the IRS and we did talk at length with the congressional delegation.

There being no further questions, the hearing on HB 788 was closed.

CONSIDERATION OF HOUSE JOINT RESOLUTION 41: Representative Yardley, Chief Sponsor of the Bill, told the committee this is a joint resolution of the Senate and the House of Representatives of the State of Montana urging continuation of the rail service provided by the Milwaukee Road. He told the committee the Milwaukee Road employs about 750 persons in Montana, serves 23 counties, and contributes approximately \$750,000 a year in property taxes; and is a major component of the state transportation system. It serves over 150 stations and provides both direct service and connections with other lines. The Milwaukee Road serves 31 public warehouse and grain dealer facilities and these facilities have a storage capacity of 4,332,000 bushels and would be without rail service in the event the Milwaukee line is abandoned.

Tom Dowling, Montana Railroad Association, indicated he supported both HJR 41 and 43, which are almost identical.

Al Williams, Montana State AFL-CIO supports both HJR 41 and 43 and left testimony of James W. Murry, Executive Secretary of the Montana State AFL-CIO. See Exhibit "C" & "D". He read the testimony to the Committee on both bills.

Ronald Pogue, Alternative Energy Resources Organization, supports both HJR 41 and HJR 43.

There being no other proponents, opponents or questions from the committee the hearing was closed.

CONSIDERATION OF HOUSE JOINT RESOLUTION 43: Audrey Roth, Representative from District 10, told the committee this was a prefiled bill and is identical to HJR 41, but has two

additional sections. The Milwaukee bankruptcy is a serious and immediate problem. Agriculture and industry are in need of railroad system. She read the bill to the committee.

Sharon Peterson, W.I.F.E., supports both HJR 41 and HJR 43. She told the committee if the railroad goes out in Montana, it would be disastrous.

Kenneth D. Clark, United Transportation Union, told the committee they support both HJR 41 and HJR 43. He apologized that both resolutions came before the board and offered some amendments.

Tom Dowling, Montana Railroad Association, said they support both resolutions.

Representative Roth said it would take 24,000 trucks to haul the grain out of Geraldine, if they abandon lines in Choteau County.

Chairman Etchart asked Representative Roth if she had looked over Representative Yardley's amendments.

Representative Roth, said not thoroughly.

Chairman Etchart asked Representative Yardley and Representative Roth to get together and see if they could work something out and report back to the committee.

There being no further questions, the hearing was closed on HJR 43.

CONSIDERATION OF HJR 34: Representative Oberg, District 8, Chief Sponsor of the bill told the committee this is a joint resolution of the Senate and the House of Representatives to the State of Montana requesting that the Congress of the United States keep both Amtrak lines operating in Montana and provide adequate funding for passenger service in Montana. It is a bill dealing with the transportation of people. Amtrak is a vital part of the transportation in this country. It's important that this country keep its commitment to the people. He read parts of the bill to the committee. He told the committee we have 90 days to veto. They want it clear, that the Montanan's want these roads. Action must be taken before the end of April. There are a lot of elderly people and other people who are isolated. We have no East-West bus service.

Kenneth D. Clark, United Transportation Union, said as probably most of you know, prior to the coming of amtrak, both railroads operated passenger trains. And, they were very profitable trains. Through the media in 1955-56, the Railroads started thinning out its trains. It seems that amtrak came along and they forgot about the people in Montana. We would like to see this resolution pass.

Tom Dowling representing the Montana Railroad Association, said they support the passage of this Resolution.

Ronald Pogue, Alternative Energy Resources Organization, said they support this resolution and informed the committee that trains are 1/5 more efficient than bus.

Chairman Etchart asked if there were any questions from the committee.

Senator Hager asked if Congress is depending on these resolutions.

No, but it would be nice to get these resolutions there in time to be considered.

There being no further questions, the hearing on HJR 34 was closed.

CONSIDERATION OF HOUSE JOINT RESOLUTION 38: Representative Joseph M. Magone, sponsor of HJR 38, told the committee this is a resolution of the Senate and the House of Representatives of the State of Montana commending the office of the Attorney General for its activities in connection with the Milwaukee Road and urging continued action in legal and administrative proceedings involving the railroad. This resolution is different in the others in that it commends the Attorney General for intervening in the Milwaukee Bank and ask; that he continue to do so. I would also point out that the railroad also hauls a lot of logs and lumber.

James T. Mular, Brotherhood of Railway Clerks, told the committee it is important to Silver Bow County, as if this is abandoned the cost of copper could soar. The State of Montana will be subjected to non-competitive types of rail market.

Kenneth D. Clark, United Transportation Union, said they support this resolution.

There being no further questions the hearing was closed on HJR 38.

OTHER BUSINESS: Chairman Etchart asked Kenneth D. Clark, about the people who would be carrying these bills on the floor of the Senate. Mr. Clark had all worked out and gave him the following information:

Senator McCallum will carry HJR 41 and HJR 43
Senator Jergeson will carry HJR 34 and HB 788
Senator Healy will carry HJR 38
Senator Kolstad will carry HB 787
Senator Bob Brown will carry HB 780

ACTION ON HOUSE BILL 780: Senator Kolstad made the motion that HB 780 be concurred in. The committee voted unanimously that House Bill 780 be concurred in. The motion carried. Senator Bob Brown will carry on the floor of the Senate.

ACTION ON HOUSE BILL 788: Senator Kolstad made the motion to move all the amendments on House Bill 788. The committee voted unanimously to concur in the amendments on House Bill 788. The motion carried.

Senator Kolstad made the motion that House Bill 788 as amended Be Concurred In. The committee voted unanimously that House Bill 788 as amended be Concurred In. The motion carried. Senator Jergeson will carry on the floor of the Senate.

ACTION ON HJR 41 and HJR 43: Representative Yardley and Representative Roth will get together and work out the amendments and combine the two resolutions. They will report back to the committee by the next meeting.

ACTION ON HOUSE JOINT RESOLUTION 34: Senator Kolstad made the motion that the committee concur in the amendments to HJR 34. The committee voted unanimously to concur in the amendments to HJR 34. The motion carried.

Senator Hager made the motion that HJR 34 as amended be concurred in. The committee voted unanimously that HJR 34 as amended be concurred in. The motion carried.

ACTION ON HOUSE JOINT RESOLUTION 38: Senator Graham made the motion that HJR 38 be concurred in. The committee voted unanimously that HJR 38 be concurred in. The motion carried.

ACTION ON HOUSE BILL 67: Senator Hager made the motion that House Bill 67 be concurred in. The committee voted unanimously that HB 67 be concurred in. The motion carried.

There being no further business the Committee on Highways and Transportation adjourned. The next meeting of the committee will be on Saturday, March 10, 1979 at 1:00 p.m. in Room 410 of the State Capitol Building.

ACTION ON HOUSE BILL 787: Senator Hager made the motion that the committee concur in the amendments to House Bill 787. The committee voted unanimously to concur in the amendments to House Bill 787. The motion carried.

Senator Hager made the motion that House Bill 787 as amended be concurred in. The committee voted unanimously that House Bill 787 as amended be concurred in. The motion carried.


SENATOR MARK ETCHART

--- 3-8-79

ROLL CALL

Highway

COMMITTEE

46th LEGISLATIVE SESSION - 1979

NAME	PRESENT	ABSENT	EXCUSED
Mark Etchart, Chairman	✓		
Tom Hager, Chairman	✓		
Frank W. Hazelbaker	✓		
Allen C. Kolstad <i>late</i>	✓		
Carroll A. Graham <i>late</i>	✓		
Dave Manning	✓		
John E. Healy (Jack) <i>late</i>	✓		

Each Day Attach to Minutes.

DATE 3-8-79

COMMITTEE ON

Hearings

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Opp
John Delano	MONT RR ASSN		X	
Wm H Dech	Intl Transportation Union	HR 780 DR 0-1 HR 787 HR 785	35 41-43 X	
JAMES T MULAR	BRW Bus AIRLINES	Ditto	X	
C J Kuntz	Bee Mtn. Fly Camp	HR 780 HR 787 HR 788	35 41-43 X	
James Dech	H. Hays	788	✓	
Sharon Peterson	W.F.E. - F.L. Farm Bureau	788	✓	
Henry Murphy	N.F.D. W.F.E. Farm Bureau, F.L.	788	✓	
Don Gentry	W.F.E. F.L.	HR 780-411	✓	
Joe Brand	Self	HR 780	✓	
Chas. Johnson	Mont. Gen. Elec. Assoc.	HR 780 787-788	✓	
ELROY LETCHER	MT. COUNCIL OF CO-OP	HR 780 787-788	✓	
John Fitzgerald	O B P P	HR 780	✓	

NAME: TOM DOWLING DATE: 8 MAR 79

ADDRESS: Helena

PHONE: 442-4810

REPRESENTING WHOM? MONT RR ASSN

HJB780-787-788

APPEARING ON WHICH PROPOSAL: HJR 41-43 - 34 - 38

DO YOU: SUPPORT? X AMEND? _____ OPPOSE? _____

COMMENTS: _____

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: Kenneth D Clark DATE: 3-8-79

ADDRESS: 322 N 9th St Miles City MT 59701

PHONE: 232-2655

REPRESENTING WHOM? United Transportation Union

APPEARING ON WHICH PROPOSAL: HB 780, 787, 788 HJR. ~~27~~ 38, ~~41~~ ~~42~~

DO YOU: SUPPORT? X AMEND? _____ OPPOSE? _____

COMMENTS: _____

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME:

Larry Murphy

DATE:

3-8

ADDRESS:

PHONE:

443-1185

REPRESENTING WHOM?

N.F.O. W.I.F.E. Farm Bureau Farmers Union

APPEARING ON WHICH PROPOSAL:

ATB 788

DO YOU:

SUPPORT?

☒

AMEND?

OPPOSE?

COMMENTS:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: John Fitzpatrick DATE: 3-8-79

ADDRESS: Helena

PHONE: 440-3084

REPRESENTING WHOM? OBPT

APPEARING ON WHICH PROPOSAL: HB 787 and 788

DO YOU: SUPPORT? _____ AMEND? X OPPOSE? _____

COMMENTS: _____

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: Sharon Peterson DATE: 11-1-87

ADDRESS: Rt. 1 Box 7

PHONE: 443-5343

REPRESENTING WHOM? WIFE, F.M. Farm Bureau, R. 1

APPEARING ON WHICH PROPOSAL: H.B. 780-787

DO YOU: SUPPORT? ☒ AMEND? ☐ OPPOSE? ☐

COMMENTS: _____

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: James T Mular DATE: 3-8-79

ADDRESS: Po Box 3084 Butte MT 59701

PHONE: 494 2316

REPRESENTING WHOM? Bro Roy Clark

APPEARING ON WHICH PROPOSAL: HB 780-787-788 - HJR 41-43-44-48

DO YOU: SUPPORT? ☒ AMEND? ☐ OPPOSE? ☐

COMMENTS:

ORAL Testimony ON all Bills

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME :

DATE: 8 March 79

ADDRESS :

PHONE :

REPRESENTING WHOM?

APPEARING ON WHICH PROPOSAL:

DO YOU:

SUPPORT?

AMEND?

OPPOSE?

COMMENTS:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: 1 - 11-11-11 DATE: 8-11-11

ADDRESS: PA-ENF

PHONE: _____

REPRESENTING WHOM? *Monroe State Fed - 500*

APPEARING ON WHICH PROPOSAL: HJR #21

DO YOU: SUPPORT? / AMEND? OPPOSE?

COMMENTS: _____

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: Ronald Pogue

DATE: 3/8/79

ADDRESS: 226 Power Block Helena

PHONE: 443-7272

REPRESENTING WHOM? Alternative Energy Resources Organization

APPEARING ON WHICH PROPOSAL: HJR 34

DO YOU: SUPPORT? X AMEND? _____ OPPOSE? _____

COMMENTS: _____

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: Ronald Pogue

DATE: 3/8/79

ADDRESS: 226 Power Block, Helena

PHONE: 443-7272

REPRESENTING WHOM? Alternative Energy Resources Organization

APPEARING ON WHICH PROPOSAL: HJR 41 & HJR 43

DO YOU: SUPPORT? X AMEND? _____ OPPOSE? _____

COMMENTS: _____

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: JOHN DELANO DATE: 8 MAR 79

ADDRESS: Helena

PHONE: 442-4810

REPRESENTING WHOM? MONT RR ASSN

HB780-787-788

APPEARING ON WHICH PROPOSAL: HJR 41-43-34-38

DO YOU: SUPPORT? ☒ AMEND? ☐ OPPOSE? ☐

COMMENTS: _____

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

Representative
NAME: Joseph W. Magee DATE: 3/8/79
ADDRESS: _____

PHONE: _____

REPRESENTING WHOM? _____

APPEARING ON WHICH PROPOSAL: H. J. B. # 38
(Sponsor)
DO YOU: SUPPORT? ☒ AMEND? _____ OPPOSE? _____

COMMENTS: Only ask that the committee of
the Milwaukee Road in the State of
Montana be recognized
(1)

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

180

Line No.	Montana Light - Density Rail Segment	Rail Miles (1)	Grain Elevators (2)	Stations (3)
<u>BURLINGTON NORTHERN, INC.:</u>				
1.	Bainville to Opheim -- Segment No. B-1 --	146.8	25	18
2.	Sidney to Richey -- Segment No. B-2 --	49.4	5	4
3.	Glendive to Brockway -- Segment No. B-3 --	63.7	4	7
4.	Snowden to Glendive -- Segment No. B-4 --	79.8	2	10
5.	Beach, N.D. to Carlyle -- Segment No. B-5 --	7.4	1	1
6.	Glasgow to A.F.B. -- Segment No. B-6 --	18.8	-	1
7.	Brazil Creek Spur -- Segment No. B-7 --	22.8	-	-
8.	Saco to Hogeland -- Segment No. B-8 --	78.8	2	7
9.	Colstrip to Cow Creek -- Segment No. B-9 --	4.4	-	1
10.	Mossmain to Rapelje -- Segment No. B-10 --	37.7	3	4
11.	Silesia to Red Lodge -- Segment No. B-11 --	34.5	2	7
12.	Moccasin to Lewistown -- Segment No. B-12 --	30.8	-	4
13.	Mission to Wilsall -- Segment No. B-13 --	22.7	2	4
14.	Manhattan to Anceney -- Segment No. B-14 --	15.1	-	4
15.	Sappington to Harrison -- Segment No. B-15 --	10.0	1	1
16.	Whitehall to Alder -- Segment No. B-16 --	45.3	-	6
17.	Helena to Basin -- Segment No. B-17 --	42.1	-	10
18.	Vaughn to Augusta -- Segment No. B-18 -- 1/	41.6	-	6
19.	Power to Pendroy -- Segment No. B-19 --	51.3	5	9
20.	Valier to Conrad -- Segment No. B-20 --	20.0	4	4
21.	Stryker to Eureka -- Segment No. B-21 --	22.3	-	4
22.	Columbia Falls to Somers -- Segment No. B-22 --	24.9	2	4
23.	Missoula to Darby -- Segment No. B-23 --	65.2	3	16
24.	<u>SUB-TOTAL -- B.N. INC.:</u>	935.4	61	132
<u>MILWAUKEE ROAD:</u>				
25.	Lewistown to Winifred -- Segment No. M-24 --	44.2	3	6
26.	Lewistown to Heath -- Segment No. M-25 --	10.5	-	1
27.	Three Forks to Bozeman -- Segment No. M-26 --	38.4	-	6
28.	Agawam to Great Falls -- Segment No. M-27 --	65.7	5	6
29.	Bonner Jct. to Bear Creek -- Segment No. M-28 --	35.8	-	7
30.	<u>SUB-TOTAL -- MILW R.R.:</u>	194.6	8	26
<u>SOOLINE RAILROAD:</u>				
31.	Westby to Whitetail -- Segment No. S-29 --	56.9	5	7
<u>MONTANA TOTALS -- ALL SEGMENTS:</u>		1,186.9	74	165
<u>PER-CENT OF STATE TOTALS: 2/</u>		20.6%	27.2%	22.4%

1/ Abandonment Pending Before Interstate Commerce Commission.

2/ Total Mileage B.N. 4,395; MILW 1m310; SOOLINE 56.9; Total Elevators 272; Total Rail Points 735.

HB 788, 3rd Reading

1. Title, lines 7 and 8.

Strike: "AND CREATING A BUREAU OF RAIL TRANSPORTATION WITHIN THE
DEPARTMENT OF HIGHWAYS"

2. Page 1, line 18.

Following: line 17

Strike: "14"

Insert: "13"

3. Page 1, lines 22 and 23.

Following: "(2)"

Strike: the remainder of line 22 through line 23 in their entirety.

Insert: "'Department' means the department of highways."

4. Page 2, lines 6 through 8.

Following: "transport"

Strike: the remainder of line 6 through line 8 in their entirety

Insert: "grain."

5. Page 2, line 12.

Following: "The"

Strike: "bureau"

Insert: "department"

6. Page 2, line 14.

Following: "through"

Strike: "14"

Insert: "13"

Following: "]."

Insert: "The department of administration shall assist the department
of highways in the issuance and sale of the bonds."

7. Page 2, line 18.

Following: line 17

Strike: "bureau"

Insert: "department"

8. Page 2, line 24.

Following: "by the"

Strike: "bureau"

Insert: "department"

9. Page 3, line 1.

Following: line 25, page 2.

Strike: "bureau"

Insert: "department"

10. Page 3, line 2.

Following: "bonds, the"

Strike: "bureau"

Insert: "department"

11. Page 3, line 22.

Following: "The"

Strike: "bureau"

Insert: "department"

Amendments to HB 788

Page 1, lines 22 and 23

Strike: subsection (2) in its entirety

Insert: (2) "department" means the Department of Highways provided for in 2-15-2501.

Page 2, line 12

Strike: "bureau"

Insert: "department"

Page 2, line 15

Following: "liability"

Insert: "moral"

Page 2, line 16

Following: "state"

Strike: line 17 and 18 in their entirety

Insert: "or any of its subdivisions"

Page 2, line 24

Strike: "bureau"

Insert: "department"

Page 3, line 1

Strike: "bureau"

Insert: "department"

Page 3, line 2

Strike: "bureau"

Insert: "department"

Page 3, line 22

Strike: "bureau"

Insert: "department"

Page 4, line 20

Strike: "bureau"

Insert: "department"

PORT FACILITIES

Right now, Cargill in Seattle has a week's worth of cars waiting to be unloaded. This is not unusual. This does not mean that they can't handle more. Top management says there is no problem with unloading more cars, they would simply double shift. In fact they said they would like nothing better.

788
Overton
11/21

There has been no announced expansion of port facilities of the West coast for the near future.

The following chart shows the storage, receiving, and loading capacity facilities for ports on the West coast that receive Montana grain.

-1-

Vancouver United	5,350,000	B.R.T. 750	1000
TOTAL:	39,666,000	13,120	15,620
B = Barge	TPH = Tons per hour		
R = Rail			
T = Truck			

Urban Transportation Consultants
of the Pacific Northwest
Suite 220 • 200 S W Market St.
Portland, Oregon 97201

1000 TPH = 80 barges in 8 hr shift

Industrial development bonds; drydock facility. A drydock to be constructed in a public port for lease to a nonexempt person for use exclusively as a repair and maintenance facility, which will serve the general public by being made available for use in repairing any of the ships using the port, will qualify as an exempt activity under section 103(b)(4)(D) of the Code and the interest on revenue bonds issued in the amount of \$25,000,000 by a political subdivision of a state to finance the construction of the drydock will be excludable from gross income.

Rev. Rul. 77-233

A political subdivision of a state proposes to issue \$25,000,000 of revenue bonds that will be industrial development bonds within the meaning of section 103(b)(2) of the Internal Revenue Code of 1954. The bond proceeds will be used to finance the construction of a drydock to be leased to a corporation that is not an exempt person as such term is defined in section 103(b)(3). The bonds will not be arbitrage bonds within the meaning of section 103(c).

The drydock will be located in a public port and will be used exclusively as a repair and maintenance facility. The drydock will be of adequate size to repair all ships using the port and will be open and available to the general public.

Held, since the proposed drydock facilities will serve the general public in the public port by repairing any of the ships using the port, the proposed drydock will be property that is functionally related and subordinate to the docks and wharves located in the public port within the meaning of section 1.103-8(e)(2)(ii) of the Income Tax Regulations. The proposed drydock will qualify as an exempt activity under section 103(b)(4)(D) of the Code and the bonds will not be treated as industrial development bonds.

Therefore, the interest on the proposed bonds will be excludable from the gross income of the bondholders under the provisions of section 103(a)(1).

For a situation involving a drydock that does not qualify as an exempt activity under section 103(b)(4)(D) of the Code, see Rev. Rul. 77-186, 1977-1 C.B. 22.

*26 CFR 1.103-1: Interest upon obligations of a State, Territory, etc.
(Also Section 61; 1.61-7.)*

Industrial development bonds; exempt small issue; railroad rolling stock. Industrial development bonds that are issued by a city to finance railroad rolling stock to be leased to, and operated by, a nonexempt corporation for use in its rail operations between the issuing city and other municipalities and counties and that may be interchanged with the rolling stock of other railroads do not qualify as an exempt small issue under section 103(b)(6)(D) of the Code and the interest will not be excludable from the gross income of the bondholders under section 103(a)(1).

Rev. Rul. 77-281

Advice has been requested whether, under the circumstances described below, the interest on bonds to be issued by a city to finance the acquisition of railroad rolling stock will be excludable from the gross incomes of the bondholders under the provisions of section 103(a)(1) of the Internal Revenue Code of 1954.

City *P* of state *M* proposes to issue industrial development bonds within the meaning of section 103(b)(2) of the Code in an amount not to exceed \$5,000,000 for the purpose of financing the acquisition of railroad rolling stock in the form of locomotives and freight cars. *P* will lease the rolling stock to *X* Corporation, a nonexempt person within the meaning of section 103(b)(3), for a term equal to the

life of the bonds. Prior to the issuance of the bonds, *P* will make an election to have the bonds treated as an exempt small issue under section 103(b)(6)(D).

X is authorized to operate a railroad in state *M* and adjacent state *O*. Pursuant to such authority *X* conducts a freight railroad operation between city *P* in state *M* and city *Q* in state *O*. *X* also provides rail service for all political jurisdictions located between *P* and *Q*. The rolling stock to be financed with the bonds proceeds may be interchanged with other railroads throughout the country.

Section 103(a)(1) of the Code provides, in part, that gross income does not include interest on the obligations of a state or political subdivision thereof. Section 103(b)(1) provides that, with certain exceptions, an industrial development bond shall be treated as an obligation not described in section 103(a)(1). However, section 103(b)(6)(D) provides, in part, that section 103(b)(1) shall not apply to an exempt small issue of \$5,000,000 or less.

There are two preconditions to the availability of the small issue exemption under section 103(b)(6)(D) of the Code: (1) The location of facilities to be financed with the small issue must be established within an incorporated municipality or within a county, and (2) the facility financed by the bonds must be located within the boundaries of the issuer (or within the boundaries of the political subdivision in which the issuer is located). A facility will be regarded as being located within the boundaries of the issuer (or within the boundaries of the political subdivision in which the issuer is located) if it has a substantial connection therein.

The rolling stock to be used by *X* will be used in a number of incorporated municipalities or counties. It also may be interchanged with other railroads. As a result, the location of the rolling stock to be used by *X* cannot be established within any incorporated



Box 1176, Helena, Montana

ZIP CODE 59601

JAMES W. MURRY
EXECUTIVE SECRETARY

LUNDY SHOPPING CENTER
MISSOULA HIGHWAY

HJR 41

TESTIMONY OF JAMES W. MURRY, EXECUTIVE SECRETARY OF THE MONTANA STATE AFL-CIO,
BEFORE THE SENATE HIGHWAY AND TRANSPORTATION COMMITTEE, ON HOUSE JOINT RESOLUTION
41, MARCH 8, 1979

I STAND BEFORE THIS COMMITTEE IN SUPPORT OF HOUSE JOINT RESOLUTION 41, WHICH
URGES THE CONTINUED OPERATION OF THE MILWAUKEE ROAD RAILROAD.

HOW ARE WE TO RELIABLY ESTIMATE THE TRUE, LONGRANGE IMPACT OF THE CLOSURE
OF ONE OF MONTANA'S MOST VITAL ECONOMIC ARTERIES, AND ONE OF THE OLDEST
RAILROADS IN THE WESTERN HEMISPHERE, THE SIXTH LARGEST IN AMERICA, WITH THE
LONGEST MAINLINE OF ANY AMERICAN RAILROAD?

HOW ARE WE TO MASTER THE COMPLEXITIES AND ECONOMIC MAZES SURROUNDING THE
IMPACT OF THE LOSS OF AN ECONOMIC LIFELINE TO MONTANANS?

FAR FROM THE SENTIMENTAL ROLE THAT RAILROADS ARE SAID TO NOW PLAY, RAILROADS
ARE STILL NEEDED, MORE THAN EVER BEFORE. OF ALL THE DOMESTIC FREIGHT TRAFFIC
CARRIERS THAT MOVE THE PRODUCTS OF OUR LAND FROM ONE SIDE TO THE OTHER, THE
RAILROAD STILL DOMINATES, WITH 35% OF ALL FREIGHT TRAFFIC, AS COMPARED WITH
29% BY TRUCKS, ACCORDING TO INTERSTATE COMMERCE COMMISSION STATISTICS OF
1977.

OUR GOVERNMENT IS IN THE PROCESS OF EXAMINING RAILROAD LINES ACROSS MONTANA
TO DETERMINE HOW CLOSURE OF SOME LINES WILL AFFECT AGRICULTURE AND OUR
ECONOMY.

BUT FAR FROM THE SENTIMENTAL VALUE RAILROADS NOW SEEM TO HOLD, THE MILWAUKEE
ROAD HAS SERVED AS A VITAL TRANSPORTATION LINK ACROSS MONTANA, AND HAS



11 911

Box 1176, Helena, Montana

JAMES W. MURRY
EXECUTIVE SECRETARY

ZIP CODE 59601

TESTIMONY OF JAMES W. MURRY, EXECUTIVE SECRETARY OF THE MONTANA STATE AFL-CIO, BEFORE THE SENATE HIGHWAY AND TRANSPORTATION COMMITTEE, ON HOUSE JOINT RESOLUTION 34, MARCH 8, 1979

I AM HERE ON BEHALF OF THE MONTANA STATE AFL-CIO TO TESTIFY MY SUPPORT FOR HOUSE JOINT RESOLUTION 34, REQUESTING THAT CONGRESS MAINTAIN THE OPERATION OF BOTH THE NORTHERN AND SOUTHERN ROUTES OF THE-AMTRAK PASSENGER RAIL SERVICE ACROSS MONTANA.

IT IS I AM SURE A STATEMENT OF SOME REDUNDANCE FOR ME TO POINT OUT TO THIS COMMITTEE THAT IT IS ESPECIALLY UNWISE FOR THE UNITED STATES DEPARTMENT OF TRANSPORTATION TO CUTBACK AMTRAK RAILSERVICE AND ELIMINATE MONTANA'S SOUTHERN ROUTE AT A TIME OF DWINDLING FOSSIL FUELS AND THE FIRM POSSIBILITY OF GASOLINE RATIONING AT THE PUMP.

OUR LIMITED TRANSPORTATION SYSTEM AND THE VAST DISTANCES WE MUST TRAVEL IN THIS LARGELY RURAL STATE MAKE IT ALL THE MORE IMPERATIVE THAT WE CONTINUE TO HAVE BOTH THE NORTHERN AND THE SOUTHERN PASSENGER RAIL SERVICE.

AT A TIME OF EVER-INCREASING FUEL PRICES, OUR FEDERAL GOVERNMENT SHOULD BE ACTIVELY PROMOTING THE PRESERVATION, UPGRADING AND EXPANSION OF OUR PASSENGER RAIL SERVICES IN MONTANA AND ACROSS THE NATION. A BALANCED TRANSPORTATION SYSTEM IS NECESSARY TO PROVIDE CITIZENS WITH ALTERNATIVE MEANS OF TRANSPORTATION THAT ARE BOTH ENERGY EFFICIENT AND OPERATE UNDER THE MOST ADVERSE WEATHER CONDITIONS.

BUT THIS DECLARATION BY THE DEPARTMENT OF TRANSPORTATION ALSO VIOLATES THE INTENTIONS OF THE NATIONAL RAIL PASSENGER ACT OF 1970, WHICH STATES THAT



*from Ferguson work done
by Lee Baker*

One hopper car load capacity is 3,300 bushels. If (a) hopper car(s) make(s) (b) trips to the coast, the total bulk shipment is (c) bushels. Over a ten-year period, the total bulk shipment for an annual average of (d) trips is (e) bushels. One hopper car presently costs \$40,000. Over a ten-year period using (a) hopper car(s), making an average of (b) annual trips, the total cost per bushel without interest is (e). At an annual interest rate of 10 per cent, the cost per bushel over a ten-year period is (f).

(a) Hopper Cars	(b) Number of trips	(c) Bushels	(d) 10-yr. Bushels	(e) Price without interest	(f) Price with interest
1	6	19,800	198,000	20.2¢	32.8¢
	9	29,700	297,000	13.4	21.9
	12	39,600	396,000	10.1	16.4
	15	49,500	495,000	8.0	13.1
	18	59,400	594,000	6.7	10.9
10	6	198,000	1,980,000	20.2¢	32.8¢
	9	297,000	2,970,000	13.4	21.9
	12	396,000	3,960,000	10.1	16.4
	15	495,000	4,950,000	8.0	13.1
	18	594,000	5,940,000	6.7	10.9
100	6	1,980,000	19,800,000	20.2¢	32.8¢
	9	2,970,000	29,700,000	13.4	21.9
	12	3,960,000	39,600,000	10.1	16.4
	15	4,950,000	49,500,000	8.0	13.1
	18	5,940,000	59,400,000	6.7	10.9
1,000	6	19,800,000	198,000,000	20.2¢	32.8¢
	9	29,700,000	297,000,000	13.4	21.9
	12	39,600,000	396,000,000	10.1	16.4
	15	49,500,000	495,000,000	8.0	13.1
	18	59,400,000	594,000,000	6.7	10.9
2,000	6	39,600,000	396,000,000	20.2¢	32.8¢
	9	59,400,000	594,000,000	13.4	21.9
	12	79,200,000	792,000,000	10.1	16.4
	15	99,000,000	990,000,000	8.0	13.1
	18	118,800,000	1,188,000,000	6.7	10.9

Proposed amendment to House Joint Resolution 41, following last line.

BE IT FURTHER RESOLVED, that the Legislature supports the expansion of markets for Montana products including but not limited to agricultural and forest products and coal resources and other minerals.

BE IT FURTHER RESOLVED, that priority consideration for maintaining the Milwaukee Road is required to facilitate movement of such products and associated services.

BE IT FURTHER RESOLVED, that the Legislature commends and supports the efforts of private citizens and private groups such as SORE (Save Our Railroad Employment) to maintain the Milwaukee Road.

BE IT FURTHER RESOLVED, that the Legislature urges the Congress of the United States to continue to expand federal programs and assistance designed to revitalize and rehabilitate the nation's rail transportation system.

BE IT FURTHER RESOLVED, that copies of this resolution be sent by the Secretary of State to the President of the United States Senate, the Speaker of the United States House of Representatives, each member of Montana's Congressional Delegation, the Secretary of the Department of Transportation, the bankruptcy court in the Milwaukee Road case, and to the trustee of the Chicago, Milwaukee, St. Paul and Pacific Railroad attesting the adoption of this joint resolution by the 46th Legislature of the state of Montana.

SENATE COMMITTEE Highways & Transportation

Date 3-8-79 Law Bill No. 67 Time _____

NAME	YES	NO
Mark Etchart, Chairman	✓	
Tom V. Hager, Chairman	✓	
Frank W. Hazelbaker	✓	
Allen C. Kolstad	✓	
Carroll A. Graham	✓	
Dave Manning	✓	
John E. Healy	✓	

Carol Francis
Secretary

Mark Etchart
Chairman

Motion: Be Concurred In

(include enough information on motion--put with yellow copy of committee report.)

SENATE COMMITTEE Highways & Transportation

Date 3-8-74 House Bill No. 787 Time

NAME	YES	NO
Mark Etchart, Chairman	✓	
Tom V. Hager, Chairman	✓	
Frank W. Hazelbaker	✓	
Allen C. Kolstad	✓	
Carroll A. Graham	✓	
Dave Manning	✓	
John E. Healy	✓	

Carol Fraser
Secretary

Mark Etchart
Chairman

Motion: Be Concurred in as amended - see attached

(include enough information on motion--put with yellow copy of committee report.)

SENATE COMMITTEE Highways & Transportation

Date 3-8-79 House Bill No. 788 Time

NAME	YES	NO
Mark Etchart, Chairman	✓	
Tom V. Hager, Chairman	✓	
Frank W. Hazelbaker	✓	
Allen C. Kolstad	✓	
Carroll A. Graham	✓	
Dave Manning	✓	
John E. Healy	✓	

Carol Francis
Secretary

Mark Etchart
Chairman

Motion: Be Concurred In as amended - see attached

(include enough information on motion--put with yellow copy of committee report.)

SENATE COMMITTEE Highways & Transportation

Date 3-8-79 House, JR Bill No. 38 Time _____

NAME	YES	NO
Mark Etchart, Chairman	✓	
Tom V. Hager, Chairman	✓	
Frank W. Hazelbaker	✓	
Allen C. Kolstad	✓	
Carroll A. Graham	✓	
Dave Manning	✓	
John E. Healy	✓	

Carol Frouin
Secretary

Mark Etchart
Chairman

Motion: B. Concurred in

(include enough information on motion--put with yellow copy of committee report.)

SENATE COMMITTEE Highways & Transportation

Date 3-8-79 House Bill No. 780 Time _____

NAME	YES	NO
Mark Etchart, Chairman	✓	
Tom V. Hager, Chairman	✓	
Frank W. Hazelbaker	✓	
Allen C. Kolstad	✓	
Carroll A. Graham	✓	
Dave Manning	✓	
John E. Healy	✓	

Carol Fossie
Secretary

Mark Etchart
Chairman

Motion: Be Concurred In

(include enough information on motion--put with yellow copy of committee report.)

SENATE COMMITTEE Highways & Transportation

Date 3-8-79 HSR Bill No. 34 Time

NAME	YES	NO
Mark Etchart, Chairman	✓	
Tom V. Hager, Chairman	✓	
Frank W. Hazelbaker	✓	
Allen C. Kolstad	✓	
Carroll A. Graham	✓	
Dave Manning	✓	
John E. Healy	✓	

Carol Francis
Secretary

Mark Etchart
Chairman

Motion: Be concurred in as amended - see
attached

(include enough information on motion--put with yellow copy of committee report.)

STANDING COMMITTEE REPORT

March 8

19 79

MR. President:

We, your committee on Highways and Transportation

having had under consideration House Bill No. 67

Cooney (Hager)

Respectfully report as follows: That House Bill No. 67

DO PASS *P.A.*
BE CONCURRED IN

STANDING COMMITTEE REPORT

.....March 3..... 1979.....

MR.President:.....

We, your committee onHighways and Transportation.....

having had under considerationHouse Joint Resolution..... Bill No. 34.....

Oberg (Jergeson)

Respectfully report as follows: That.....House Joint Resolution..... Bill No. 34.....

third reading bill no. 34 be amended as follows:

1. Page 2, lines 13 and 14.

Strike: "Montana Congressional Delegation."

Insert: "following:"

2. Page 2

Following: line 14

Insert: "John Melcher, U. S. Senator
State Office Building
Washington D. C. 20510

Max S. Baucus, U. S. Senator
State Office Building
Washington D. C. 20510

~~DO PASS~~

STANDING COMMITTEE REPORT

March 3

1979

MR. President:

We, your committee on Highways and Transportation

having had under consideration House Bill No. 788

Iverson (Jergeson)

Respectfully report as follows: That House Bill No. 788

third reading bill be amended as follows:

1. Title, lines 7 and 8.

Strike: "AND CREATING A BUREAU OF RAIL TRANSPORTATION WITHIN THE
DEPARTMENT OF HIGHWAYS"

2. Page 1, line 18.

Following: line 17

Strike: "14"

Insert: "13"

3. Page 1, lines 22 and 23.

Following: "(2)"

Strike: the remainder of line 22 through line 23 in their entirety.

Insert: "'Department" means the department of highways."

XDO:PASS

STANDING COMMITTEE REPORT

March 8

1979

MR. President:

We, your committee on Highways and Transportation

having had under consideration House Joint Resolution Bill No. 38

Magone (Realy)

Respectfully report as follows: That House Joint Resolution Bill No. 38

~~DO PASS~~
BE CONCURRED IN

ea

STANDING COMMITTEE REPORT

.....March 3..... 1979.....

MR.President:.....

We, your committee onHighways and Transportation.....

having had under considerationHouse..... Bill No. 730.....

Brand (B. Brown)

Respectfully report as follows: That.....House..... Bill No. 730.....

DO PASS
BE CONCURRED IN

GA

STANDING COMMITTEE REPORT

.....March 2..... 1979.....

MR.President:.....

We, your committee on.....Highways and Transportation.....

having had under considerationHouse..... Bill No. 787.....

Brand (Kolstad)

Respectfully report as follows: That.....House..... Bill No. 787.....

third reading bill be amended as follows:

1. Page 1, lines 21-22.

Strike: subsection (2) in its entirety

Insert: "Department" means the department of highways provided
for in 2-15-2501 M.C.A."

2. Page 2, line 14.

Strike: "bureau"

Insert: "department"

3. Page 2, line 17.

Following: "liability,"

Insert: "moral"

DGPASS