

MINUTES OF THE MEETING OF THE NATURAL RESOURCES COMMITTEE  
FEBRUARY 20, 1981

The House Natural Resources Committee convened in Room 104 of the Capitol Building on Friday, February 20, 1981, at 12:40 p.m. with CHAIRMAN DENNIS IVERSON presiding and eighteen members present.

The hearing opened on HJR 32.

HOUSE JOINT RESOLUTION 32 REP. JOE KANDUCH, chief sponsor, presented the resolution which would allow two senators and two representatives to be appointed to represent Montana on the Western States Legislative Forestry Task Force. This action must be taken by the legislature each time it meets.

ROBERT HELDING, Montana Wood Products Association, said this task force does an outstanding job and supported the resolution.

AL KINGTON, a professional forester, supported the resolution.

KEITH OLSON, Montana Logging Association, endorsed the resolution.

REP. AUBYN CURTISS supported the resolution.

There were no OPPONENTS.

REP. KANDUCH closed on the resolution stating that seven states were involved in this task force.

The hearing on HJR 32 closed and one opened on HB 758.

HOUSE BILL 758 REP. GLEN ROUSH, chief sponsor, presented the bill which provides for the termination of certain severed mineral interests owned by persons other than the surface owner by providing for the abandonment of such interests, the preservation of severed mineral interests by rerecording, the vesting of title of severed mineral interests in the surface owner, the institution of a quiet title action, and the revival of severed mineral interests. He stated his reasons for introducing this bill. He said there has been a problem in contacting the people who own the mineral rights. Some have moved or simply disappeared and the county officials must try to locate them in order to pay the royalties due. This law would provide that the royalty rights must be rerecorded every 20 years.

There were no other PROPONENTS.

BILL HAND, Montana Mining Association, opposed the bill and the transferring of mineral rights. Sometimes there is a problem with tracing of owners, but it can be done.

PAT WILSON, Montco, said her company has had no problems in tracing owners. She also stated that the owners receive surface damages

before, during and after the mining.

BILL STERNHAGEN, Northwest Mining Association, opposed the bill because he said the ownership of the mineral interest is a separate interest. Mineral interests should not be taken from the mineral owners and given to the surface owners. He felt if the rights are to be taken from the mineral owners, the state should receive the rights.

JOHN SULLIVAN, Montana-Dakota Utilities, opposed the bill. See Exhibit 1.

BOB GANNON, Montana Power Company, opposed the bill.

REP. ROUSH closed on the bill.

During questions from the committee, REP. SALES asked if, when a surface owner cannot be located, the property reverts to the mineral owner. The answer was no.

The hearing on HB 758 closed and one opened on HJR 40.

HOUSE JOINT RESOLUTION 40 REP. JOE BRAND, chief sponsor, presented the resolution which urges the United States Congress to amend the Federal Land Policy and Management Act of 1976 to delete certain provisions relating to recording and abandonment of mining claims and certain enforcement provisions. This act is proving to be a problem for small miners.

LARRY WARD spoke in favor of the resolution because under this act small miners must refile claims or they are declared abandoned and are declared federal property. MR. WARD explained the procedures necessary to locate a mining claim. He declared that Congress does not have the right to give away land.

WARD SHANAHAN supported the resolution.

There were no OPPONENTS.

REP. BRAND closed and the hearing closed. The hearing then opened on HJR 42.

HOUSE JOINT RESOLUTION 42 REP. DAVE BROWN, chief sponsor, presented the resolution which would allow the governor to negotiate an interstate compact to provide for regional disposal facilities for low-level radioactive wastes. There were three disposal areas in three different states. Two of the facilities have been closed because the governments of those states want a more equal distribution of the costs of disposing of this type of material. This would allow

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Montana to discuss entering into a compact with other states. REP. BROWN suggested one amendment which would be inserting the word "commercial".

LARRY FASBENDER of the governor's office supported the resolution. He said this would help expedite some of the things necessary for this type of disposal.

ED DOBSON supported the resolution as did DON SNOW, representing the Environmental Information Center.

There were no OPPONENTS and the hearing closed. The hearing then opened on HB 718.

HOUSE BILL 718 REP. ORVAL ELLISON, chief sponsor, presented the bill which would create a hard-rock mining impact board. He explained the problems foreseen by his county with the installation of the Stillwater Complex. Sweetgrass County is a small, rural county with a population of about 3,000. The project will employ about 500 people so the anticipated growth to the county is 2,600. This obviously would create quite an impact. Somehow the companies are going to have to meet these impacts.

REP. JEAN MCLANE, another sponsor, supported the bill. See Exhibit 2.

ROBERT MARKS, another sponsor, said this bill would provide for front end impact for large mining operations. We need jobs but we need to have careful development. He explained that when the permit process starts, it goes through the Department of State Lands. When the final E.I.S. is developed, it shows what should be done. These permits would happen together so development could occur without delay. Then, there is time for the hard-rock board to do the final permit. The sponsors are hoping this will not become a complicated process. It would be possible to use money from the Indemnity Trust Fund.

ANDREW C. EPPLÉ supported the bill. See Exhibit 3.

TOM KELLY presented the committee with an impact statement prepared by his firm. See Exhibit 4.

BILL STERNHAGAN, Northwest Mining Association, said this is truly an impact bill and it will see that new mines pay their share.

KERMIT ANDERSON, a rancher from Sweetgrass County, supported the bill.

FRANKLIN GROSFIELD supported the bill. See Exhibit 5.

DALE OBERLY provided written testimony in support of the bill. See Exhibit 6.

OLE OIESTAD favored the bill. See Exhibit 7.

CONRAD B. FREDRICKS supported the bill. See Exhibit 8.

JAMES A. TULLEY supported the bill. See Exhibit 9.

DICK JOSEPHSON said his area wants jobs and businesses. He asked that the legislature settle this issue with this bill.

ED WEBBER said this bill is necessary. See Exhibit 10.

SENATOR PETE STOREY spoke in favor of the bill. He is from the district of the Stillwater project and he stated that this bill is important to his area.

WARD SHANAHAN presented several exhibits (attached as Exhibit 11) including a copy of a proposed bill with amendments.

CURTIS CARTER, Anaconda Copper Company, supported the bill. See Exhibit 12.

GEORGE JOHNSTON, ASARCO, endorsed the concept of this bill.

MIKE STEPHENS, Montana Association of Counties, said it is a step in the right direction.

BILL HAND supported the bill and the concept.

Other written testimony supporting the bill is attached as Exhibit 13.

Speaking as an opponent was MILES KEOGH, a rancher from Stillwater County. There are many people getting ready to mine in Montana and the funds available in the Resource Indemnity Trust Fund will not go very far. The money is in that fund because of oil, gas, and coal. He felt the mining companies should pay all of the impact costs. This bill seems to cover the front end costs but what about the other end? What happens when the company pulls out and leaves roads that are falling apart because of the excessive use? Those things should be worked out before this bill becomes law.

CATHY DONOHUE, a rancher at Nye, spoke in opposition. See Exhibit 14

REP. ELLISON closed on the bill.

During questions from the committee, REP. ROTH asked if there are positive impacts. REP. ELLISON said the collection of taxes.

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REP. ROTH asked REP. MARKS how he felt about MR. SHANAHAN'S amendments and proposed bill. REP. MARKS said he did not have a problem with most of the amendments. One thing he felt quite strongly about, however, was the fact that the board must have authority to act.

REP. HARP asked if some of the people working at this new plant would be residents of Big Timber already and thus not raise the population as much as anticipated. MR. TULLEY replied that the unemployment rate in Big Timber is nonexistent so a plant that employs 500 people will make an impact.

REP. BERTELSEN asked MR. SHANAHAN if there is an objection to companies paying 100 percent of the impact. The answer was that the companies ask that it be done with a bond method so they get a tax credit.

The hearing on HB 718 closed.

EXECUTIVE SESSION HOUSE JOINT RESOLUTION 32 REP. QUILICI moved DO PASS. It PASSED.

HOUSE JOINT RESOLUTION 40 REP. NORDTVEDT moved DO PASS. It PASSED.

HOUSE JOINT RESOLUTION 42 REP. BROWN moved DO PASS on an amendment adding "commercial". The motion PASSED with REP. SALES opposing.

REP. BROWN then moved DO PASS AS AMENDED on the resolution. It PASSED with REPS. ROTH and SALES opposing and REP. NORDTVEDT abstaining.

The meeting adjourned at 2:40 p.m.

Respectfully submitted,

  
DENNIS IVERSON, CHAIRMAN

Ellen Engstedt, Secretary

## VISITORS' REGISTER

HOUSE NATURAL RESOURCES COMMITTEE

BILL ASK 22

Date 2/20/81

SPONSOR KANDUCH

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## VISITORS' REGISTER

HOUSE

## NATURAL RESOURCES

COMMITTEE

BILL

HJR 40

Date \_\_\_\_\_

2/20/81

SPONSOR

BRAND

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## VISITORS' REGISTER

HOUSE NATURAL RESOURCES COMMITTEE

BILL HJR 42

Date 2/20/81

SPONSOR Brown

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.



## VISITORS' REGISTER

HOUSE

## NATURAL RESOURCES COMMITTEE

BILL

HB 758

Date \_\_\_\_\_

2/20/81

SPONSOR

Roush

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## VISITORS' REGISTER

HOUSE

NATURAL RESOURCES

COMMITTEE

BILL

HB 718

Date

2/20/81

SPONSOR

EHLISON

NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
Lawson	Big Timber		X	
Andy Enloe	Big Timber	City-County Planning	X	
Jim A. Tulley	Big Timber	City, Grade School	X	
Bill Hand	Dillon	W. Mining Assoc	X	
Franklin Grosfield	Big Timber	S.B. Preservation Ass'n	X	
Don Chivers	Big Timber	Co. Ch. Board	X	
WARD SHANAHAN	Helena	STILLWATER RGM	Amend X	
Conrad Fredricks	Big Timber 1117	Sweet Grass County	X	
Miles Keads	Nye Mt.	Rancher		X
Arthur G. Donohue	Nye	Rancher		X
Tom Kelly	Columbus	Stillwater County		
Pete Story	Emigrant, Mont	Senate Dist. 31	X	
Jan McLean	Laurel	HB 72	X	
Bill Stambay	Helena	Northwest Mining Assoc.	X	
ED WEBBER	BIG TIMBER	SOLE	X	
George R. Johnson	ASARC Co Helena	ASARCO	X	
Mike Steph	Helena	MHEC	X	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

WITNESS STATEMENT

Name John C. C. C. C. Date 10/10/10  
Address 1000 1st St. N. Wash. D.C. Support ? Yes  
Representing 1000 1st St. N. Wash. D.C. Oppose ? No  
Which Bill ? 1000 1st St. N. Wash. D.C. Amend ? No  
Comments: 1000 1st St. N. Wash. D.C.

Please leave prepared statement with the committee secretary.

COMMENTS OF MONTANA-DAKOTA UTILITIES CO.

RE: HOUSE BILL 758

My name is John Sullivan, representing Montana-Dakota Utilities.

This is the third bill this session designed to terminate severed mineral interests. The bill appears to have been drafted in an effort to eliminate some of the objections to the other two bills, but it does nothing more than create an unnecessary trap for the unwary, a nuisance for the wary and more paperwork for the county clerks.

The bill is unnecessary because the only mineral interests that could be terminated under it are those that have been either completely ignored or forgotten. Forgotten mineral interests are scarce, and in any event those that fall within this category are not an impediment to mineral development. This is because last session a bill (Senate Bill 88) was enacted which allows mineral owners to petition the district court for creation of a trust on behalf of mineral owners who cannot be located. If the benefits of the trust are not claimed, the monies contained therein are credited to the State of Montana.

Although the bill is ambiguous as to whether a recorded mineral interest must ever be re-recorded, it might be construed to require periodic recording or re-recording of all severed mineral interests. If this is the case, the bill creates a trap for unwary private citizens who own severed mineral interests, and who do not read the Montana session laws every two years to see whether the legislature has done anything to affect their interests. Corporate mineral interest holders, who have attorneys and lobbyists, and who are aware of the requirement of re-recording, will

do so, even though the paperwork is a nuisance to the owners and to the county clerks.

The bill, in short, imposes a substantial burden on many for a negligible and questionable benefit for few. The supposed problem addressed in the bill, that of unknown and unlocatable mineral interest holders, was solved last session by the passage of Senate Bill 88. Accordingly, MDU respectfully requests that this Committee vote DO NOT PASS on House Bill 758.



*The Big Sky Country*

## MONTANA STATE HOUSE OF REPRESENTATIVES

Rep. Jean McLane  
House District 72  
Box 190  
Laurel, Montana 59044  
Phone: 628-6397  
Capitol Station  
Box 136  
Helena, Montana 59620  
Phone: 449-4800

Committees:  
Agriculture  
Judiciary  
Fish and Game  
Select Committee on Water

Mr. Chairman and members of the Committee:

I'm Jean McLane, House District 72 - Stillwater and  
Yellowstone Counties.

House Bill 718 is an attempt to provide needed  
assistance in the area of the Stillwater Complex for  
impact.

I have a folder of 450 plus names signed on  
petitions from ranchers and businessmen in Stillwater  
County that are in favor of the development.



*The Big Sky Country*

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Committees  
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Judiciary  
Fish and Game  
Select Committee on Water

### REPRESENTATIVE McLANE STATEMENT on HOUSE BILL 718

I strongly urge the committee pass HB 718 in its present form. HB 718 provides for front end impact funds for communities where large scale developments in hard-rock mining occur.

The Hard-Rock Impact Board has authority to require developers to put up two-thirds of the direct impact costs or to accept other available grants. One third of the impact costs can be assured through the sale of bonds which would be retired by interest from the Resource Indemnity Trust Fund.

The bill provides impact money in a manner which will allow mining to occur without prohibitive taxes.

Please carefully study the bill and give it a "do pass" recommendation.

## WITNESS STATEMENT

Name Andrew C. Epple Date February 20, 1981  
 Address P.O. Box 1052, Big Timber, MT 59011 Support ? X  
 Representing City- County Planning Office Oppose ? \_\_\_\_\_  
 Which Bill ? House Bill 718 Amend ? X

Comments: If residents of Sweet Grass County don't get the sort of impact assistance that would be provided by Mr. Ellison's bill, we will be faced with dramatically higher taxes in the event Stillwater FGM Resources mines as they have proposed in the East Boulder Valley.

I have conducted a study estimating just what the probable impacts would be, and in the Big Timber Grade School District alone, total taxes would increase by 65% as a result of the mining. I doubt if there's anyone in this room that could afford a 65% increase in their property taxes.

Other sources of impact assistance that are currently available simply would not be adequate in our case. Three years prepayment of property taxes would not be adequate since we are likely to be faced with twenty years of higher taxes, not just three. Special school laws that allow for bond issues in excess of the maximum amount normally allowed would not solve the problem that arises when impacts occur outside of the District that receives the increased taxable valuation.

House Bill 718 would insure that the impacting company assume the responsibility for higher costs of local government. However, I would encourage the Committee members to consider strengthening the bill even further in the following manner.

First, give the impacted communities more power in the approve or disapprove decision making process. Currently, the bill requires that the impact board only "consult with the local governments as to the adequacy of the impact statement" made by the company. I believe that if the local governments feel that the company's impact mitigation plan is inadequate, the permit to mine should not be granted by the Board.

Second, I would urge the committee to raise the level of company responsibility from 66% to 100% of the impact costs. It seems only fair that the impacting entity should be responsible for the entire cost of impacts rather than only a fraction thereof.

With these strengthening measures, <sup>and with the passage of a severance tax bill in the Senate,</sup> House Bill 718 will provide residents of impacted areas with assurance that they will not be burdened with higher taxes as a result of hard rock mining impacts.

Please leave prepared statement with the committee secretary.



ESTIMATED IMPACT  
ON  
STILLWATER COUNTY SERVICES

February 5, 1981

Prepared By  
Kelly Land Surveying and Consulting

R. 17 E.

R. 18 E.

R. 19 E.

R. 20 E.

R. 21 E.

R. 22 E.

# STILLWATER COUNTY

T. 4 N.

T. 3 N.

T. 2 N.

T. 1 N.

T. 1 S.

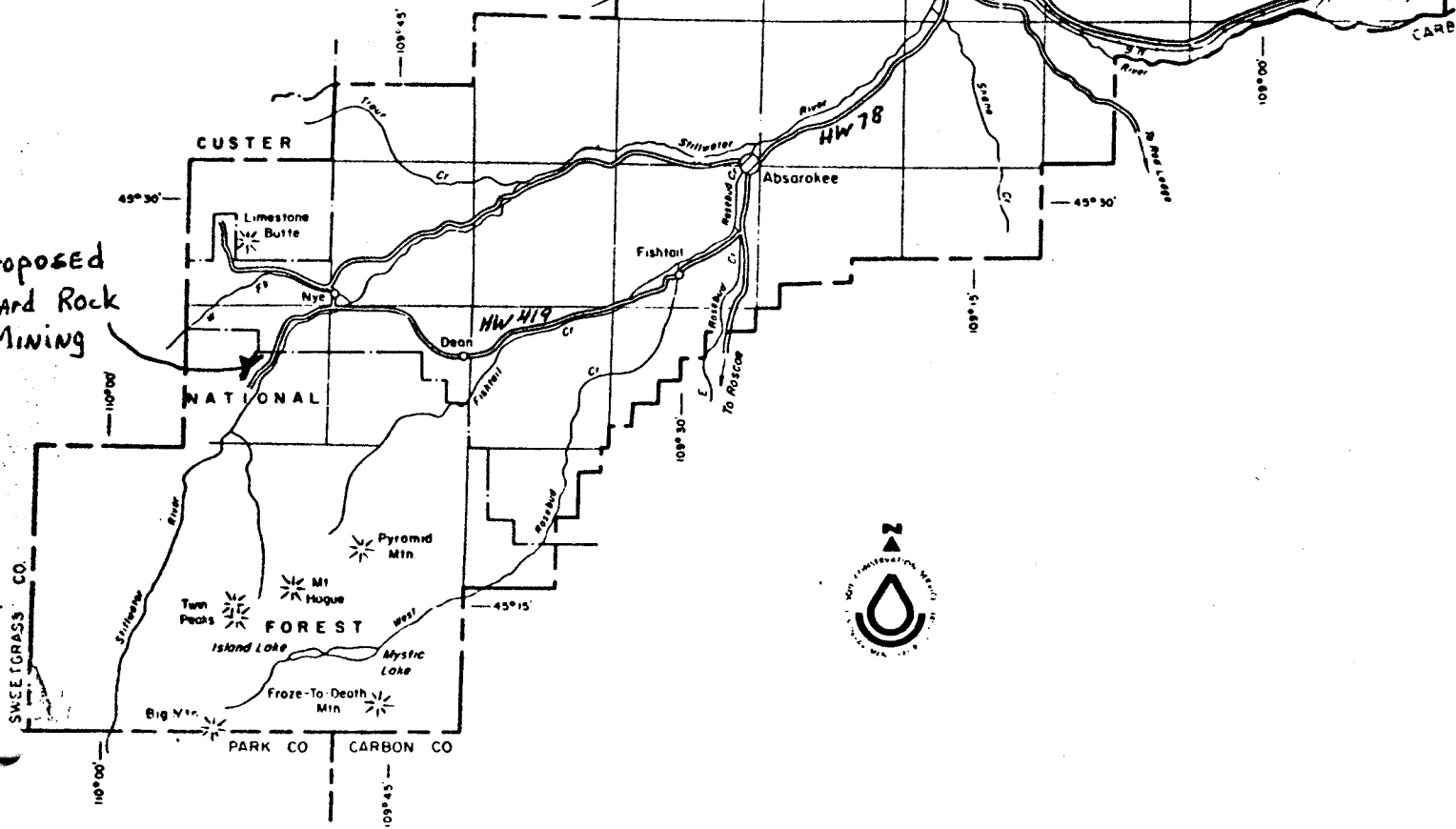
T. 2 S.

R. 14 E.

R. 15 E.

R. 16 E.

Proposed  
Hard Rock  
Mining



~~Absarokee~~  
Situation Statement  
Rough Estimates

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Estimated Projected Impact  
on  
Stillwater County Services

The following report is an estimated projection of impact on county services resulting from an anticipated hard rock mining operation located in southern Stillwater County.

It should be noted that these projections were made based on preliminary data supplied by the Anaconda Company. The data reflects rough estimates, thus the projections should also be considered preliminary at this time. As more concrete data is supplied, these projections will fluctuate to reflect the updated figures.

Note: The figures found throughout this report regarding the projected needs were formulated using "EPA Action Handbook, Managing Growth in the Small Community." The multipliers were formulated by the consulting firm of Briscoe, Maphis, Murray and Lamont, using numerous studies undertaken during mining operations found throughout the Rocky Mountain area.(4)

The following projections were made using "Anaconda Worker Profile - Operation Phase as of 1-26-81".

Anaconda Workers

"Construction"

200 Construction work force.(1)

170 New workers in Stillwater County if you assume 15% of the 200 construction workers will come from within existing county work force.(4)

75 Assuming 44% of the construction workers will be single or married but did not bring family to Stillwater County.(4)

294 Assuming 56% of the construction workers will be married with an average family size of 3.09<sup>(6)</sup> plus they bring their families to live in Stillwater County.(4)

102 Service workers will be generated by the 170 construction workers (0.64 of the work force).(4)

15 Assuming 15% of the 102 service workers will be single.(4)

268 Assuming 85% of the 102 service workers will be married with an average family size of 3.09.(4)

652 Total added population from construction phase.(4)

## Anaconda Worker Profile

Operation Phase as of 1-26-80

198 Full time employees.(1)

### Hourly Employees

#### Skill level

1 - 2	No skills necessary	38
3	Some mining skill necessary	16
4 - 5	Experienced labor (miners, electricians, etc.)	<u>101</u>
	Total	155

39 or 25% has potential to be supplied by local work force.

### Salary Employees

Shift foreman	21
Accounting, engineers, safety, purchasing, clerical, administrative, etc.	<u>22</u>
Total	43

11 or 25% has potential to be supplied by local work force.

Anaconda Workers

"Operation"

- 198 Full time employees.  
25% of 198 has potential to be filled by local people. (1)
- 148 New workers in Stillwater County if you assume 25% of the 198 full time employees will come from within the existing county work force. (4)
- 22 Assuming 15% of the 148 workers will be single. (4)
- 389 Assuming 85% of the 148 workers will be married with an average family size of 3.09. (6)
- 222 Service workers will be generated by the 148 new workers (1.5 of work force). (4)
- 33 Assuming 15% of the 222 service workers will be single. (4)
- 583 Assuming 85% of the 222 service workers will be married with an average family size of 3.09. (6) (4)
- 1027 Total added population from operation phase. (4)

## Pertinent County Statistics

### Population (2)

	<u>1970</u>	<u>1980</u>	
Stillwater County	4632	5383	16.2% increase
Columbus Area	1351	2330	72.5% increase
Absarokee Area	1234	1358	10% increase

### Existing Family Size (2)

Stillwater	2.66
Columbus	2.57
Absarokee	2.43

During the construction period of the hard rock mining project, Stillwater County's population would increase to 6035 people or a 12% increase in county wide population.

More significantly, the increase in the Absarokee area would be from 1358 to 2010. An increase of 48%.

During the operations period of the hard rock mining project, Stillwater County's population would increase from 5383 to 6410, a 19% increase.

Assuming the work force will live in the Absarokee area, the increase would be from 1358 to 2385, a 76% increase.

Construction worker profile shows the average family size to be 3.09. This would be an 86% increase over the average family size now living in Stillwater County.



The following sections in this report deal with County services. The Absarokee School District and the Stillwater County Sheriff's Office have assembled their own assessments and thus will not be addressed in this report.

## Road Department

Montana State Highway 78 and Stillwater County Highway 419 are the major roadways which would be used to carry the traffic resulting from the hard rock mining operation south of Nye.

Traffic volume on these highways were supplied by the Montana State Highway Department. (5)

	<u>Year</u>	<u>Vehicles per day</u>
Marker between Absarokee and Fishtail turnoff on Highway 78	1980	900
Marker between Fishtail junction and Fishtail on Highway 419	1980	580
	1979	540
	1978	Not Available
	1977	Not Available
	1976	380
Marker two miles south of Fishtail	1980	470
	1979	480
	1978	250
	1977	Not Available
	1976	340
Marker at Dean	1980	260
	1979	250
	1978	200
	1977	520
	1976	470
Counter at Nye	1980	260
	1979	230
	1978	210
	1977	Not Available
	1976	Not Available

Note should be made that during the years of 1976-1977 chrome trucks were hauling ore from Nye to Columbus.

Montana State Highway Department estimates that for every dwelling unit, 5 to 7 vehicle trips will be generated per day from each dwelling unit. (5)

### "Construction Phase"

If you assume that the 170 new workers plus 102 service workers live in southern Stillwater County an additional 1360 to 1904 vehicles trips per day will be added to Highway 419.

### "Operations Phase"

If you assume that the 148 new workers plus 222 service workers live in southern Stillwater County an additional 1850 to 2590 vehicle trips per day will

added to Highway 419.

Note should be made that the above figures do not reflect vehicle trips generated by the mining operation itself or the possible ore trucks on the road if the mill site is located away from the mine site. County roads are the only suitable transportation route if the mill site is not located at the mine site.

Stillwater County presently has 13 members on the road department crew with approximately 1100 miles of county road that is presently maintained.

#### Existing Road Conditions:

Reports from both Montana Highway Department and Stillwater County Road Department verify that the existing Highway 419 is deteriorated and unsafe. Considering the projected increases in traffic volume, a new road or major repair work will be a must if the hard rock mining project proceeds.

## Solid Waste

Presently Stillwater County has a county wide solid waste district. The system is operated by the county and is better known throughout the area as the "green box" system.

Using the projected population figures generated by the mining, the solid waste system would have to handle the following:

Presently "one person" in Stillwater County generates 18 gallons of uncompacted solid waste per week. One green box will hold 800 gallons of uncompacted solid waste.(9)

### "Construction Phase"

With the 652 new people, Stillwater County will have to add an additional 15 green boxes to the system.

### "Operation Phase"

1027 new people will add an additional 23 green boxes to the system.

The existing truck being used by the county will handle 34 boxes per trip. Although the existing equipment should be able to handle the additional load, it should be pointed out that the increased number of boxes will create additional route time. The route time in Stillwater County is used to calculate maintenance costs, salaries, and replacement costs throughout the system. One can assume that maintenance costs will go up, salaries will increase with more personnel added and the replacement of major equipment will have a shorter life expectancy.

Note should be made that the solid waste generated from the mining operation has not been addressed in this report.

## Welfare

The Stillwater County Welfare Department has provided the following information concerning operations in Stillwater County:

The social worker in the county handled 111 cases in 1980 compared to 81 cases in 1979 and 89 cases in 1978. The social worker should be handling a maximum of 60. Because of overload of cases the effectiveness and efficiency of the social workers are limited. If any additional cases were to be referred to the Social Services area of the Welfare Department, Stillwater County would have to hire another social worker. This would also mandate that the Homemaker and Social Services Aid be increased from part time to full time.(9)

The general relief programs in the Welfare Department have increased from 183 cases in 1978, 185 cases in 1979 to 249 cases in 1980. Present welfare staff and budget are handling the existing case load. Areas of concern, however, should be noted. Aid to Families with Dependent Children has the possibility of increasing if the hard rock mining project opens up.(9)

Other areas of relief would also be subjected to strain if large layoffs, strikes or mining operation shut-downs would occur.

## Courthouse Offices

In assessing the probable impact on the offices in the courthouse an interview with the department heads provided the following information. (9)

### Clerk and Recorder Office:

At present this office is understaffed and they are presently formulating efforts to hire an additional person. With the extra person they should be able to handle any additional work load.

### Treasurers Office:

At present they are operating at full capacity. They feel any additional population increase may necessitate a part time person to help out during peak times during the year.

### Sanitarian:

Plans are presently underway to make the existing part time sanitarian into a full time position. Even working full time this office would need additional help during construction phase for supplying dwelling units for the projected mining personnel.

### Land Use Planner:

This office should be able to withstand the impact. This could be accomplished by redirecting priorities and projects.

The remaining offices found within the courthouse said they should be able to handle the projected growth. These include Library, Superintendent of Schools, County Extension Office, and Clerk of District Court.

Support Services Not Controlled

by

Local Government

Housing

Current housing conditions as listed by the Bureau of Census. (2)

	<u>Housing Units</u>		
	<u>1970</u>	<u>1980</u>	
Stillwater County	1959	2683	37% increase
Columbus Area	534	1058	98.1% increase
Absarokee Area	669	915	36.8% increase

Housing Vacancy Rate 1980

	<u>Houses</u>	<u>Vacant</u>	
Stillwater County	2683	661 (7)	24.9% vacant

\*The vacancy rates indicated reflect both vacant houses in the county plus seasonal homes that do not have year around occupancy.

Dwelling units that will be needed:

Assuming the workers will live in the Absarokee area, the following indicates the number of dwelling units needed.

"Construction Phase"	117 (4)
"Operation Phase"	231 (4)

## Fire Protection

Fire protection in south Stillwater County consists of the Absarokee Volunteer Fire Department. This Department has two units, one located in the Town of Absarokee and the other located in the community of Nye.

**Absarokee Unit-** The fire protection in the Town of Absarokee has the benefit of a centralized water system plus fire equipment to get a class seven fire protection rating from the fire insurance organizations. This unit also has the capacity to carry 2350 gallons of water, plus two pumper units to fight fires outside the Town Of Absarokee.

**Nye Unit-** This unit does have the benefit of a centralized water to draw from, however, they can carry 1300 gallons of water plus they have one 500 gallon pumper unit. The fire insurance groups have rated this area as a class nine.

Looking at the fire protection in south Stillwater County, one has to look at both units because they complement each other. The men in both areas have excelled in fire training. The fire chief feels that through cooperation of both units that a fire truck can be at any fire in the district within 15 minutes. It is the feeling that the fire protection in south Stillwater County is more than adequate and should be able to handle any additional influx should the hard rock mining project become a reality.

## Medical

Stillwater County's medical environment appears to be in good condition at the present time. Presently we have three medical doctors, one eye doctor and three dentists in the county. The Stillwater Community Hospital has 27 beds and has an occupancy rate of 35 - 40%.

The American Medical Association states that rural areas should have a doctor/citizen ratio of one doctor per 2500 people. Stillwater County has one doctor per 1794 people. well under the recommended ratio stated by the A.M.A.

During the construction phase of the hard rock mining project we would continue to be below the recommended doctor/citizen ratio. However, during operation phase the number of county residents would surpass the ratio and could put a strain on the existing doctors.



## HB 718 - Testimony of Franklin Grosfield

Mr. Chairman, members of the committee, my name is Franklin Grosfield, I'm a rancher from Sweet Grass County and I'm representing Stillwater County Agricultural Legislative Association, Sweet Grass County Preservation Association, the Park County Legislative Association and the Agricultural Preservation Association. These four organizations would like to go on record in support of HB 718.

As you know, we are facing the possibility of a fairly large mining operation in the Stillwater Complex. Our concern is that a sudden influx of people will place demands on our publicly funded services which could not be financed by the impacted entities.

The counties involved are now basically agricultural and as such are heavily dependent on the property taxes paid by farmers and ranchers. As one of the ranchers I can testify that I'm already paying about all the property tax I can handle. I've had years when Sweet Grass County made a lot more dollars from my ranch than I did.

So I think you can see that I'm not anxious to see the mining companies or anyone else come in and rip off the ranchers with impacts that result in higher taxes.

But it seems to me that the other side of that same coin is that neither should the ranchers be allowed to rip off the mining companies in the form of taxing them substantially beyond the impacts that they cause.

In my opinion, HB 718 is a reasonable and balanced approach that is fair to the mining interest, to agriculture, to the local communities and to everyone else.

I would like to thank Representative Ellison for the effort that he is making on this bill and urge your support of HB 718.

Gentlemen:

My name is Dale Oberly and I live in Big Timber Montana. I am the president of the Sweet Grass County Chamber of Commerce and one of the organizers of the newly formed Citizens Advisory Council. I am also the publisher and owner of the Big Timber Pioneer our community's weekly newspaper.

My testimony will be short and to the point. Representing the Chamber and the newspaper and reflecting what I believe to be the prevalent sentiment of the majority of the people from Sweet Grass County I strongly endorse the concept of our Representative Orval Ellison's bill.

Our community is desperately in need of legislative help to financially meet the impacts we expect to face. Representative Ellison's bill is a step in the right direction. I urge you to consider our precarious situation when you discuss this piece of legislation.

## HB 718 - Testimony of Ole Oiestad

My name is Ole Oiestad. I am a rancher and small businessman. As County Commissioner, I represent the Board of County Commissioners of Sweet Grass County and I feel I can safely say the large majority of the residents of Sweet Grass County are in favor of House Bill 718.

We are facing in the future a large scale impact from hardrock mining in the Stillwater Complex. It will result, in all projected figures, as a near doubling of the population of Sweet Grass County.

We are presently at our taxing authority limits on General funds, ambulance, road and bridge funds as well as the bonded indebtedness of Sweet Grass County High School district. Substantial monies will be needed to fund an impact of the scale we are faced with.

We presently have an agricultural tax base that is stretched to its limits and we in no way can fund an impact as large as this.

There is presently no method of requiring the impacting entities to fund the necessary monies.

We are desperate for a means of readily available funding our growth, which may begin before the next meeting of the legislature.

House Bill 718 represents a bill in this session available to guarantee us funding.

The mining companies involved in the project that affects Sweet Grass County have offered some help, but in the limited communication we can get with them we are assured of nothing. We have no guarantees as to their level of help or if we will receive any at all. We must have legislation this session that will give us that guarantee.

House Bill 718 is a fair bill both to the mining companies as well as the people of our community.

The companies in essence are not paying more than their share of the impact if they were truly interested in the welfare of the people affected. In recent conversations with mining representatives I have heard what they will do for an impacted area, but we have had no communication outside of a vague letter in the last three months. We cannot enter an impact of our size with only the words of an uninvolved mining company as a source of funding. It is imperative that we are guaranteed the readily available funding source that this bill provides.

I would think that if the mining industry is truly sincere in their obligations they would also support this bill.

Mr. Chairman, Ladies and Gentlemen of the committee, we urge you to adopt House Bill 718.

TESTIMONY OF CONRAD B. FREDRICKS, SWEET GRASS COUNTY ATTORNEY,  
REGARDING HOUSE BILL NO. 718

It is obvious that large-scale hard-rock mining will have an impact on law enforcement in Sweet Grass County.

Attached hereto is a copy of an article which I wrote which was recently published in the Big Timber Pioneer, a newspaper published in Sweet Grass County. I believe that it pretty well sets forth the problems which I foresee with regard to law enforcement based on the level of personnel projected by the mining company in their Sweet Grass County mining operation.

Not only will capital expenditures be required, but also there will be on-going increased money requirements for personnel, equipment, and other operational expenses.

I appear in support of House Bill No. 718 and urge the Committee to give it a "do pass" recommendation. It is not the entire solution to the problems which I foresee, but is certainly a step in the right direction, particularly if adequate moneys are available from the resource indemnity trust account.

CONRAD B. FREDRICKS

It is obvious that one of the most pressing needs, and one which is extremely pressing right now, will be a new jail. The jail is inadequate for present needs and is short of minimum standards for jails at the present time, and would be almost useless in the event of any significant population increase. Ventilation is inadequate, shower and other sanitation facilities are minimal, prisoner monitoring facilities, both audio and visual, are non-existent, segregation and isolation of prisoners is difficult, and there are no facilities for prolonged detention of either female or juvenile prisoners. There is no adequate space for prisoner interrogation or for prisoners to meet with legal counsel or other visitors and security is difficult. There is no really suitable space for conducting line-ups, for criminal identification procedures, such as taking "mug shots" and fingerprinting, and for video-taping except in the stream of flow of the public in the main reception room of the Sheriff's office. There is no facility for adequately handling the prisoner who is intoxicated by alcohol or other drugs.

It is my opinion that a new public safety complex is needed, not only to provide more adequate jail facilities, but also to provide more space for all law enforcement and other public safety functions. The non-custodial functions of the Sheriff-Police Department are extremely crowded and cramped into inadequate space.

It is my recommendation that a complex be planned and built which would house and have in one place all public safety agencies: sheriff-police, fire, ambulance and civil defense. All of these will require some expansion, to a greater or lesser degree, if we have a significant population increase. We need such a facility now and it is imperative that we have one at hand before there is a substantial popu-

lation increase.

It is obvious from talking with law enforcement personnel in Wheatland, Wyoming, that there will be an increase in law enforcement problems as a development impact, particularly during the construction phase. For some reason they couldn't pinpoint, they noted an increase in law enforcement problems with the local townsfolk as well as the increase caused by new residents. A substantial portion of the problems generated by the new residents involved family disturbances and alcohol-related offenses, attributable, they felt, to the transient life-style of the construction workers.

It is therefore obvious that a staff increase, with qualified personnel, in the Sheriff-Police Department, with an increase in related support expenses, will be required. As pointed out heretofore, the present facilities are crowded now and more room will be needed for an increased law enforcement staff.

Also, it is obvious that increased law enforcement activity will generate a need for increased support in the prosecutor and court fields. As law enforcement problems increase, so will prosecutions and court workload. Provision will have to be made to handle this, including increased costs of juries and other court administration, as well as, perhaps, additional courtroom facilities.

It should be quite clear that, if we are not to have an intolerable situation in law enforcement and related services in case of rapid and substantial population growth, money will have to be found outside of existing taxing channels to meet the above-mentioned needs. These and other impacts cannot be handled with our present tax base. We must be in a position to meet these needs when they arise, and not wait for months or even years to meet them.

We have to have the up-front money to handle these impacts, either by forcing the impacting entity to provide the money as a precondition to commencing its operation, or by providing impact funds through taxation of non-renewable resources, such as a severance tax. Allowing governmental units to borrow the funds, to be paid back later, is only postponing the impact to a later date, and is no solution where the governmental authority is at the limit of its taxing authority already.

It only seems appropriate to have the entity causing the impact pay for the impact, rather than having those who are impacted pay for the impact.

EXHIBIT 9

WITNESS STATEMENT

Name JAMES A. TULLEY Date Feb. 20, 1981  
Address P. O. Box 700, Big Timber, MT 59011 Support ?         
Representing City of Big Timber & School District #1 Oppose ?         
Which Bill ? HB 718 Amend ? X

Comments:

Our problem in School District #1 results primarily from the fact that most of the added population will reside within district boundaries, yet most of the added tax base will be found outside the district. We get the additional kids to educate but we do not receive the additional funds with which to provide and supply the extra classrooms and pay the additional salaries.

Most of the new construction within the district will be residential. Residences simply do not pay their way as far as school taxes are concerned. The average cost per student of Class B elementary districts within the state for this year amounts to \$1,658.00. Very few residences in this state will contribute even one-fifth that amount to the elementary district. And many residences will house, 2, 3, 4 or more students. A district must look to industrial property to make up the difference. But when the industrial property is outside the district, we have a serious problem.

Granted, county equalization will help and increased enrollments will bring increased foundation payments from the state. However, over one-third of our general fund budget comes from district levies, and if district valuations fail to keep pace with district costs, then every taxpayer must dig a little deeper just to maintain the status quo.

Keep in mind too that \$1,658.00 represents only the cost of operations per student. It does not include capital costs. We are faced with enrollments of 450 students over capacity of our present facility. County equalization and foundation programs do not help defray capital costs. The cost of a new building must be paid completely out of district levies. Yet we do not get the tax base increase to make that kind of increased payments.

Lobbyists for the industry tell us that mining is beneficial because it brings jobs and increased tax base. Since Big Timber has no appreciable unemployment now, more jobs mean more people and more children to be educated. Yet the tax base increases occur primarily outside our district. Unless something is done by the legislature to guarantee that the funds are there to meet the needs, mining will be anything but beneficial to Big Timber Grade School.

Please leave prepared statement with the committee secretary.

As written, the Ellison bill has certain deficiencies. Attached is a list of proposed amendments which would strengthen bill 718 to make it more responsive to the needs as outlined above. While I support the bill as it is written, it by no means provides a complete solution to our problem. By strengthening and passing this bill, together with passage of a reasonable severance tax bill, our community would be well protected when the mineral development does occur.



### Section 1:

Add a new section 3 (e) - At least three of the members of the board shall reside in counties in which substantial mining operations are occurring or are proposed.

### Section 10:

(2) In the impact plan submitted, the applicant shall commit itself to pay all of the necessary capital improvements required by the development and all of the anticipated increased cost to local government.

(3) At least 90 days prior to submission of the impact statement to the board, the developer shall deliver ten (10) copies of the statement to the board of commissioners in each affected county.

(4) Upon receipt of the statement from the developer, the board shall promptly notify the county, and the County Board of Commissioners shall have 30 days to object to the statement. If no objection is received, the plan shall be approved by the board. If the statement is approved, the board shall within 5 days notify the board of land commissioners of its approval. If the statement is rejected, the board shall provide the developer in writing with specific reasons why the statement is deficient.

(5) In the event the board receives an objection from the commissioners of the affected counties, the board shall conduct a hearing as to the sufficiency of the impact plan. The hearing shall be held in the affected county. The board shall adopt such rules of practice and procedure for the conduct of such hearing as will insure full participation and opportunity to be heard by all interested parties. The impact plan filed shall carry no presumption of validity at such hearing. Within 60 days following such hearing, the board shall make its findings as to the original impact plan and shall amend the plan as necessary. The board shall then adopt such plan as amended. Any party aggrieved by the decision of the board shall be entitled to seek judicial review of the decision in the district court in and for the judicial district in which the proposed development will take place.

### Section 13:

(4) Compliance with Section 10 is not required for a development which would remove less than \$10,000,000. worth of metal annually.

## WITNESS STATEMENT

Name ED WEBBER Date 2/20/81  
Address Box 325 McLeod RTE, Big Timber - 59011 Support ? ☒  
Representing SELF Oppose ? ☐  
Which Bill ? H.B. 718 Amend ? ☒

## Comments:

DUE TO THE PROJECTED MINING IMPACT, SWEETGRASS CO. WILL NEED THE FUNDING PROVIDED BY H.B. 718. UNFORTUNATELY, H.B. 718 WILL ONLY ADDRESS THE INITIAL IMPACTS AND NOT THE CONTINUING OR SHUT DOWN IMPACTS, AND MAY BE INSUFFICIENT TO HANDLE ALL OF THE INITIAL IMPACTS.

WITH THIS IN MIND, I WOULD LIKE TO SEE H.B. 718 AMENDED TO INCLUDE PROVISIONS FOR ALL DIRECT IMPACTS. SWEETGRASS COUNTY TAXPAYERS SHOULD NOT BE FORCED TO SUBSIDIZE MINING THROUGH HIGHER TAXES. AS A RANCHER AND SMALL BUSINESSMAN, IT WILL BE DIFFICULT TO SURVIVE ECONOMICALLY IF TAXES INCREASE, WHICH THEY UNDOUBTEDLY WILL WITHOUT H.B. 718 AND OTHER FUNDING, WHILE WE ARE NOT IN OPPOSITION TO MINING DEVELOPMENT IN SWEETGRASS CO., IT IS OUR CONTENTION THAT THE DEVELOPING CO.'S SHOULD BE FINANCIALLY RESPONSIBLE FOR ALL IMPACTS CAUSED BY THEIR ACTIVITIES.

Please leave prepared statement with the committee secretary.

PROPOSED HOUSE BILL 718 WITH AMENDMENTS

A BILL FOR AN ACT ENTITLED: "AN ACT TO CREATE THE HARD-ROCK MINING IMPACT BOARD; TO REQUIRE MINERAL DEVELOPERS TO SUBMIT AN ECONOMIC IMPACT PLAN TO THE BOARD; TO AUTHORIZE THE BOARD TO ISSUE BONDS AND AWARD GRANTS TO IMPACTED UNITS OF LOCAL GOVERNMENT; AND TO PLEDGE THE EARNINGS OF THE RESOURCE INDEMNITY TRUST FUND TO PAY FOR THE BONDS ISSUED BY THE BOARD; TO PROVIDE PENALTIES; TO AUTHORIZE SPECIAL FINANCING AUTHORITY FOR SCHOOL DISTRICTS AND COUNTIES; TO PROVIDE TAX CREDIT: AMENDING SECTIONS 15-16-201, 15-38-202, 20-9-407, AND 82-4-335, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Hard-rock mining impact board. (1) There is a hard-rock mining impact board. (2) The board consists of five members appointed by the governor; and shall include the superintendent of public instruction and the director of the bureau of mines and geology.

(3) The governor shall select the other members of the board from a panel recommended by the leaders of the senate and the house of representatives. The panel shall include:

(a) two persons recommended by the president of the senate;

1 (b) two persons recommended by the senate minority  
2 leader;

3 (c) two persons recommended by the speaker of the  
4 house of representatives;

5 (d) two persons recommended by the minority leader of  
6 the house of representatives.

7 (4) The term of office for each board member is 4  
8 years except that two members of the original board shall  
9 serve 2-year terms thereby achieving a staggering of terms.  
10 The members serving the 2-year terms will be selected by lot  
11 at the first meeting of the board.

12 (5) The board may not include more than three persons  
13 recommended by persons of the same political party.

14 (6) A vacancy shall be filled by appointment by the  
15 governor and the person appointed shall serve for the  
16 unexpired term of the member who vacated.

17 (7) Unless he is a full-time salaried officer or  
18 employee of this state or of a political subdivision of this  
19 state, each member is entitled to be paid \$50 for each day  
20 in which he is actually and necessarily engaged in the  
21 performance of board duties and he is also entitled to be  
22 reimbursed for travel expenses, as provided for in 2-18-501  
23 through 2-18-503, incurred while in the performance of board  
24 duties. Members who are full-time salaried officers or  
25 employees of this state or of a political subdivision of

1 this state are not entitled to be compensated for their  
2 service as members but are entitled to be reimbursed for  
3 travel expenses as provided for in 2-18-501 through  
4 2-18-503.

5 (8) A majority of the membership constitutes a quorum  
6 to do business. A favorable vote of at least a majority of  
7 all members of a board is required to adopt any resolution,  
8 motion, or other decision unless otherwise provided by law.

9 NEW SECTION. Section 2. Declaration of necessity and  
10 purpose. The large-scale development of mineral deposits in  
11 the state causes an influx of people into the area of the  
12 development many times larger than the number of people  
13 directly involved in the mining operation. This influx of  
14 people and the corresponding increase in demand for local  
15 government services creates a burden on the local taxpayer.  
16 There is a significant lag time between the time when  
17 additional services must be provided and the time when  
18 additional tax revenue is available as a result of the  
19 increased tax base. There is therefore a need to provide a  
20 system to assist local government units in meeting the  
21 initial financial impact of large-scale mineral development.

22 NEW SECTION. Section 3. Definitions. In [section 2  
23 through section 11] the following definitions apply:

24 (1) "Board" means the hard-rock mining impact board  
25 established in [section 1].

1       (2) "Bonds" include bonds, notes, warrants, debentures,  
2 certificates of indebtedness, temporary bonds, temporary notes,  
3 interim receipts, interim certificates, and all instruments  
4 or obligations evidencing or representing indebtedness or  
5 evidencing or representing the borrowing of money or  
6 evidencing or representing a charge, lien, or encumbrance  
7 on specific revenues, special assessments, income, or pro-  
8 perty of a political subdivision, including all instruments  
9 or obligations payable from a special fund.

10       (3) "Large scale mineral development" is a development  
11 which will employ on an average annual basis at least 100  
12 people in construction of facilities or operation of the  
13 mines and which will create a substantial adverse impact on  
14 existing state, county or local government.

15       ~~{3}~~ (4) "Local government unit" includes a county,  
16 city, town, or school district.

17       NEW SECTION. Section 4. Chairman -- meetings --  
18 facilities: -- procedure. (1) The board shall elect a  
19 chairman from among its members.

20       (2) The board shall meet quarterly and may meet at  
21 other times as called by the chairman or a majority of the  
22 members.

23       (3) The department of community affairs will provide  
24 suitable office facilities and the necessary staff for the  
25 board.

1       (4) The provisions of the Montana administrative  
2 procedure act shall apply to the determinations and  
3 proceedings of the board.

4       NEW SECTION. Section 5. Hard-rock mining impact board  
5 -- general powers. The board may:

- 6       (1) retain professional consultants and advisors;  
7       (2) adopt rules governing its proceedings;  
8       (3) issue bonds pursuant to [section 6];  
9       (4) award grants to local government units subject to  
10 [section 7];  
11       (5) accept grants and other funds to be used in  
12 carrying out this part.

13       NEW SECTION. Section 6. Authority to issue bonds.

14       (1) The board may issue and sell bonds of the state in such  
15 manner as it considers necessary and proper to provide funds  
16 to local government units impacted by mineral development.

17       (2) The full faith and credit and taxing powers of the  
18 state shall be pledged for the payment of all bonds issued  
19 pursuant to this part.

20       NEW SECTION. Section 7. Basis for awarding grants.

21       (1) Grants shall be awarded on the basis of:

- 22       (a) need;  
23       (b) degree of severity of impact from mineral  
24 deveopment;

25       (c) availability of funds, ~~and~~ from tax prepayments

1 and other sources; and

2 (d) degree of local effort in meeting its needs.

3 (2) In determining the degree of local effort, the  
4 board shall compare the anticipated millage rates needed to  
5 meet the needs of the impacted local government unit to the  
6 average millage rates levied by comparably sized local  
7 government units in the state. The board may not issue bonds  
8 to provide funds to local government units when their  
9 anticipated millage rates are less than the average millage  
10 rates levied by comparable local government units.

11 NEW SECTION. Section 8. Rate of interest on bonds to  
12 be determined by the board. Bonds issued by the board shall  
13 bear interest at such rate or rates as it shall determine.

14 NEW SECTION. Section 9. Limitation on bond issues and  
15 interest rates. The bonds issued by the board and the  
16 interest rates set by the board shall be fixed in such  
17 manner that the maximum amount of principal and interest to  
18 become due in any subsequent fiscal year on all outstanding  
19 bonds must not exceed one-half of the average annual amount  
20 expected to be available from the resource indemnity trust  
21 fund to retire the bonds.

22 NEW SECTION. Section 10. Impact plan to be submitted.

23 (1) ~~Before-a-permit-is-issued-under-82-4-335,~~ When an  
24 application is filed pursuant to 82-4-335 and before a permit  
25 is issued thereunder, the person seeking the permit shall



1 submit to the affected counties and the board a statement  
2 describing the economic impact the mining development will  
3 have on local government units. The statement shall include:

4 (a) a timetable for development, including the opening  
5 date of the development and the estimated closing date;

6 (b) the estimated number of persons coming into the  
7 impacted area as a result of the development;

8 (c) the increased cost to local government units for  
9 police, fire, sewage, water treatment, ~~schools~~, road con-  
10 struction and upkeep, education, and medical care, which  
11 can be expected as a result of the development, including  
12 a copy of the education impact statement required by  
13 20-1-208;

14 (d) the financial assistance the developer will give  
15 to local government units to meet the increased demand for  
16 services- computed pursuant to 15-16-201.

17 ~~{2}--Upon receipt of the statement from the developer,~~  
18 ~~the board shall consult with the county as to the adequacy~~  
19 ~~of the statement.--The board shall approve or reject the~~  
20 ~~statement within 30 days after the statement is submitted to~~  
21 ~~the board.--The developer must commit himself to pay at least~~  
22 ~~two-thirds of the anticipated increased cost to local~~  
23 ~~government units resulting from the development of the~~  
24 ~~statement shall be rejected.--The statement must be submitted~~  
25 ~~to the board at a regularly scheduled board meeting.--If the~~

1 statement-is-approved,-the-board-shall-within-5-days-notify  
2 the-board-of-land-commissioners-of-its-approval---If-the  
3 statement-is-rejected,-the-board-shall-provide-the-developer  
4 in-writing-with-specific-reasons-why-the-statement-is  
5 deficient.

6       (2) The developer's statement shall be submitted to  
7 the board at a scheduled board meeting. The board will  
8 consider the statement during the thirty (30) days following  
9 that meeting and will consult with the commissioners of the  
10 counties in which the development will occur to determine if  
11 the developer's description of the impact meets the require-  
12 ments of [section 10c]. The board will approve the statement  
13 in writing prior to the end of said thirty day period, or  
14 advise the developer in writing within the same period  
15 specifying in detail those requirements of [section 10c] which  
16 have not been adequately satisfied. The board will then  
17 proceed to determine those needs if any which cannot be met  
18 by tax prepayments pursuant to 15-16-201 or by school bond  
19 agreements pursuant to 20-9-407. The unsatisfied needs will  
20 then be considered by the board for bonding or supplemental  
21 financing through the issuance of hardrock impact bonds as  
22 provided in [section 6].

23       NEW-SECTION---Seetion-11---Permit-procedure-and-review  
24 of-statement-to-run-concurrently---It-is-intended-that-the  
25 procedure-for-fulfilling-the-permit-requirement-of-82-4-335-

1 and-the-review-of-the-developer's-statement-by-the-board  
2 under-{section-10}-are-to-run-concurrently---If-the  
3 requirements-for-a-permit-prescribed-in-82-4-335-have  
4 otherwise-been-met,-the-board-of-land-commissioners-shall  
5 issue-a-letter-stating-that-the-permit-will-be-issued-at  
6 such-time-as-the-board-has-approved-the-statement-of-the  
7 developer-under-{section-10}.

8 Section 12 11. Section 15-38-202, MCA, is amended  
9 to read:

10 "15-38-202. Investment of resource indemnity trust  
11 account -- expenditure -- minimum balance. All moneys paid  
12 into the resource indemnity trust account shall be invested  
13 at the discretion of the board of investments. All the net  
14 earnings accruing to the resource indemnity trust account  
15 shall annually be added thereto until it has reached the sum  
16 of \$10 million. Thereafter, ~~only~~ the net earnings may-be  
17 appropriated-and-expended are deposited in the general fund  
18 subject to the prior pledge and appropriation of such earnings  
19 for the payment of hard-rock mining impact bonds until the  
20 account reaches \$100 million. Thereafter, all net earnings  
21 and all receipts shall be ~~appropriated-by-the-legislature-and~~  
22 expended deposited in the general fund subject to the prior  
23 pledge and appropriation of such earnings for the payment of  
24 hard-rock mining impact bonds, provided that the balance in  
25 the account may never be less than \$100 million."

1 Section 12.---Section 82-4-335, MCA, is amended to read: \*

2 "82-4-335.---Operating permit.---(1)--No person shall  
3 engage in mining or disturb land in anticipation of mining  
4 in the state without first obtaining an operating permit  
5 from the board to do so.---A separate operating permit shall  
6 be required for each mine complex.---Prior to receiving an  
7 operating permit from the board, any person must pay the  
8 basic permit fee of \$25 and must submit an application on a  
9 form provided by the board, which shall contain the following  
10 information and any other pertinent data required by the  
11 rules:

12 (1)(a)---name and address of the operator and, if a  
13 corporation or other business entity, the name and address  
14 of its principal officers, partners, and the like and its  
15 resident agent for service of process, if required by law;

16 (2)(b)---minerals expected to be mined;

17 (3)(c)---a proposed reclamation plan;

18 (4)(d)---expected starting date of mining;

19 (5)(e)---a map showing the specific area to be mined and  
20 the boundaries of the land which will be disturbed, topographic  
21 detail, the location and names of all streams, roads, railroads,  
22 and utility lines on or immediately adjacent to the area,  
23 location of proposed access roads to be built and the names  
24 and addresses of the surface and mineral owners of all lands  
25 within the mining area, to the extent known to applicant;

1       ~~{6}{f}--types-of-access-roads-to-be-built-and-manner-of~~  
2 ~~reclamation-of-road-sites-on-abandonment;-and~~

3       ~~{7}{g}--a-plan-of-mining-which-will-provide;-within~~  
4 ~~limits-of-normal-operating-procedures-of-the-industry;-for~~  
5 ~~completion-of-mining-and-associated-land-disturbances-~~

6       ~~{2}--Except-as-provided-in-subsection-{3},-the-permit~~  
7 ~~provided-for-in-subsection-{1}-may-not-be-issued-until-the~~  
8 ~~hard-rock-mining-board-approves-the-plan-submitted-in~~  
9 ~~compliance-with-{section-10}---If,-however,-all-the~~  
10 ~~requirements-for-obtaining-an-operating-permit-have-been-met~~  
11 ~~except-the-approval-of-the-hard-rock-mining-board,-the-board~~  
12 ~~shall-issue-a-letter-stating-that-the-permit-will-be-issued~~  
13 ~~at-such-time-as-the-hard-rock-mining-board-approves-the~~  
14 ~~statement-of-the-developer-under-{section-10}-~~

15       ~~{3}--Compliance-with-{section-10}-is-not-required-for~~  
16 ~~exploration-and-bulk-sampling-for-metallurgical-testing-when~~  
17 ~~the-appregate-samples-are-less-than-10,000-tons."~~

18       NEW SECTION. Section 12. Non-compliance with the  
19 provisions of this act. Failure to submit information required  
20 by this act or the submission of knowingly false information  
21 in any report to the board will subject the developer to a  
22 civil penalty of \$10,000 for each violation, recoverable by  
23 the attorney general in a civil action in the district court  
24 of the first judicial district court or the district court  
25 in the county where the development is planned to occur, and

1 the attorney general will also apply for injunctive or other  
2 appropriate relief.

3 Section 13. Section 20-9-407, MCA, is amended to  
4 read:

5 "Section 20-9-407. New industrial facility special  
6 financing authority.

7 ~~{1}-In-a-school-district-within-which-a-new-major~~  
8 ~~industrial-facility-which-seeks-to-qualify-for-taxation-as~~  
9 ~~class-five-property-under-15-6-135-is-being-constructed-or~~  
10 ~~is-about-to-be-constructed,-the-school-district-may-require,~~  
11 ~~as-a-precondition-of-the-new-major-industrial-facility~~  
12 ~~qualifying-as-class-five-property,-that-the-owners-of-the~~  
13 ~~proposed-industrial-facility-enter-into-an-agreement-with-the~~  
14 ~~school-district-concerning-the-issuing-of-bonds-in-excess-of~~  
15 ~~the-29%-limitation-prescribed-in-20-9-406.--Under-such-an~~  
16 ~~agreement,-the-school-district-may,-with-the-approval-of-the~~  
17 ~~voters,-issue-bonds-which-exceed-the-limitation-prescribed~~  
18 ~~in-this-section-by-a-maximum-of-29%-of-the-estimated-taxable~~  
19 ~~value-of-the-property-of-the-new-major-industrial-facility~~  
20 ~~subject-to-taxation-when-completed.--The-estimated-taxable~~  
21 ~~value-of-the-property-of-the-new-major-industrial-facility~~  
22 ~~subject-to-taxation-shall-be-computed-by-the-department-of~~  
23 ~~revenue-when-requested-to-do-so-by-a-resolution-of-the-board~~  
24 ~~of-trustees-of-the-school-district.--A-copy-of-the-depart-~~  
25 ~~ment's-statement-of-estimated-taxable-value-shall-be-printed~~

1 on each ballot used to vote on a bond issue proposed under  
2 this section.

3       (2)--Pursuant to the agreement between the new major  
4 industrial facility and the school district and as a  
5 precondition to qualifying as class five property, the new  
6 major industrial facility and its owners shall pay, in  
7 addition to the taxes imposed by the school district on  
8 property owners generally, so much of the principal and  
9 interest on the bonds provided for under this section as  
10 represents payment on an indebtedness in excess of the  
11 limitation prescribed in this section.--After the completion  
12 of the new major industrial facility and when the indebtedness  
13 of the school district no longer exceeds the limitation  
14 prescribed in this section, the new major industrial facility  
15 shall be entitled, after all the current indebtedness of the  
16 school district has been paid, to a tax credit over a period  
17 of no more than 20 years.--The credit shall as a total amount  
18 be equal to the amount which the facility paid the principal  
19 and interest of the school district's bonds in excess of its  
20 general liability as a taxpayer within the district.

21       (3)--A major industrial facility is a facility subject  
22 to the taxing power of the school district, whose construction  
23 or operation will increase the population of the district,  
24 imposing a significant burden upon the resources of the district  
25 and requiring construction of new school facilities.--A

1 ~~significant-burden-is-an-increase-in-ANB-of-at-least-20%-in~~  
2 ~~a-single-year.~~

3       (1) When a major industrial facility as defined in  
4 15-16-201 seeks to locate in a county of the state and has  
5 filed the educational impact statement required by 20-1-208  
6 indicating that construction or operation of the facility  
7 will increase population so as to impose a significant burden  
8 upon the resources of any school district therein requiring  
9 the construction of new school facilities, the superintendent  
10 of public instruction shall consult with the trustees of the  
11 local school districts and together they will determine the  
12 need for new school facilities.

13       (2) When the need for new school facilities is deter-  
14 mined the owners of the industrial facility will enter into  
15 an agreement with the county and the trustees of the school  
16 district which has the burden for the issuance of bonds to  
17 cover the cost of the burden of such new construction. A  
18 significant burden is an increase in ANB of at least 20% in  
19 a single year.

20       (3) The agreement with the owners of the new industrial  
21 facility shall provide for a guarantee of the payment, in  
22 addition to the taxes imposed by the school district on  
23 property owners generally, so much of the principal and  
24 interest on the bonds provided for in this section as repre-  
25 sents the burden created by the location of the facility in



1 the county. Payment will then be made by an annual special  
2 tax levy on the property of the industrial facility sufficient  
3 to retire the principal and interest on these special impact  
4 bonds. The agreement will be submitted for approval to the  
5 taxpayers of the county and upon approval thereof at a special  
6 bond election held in accordance with law the owners of the  
7 new major industrial facility will be entitled, after the  
8 current indebtedness of the district resulting from the  
9 burden has been paid, to a tax credit over a period of twenty  
10 (20) years. The credit shall as a total amount be equal to  
11 the amount the facility paid in principal and interest in  
12 excess of its general liability as a taxpayer within the  
13 county. The debt limits set forth in 20-9-406 will not apply  
14 to these bonds.

15 (4) The estimated taxable valuation of the property  
16 of the new major industrial facility shall be computed by  
17 the department of revenue when requested to do so by a re-  
18 solution of the board of trustees of the burdened district.

19 (5) The county commissioners of the county, the  
20 trustees of the school district and the superintendent of  
21 public instruction will execute the agreement with the owner  
22 of the new major industrial facility for the issuance of any  
23 special industrial educational impact bonds provided for in  
24 this section.

25 Section 14. Section 15-16-201, MCA, is amended to read:

1 "15-16-201. Tax prepayment -- new industrial facilities.

2 (1) A person intending to construct or locate a major new  
3 industrial facility, as defined in subsection (2) of this  
4 section, shall upon request of the board of county commis-  
5 sioners of the county in which the facility is to be located,  
6 prepay, when permission is granted to construct or locate by  
7 the appropriate governmental agency, an amount equal to  
8 three times the estimated property tax due the year the  
9 facility is completed. The person who is to prepay under  
10 this section shall not be obligated to prepay the entire  
11 amount at one time but, upon request of the board of county  
12 commissioners of the county, shall prepay only that amount  
13 shown to be needed from time to time. To assure this pay-  
14 ment or payments, the person who is to prepay shall guarantee  
15 to the board of county commissioners and also have a bank  
16 or banks guarantee that these amounts will be paid as needed  
17 for expenditures created by the impact. When the facility is  
18 completed and assessed by the department of revenue, it shall  
19 be subject during the first 3 years and thereafter to taxation  
20 as all other property similarly situated, except that ~~one-fifth~~  
21 one-tenth of the amount prepaid shall be allowed as a credit  
22 against property taxes in each of the first 5 10 years after  
23 the start of productive operation of the facility.

24 (2) A major new industrial facility is a manufacturing  
25 or mining facility which will employ on an average annual

1 basis at least 100 people in construction or operation  
2 of the facility and which will create a substantial adverse  
3 impact on existing state, county, or municipal services.

4  
5 -End-  
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AMENDMENTS TO INTRODUCED HOUSE BILL NO. 718

1. Title, line 8  
Following: "GOVERNMENT;"  
Strike: "AND"
2. Title, line 10  
Following: "BOARD;"  
Insert: "TO PROVIDE PENALTIES; TO AUTHORIZE SPECIAL FINANC-  
ING AUTHORITY FOR SCHOOL DISTRICTS AND COUNTIES; TO PROVIDE  
TAX CREDIT;"
3. Title, line 10  
Following: "SECTIONS"  
Insert: "15-16-201,"
4. Title, line 10  
Following: "15-38-202,"  
Insert: "AND 20-9-407,"
5. Page 1, line 16  
Following: "governor"  
Insert: "and shall include the superintendent of public  
instruction and the director of the bureau of mines and  
geology"
6. Page 1, line 17  
Following: "select the"  
Insert: "other"
7. Page 4  
Following: line 5  
Insert: "(3) 'Large scale mineral development' is a devel-  
opment which will employ on an average annual basis at least  
100 people in construction of facilities or operation of the  
mines and which will create a substantial adverse impact on  
existing state, county or local government.  
Renumber: all subsequent subsections
8. Page 4, line 9  
Following: "facilities"  
Insert: "-- procedure"
9. Page 4  
Following: line 16  
Insert: "(4) The provisions of the Montana administrative  
procedure act shall apply to the determinations and pro-  
ceedings of the board."

10. Page 5, line 13

Following: "funds"

Insert: "from tax prepayments and other sources"

11. Page 6, line 10

Following: (1)

Strike: "Before a permit is issued under 82-4-335,"

Insert: "When an application is filed pursuant to 82-4-335 and before a permit is issued thereunder,"

12. Page 6, line 20

Following: "treatment,"

Strike: "schools,"

13. Page 6, line 22

Following: "development"

Insert: "including a copy of the educational impact statement required by 20-1-208"

14. Page 6, line 25

Following: "services"

Insert: "computed pursuant to 15-16-201"

15. Page 7, lines 1 through 14

Strike: subsection (2) in its entirety

Insert: "(2) The developer's statement shall be submitted to the board at a scheduled board meeting. The board will consider the statement during the thirty (30) days following that meeting and will consult with the commissioners of the counties in which the development will occur to determine if the developer's description of the impact meets the requirements of [section 10(c)]. The board will approve the statement in writing prior to the end of said thirty-day period, or advise the developer in writing within the same period specifying in detail those requirements of [section 10(c)] which have not been adequately satisfied. The board will then proceed to determine those needs if any which cannot be met by tax prepayments pursuant to 15-16-201 or by school bond agreements pursuant to 20-9-407. The unsatisfied needs will then be considered by the board for bonding or supplemental financing through the issuance of hardrock impact bonds as provided in [section 6]."

16. Page 7, lines 15 through 24

Strike: NEW SECTION, Section 11, in its entirety

Re-number: all subsequent sections

17. Page 8, lines 19 through 25, and pages 9 and 10

Strike: section 13 in its entirety

Insert: "NEW SECTION. Section 12. Non compliance with the provisions of this act. Failure to submit information required by this act or the submission of knowingly false

information in any report to the board will subject the developer to a civil penalty of \$10,000 for each violation, recoverable by the attorney general in a civil action in the district court of the first judicial district or the district court in the county where the development is planned to occur, and the attorney general will also apply for injunctive or other appropriate relief."

18. Page 10

Following: line 11

Insert: "Section 13. Section 20-9-407, MCA, is amended to read:

"Section 20-9-407. New industrial facility special financing authority. (1) When a major industrial facility as defined in 15-16-201 seeks to locate in a county of the state and has filed the educational impact statement required by 20-1-208 indicating that construction or operation of the facility will increase population so as to impose a significant burden upon the resources of any school district therein requiring the construction of new school facilities, the superintendent of public instruction shall consult with the trustees of the local school districts and together they will determine the need for new school facilities.

(2) When the need for new school facilities is determined the owners of the industrial facility will enter into an agreement with the county and the trustees of the school district which has the burden for the issuance of bonds to cover the cost of the burden of such new construction. A significant burden is an increase in ANB of at least 20% in a single year.

(3) The agreement with the owners of the new industrial facility shall provide for a guarantee of the payment, in addition to the taxes imposed by the school district on property owners generally, of so much of the principal and interest on the bonds provided for in this section as represents the burden created by the location of the facility in the county. Payment will then be made by an annual special tax levy on the property of the industrial facility sufficient to retire the principal and interest on these special impact bonds.

(4) The agreement will be submitted for approval to the taxpayers of the county and upon approval thereof at a special bond election held in accordance with law the owners of the new major industrial facility will be entitled, after the current indebtedness of the district resulting from the burden has been paid, to a tax credit over a period of twenty (20) years. The credit shall as a total amount be equal to the amount the facility paid in principal and

interest in excess of its general liability as a taxpayer within the county. The debt limits set forth in 20-9-406 will not apply to these bonds.

(5) The estimated taxable valuation of the property of the new major industrial facility shall be computed by the department of revenue when requested to do so by a resolution of the board of trustees of the burdened district.

(6) The county commissioners of the county, the trustees of the school district and the superintendent of public instruction will execute the agreement with the owner of the new major industrial facility for the issuance of any special industrial educational impact bonds provided for in this section."

19. Page 10

Following: Section 13

Insert: "Section 14. Section 15-16-201, MCA, is amended to read:

"Section 15-16-201. Tax prepayment -- new industrial facilities. (1) A person intending to construct or locate a major new industrial facility, as defined in subsection (2) of this section, shall upon request of the board of county commissioners of the county in which the facility is to be located, prepay, when permission is granted to construct or locate by the appropriate governmental agency, an amount equal to three times the estimated property tax due the year the facility is completed. The person who is to prepay under this section shall not be obligated to prepay the entire amount at one time but, upon request of the board of county commissioners of the county, shall prepay only that amount shown to be needed from time to time. To assume this payment or payments, the person who is to prepay shall guarantee to the board of county commissioners and also have a bank or banks guarantee that these amounts will be paid as needed for expenditures created by the impact. When the facility is completed and assessed by the department of revenue, it shall be subject during the first 3 years and thereafter to taxation as all other property similarly situated, except that one-tenth of the amount prepaid shall be allowed as a credit against property taxes in each of the first 10 years after the start of productive operation of the facility.

(2) A major new industrial facility is a manufacturing or mining facility which will employ on an average annual basis at least 100 people in construction or operation of the facility and which will create a substantial adverse impact on existing state, county, or municipal services."

# HOW THE AMENDED BILL (HB 718)

## WILL WORK

STEP 1 - THE TAX PREPAYMENT ACT  
15-16-201 TO THE COUNTY  
• 3 TIMES THE VALUE OF FACILITY  
• CREDIT OVER TEN YEARS

STEP 2 - SPECIAL IMPACT BONDS  
20-9-407 - <sup>SCHOOL DISTRICT</sup> BONDING BY AGREEMENT  
• THE PREVIOUS LAW HAS BEEN FULLY AMENDED.  
• THE IMPACT BONDS APPLY ONLY TO THE INDUSTRIAL PROPERTY CAUSING THE IMPACT. (AND TO NO ONE ELSE)  
• THE FACILITY IS GIVEN A TAX CREDIT AFTER THE BONDS ARE PAID, SPREAD OVER 20 YEARS.

STEP 3 - RESOURCE INDEMNITY TRUST FUND  
15-38-101 GRANTS & BONDING BY  
THE HARD ROCK IMPACT BONDS  
• AVAILABLE FUNDING TO SUPPLEMENT PREPAYMENTS & SPECIAL IMPACT BONDS  
• THESE FUNDS SHOULD BE USED FOR LOCAL IMPACTS AS PROVIDED IN PRESENT LEGISLATIVE POLICY.



WOULD APPLY TO STILLWATER  
PGM RESOURCES

CAPITAL IMPROVEMENT

REVENUE NEEDS AS PROJECTED BY  
SWEET GRASS COUNTY PLANNING  
DIRECTOR -

\$ 5,526,920

PROJECTED ASSESSED VALUE OF MINE-MILL COMPLEX

STEP 1  
PREPAYMENT

10 MILLION REAL ESTATE	$\times 8.55\%$	$= \$855,000$
30 MILLION MACHINERY & EQUIP	$\times 11\%$	$= \$3,300,000$
TOTAL TAXABLE		<u>\$4,155,000</u>
<u>THREE TIMES TAXABLE</u>		<u>12,465,000</u>
AS PER 15-16-201		
<u>REVENUE PRODUCED AT CURRENT LEVY</u>		
<u>(206.46 MILLS PER MONTAX)</u>		<u>\$12,567,790</u>

STEP 2  
SPECIAL  
IMPACT BONDING

YIELDS ALL NECESSARY	
SCHOOL DISTRICT CAPITAL REQ.	\$3,000,000
<u>W/O COST TO OTHER TAXPAYERS</u>	
AVAILABLE TOTAL	<u>\$15,567,790</u>

STEP 3  
RESOURCE  
INDEMNITY  
TRUST BOND & GRANTS

- SUPPLEMENTAL  
FUNDING  
AVAILABLE -  
FOR CITY OF BIG TIMBER

FIRST:

TAXATION

Part 2

Special Payment Provisions

15-16-201. Tax prepayment — new industrial facilities. (1) A person intending to construct or locate a major new industrial facility, as defined in subsection (2) of this section, shall upon request of the board of county commissioners of the county in which the facility is to be located, prepay, when permission is granted to construct or locate by the appropriate governmental agency, an amount equal to three times the estimated property tax due the year the facility is completed. The person who is to prepay under this section shall not be obligated to prepay the entire amount at one time but, upon request of the board of county commissioners of the county, shall prepay only that amount shown to be needed from time to time. To assure this payment or payments, the person who is to prepay shall guarantee to the board of county commissioners and also have a bank or banks guarantee that these amounts will be paid as needed for expenditures created by the impact. When the facility is completed and assessed by the department of revenue, it shall be subject during the first 3 years and thereafter to taxation as all other property similarly situated, except that one-fifth of the amount prepaid shall be allowed as a credit against property taxes in each of the first 5 years after the start of productive operation of the facility.

(2) A major new industrial facility is a manufacturing or mining facility which will employ on an average annual basis at least 100 people in construction or operation of the facility and which will create a substantial adverse impact on existing state, county, or municipal services.

History: En. 84-41-105 by Sec. 1, Ch. 449, L. 1975; R.C.M. 1947, 84-41-105.

AMENDED

SECOND:

**20-9-407. Industrial facility agreement for bond issue in excess of maximum.** (1) In a school district within which a new major industrial facility which seeks to qualify for taxation as class five property under 15-6-185 is being constructed or is about to be constructed, the school district may require, as a precondition of the new major industrial facility qualifying as class five property, that the owners of the proposed industrial facility enter into an agreement with the school district concerning the issuing of bonds in excess of the 29% limitation prescribed in 20-9-406. Under such an agreement, the school district may, with the approval of the voters, issue bonds which exceed the limitation prescribed in this section by a maximum of 29% of the estimated taxable value of the property of the new major industrial facility subject to taxation when completed. The estimated taxable value of the property of the new major industrial facility subject to taxation shall be computed by the department of revenue when requested to do so by a resolution of the board of trustees of the school district. A copy of the department's statement of estimated taxable value shall be printed on each ballot used to vote on a bond issue proposed under this section.

(2) Pursuant to the agreement between the new major industrial facility and the school district and as a precondition to qualifying as class five property, the new major industrial facility and its owners shall pay, in addition to the taxes imposed by the school district on property owners generally, so much of the principal and interest on the bonds provided for under this section as represents payment on an indebtedness in excess of the limitation prescribed in this section. After the completion of the new major industrial facility and when the indebtedness of the school district no longer exceeds the limitation prescribed in this section, the new major industrial facility shall be entitled, after all the current indebtedness of the school district has been paid, to a tax credit over a period of no more than 20 years. The credit shall as a total amount be equal to the amount which the facility paid the principal and interest of the school district's bonds in excess of its general liability as a taxpayer within the district.

(3) A major industrial facility is a facility subject to the taxing power of the school district, whose construction or operation will increase the population of the district, imposing a significant burden upon the resources of the district and requiring construction of new school facilities. A significant burden is an increase in ANB of at least 20% in a single year.

History: En. 75-7104 by Sec. 305, Ch. 5, L. 1971; amd. Sec. 3, Ch. 33, L. 1973; amd. Sec. 32, Ch. 100, L. 1973; amd. Sec. 1, Ch. 353, L. 1974; amd. Sec. 1, Ch. 56, L. 1975; amd. Sec. 1, Ch. 432, L. 1975; amd. Sec. 46, Ch. 566, L. 1977; R.C.M. 1947, 75-7104(3) thru (5); amd. Sec. 26, Ch. 693, L. 1979.

# THIRD

## Part 1

### General Provisions

**15-38-101. Short title.** This chapter shall be known and may be cited as "The Montana Resource Indemnity Trust Act".

History: En. 84-7001 by Sec. 1, Ch. 497, L. 1973; R.C.M. 1947, 84-7001.

**15-38-102. Legislative policy.** It is the policy of this state to provide security against loss or damage to our environment from the extraction of nonrenewable natural resources. Recognizing that the total environment consists of our air, water, soil, flora, fauna, and also of those social, economic, and cultural conditions that influence our communities and the lives of our individual citizens, it is necessary that this state be indemnified for the extraction of those resources. Therefore, it is the purpose of this chapter to provide for the creation of a resource indemnity trust in order that the people and resources of Montana may long endure. |

History: En. 84-7002 by Sec. 2, Ch. 497, L. 1973; R.C.M. 1947, 84-7002.

NOTE  
REQUIRE-  
MENTS

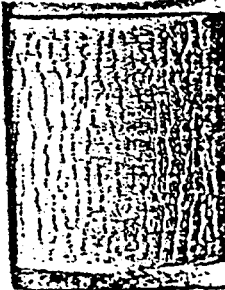
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**15-38-202. Investment of resource indemnity trust account — expenditure — minimum balance.** All moneys paid into the resource indemnity trust account shall be invested at the discretion of the board of investments. All the net earnings accruing to the resource indemnity trust account shall annually be added thereto until it has reached the sum of \$10 million. Thereafter, only the net earnings may be appropriated and expended until the account reaches \$100 million. Thereafter, all net earnings and all receipts shall be appropriated by the legislature and expended, provided that the balance in the account may never be less than \$100 million.

History: En. 84-7009 by Sec. 9, Ch. 497, L. 1973; R.C.M. 1947, 84-7009.

**15-38-203. Purpose of fund usage.** Any funds made available under this chapter shall be used and expended to improve the total environment and rectify damage thereto.

History: En. 84-7010 by Sec. 10, Ch. 497, L. 1973; R.C.M. 1947, 84-7010.



Summary

I am Arnold Tollefson, chairman of the Sweet Grass County Farm Bureau legislative committee, from Big Timber. I am here today as a representative of the two hundred plus member families that comprise the Sweet Grass County Farm Bureau. Approximately seventy five percent of our membership is comprised of families who are actively engaged in agriculture while the remaining twenty five percent is comprised of local businessmen and persons whose livelihood is dependent on agriculture.

We, as an organization, are very concerned about the mining complex that is proposed for our area, and the related economic impact that this complex would create. Our concern is not directed at attempts to prevent this industry or any other from locating within our county, but rather it is directed at problems that will occur within our school system, our law enforcement agencies, and all other social services if the proposed complex does indeed become reality. We feel that some form of legislation is needed to safeguard the lifestyle of the county residents and to insure a responsible, well run community that would be desirable to move into for those who will be employed by this new industry. In our opinion House Bill 718 would provide this insurance while not being overly burdensome to the mining companies involved.

In conclusion I would like to express my appreciation for the opportunity to express my opinion and would hope that you can appreciate our position and that you would act on this bill in a manner favorable to the bill and its sponsors. Thank you.

House Bill 718

I have four questions regarding this bill:

- ① What are the estimated gross proceeds for each of the new hard rock mines?
- ② Why shouldn't hard rock mining companies pay for hard rock impacts? If interest from the resource indemnity trust is used to pay for impact, isn't the Montana taxpayer footing the bill?
- ③ How many hard rock mines will start up in 10 years? Will the interest from the Resource indemnity trust be adequate?
- ④ Why shouldn't the hard rock mining companies be liable for the tail end impacts?

Respectfully submitted



316. 11th Ave Rt

Big Timber, Mont

55011

# ESSI ZEMSKY HINES

THE HINES BOX 1043 BIG TIMBER MONTANA 59011

February 10, 1981

Dear

The history of the mining industry in the United States contains little in the way of convincing evidence as to its concern for communities in which it operates. We have only to look at the spectacular consequences which have prevailed in Appalachia, the Alleghenies and the Kentucky mining areas to realize how inadequately the companies have borne their responsibility to the areas from which they have profited.

In the matter of ecological impact, we can again look eastward to witness the devastation of mountaintop removal on the part of the companies.

We in the western states have the advantage of such oversight to give us a base upon which to make a better approach to the problems concomitant with pending mining operations. It is obvious that rural work-force populations will never supply the labor needs of large-scale mining. Major industries of interest to people will be disappearing or communities near the mining and smelting facilities. The tax bases of such towns and counties are in the way bear the burdens of those industries.

The companies must be made to bear these costs, since it is in the sole interest of the community to make the mining operations self-sustaining. An effective and fairly proportioned severance tax is the most sensible way to meet the problem. To extend costs from vaguely defined "other sources" is to write up the costs. The impact of any mining operation on our mineral resources must be directly borne as part of operating costs. Support of the people depends on securing the work force in a manner not antagonistic to business resistance.

The western states stand in imminent danger of being converted to resource colonies by corporate and eastern state industrial interests and being made to bear the cost of their own depletion.

There should be more to the price of our mineral wealth than the mere cost of extraction. What is being carried off is irreplaceable. Through a large severance tax, strictly enforced, companies will be forced to bear the full cost of the depletion of the mineral resources. We must be aware of the depletion of our mineral resources.

Nothing will be done. It should be welcomed. It should also  
be done very fairly.

Respectfully,

and



*All of this applies equally to  
Hardrock Mining*

**The Billings Gazette**


**Opinion**

Opinion Editor  
**Duane W. Bowler**

Editor  
**Richard J. Wesnick**

Publisher  
**George D. Remington**

**Duane W.  
Bowler**



BUT, ABOUT the Establishment West catching up to Harry and Gretchen, he sent a clipping from The Arizona Republic, a publication with political persuasion about 180 degrees to the right of that usually

ascribed to Harry by Montana Establishmentarians of yesteryear.

The headline on the editorial stated "No Free Lunch." followed by:

"Two dozen congressmen from the East and Midwest are asking the U.S. Supreme Court to limit severance taxes on strip-mined coal in Western states.

"They contend that Montana's 30 percent coal severance tax imposes an 'unreasonable burden' on consumers.

"They also assert that Montana is using the energy shortage — and its vast coal supplies — to gouge electricity customers by forcing them to subsidize Montana state government.

"Easterners are trying to brand Westerners as bandits.

"This is political rhetoric and soap box logic.

"Fuel costs began to soar in 1974. Domestic oil has climbed nearly 200 percent. Natural gas skyrocketed 400 percent. Coal rose 143 percent — most of that eastern coal.

"Coal is still the bargain of fuels. And Western coal is the best bargain.

"Most Eastern coal increased \$14 a ton during the 1970s, but Western coal rose an average of only \$4.50 a ton.

"So who's doing the gouging?

"Midwestern states that are large markets for western coal — Illinois, Indiana, Minnesota, Michigan and Wisconsin — levy a four percent sales tax on Western coal that produces more revenue for them than Montana receives from its severance tax.

"Why don't these states reduce their own taxes?

"Strip mined coal is tearing the face off the West. Therefore, such land must be reclaimed — at a cost. Someone must pay that price — who better than the beneficiaries?

"Other Western energy development, such as synthetic fuels, is causing enormous burdens on communities, which must provide new streets, schools, sewage disposal, water, and other essential public services.

"Neither Congress nor Eastern states have volunteered to bear those staggering financial burdens. And that says nothing of the funds needed to restore the West from environmental damage.

"Taxes levied by the states are used to support systems that help produce and transport coal to energy-hungry customers, and to help restore western lands exploited for Eastern customers.

"If the West must bear the burden of providing new energy, customers must expect to pay some of the costs."

Harry and Gretchen, are you sure you have been confining your Arizona efforts to geology, picture frames and painting?

*We NEED the Severance Tax to Survive !!!*

Big Timber, Montana  
Feb. 19, 1981

Dear Carol,

Thanks for all the hard work you have done on your hard rock mining bill HB 718. We know how much pressure you have had from many areas. Howard and I want you to know we do support your bill. We can't come up to testify because we are leaving on a trip to Arizona and Calif for a couple weeks of rest. I think Arnold Solomon is coming up to testify. I hope you can report on your bill when you come back.

We are on a very close trip in our community but at the same time, the mine field is not so bad. I hope you can get some of the things I mentioned to you together. I hope you can get some of the things I mentioned to you together.

I hope you can get some of the things I mentioned to you together. I hope you can get some of the things I mentioned to you together.

Sincerely,

Howard and Howard  
Howard

Big Timber, Mont.  
Feb 19, 1901

Dear Representative Orval Ellison:

I feel that you have worked hard on  
this bill & I'm much in the of your bill  
H.B 718 your hard Rock money bill.

My income is only from the Railroad which  
is very small & very little & my Taxes would  
get so high I wouldn't know what to do.  
And I also very little Sec. Soc.

We will need that income from the mine  
or we can't go on.

May your Bill go thru we need it  
bad.

Sincerely

Mrs Laura B. Hartan  
Big Timber, Mont.  
Box 24  
59011

# Ullman Lumber Co.

INCORPORATED 1919

P. O. BOX 786

BIG TIMBER, MONT. 59011

406-932-2821

Feb 19, 1981

Dear Mr. [illegible]  
[illegible] [illegible] [illegible] [illegible]  
[illegible] [illegible] [illegible] [illegible]  
[illegible] [illegible] [illegible] [illegible]  
[illegible] [illegible] [illegible] [illegible]

[illegible]  
[illegible] Ullman

Forest C. Ullman

Shuman [illegible]

Henry B. Sanders

Junior Stone

## HOUSE BILL NO. 718

Mr. Chairman and members of the committee, my name is Curtis Carter, and I represent the Anaconda Copper Company. After attending the Senate Taxation Committee hearing on Senator Towe's severance tax bill last Tuesday, I can appreciate your concern and sincerity to the issue of economic impact mitigation. Anaconda Copper Company fully supports the goals of House Bill 718. However, we believe the bill should be amended to encompass an existing statute and redefine the powers of the Hard-Rock Mining Impact Board.

The tax prepayment provision established in 15-16-201, MCA, should be expanded and made a part of this bill. Specifically, 15-16-201 should include prepayment of taxes to the school districts as well as the county in which a new industrial facility is located and the tax credit period should be extended to eight years from the present five. If our Stillwater Project proves feasible, a prepayment of three times our estimated county, school district and gross proceeds of mine taxes would make approximately \$5 million available to these local units of government.

If prepayment of taxes is insufficient to meet the local needs or cannot be targeted to areas directly impacted by mine development, then assistance should be provided by the Hard-Rock Mining Impact Board.

Through these two vehicles (prepayment of property taxes and the Resource Indemnity Trust Fund) and voluntary contributions made by the mining companies, the mining industry will supply the capital required for public improvements caused by their development.

We do not believe that an additional permit should be required as currently called for in House Bill 718, nor do we believe that the policy

of "check book diplomacy" that is fostered by this bill is in the best interests of the state of Montana.

Thank you for your attention and consideration to these issues.

Curtis Carter  
Anaconda Copper Company

Mr. Chairman and Members of the  
Committee:

My name is Cathy Donohoe,  
I am a rancher at Rye So. of  
Columbus in Stillwater County.  
I <sup>also</sup> oppose H B 718.

I appreciate the intent of this  
bill, to help the impacted community.

But there are numerous problems  
with it.

There is no Tail end impact  
provision. We will need money  
when the mine closes down.  
Anaconda is proof of that now.

The two thirds upfront payment  
provision of this bill bothers me.

~~What kind of governmental policy~~  
~~concept is two thirds responsibility~~  
This bill admits the mining  
company should be responsible for  
the impacts it causes. What kind  
of governmental policy concept is  
two thirds responsibility.

We pay the bills and taxes  
on our ranch and the mining  
company should pay its taxes &  
101 10

would be much more appropriate  
~~3444 proposed by Senator Fome~~  
~~would be much better.~~

Thank you

Cathy G. Donohoe