

MINUTES OF MEETING OF NATURAL RESOURCES SUBCOMMITTEE ON HB 718
MARCH 19, 1981

The Subcommittee on House Bill 718 met on Thursday, March 19, 1981, in Room 437 of the Capitol Building, at 10:40 a.m. Present were CHAIRMAN BROWN, REPS. MUELLER, KEEDY, HARP, and IVERSON. Also present were Legislative Council staff members DEBBIE SCHMIDT and JIM OPPEDAHL. Also present was REP. ORVAL ELLISON and WARD SHANAHAN.

REP. ELLISON stated that he and MR. SHANAHAN had reached some agreement on a few problems but one that remained was the 100 man limit on the project. MR. SHANAHAN explained that it is important also to keep the two processes separate in use of the major facility terminology.

REP. KEEDY asked what would have to be done to draw a line between a major and a minor exemption. REP. ELLISON said there is a way in the coal industry and that what is exempt in one place may not be in another.

MR. SHANAHAN said that a schedule will be submitted for the plan and time frame. The Hard-Rock Board will not approve that until everything is ready. After that, the operation starts.

REP. KEEDY asked about the tonnage question. REP. ELLISON said he would rather have it tied to the mill levy or a percentage.

REP. BOB MARKS said there is a need to determine if or when there is an exemption needed. The issue of prepayment of taxes indicated on page 13, starting with line 23, also needs to be addressed.
(Exhibit 1, gray draft)

MR. OPPEDAHL said it probably would not be best to have the local people paying the 40 mill levy which would be levied on the full taxable value.

MR. SHANAHAN said the 40 mill levy makes certain the levy is given to the school areas. The money must be spent in the local area. MR. OPPEDAHL said the local officials have to handle the funds.

CHAIRMAN BROWN used the gray draft (Exhibit 1) to proceed section by section. In section 1 there are four people coming from the legislative list and one from the governor to comprise the Hard-Rock Mining Impact Board. MS. SCHMIDT said that this portion assures that parties are included and that vacancies are covered. The reappointment issue should be addressed. In order to qualify for the board, one must be an elected official.

REP. KEEDY moved that on page 3 (II) the order be reversed on the striking procedure. The motion passed.

REP. MUELLER moved that on page 3, line 10 a change be made to read "6" instead of "5".

In discussion of section 2, MS. SCHMIDT stated that this money is not to meet just the local impacts. On page 5, lines 9 through 12, the language seems to imply it is only for mineral impact. REP. KEEDY agreed that the problems are not addressed by this.

MS. SCHMIDT stated that this appears to cover only the initial impact. Somewhere in the body of the bill the other issues must be addressed.

CHAIRMAN BROWN suggested that on page 5, line 11 the word "initial" be stricken.

CHAIRMAN BROWN said the companies like this the way it is. The people from Sweet Grass have wanted total impact funds. REP. HARP said he thought front end money was what was needed rather than a severance tax. He further stated that at some point in time the company has met its obligation.

MR. OPPEDAHL said the property taxes will pay for the impacts. It is hard to figure out quickly. Someone will have to know what the gross proceeds are going to be.

REP. KEEDY moved to strike "initial" on page 5, line 11. The committee decided to come back to the motion later.

There was then discussion regarding language that addressed the jurisdictional problems with schools located in one place and companies in another.

Section 3 reference to bonds is still in the bill because of school bonds.

REP. KEEDY then referred to page 6, line 6 which deals with requiring 100 people in the construction phase and operation of the facility. MR. OPPEDAHL mentioned that if the 100 people reference is stricken, a percentage figure would have to be inserted. REP. KEEDY stated that he preferred to deal with percentages.

A discussion was held regarding the definition of large-scale development. Is it 10 percent or more or less? REP. HARP moved to use a 15 percent figure. The motion passed.

REP. KEEDY moved that in section 4, page 6, line 13 "quarterly and" be stricken and "may meet as called by the chairman or a majority of the members". It passed.

In section 6 REP. HARP moved to strike, on page 7, line 18, "degree of" and on line 21 "extent of". The motion passed.

CHAIRMAN BROWN then asked the committee to study page 10, line 20 in which "all" is used.

MS. SCHMIDT explained that it is open as to how much will be given. She felt some guidelines must be given for the board to follow.

She further stated that state land permitting will be part of the requirement on state lands. After discussing the amendment proposed by the Sweet Grass people on page 9, line 21, it was decided to leave it out.

On page 11, line 2, the reference means only affected government units can file objections. REP. KEEDY felt that was too narrow.

REPS. HARP and MUELLER did not agree with REP. KEEDY and did not want to change the language. CHAIRMAN BROWN said local political subdivisions were added so non-incorporated cities would be included.

REP. KEEDY moved that individual objections be added to the language but the motion failed with REPS. HARP, BROWN, and MUELLER opposing.

CHAIRMAN BROWN said he felt the board should not meddle in local areas if the people in the area felt there was not a problem.

In section 9 discussion, MR. OPPEDAHN said that in prepayment all the mills in the county are spread out throughout the county for everything. However, if the money is put into special funding, then it could be used for the purpose intended. The committee could have the Revenue Oversight Committee check into this type of procedure and see how it is operating.

REP. KEEDY suggested omitting the entire section dealing with prepayment.

The committee approved changing on page 10, line 24, "by" to "from".

MR. OPPEDAHN felt the mining development pays all of the costs. Tax prepayment says the taxpayer will pay all of the costs. The company would be a large contributor in that way. The mill levy will be high and everyone will pay a proportionate share.

CHAIRMAN BROWN referred to page 14, line 17. He said they are being taxed for what they had and the difference will go back to them. REP. KEEDY asked if the companies are willing to get the credit. MR. OPPEDAHN said this is getting a loan without interest for those years.

CHAIRMAN BROWN said that in section 10, page 15, lines 16 and 17, the company is building a school. It is a prepayment balloon on up front money.

REP. MUELLER moved that "industrial" be changed to "educational" impact throughout the section.

Natural Resources Subcommittee HB 718
March 19, 1981
Page 4

CHAIRMAN BROWN said the mining cannot start until the commitments are met. Should the company fail to comply, the permit could be revoked by the department.

REP. KEEDY stated that the permit system must be conditioned so that mining will not commence until the time frame is met.

The committee then returned to page 5, line 11 and the word "initial". REP. KEEDY said this must address more than just the initial impact. The others did not agree.

The meeting adjourned at 2:00 p.m.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Dave Brown", is written over a horizontal line.

DAVE BROWN, CHAIRMAN

Ellen Engstedt, Secretary