

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

February 17, 1981

The 29th meeting of the committee was called to order at 8:10 a.m. in the old Highway Department auditorium, Chairman Pat Goodover presiding.

ROLL CALL: All members were present, except for Senator Norman.

CONSIDERATION OF SENATE BILL 344:

"AN ACT TO IMPOSE A SEVERANCE TAX OF APPROXIMATELY 10 PERCENT ON THE SEVERANCE OF PALLADIUM, PLATINUM, OR ANY OTHER METAL OR PRECIOUS OR SEMIPRECIOUS GEMS OR STONES WITH EXEMPTIONS FOR SMALL MINES AND EXISTING MINES: TO CREATE THE HARD-ROCK MINING IMPACT BOARD; TO CREATE THE HARD-ROCK MINING IMPACT FUND; AMENDING SECTION 90-6-205, MCA."

Sen. Towe, bill sponsor, said the bill imposes a tax comparable to the tax on coal--10% here. A credit is offered of 1.25% for any company coming into an area who wish to pay up-front money to a community for local impacts. The bill exempts any mine that severs 1 million dollars worth of minerals. Any company severing between 1 and 2 1/2 million would pay half the 10% rate. There is an exemption for a mine that was in existence in 1979 who had paid a mining tax on 1 million dollars worth of metal during that year--would include Anaconda, Black Pines, etc. Sen. Towe said he was very interested in grandfathering of the ASARCO mine at Troy also. The bill is primarily designed to cover impacts caused by mining companies going into an area in Montana. It would put money into an impact fund, make money available to a mining board, and that board would be structured similarly to the coal board. There is a further provision for borrowing money, if necessary, but hard rock mining board differs from the coal board in that they can have the monies immediately to take care of impacts before the first ore is mined. He believes that companies should make arrangements for impacts before they come in. He said he didn't oppose mining in the state and didn't believe the bill would have the effect of postponing company development. He said the tax will not be the highest in the nation; Minnesota has a 15% rate, and this tax will be close to Wyoming's tax. What mining will do to some Montana counties is what this bill is all about.

PROPONENTS:

Sen. Max Conover, Attachment #1; Andy Epple, City-County Planner, Sweetgrass County, Attachment #2; Kelly Land Surveying, Attachment #3; Ed Laws, County Attorney Stillwater County, Attachment #4; Ole Oysted, Stillwater County Commissioner, Attachment #4a; Earl Adams, Stillwater County Commissioner; Tom Blankenship, Stillwater County Sheriff's office, Attachment #5; Jim Tulley, Sweetgrass County School Dist. #1, Attachment #6; Bill McKay, Absarokee School board vice-chairman, Attachment #7; Bill Donalds, Sweetgrass County Engineer; Mary Donohue, Sweetgrass County rancher, Nye, Attachment #8; Walt Keogh, Stillwater County rancher and member of Stillwater County Planning Board and Weed Board, Attachment #9 (includes letters from Penny Keogh, #9(a), Paul and Cathy Donohue, 9(b), Gail and Nels Larsen, 9(c); Chan Welin, Boulder Valley Association, Attachment #10; Jack Heine-man, Fishtail, representing NPRC and Stillwater Protective Association, Attachment #11, Dixie Shallenberger, McLeod, Attachment #12. Others sub-

February 17, 1981

mitting statements were Don Snow, EIC, Attachment #13; Steve Aller, Attachment #14; Pat Clark, Attachment #15; Tandy Riddle, Attachment #16; and Helen Clark, Attachment #17.

OPPONENTS:

Bill Hand, anchorman for the opposition called the following for their statements and/or testimony:

Sen. Hafferman, District 11, Lincoln County; Jim Marvin, President of the Anaconda Copper Company, Attachment #18; Monte Eliason, vice-president of TAP, Inc., Bozeman; Giles Walker, District Geologist for Amax, Attachment #19; Duane Reber, Montana Mineowners Association, Attachment #20; Don Jenkins, Property Supervisor for Placer Amax, Attachment #21; Fred Owsley, ASARCO, Inc., Attachment #22; Jack Bingham, Project Mgr. ASARCO in Troy, Attachment #23; Jim Mockler, Montana Coal Council, Attachment #23(a); Tom Butler, District Geologist, Rand Corporation, Attachment #24; Keith Martin, rancher and small businessman from Nye, with a letter from Orville Lennvoth, Attachment #25; and black-bound book, Attachment #26; Lee Urdahl, Albuquerque, N. M.; Ward Shanahan, representing Stillwater PGM Resources, Attachment #27; Dave Stevens, Minerals Exploration Coalition, Denver, Co., Attachment #28; Bill Sternhagen, Lobbyist for Northwest Mining Association, who recapped the testimony of the opposition.

Sen. Towe closed by saying that 6 years ago the large companies came in and said they might have to leave the state because of the high coal severance tax. He said we are hearing the same thing this morning. He asked those present to look at the record--all the coal companies are still here and producing more than 6 years ago. He found it interesting that there was so much exploration that he was not aware of going on in the State of Montana about to produce substantially. He said the bill talks about mines that produce over 1 million dollars worth of ore a year and said there were 3 mines only that qualified. He concluded by saying that there was mining before when the federal government mined and they paid the costs of impact; there is no government now. He submitted Attachment #29 at the close of his statements.

Other opponents are being listed separately--they were at the meeting and gave the attachments listed below to the secretary at the close of the meeting.

Gordon Curran, Nye, Mont., Attachment #30; resolution from Whitehall Businessmens and Women's Assoc., Attachment #31; David Kime, Boulder, Mont., Attachment #32; Robert L. Lynn, Columbia Falls, Mont., Attachment #33; Ed Barrett, Helena, Attachment #34; Reprint from Nye Planning and Zoning Commission public hearing held May 9, 1979, Attachment #35; T. M. Rollins on behalf of Troy Business and Professional Mens Club, Attachment #36; Gary O. Borland letter, Absarokee, Attachment #37, Union Carbide, Missoula, Attachment #38; and a TWX from Viking Exploration, Denver, Co. received in Room 415 of the State Capitol Building after the meeting, Attachment #39.

The meeting was concluded at 10:00 a.m.


PAT M. GOODOVER, Chairman

DATE 2/17/81

COMMITTEE ON Taxation

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
[Handwritten Name]	[Handwritten Representing]			✓
Senators H & H	self			✓
Allott B Pismore	Coun of [Handwritten]			✓
FRANK KEMENY	Butte Chamber			✓
Ed Bartlett	Anacosta Copper			✓
Judge Ross	[Handwritten]			✓
Bob Case	Self			✓
Stephen L. Brown	John - Marquette			✓
Chair J. Harvill	Darius - Marquette			✓
Travis Subman	Orean Vinger			✓
Wm H Council	self	517374	✓	
ST. JENKINS	AMAX			✓
FRANK GARDNER	Anacosta			✓

(Please leave prepared statement with Secretary)

DATE 2/17/81

COMMITTEE ON Education

VISITORS' REGISTER

NAME	REPRESENTING	Senate BILL #	Check One	
			Support	Oppos
			344	344
George T. Bennett	ASARCO INC.	344		✓
Thomas R. Baker	Thou Prof. Eng. Mens	"		✓
John T. Bingham	TISCO PROJECT - ASARCO	344		✓
John D.	344	✓	
James A. Tully	City of Big Timber Sweet Grass Co School Dist #1	344	✓	
...	✓	
...	...	344	✓	
...	McLeod	344	✓	
...	✓	
...	✓	
...	...	344	✓	
...	✓	
...	...	344		✓
...	...	344		✓
David L. Stevens	Denver Co Minerals Exploration Coalition	344		✓
Marshall R.	344		✓
J. L.	344		✓
Bill H.	344		X
F. D. Owsley	ASARCO INC.	344		✓
...	...	344		✓
...	N.E.E.P.	344		✓
Bob Dewals	BAT Homes Inc Libby	344		✓

DATE 2/17/81

COMMITTEE ON Salation

BILL NO. SB344

VISITOR'S REGISTER

NAME	REPRESENTING	Check One	
		Support	Oppose
Art Fredriksen	Self		X
W. E. Gorkin	Placer Amer. Inc.		X
Carl Hoemaker	Self		X
Carl Jenderson	Knucander		X
Hal Jendert	Amcorosa		X
Minda Huff	Amcorosa		X
Judy Epple	Big Timber	X	
Paulette Epple	Big Timber	X	
Conrad Friedrichs	Big Timber	X	
Bill Egan	Self		X
WR Hansen	Self		X
W. J. O. Matre	Self		X
Richard A. Sherry	Union Carbide Corp		X
Tom Butler	Noranda Epples		X
Horis Mauland	Big Timber	X	
Arvid Mauland	Big Timber	X	
Zill Connor	Whitehall Business Assoc.	X	X
Bernadette Connor	Whitehall "		X
Glenn N. Gray	Heleno		X
May Conover	Broadview	X	
Ed Landudal	Whitehall		X
Richard Mueliga	Whitehall		X
W. Barron	Self		X
Aune Alestad	Self Big Timber	X	
Dorothy Anderson	Self Big "	X	

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
		344	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Jim Challers	Need - myself	344		<input checked="" type="checkbox"/>
...	...	344		<input checked="" type="checkbox"/>
Barl Adams	Stillwater County	344	<input checked="" type="checkbox"/>	
...	AMAR ENERGY INC	344		<input checked="" type="checkbox"/>
Franklin Griffith	Self	344		<input checked="" type="checkbox"/>
...	...	344	<input checked="" type="checkbox"/>	
...	...	344		<input checked="" type="checkbox"/>
...	...	344		<input checked="" type="checkbox"/>
...	...	344		<input checked="" type="checkbox"/>
...	...	344		<input checked="" type="checkbox"/>
...	...	344	<input checked="" type="checkbox"/>	
...	...	344	<input checked="" type="checkbox"/>	
...	...	344	<input checked="" type="checkbox"/>	
...	...	344		<input checked="" type="checkbox"/>
...	...	344		<input checked="" type="checkbox"/>
...	...	344		<input checked="" type="checkbox"/>
...	...	344		<input checked="" type="checkbox"/>
...	...	344		<input checked="" type="checkbox"/>
...	...	344		<input checked="" type="checkbox"/>
...	...	344		<input checked="" type="checkbox"/>
...	...	344		<input checked="" type="checkbox"/>
...	...	344		<input checked="" type="checkbox"/>
...	...	344		<input checked="" type="checkbox"/>
...	...	344		<input checked="" type="checkbox"/>
...	...	344		<input checked="" type="checkbox"/>

DATE 2/17/81

COMMITTEE ON

Legislation

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Leah Grossfield	Self - Sweet Grass Land Ranch	344		X
Syd Grossfield	"	"		"
Paul Jones	St. Watson Co.	"	X	
Tom Blankenship	Stillwater County	"	X	
Mitch Rice	Stillwater County	"	X	
Robert Lyng	self			X
Doug Allen	self	344	X	
John Braumbach	self			
Energy Serv. Co.	Mr. Joe Visocan	344		X
Don Snow	ERIC / Helena	344	X	
Hugh Moore	Deer Lodge Mont	344		X
George Kinn	Bozeman mt.	344		/
Bill Johnson	Helena self			X
S.L. Gosh	Manhattan Montana	344		X
Al Davis	Silver Bow Co.	344		X

attachment 1

TESTIMONY OF SENATOR MAX CONOVER ON S.B. 344

Mr. Chairman and Members of the Committee:

I am Senator Max Conover from District 36. I am a farmer and rancher and a past president of both the Montana Graingrowers and Seedgrowers Associations.

I appear here today in strong support of S.B. 344. Today you will probably hear many idle threats about how passage of this bill will jeopardize mineral development. S.B. 344 goes far beyond the pros and cons of development it addresses the most basic of economic questions, who will pay the costs associated with hard rock mining.

As a representative of all of the people of District 36 I feel that it is grossly unfair that some of my constituents, namely, farmers, ranchers and property owners will be expected to subsidize mineral development by paying higher taxes if this bill does not pass.

I urge your support of S.B. 344.

Thank you.

I would like to speak in favor of Senator Towe's hard rock mining severance tax. As you know, the mining companies will claim that this tax is excessive and a hinderance to business. I do not buy this argument.

As a farmer, I would not allow a person to rent out my property, farm it at his own pleasure and profit for as long as he wants without ever fertilizing or conditioning the land, and then return it to me when it was barren and expect me to absorb all the costs. That wouldn't make sense.

Yet, by analogy, this is exactly what we are willing to let the mining companies do. No one should have to be reminded of the history of the Anaconda Company. Here is a company that reaped millions of dollars worth of profits from Montana soil while paying little or no tax. Then, with only a days notice, they pull out of this state and leave 1200 workers jobless, a city is rendered a virtual ghost town, and another city is hurt badly.

I ask you, who will bear the costs of this shutdown? It won't be ARCO. This shutdown provides them with a healthy taxcut. The costs will be born by the already overburdened common taxpayers.

We have not only the right, but the responsibility to the hard-working taxpayers of this state to pass this legislation. It is about time that industry is held responsible for the consequences of their actions, and that they provide some money to deal with the impact of their coming and going.

WITNESS STATEMENT

Name Andrew C. Epple Date 2/17/81
 Address P.O. Box 1052 Big Timber, MT Support ?
 Representing City-County Planning Oppose ?
 Which Bill ? Senate Bill 344 Amend ?

Comments: For the past six months I have conducted a study to estimate the probable impacts on Sweet Grass County taxpayers if Stillwater P6M Resources mines as proposed. Results:

- * Would need \$5.5 million dollars worth of capital improvements.
- * Mill levies would increase by as much as 64%, even with increased taxable valuation from mining facilities and gross proceeds.
- * Mill levies would remain above current levels for twenty years
- * "Prepayment of taxes" provision would provide no significant assistance.

Senate Bill 344 would relieve the burden of the taxpayer in areas impacted by hard rock mining, and would encourage the impacting company to make direct assistance payments to the impacted area. I urge your support.

Please leave prepared statement with the committee secretary.

AN ASSESSMENT OF PROBABLE IMPACTS ON SWEET GRASS COUNTY
FROM MINING BY STILLWATER PGM RESOURCES

by

Andy Epple
City-County Planning Director

Stillwater PGM Resources, a partnership comprised of Johns-Manville Sales Corp. and Chevron Resources, has filed preliminary plans with the United States Forest Service and Department of State Lands to employ 500 workers in a platinum mine-mill operation in Sweet Grass County. This report summarizes the results of a study conducted by this office in the first half of Fiscal Year 1981 to assess the probable affects such an operation would have on taxation and revenue in Sweet Grass County. A more detailed explanation of methodologies, assumptions, and basic data used to obtain the estimates presented herein will be available for public review in May 1981.

Scope of Study

The time frame of the study was originally intended to be the first ten years of mining impact, but had to be expanded to twenty-three years in order to get a more complete understanding of long term impacts.

Most information in the following tables and graphs is presented by year, with Year 0 representing the current situation (1981), Year 1 representing the first year of construction on the mine-mill facility (probably 1984), Year 3 representing the initial year of mining operations, and so forth.

The geographical and administrative scope of study included each local governmental unit within Sweet Grass County, including Sweet Grass County as a whole; the City of Big Timber; the Big Timber Grade School District (#1); the McLeod School District (#29); the Greycliff School District (#16); other rural school districts; and the High School District.

The report is limited to studying probable impacts from the proposed Stillwater PGM Resources mining operation in the East Boulder Valley. It does not take into account other industrial/commercial activity that may further impact the community and substantially affect tax base, population projections, etc.

Finally, all dollar figures presented herein are in 1981 values. The assumption in this regard is that inflation rates will affect public costs to the same degree they will affect revenues.

Population Projections

The foundation of this (or any) impact study is population projections. Stillwater PGM Resources has estimated that their mine-mill operation would employ 500 workers: 300 underground miners, 125 mill workers, and 75 management/clerical workers. This basic work force and their families, plus the anticipated service sector workers (doctors, teachers, merchants, etc.) and their families is estimated to result in a total added population in Sweet Grass County of 2,600 people. Twenty-six hundred additional people would represent an 81% increase over the current county population of 3,200.

Table 1 shows how this estimated population growth is expected to occur on a year to year basis, with growth stabilizing by Year 10.

TABLE 1: POPULATION PROJECTIONS
IF MINING OCCURS

YEAR	PROJECTED COUNTY POPULATION INCREASE	PROJECTED TOTAL COUNTY POPULATION
0	-	3,200 -(current)
1	200	3,400
2	150	3,550
3	50	3,600
4	600	4,200
5	400	4,600
6	500	5,100
7	200	5,300
8	200	5,500
9	200	5,700
10	100	5,800

Based on these population projections, estimates of grade school and high school enrollments could be projected, as could the number of anticipated new housing units, new motor vehicles and new businesses.

For purposes of this study it is assumed that 70% of the total population increase will occur in the City of Big Timber, which would have to grow through annexation. The remaining 30% would locate elsewhere in the county.

By school district, the projected population growth is predicted to occur as follows: School District #1 - 85%; School District #29 (McLeod) - 10%; School District #16 (Grey Cliff) - 5%. It is assumed that the other rural school districts will not experience any population growth.

Cost Projections

Population and enrollment estimates for each year were presented to each affected school board and to city and county officials, including the County Commissioners, Sheriff, Fire Chief, Social Welfare Director, Hospital Administrator, Road Supervisor, City Council, City Clerk, etc.

These public officials were asked "What would your department or board need in terms of increased budget and capital improvements on a year to year basis to adequately provide services for the projected population growth?" They were also asked to assume that they would continue to provide the high quality services that Sweet Grass County residents have presently.

Not surprisingly, the capital improvements deemed necessary by local officials represent the largest single cost factor. Table 2 lists the new facilities that would need to be constructed in order to accommodate the anticipated growth.

TABLE 2: PROJECTED CAPITAL IMPROVEMENTS PROGRAM

SCHOOL BOARD OR GOV'T UNIT	CAPITAL IMPROVEMENT	COST IN 1981 DOLLARS
SCHOOL DISTRICT #1	NEW GRADE SCHOOL FOR 450 STUDENTS	\$3,000,000
MCLEOD SCHOOL DISTRICT	NEW SCHOOL FACILITY FOR 73 STUDENTS	\$276,920
SWEET GRASS COUNTY HIGH SCHOOL	NINE CLASSROOM ADDITION AND COMPLETION OF GYM	\$900,000
COUNTY	NEW PUBLIC SAFETY COMPLEX AND LIMITED COURTHOUSE REMODELING	\$1,000,000
COUNTY	HOSPITAL ADDITION	\$275,000
CITY OF BIG TIMBER	CITY HALL REMODELING	\$75,000
TOTAL		\$5,526,920

The yearly operating budgets for each school board, county department, and city department were computed and added to the yearly bond payments on the capital improvements to determine total yearly budgets for the rapid growth years.

Taxable Valuation Projections

Next, yearly taxable valuation estimates were determined for each local governmental unit. These estimates were made by determining the taxable value added from new residential structures and land, new commercial structures, land, and inventories, and new motor vehicle registrations. The values were then added to the taxable valuation estimates for the mining properties (including all buildings, equipment, installations, and gross proceeds) to determine total taxable valuation. This information is summarized in Table 3. As with the population projections, taxable valuation growth is expected to stabilize in Year 10.

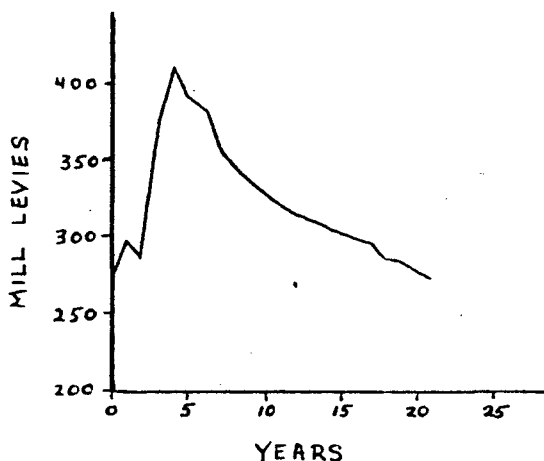
TABLE 3: PROJECTED TAXABLE VALUATIONS

YEAR	COUNTY	CITY OF BIG TIMBER	SCHOOL DISTRICT #1, INCLUDING BIG TIMBER	MCLEOD SCHOOL DISTRICT	GREYCLIFF SCHOOL DISTRICT
0	8,270,469	1,561,175	3,981,762	564,422	798,037
1	8,744,659	1,798,246	4,243,023	773,027	802,361
2	9,650,910	2,208,835	4,665,684	1,345,972	808,584
3	10,045,263	2,425,525	4,886,186	1,417,116	815,083
4	11,023,792	2,868,555	5,379,573	1,886,031	831,940
5	11,736,601	3,111,444	5,656,829	2,304,128	849,396
6	12,769,460	3,377,367	5,983,272	2,997,106	862,834
7	13,577,708	3,487,204	6,109,016	3,672,985	869,159
8	14,391,884	3,592,562	6,235,917	4,355,725	873,994
9	14,533,509	3,686,221	6,358,690	4,367,801	880,770
10	14,608,603	3,738,796	6,420,650	4,379,706	881,999

It should be noted that these taxable valuation estimates assume that the electric furnace and refinery facility proposed by Stillwater PGM Resources will be located in Big Timber.

Mill Levy Projections

With budgets estimated on one hand, and taxable valuation estimated on the other, hypothetical mill levies were determined for each governmental unit. The following graphs and discussions summarize how local mill levies for all services would be affected if: 1) estimates of population, growth, budgets, and taxable valuation are accurate; 2) the local taxing authorities receive no corporate or state impact assistance; and 3) the residents of Sweet Grass County accept no deterioration of services in the face of rapid growth.



School District #1 - Inside the City of Big Timber - Extremely high payments for the new grade school and higher county base taxes (due primarily to the Public Safety Complex) would result in astronomical mill levy increases for residents in the City of Big Timber. Taxes would finally be lower than pre-impact levels twenty-four years after construction on the mine-mill facility begins.

FIGURE 1: SCHOOL DISTRICT #1 - CITY OF BIG TIMBER

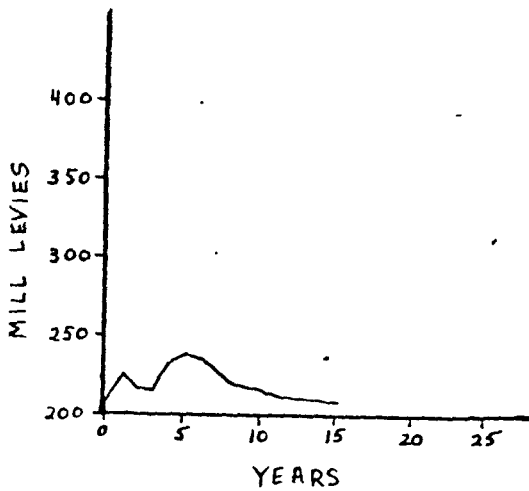


FIGURE 5: MELVILLE SCHOOL DISTRICT

School District #5 - Melville - This District is representative of rural school districts in the county that will not be directly impacted by new county residents. With no anticipated increase in school enrollment or taxable value, the increase in taxes shown for the Melville District is wholly attributed to the increase in county base taxes and high school levies. Melville area taxes are projected to be back down to pre-impact levels by Year 15.

Conclusions

Large scale hard rock mining by Stillwater PGM Resources in Sweet Grass County would have a dramatic effect on local taxation. Mill levies would have to be raised to unacceptable levels in order to provide services for the new population, even taking into consideration PGM Resources' tax obligations under current laws. The results of this study clearly indicate the need for legislative action to insure that up front impact assistance money will be available to counties that experience rapid growth from hard rock mining operations.

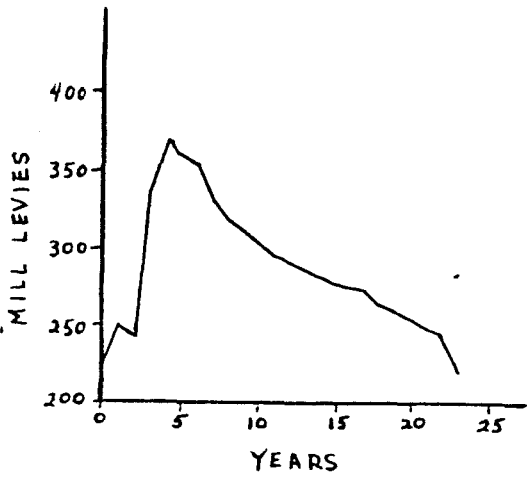


FIGURE 2: SCHOOL DISTRICT #1
-NOT INCLUDING BIG TIMBER

School District #1 - Outside of Big Timber - Extremely high payments for constructing and operating a new grade school and additional county taxes would result in dramatic tax increases. Taxes would not return to pre-impact levels until year 23.

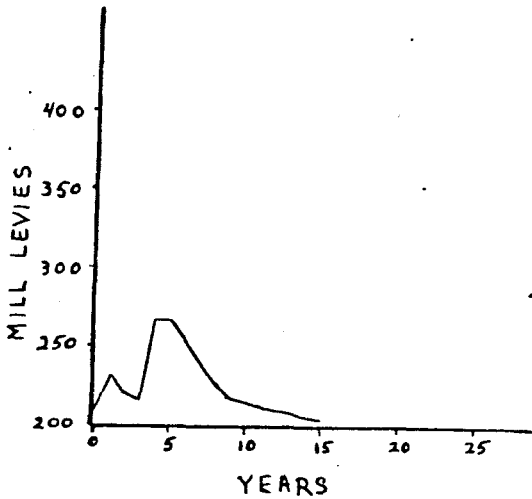


FIGURE 3: MCLEOD SCHOOL DISTRICT

School District # 29 - McLeod - High costs of building and operating a new school facility and higher overall county taxes would raise mill levies in this District significantly. However, due to an extremely high projected tax base (the bulk of the mining facilities would be in the McLeod District) taxes would dip below pre-impact levels by Year 15.

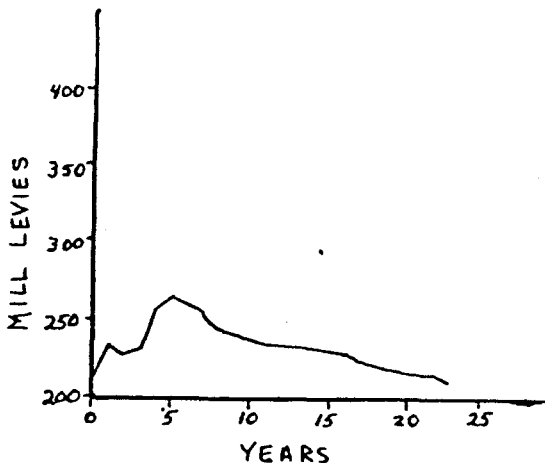


FIGURE 4: GREYCLIFF SCHOOL DISTRICT

School District #16 - Greycliff - Higher costs of operating the Greycliff school and overall higher county taxes, combined with little increase in the District's taxable valuation would result in higher taxes until Year 23.

ESTIMATED IMPACT
ON
STILLWATER COUNTY SERVICES

February 5, 1981

Prepared By
Kelly Land Surveying and Consulting

TABLE OF CONTENTS

Map----- i

Table of Contents----- ii

Estimated Projected Impact----- 1 - 4

County Statistics----- 5

County Services Cover Note----- 6

County Services, Road Department----- 7 - 8

County Services, Solid Waste----- 9

County Services, Welfare----- 10

County Services, Courthouse Offices----- 11

Support Services, Housing----- 12

Fire Protection, Medical----- 13

Community Services, Absarokee----- 14

Projected Stillwater County Costs----- 14

Sources of Information----- 15

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⁽⁶⁾ plus they bring their families to live in Stillwater County. (4)

102 Service workers will be generated by the 170 construction workers (0.6% 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.

Community Services
in
Town of Absarokee

The town of Absarokee is the closest community to the proposed mining site and thus would absorb the largest impact of new residents in the county.

The major services offered by the town include central sew and water. Absarokee is not incorporated and thus falls under Stillwater County Local Government.

An assessment of the services indicates that the largest problem that would face Absarokee would be the central sewer system. Presently Absarokee has a one acre lagoon to service approximately 700 people. Montana Department of Health's criteria for sewage lagoons is one acre per 100 people. As one can see, the present central sewer system is overloaded. Any additional people would create a tremendous stress on the system. It can be safely stated that a new treatment facility would have to be built if Absarokee increased in size.(9)

The water service would experience strain and a shorter life expectancy but should be able to absorb increased population.(9)

Projected Stillwater County Costs

Using an impact formula from the Congressional Budget Office the following costs can be anticipated for services in Stillwater County.(3)

\$8,800.00 per new worker

3.09 size of family unit

148 new workers "Operation Phase"

$\$8,800.00 \times 3.09 \times 148 = \$4,024,416.00$

The \$8,800.00 figure can be broken into:

\$7,100.00 - capitol costs

\$1,700.00 - operation and maintenance costs

Sources of Information

- (1) Anaconda Company - public meetings, Exploration Office, Nye, Montana, Denver Headquarters.
- (2) Bureau of Census.
- (3) Congressional Budget Office.
- (4) E.P.A. Action Handbook, July 1978 - Managing Growth in the Small Community.
- (5) Montana Department of Highways - Planning Research Bureau.
- (6) Mountain West Study - Colstrip, October 1980, Construction Worker Profile.
- (7) Research Results - Beartooth Tri-County Planning Group, September 1978.
- (8) Stillwater County - Facts about People-Land-Services, County Extension Office, 1980.
- (9) Stillwater County - Interviews with Department heads.

WITNESS STATEMENT

Name Ed LAWS Date 2-17-81
 Address Columbus, MONTANA Support ? yes
 Representing Stillwater County Oppose ? _____
 Which Bill ? SB 344 Amend ? _____

Comments:

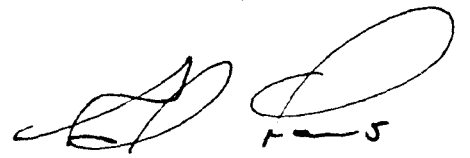
I am County Attorney in Stillwater County
 And former County Chairman of the county's Republican
 Central Committee.

Beyond the general concerns of our county
 dealing with hard-rock mining, I am specifically
 concerned with impact on law enforcement in our
 county. Our closeness to Billings and Interstate
 90 serve to add to our law enforcement problems.
 With added population to our county additional
 problems will appear.

The impact on the county attorney's office
 will be in the nature of added criminal
 prosecutions, support actions and civil work
 for the county and state agencies. I anticipate
 the need for a full time county attorney with
 library, staff and office will be come very soon
 after mining starts. Presently, I furnish my own
 office and library. A full time county attorney
 in Stillwater Co. will triple the cost of that office
 as it presently exists. The farmers and ranchers in our county
 should not have to pay the costs for this additional
 need for services in our county.

Please have prepared statement with the committee secretary.

THANK YOU FOR THIS OPPORTUNITY TO VOICE
 MY SUPPORT FOR S.B. 344.



SWEET GRASS COUNTY, MONTANA



Board of County Commissioners

Big Timber, Montana 59011

RESOLUTION NO. 2-16-81

WHEREAS, the possibility exists of large-scale mining impact in SWEET GRASS COUNTY, and

WHEREAS, the taxing authority and capacity of Sweet Grass County of the general funds, ambulance funds, road fund and bridge fund are at their maximum, as well as the bonded indebtedness of Sweet Grass County High School District, and


WHEREAS, substantial monies will be required by Sweet Grass County governmental entities to meet the impacts generated by large-scale mining development, and there is no method currently available to require the impacting entities to furnish such monies,

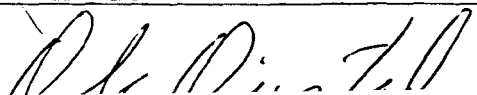
BE IT RESOLVED that the Board of Commissioners supports legislation to obtain monies from impacting entities to provide for impacts necessarily caused by such entities, including, but not limited to legislation to impose a reasonable severance tax on minerals.

DULY ADOPTED this 16th day of February, 1981.

BOARD OF COUNTY COMMISSIONERS


Chairman





WITNESS STATEMENT

Name Tom Blankenship Date 2-17-81
 Address _____ Support ? X
 Representing Stillwater County Sheriff Oppose ? _____
 Which Bill ? 344 Amend ? _____

Comments:

As a result of the projected impact on the Stillwater County Complex, the conservative cost would result in an additional \$356,000.00, to serve the law enforcement needs. This figure does not allow for increases in Criminal Investigation & Equipment... It is essential that the Severance tax be implemented for future law enforcement needs. The County would never be able to compensate the necessary needs & take on the full responsibility that will inevitably result from the population increase.

Please leave prepared statement with the committee secretary.

STILLWATER COUNTY SHERIFF'S DEPARTMENT

This narrative is a genuine effort to illustrate the problems confronting the Stillwater County Sheriff's Department at the present time and further explain those measures which would necessitate an increase in services provided by this law enforcement agency, should a significant influx of population occur.

As Chief administrator of this office I continually search for answers to questions concerning law enforcement for Stillwater County. In addition, I have and I will continue to investigate effective approaches for dealing with those complex problems which this office is associated with. The primary function of any law enforcement agency is to protect and to serve the public. I believe that to fulfill this function successfully while perpetuating the philosophy of building and maintaining a highly trained and effective agency, one must focus on the past, present and future! This is necessary in order to ascertain where this agency has been, is presently and where it is heading. Furthermore, as chief administrator of this agency, I must concern myself with two areas:

FIRST - Focus on Crime. Crime is a complex problem. It is not resolved by simple solutions, and efforts to search for packaged approaches will inevitably fail. Crime has many causes, and efforts to control it must take cognizance of its numerous roots.

SECOND - As Sheriff, I must be specific in identifying the law enforcement needs of the County. Generalities will not suffice. The problems under attack must be set out in detail. The

alternative approaches to working with the problems must be carefully drawn and compared and the most appropriate solution be selected. The trade-offs, including comparative costs, must be stated clearly. Finally, the consequences of each action or inaction must be made clear.

It should be noted that this agency has established standards of efficiency and effectiveness with a viable means of determining or evaluating those standards. Furthermore, it must be understood that the projected law enforcement needs contained herein are determined by the estimated impact study prepared by Kelly Land Surveying and Consulting and applied to this agency's statistical data. In addition to the compilation of this information, this agency has consulted with like agencies to aid in determining the future law enforcement needs for Stillwater County, should an increase in population materialize.

The Stillwater County Sheriff's Department is currently comprised of eight sworn law enforcement officers and four full time employed communications personnel. In addition, there are two part-time communication personnel who work vacation and sick leave. The Stillwater County law enforcement is currently a consolidation between the town of Columbus and Stillwater County. Columbus provides one-third of the money for this agency. There are presently two resident deputies for the County. One man resides in Park City and the other deputy is located in Absarokee. During 1980 the law enforcement's facilities were renovated, thus allowing for additional office and communication space to be utilized. In addition to the remodeling, the jail facilities were improved and incorporated into a full-time holding facility. Up to this period of time the prisoners were transported to Billings, as the facilities were only capable of holding persons for forty-eight hours. At the present time we are able to hold four prisoners. Our facilities are such that we arrange to transport juveniles to Billings, as the law forbids incarcerating adults and juveniles. If we wish to incarcerate a female our facilities must not be holding an adult male, as the law also forbids this, thus we transport the females to Billings, unless our facilities are empty and can accommodate the female subject.

The following information was compiled from records kept for the years; 1978 - 1979 and 1979 - 1980:

YEAR 1979	NATURE OF COMPLAINT	NUMBER CLEARED			
		COMPLAINTS	ARREST	OTHER	CLEARED TOTAL
	THEFT	162	15	66	81
	VEHICLE THEFT	13	1	11	12
	SEXUAL ASSAULT	5	2	3	5
	BURGLARY	31	5	13	18
	ASSAULT (INCLUDES AGGRAVATED ASSAULT)	21	8	12	20
	ARSON	22	0	22	22
	SUICIDE	9	0	9	9
	CHILD ABUSE	5	0	5	5
	DOMESTIC DISTURBANCE	86	2	84	86
	PUBLIC DISTURBANCE	96	12	84	96
	PROWLER	37	0	37	37
	TRAFFIC	74	21	53	74
	ACCIDENT	86	5	77	82
	CRIMINAL MISCHIEF (VANDALISM)	105	5	63	68
	LIVESTOCK AND ANIMAL	133	0	130	130
	ALCOHOL AND DRUG	22	14	7	21
	PUBLIC ASSIST	17	0	17	17
	ATTEMPT TO LOCATE, SEARCH AND RESCUE	56	0	55	55
	MEDICAL ASSIST	14	0	14	14
	OPEN DOOR AND WINDOW	28	0	28	28
	CRIMINAL TRESSPASS	13	2	10	12
	SILENT ALARM	22	0	22	22
	POACHING	8	1	7	8
	SUSPICIOUS PERSON AND VEHICLE	42	0	42	42
	KIDNAP	1	0	1	1
	ROBBERY	7	4	3	7
	OTHER CRIMINAL RELATED COMPLAINTS	250	13	234	247
TOTAL		1,365	110	1,109	1,219

Clearance percentage of complaints for year 89.30%

Average complaints per day 3.74

Average complaints per month 117.75

(STATISTICS FOR 1979)

YEAR 1980	NATURE OF COMPLAINT	NUMBER CLEARED			
		COMPLAINTS	ARREST	OTHER	CLEARED TOTAL
	THEFT	143	10	56	66
	VEHICLE THEFT	17	8	7	15
	SEXUAL ASSAULT	0	0	0	0
	BURGLARY	49	6	25	31
	ASSAULT (INCLUDES AGGRAVATED ASSAULT)	40	8	31	39
	ARSON	22	0	21	21
	SUICIDE	1	0	1	1
	CHILD ABUSE	0	0	0	0
	DOMESTIC DISTURBANCE	97	2	91	93
	PUBLIC DISTURBANCE	103	4	91	95
	PROWLER	27	0	26	26
	TRAFFIC	140	21	115	136
	ACCIDENT	83	3	80	83
	CRIMINAL MISCHIEF (VANDALISM)	116	6	56	62
	LIVESTOCK AND ANIMAL	141	1	127	128
	ALCOHOL AND DRUG	31	15	16	31
	PUBLIC ASSIST	134	2	110	112
	ATTEMPT TO LOCATE, SEARCH AND RESCUE	58	0	57	57
	MEDICAL ASSIST	7	0	7	7
	OPEN DOOR AND WINDOW	53	0	53	53
	CRIMINAL TRESSPASS	15	1	13	14
	SILENT ALARM	31	0	31	31
	POACHING	17	2	14	16
	SUSPICIOUS PERSON AND VEHICLE	93	2	89	91
	KIDNAP	0	0	0	0
	ROBBERY	1	0	1	1
	OTHER CRIMINAL RELATED COMPLAINTS	110	3	105	108
TOTAL		1,529	94	1,223	1,317

Clearance percentage of complaints for year 86.13%

Average complaints per day 4.19

Average complaints per month 127.42

(STATISTICS FOR 1980)

NUMBER OF CRIMINAL COMPLAINTS OFFICERS RESPONDED TO BY MONTH

1979

DISTRICT	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
TOWN OF COLUMBUS	22	40	44	49	39	42	39	37	46	54	48	34	494
OUTSIDE TOWN	23	30	25	29	22	18	10	22	18	25	24	18	264
NORTH DISTRICT	3	0	4	0	7	3	6	5	5	1	8	3	45
SOUTH DISTRICT	9	10	12	10	34	25	21	33	36	25	23	16	254
EAST DISTRICT	14	12	22	21	44	21	25	15	13	13	15	16	231
WEST DISTRICT	4	4	5	6	12	6	8	6	3	6	8	19	77
TOTAL COMPLAINTS	75	96	112	114	158	115	109	118	121	124	126	96	1,365

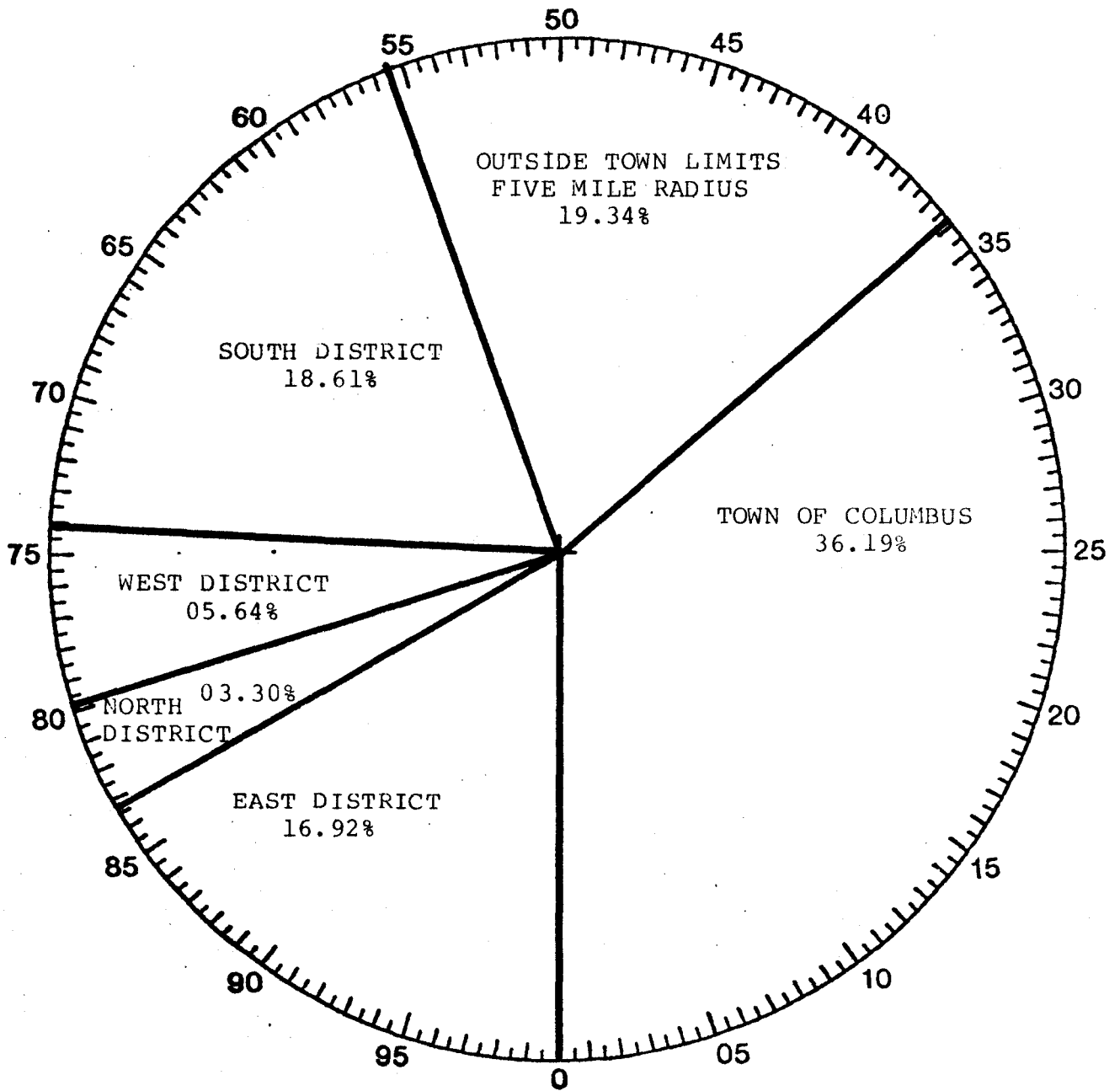
1980

DISTRICT	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
TOWN OF COLUMBUS	27	36	39	46	78	60	84	55	47	46	76	76	670
OUTSIDE TOWN	8	10	12	10	24	14	13	20	15	17	14	4	162
NORTH DISTRICT	0	1	1	2	3	2	0	1	2	6	4	3	25
SOUTH DISTRICT	17	17	31	33	25	36	32	42	34	31	26	24	348
EAST DISTRICT	12	13	25	19	24	27	30	25	22	18	29	18	262
WEST DISTRICT	2	2	7	4	4	1	8	10	4	8	8	4	62
TOTAL COMPLAINTS	66	79	115	114	158	140	167	153	124	126	157	130	1,529

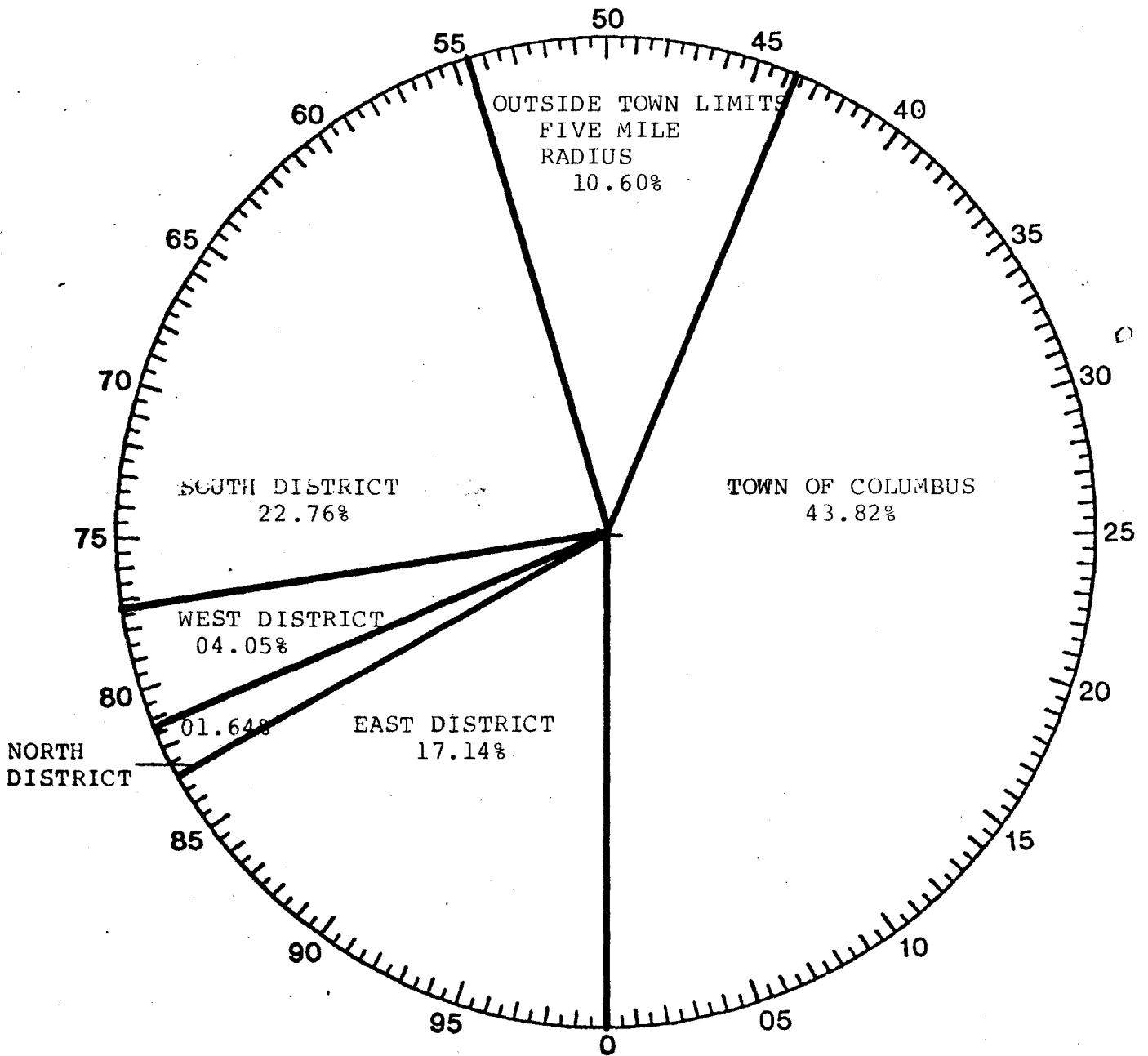
CHART SHOWING INCREASES AND DECREASES IN THE NUMBER OF CRIMINAL
COMPLAINTS RESPONDED TO BY OFFICERS

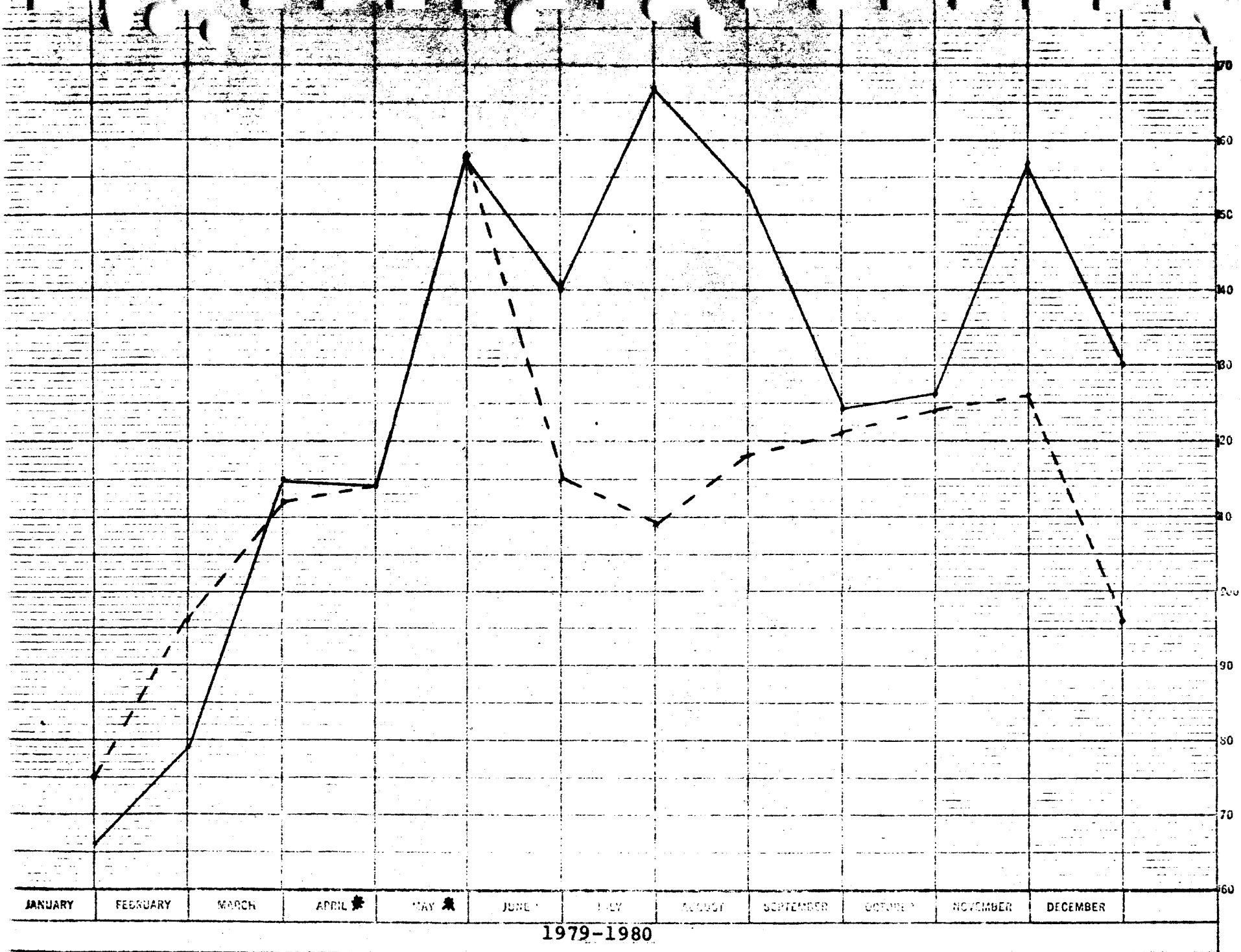
LOCATION OF COMPLAINT	1979	1980	INCREASE/ DECREASE	% CHANGE
TOWN OF COLUMBUS	494	670	+176	35.63%
OUTSIDE TOWN LIMITS 5 MILE	264	162	-102	38.64%
NORTH DISTRICT	45	25	- 20	44.44%
SOUTH DISTRICT	254	348	+ 94	37.00%
EAST DISTRICT	231	262	+ 31	13.42%
WEST DISTRICT	77	62	- 15	19.48%
TOTAL	1365	1529	+164	12.01%

PERCENTAGE BREAKDOWN BY AREA OF STILLWATER COUNTY
FOR COMPLAINTS RESPONDED TO BY OFFICERS
1979



PERCENTAGE BREAKDOWN BY AREA OF STILLWATER COUNTY
FOR COMPLAINTS RESPONDED TO BY OFFICERS
1980

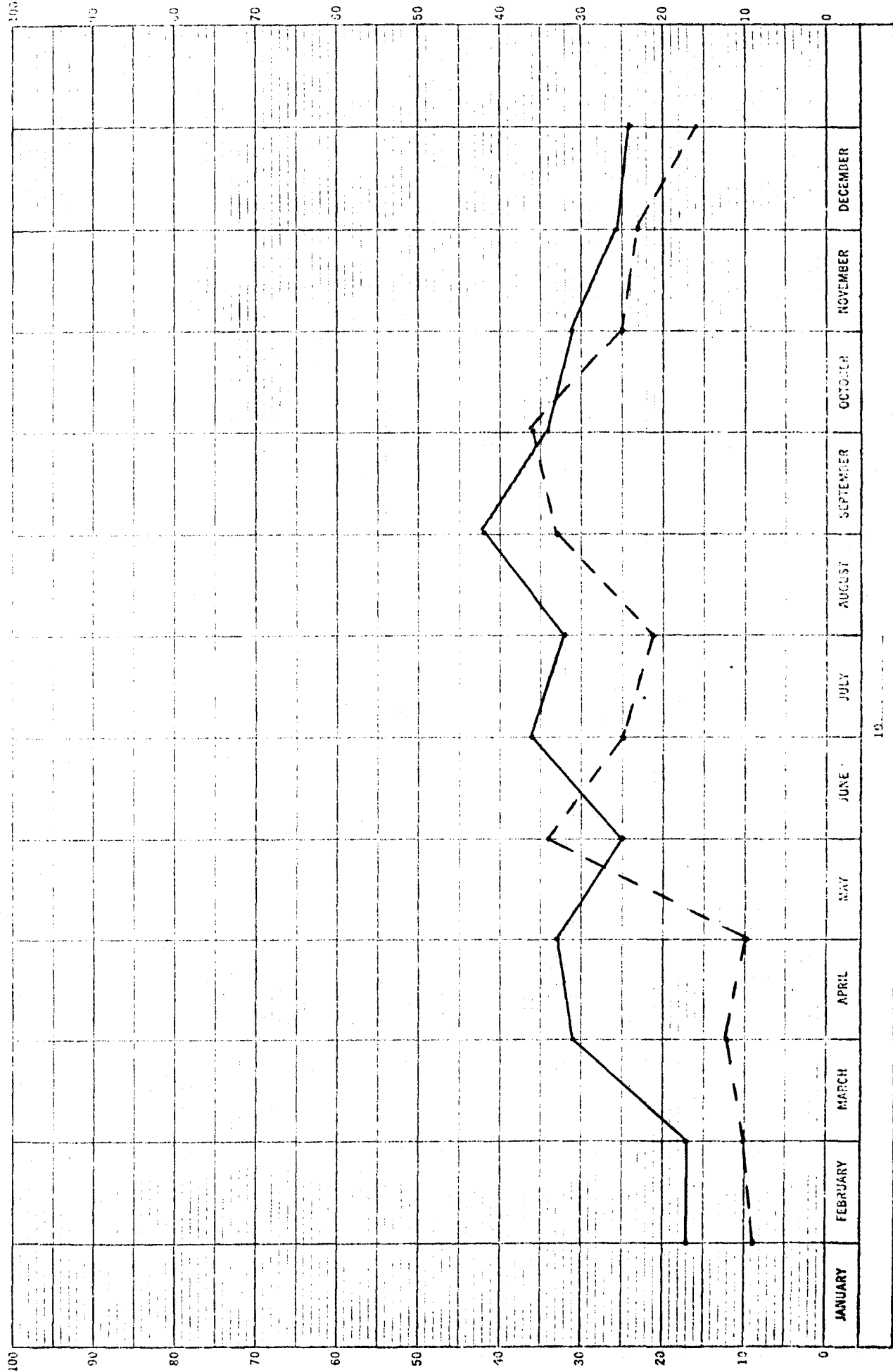




NUMBER OF COMPLAINTS RESPONDED TO BY OFFICERS

----- 1979
 _____ 1980

COMPLAINTS FOR ABSAROOKE Increase of 94 Complaints or \$37.00



1980
 1979

The following projections are based on the estimated impact of population in Stillwater County:

Phase One

2 Deputies	\$24,000.00
2 Vehicles (Radio Equip,4X4)	\$23,000.00
1 Jailer - Civil Process server	\$12,000.00
1 vehicle (Radio Equiped)	\$ 8,000.00
	<hr/>
	\$67,000.00

Phase Two

Jail - Capable of holding five adult males, two adult females, and two juveniles: Federal Government is presently pressureing States to require facilities which include, kitchen, day-room, recreation-room, and other similar privileges. (It should be noted, that the Stillwater County office facilities are sufficient to meet projected impact.)

	\$240,000.00
1 Deputy	\$12,000.00
1 Vehicle (Radio Equiped)	\$11,000.00
	<hr/>
	\$263,000.00

Note: During Phase One the Jailer is part time and the Civil Process serve is part time...one individual filling both positions. However, during Phase Two, the Jailer position would probably become full time, depending upon the growth of the other areas of the County.

During Phase One and the period advancing into Phase Two, the Stillwater County Sheriff's Department would have to incorporate an individual to perform the duties of Secretary-Matron. Those duties would include working with female prisoners, and performing those duties associated with secretarial and administrative description.

Secretary-Matron	\$7500.00
Enterprise Telephone Number	\$Unknown

It should be noted that depending upon the projected impact of population, and the additional population growth associated with the projected impact, may result in providing a "Holding Facility" located in the South District...probably Absarokee. This facility would allow the holding of prisoners for 48 hours, and would provide office and storage space for the deputies living in the Southern district.

Holding Facility (Estimated Cost)	\$19,000.00
	<hr/>
	\$26,500.00

Note: The Enterprise Telephone Number would be utilized by the public to call the Sheriff's Office without it costing the person calling a long-distance call. This would allow the Sheriff's Department to dispatch the deputy working to the area of need. The cost is not figured into the total, as this figure is unknown at the present time.

<u>TOTAL PROJECTED COST</u>	<u>\$356,000.00</u>
-----------------------------	---------------------

DATE 14 Feb, 1981
 From Sgt. Jack Kenyon

Columbus, Montana
 Re: Traffic Accident Stats
 on S-419 and P-78

ON PRIMARY 78 COLUMBUS TO ABSAROOKE HIGHWAY

			Total	Injuries	Fatals
1976	Day 17	Night 11=	28	15	2
1977	14	16=	30	18	0
1978	26	19=	45	23	1
1979	18	28=	46	27	3
1980	19	20=	39	18	0

TOTALS

94	94=	188	101	6
High Year-1979-46			High injuries 1979-27	
Low Year 1976-28			Low injuries 1976-15	

ON MONT. SECONDARY S-419

			Total	Injuries	Fatals
1976	Day 11	Night 10=	21	19	0
1977	13	12=	25	20	0
1978	12	8=	20	8	0
1979	7	9=	16	12	0
1980	17	20=	37	27	1

60	59	119	86	1
High Year-1980	37		High injuries 1980	27
Low Year 1979	16		Low injuries 1978	8

P-78 Aug 5 yrs.	Day 18.8	night 18.8	inj.	20.2
S-419 Aug 5 yrs.	Day 12	night 11.8	inj.	17.2

P-78 Aug 5 yrs.	Day-Night	37.6 Per year	inj.	20.2
S-419 Aug 5 yrs.	Day-Night	23.8 per year	inj.	17.2

In 1980 there were 2.3 times as many accidents on S419 as in 1979

WITNESS STATEMENT

Name JAMES A. TULLEY Date 2/17/81
Address P. O. Box 700, Big Timber, MT 59011 Support ? YES
Representing Big Timber Grade School (District #1) Oppose ? _____
Which Bill ? SB 344 Amend ? _____

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, a serious problem exists.

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.

Mr. Chairman, members of the committee. My name is Bill Mackay, Jr. I am a rancher from Roscoe. I am the immediate past chairman of the Northern Plains Resource Council, past chairman of the Carbon County Planning Board and Vice Chairman of the Absarokee School Board, District 52-52C. It is in the latter context that I address you today.

The Absarokee School system is essentially a rural system. Our lower school building was built in approximately 1909. Our middle school was built in the 1920's. Our high school was completed in 1955, with the exception of the gymnasium which was built in the 1930's. I would like to briefly tell you some basic finances of both the elementary and high school.

Presently, each elementary mill raises \$2,359.98. Our cost per elementary pupil is \$1,600. Of that, the local tax payer, through the voted levy, pays 28% or \$448. The elementary school now operates on 25.07 voted mills.

In the high school, our cost per student is \$2,282.00, of which the local taxpayer pays \$638.96. It operates on approximately 12.05 voted mills. These costs do not include transportation, employee retirement, or workmen's compensation insurance.

We feel that our school system can absorb 34 additional students in the elementary system and 75 students in grades 7--12 without a building program provided we had ideal distribution. We would have to hire additional staff for that kind of an increase. Moreover, we all know we cannot achieve anything close to an ideal distribution.

Since the Absarokee School Board has had no communication with the Anaconda Company, any projections we have made are

based on figures that the company has given other local groups. These estimates of a student increase have run from 222 students to 284. Both of these figures represent a major building program for the district. At present, we have neither the land or available existing space to build.

But for purposes of this discussion, lets assume an ideal rosy picture. Lets assume an ideal distribution of 100 total new students. What effect would that have on the existing local taxpayer? The local taxpayer would have to come up with \$99,800. This figure includes the present cost per student plus the hiring of additional staff. All of this represents an increase of 18.78 mills, which will hard press the existing tax base of farmers, ranchers and retired people. We have estimated that 100 new homes will raise approximately \$30,000, far short of the cost of even a minor impact.

But again, based on figures the company has given to other groups, we can expect a much larger impact, making all these figures obsolete. That would cause us to build and place an unfair and unbearable burden on the existing landowners. The fact is that the greatest burden for the support of the Absarokee School system falls on the argicultural producer, and not the townspeople, nor the mine employee.

I am not opposed to the Anaconda project on the Stillwater. If they can extract those minerals and make a profit for their stockholders, then they should proceed. But they should proceed in a manner that insures that the company pays their own bills. There is no justifiable argument ofr those burdens being borne by the existing community.

The only legislation that has been introduced which will insure that the company will pay its impacts is Senate bill 344.

The proposal in the House falls far short because all extractive industry pays the mining company's bills through the Resource Indemnity Trust fund.

The minerals in the Stillwater Complex will remain there, until they are mined; whether they are mined now or ten years from now. It is very possible to mine and not overrun the agricultural community that is presently there, if we use a little foresight and planning. I urge you to consider the taxpayers who have long supported the school system and act favorably on Senate bill 344.

Chairman Goodover and Committee Members:

I am Mary Donohoe, Nye, Montana and wish to testify in favor of Senate Bill 344. My husband and I ranch in southwest Stillwater County. A portion of our ranch is also in Sweet Grass County.

I am a member of the Stillwater County Planning Board, a member of the Sweet Grass, Stillwater, Carbon Tri-County Planning Board. I served for twelve years as a Stillwater County Commissioner so I am well of aware of property taxation.

I have never known when schools, roads, bridges, fire and law protection were provided by some magical wand. Property taxation is the base to provide these services. Ranching and farming are the main industries in Sweet Grass and Stillwater Counties. Both counties are economically stable but cannot stand excessive property tax to pay for impacts caused by large scale development.

The severance tax should not be a partisan issue. It is a question of one segment of the economy in this case, agriculture being excessively taxed to subsidize the mining industry.

The hard rock mining operation should bare all of the costs bringing forth its product, including taxes; agriculture must.

Honorable Senator Pat Goodover
Senate Taxation Committee Chairman
Capitol Station
Helena, MT 59601

Dear Mr. Goodover;

As a rancher in the upper Stillwater County, I am interested in the passage of S.B. 344 or a comparable measure because the taxpayers cannot afford to pay the millions of dollars a large scale mining venture would cost. The mine site is approximately 25 miles from a state road and a road would have to be constructed that would stand the heavy traffic. At present the Nye grade school district has a one room, one teacher school which is sufficient for the present enrollment. The High School has no surplus room.

The severance tax is not high, considering the fact that platinum is a non-renewable resource, and the only deposit in the U.S. is in the Stillwater Complex. If the mining companies don't mine now because of the tax, they will when the mineral becomes more scarce.

Respectfully yours,

Pat Keogh

Senate Taxation Committee
 Senator Pat Goodover, Chairman

R.E.: Hardrock Mining Severance Tax Bill

Dear Sirs:

We are residents of the Nye area and would like to voice our support of Senator Tow's Severance Tax Bill. Our area has an agricultural tax base that cannot withstand an increase to cover the influx expected if a large-scale mining operation should start up. We feel the past records of Apache Co. speak for themselves in the areas of Buck and Great Falls. They are not adequately supporting these communities. Silver Bow County has been the poorest county in Montana for a long time.

We don't think this severance tax will stop mining as many fear, because these minerals are a finite commodity. There will never be any more platinum; it's nonrenewable and as long as it is in the ground, someone will be interested in taking it out. Cattleman and the lumber industry pay base on renewable resources they harvest on National Forest property, usually at minimal impact and burden to the area! Why then,

should we let the mining companies take a
resource from us, that can never be replaced,
without the consent of the people? In fact, they
are creating a hole in the economy of the
land.

Because of a perfect law of the Real Science
I've got an idea of the universe. Why
don't you try to solve the 1972 mining
laws and policies that were written at
that time? Please do that!

Respectfully yours

Ernesto R. Lopez



Donohoe-Keogh Outfitting

Nye, Montana 59061

~~(406) 327-4427 or (406) 327-4440~~
328-8439

Mr. Chairman and members of the Committee

Our names are Paul + Cathy Donohoe
we live in the Nye area on a ranch. we
strongly support SB344.

The impact in a small area would
be unbearable. Money would be needed
for schools, roads, crime protection, housing,
medical services + many other areas. The
taxpayers cannot withstand anymore taxes
the way it is now + more taxes could put
a lot of people out of business.

The section that gives the companies
and alternative by getting to deduct 1.25 from tax
for every \$1.00 given to the community is
a fair deal for all.

also, up front money would be
available immediately by borrowing from
the coal board so any immediate funds
could be handled at once. We feel this section
is very important.

Also, the trust fund would be available in the closure of a hard rock mining operation so as to meet the needs of the impacted areas - We wouldn't want to be in the shoes of Anaconda!

Many say the companies will pull out if faced with a severance ^{tax} - but lets face it - the minerals are here & only here in such a quantity so if the companies want them bad enough they can pay a tax to help the impacted areas.

Agriculture has been the mainstay of the economy in Stillwater Co. for many years and it will be so after mining is gone. We in agriculture have to pay our way and so mining ^{companies} should have to.

and so we feel this severance tax is of utmost importance to all in the state of Montana, so that our generation to come and theirs may continue to live here and exist without being faced with ^{high} taxes that were a result of the mining companies not paying their share.

Thank you.

February 16, 1981

Senator Pat GodOver Chairman
Senate Taxation Committee
Capitol Station
Helena, Mt. 59601

Dear Senator GodOver:

We are taxpayers from Tye, Mt., in Stillwater County, and are very concerned about the present exploration for strategic metals in the Stillwater Complex by Arco - Anaconda.

We agree that our country needs these materials and are not totally against their mining. However, we feel there should be a Tax put on the company to lessen the economic burden that would be placed on the taxpayers of this area, who are predominately older retired folks living on fixed incomes.

Therefore, we hope you will recommend the passage of S.B. 344 by Senator Toure for a hardrock-mining severance tax in the next session of the legislature. Thank you

Sincerely yours
Gail Larsen

FEB. 17, '81

1910 the population of Sweet Grass County was 3000; in 1970 it is was 3000. The 1980 census shows 3200.

Everything in the community is built around a 3000 population. The citizens put a premium of this stability.

The Boulder Valley Assn. Does not oppose growth. We are aware of the consequences of rapid growth. There will be heavy impacts both social and economic.

With our own hard work and the grace of ~~God~~, perhaps we can soften the social problems.

It is frightening to think about coping with the community financial burdens. We need legislation that will provide sufficient money to meet both the up-front and tail-end problems. Our social and economic survival is on the line.

BOULDER VALLEY ASSN.

CHAN WELIN

316 McLEOD ST

BIG TIMBER, BOON

TESTIMONY OF JACK HEYNEMAN
SB 344
FEBRUARY 17, 1981
SENATE TAXATION COMMITTEE

Attachment 11

Senator - Board Member

Thank you. I am Jack Heyneman from Fishtail, Montana. I am here as a representative of the Northern Plains Resource Council and its affiliate the Stillwater Protective Association. Northern Plains is a statewide citizen's group with local affiliates from Glendive to Missoula and from Scooby to Pirney. EPA, as many of you know who flew down to our valley is a concerned group of ranchers, small business people, home owners, and others who care about their community and their businesses.

We aren't against possible mining in our area - in fact it may have some very beneficial aspects - but we are opposed to the assured onslaught of our schools, fire defense system, law enforcement agency, and roads by the impact of mine development. To open the mine, people will be moving in. Senate Bill 344 deals with this impact - onslaught really. 344 is positive in a number of ways. Allowing the companies the chance to prepay 125% of future taxes is an incentive that will be beneficial to our communities but will encourage the companies to be responsible citizens. SB 344 allows a local board to evaluate the need and guarantees that funds are distributed where truly needed after local revenue sources have been exhausted..

The bill is fair - others following me will testify on various details and community needs, but as a rancher who actually feels the bite of the tax collector on our land and a parent who is acutely aware of the heritage of land and community that we wish to have our children enjoy I sincerely believe SB 344 is a positive step. I request your endorsement.

Dixie Schallenberger

Senators, I appreciate the opportunity to discuss mining and Senate Bill 344. My husband and I operate a cattle ranch in Sweet Grass County immediately adjacent to a proposed platinum mining venture. We have already had adverse impacts on our ranching operations by the exploration phases of the mining corporations. We realize these impacts will become worse as the construction and development of the mine and associated facilities increase in tempo. We fear increased taxes, decreased safety on our county road, increased disturbance of private property and livestock, and possible condemnation by the mining companies for roads, utility lines, rock dumps and other mining developments. We are very concerned about the increased human impact on the county and the local community.

We live a quiet life with pure water, excellent fishing and abundant wildlife on the ranch and nearby national forest. We are afraid that the miners will diminish water supplies, pollute the water and air, and destroy wildlife habitat and the solitude we cherish.

I urge each one of you to rally strong bi-partisan support and pass the severance tax bill that Senator Towe and his colleagues have introduced.

Thank you.

WITNESS STATEMENT

Name Don Snow Date _____
 Address Box 344 Support ? X
 Representing EIC Oppose ? _____
 Which Bill ? 344 Amend ? _____

Comments:

EIC goes on record in support of SB 344. Copper mining was just the beginning of large-scale mineral development in Montana. In the next 20-30 years, numerous mineral commodities will be needed for industrial processing, manufacturing, and national defense. The U.S. will naturally look to domestic sources of all metalliferous and strategic minerals. Montana, with enormous deposits of platinum, palladium, molybdenum, chromium, and other metals, will become a leading supplier. Hundreds, perhaps thousands, of workers will enter this state and they will continue to change its character. The impact will be great. Montana needs to levy a fair severance tax on the mining ~~and~~ industry to ensure that it will pay its way. Front-end impact monies are not enough. An ongoing ~~revenue~~ revenue base provided by the mineral tax will best protect the interests of this state and its residents.

Please leave prepared statement with the committee secretary.

Chairman and members of the Committee:

I am a rancher from Sweet Grass County which is within the area of the proposed mining activities of JM, Chevron and Anaconda.

We in Sweet Grass County will need financial help in the form of this proposed Hard Rock Severance Tax to help pay for the impacts caused by the influx of mining activities in our county. We cannot afford to pay for them through more property taxes.

The resources from the Stillwater Complex is supposedly worth billions of dollars with annual recoveries worth tens of millions. Yet the mining industry has unfairly but repeatedly used the tactic that if this severance tax is imposed that they will not be able to afford to recover the minerals.

I submit that a industry which is so financially insolvent that it cannot afford the severance tax is not solvent enough to pay for any of its impacts or reclamation. And that it would be a very definite burden to Sweet Grass County and the State of Montana.

We cannot afford to play politics with this issue. It cannot be the Republicans on one side and the Democrats on the other. Both parties must support the bill. Both parties must have respect for the agricultural industry and the residents of this county as well as the mining industry. Senate Bill 344 does not impose any hardships on the mining industry but more evenly distributes the financial responsibilities of the mining industries impacts among all concerned. Please support Senate Bill 344.

Steve Aller
Boulder River Ranch
McLeod, Montana 59052





My name is Pat Clark. I am a rancher in Sweet Grass County, a county with a proposed hardrock mine and also a proposed major tax increase. I strongly support SB 344 because a lot of people in my county will suffer from not just higher taxes but a much lower standard of living, since we have a lot of older people on fixed incomes.

I don't believe that SB 344 will cause the mining industry to pull out of my area, simply because the ore is there and enough of it exists to be feasibly mined according to the preliminary reports of the companies. (PGM Resources)

Therefore I urge you to support ~~the bill~~
SB 344.

My county really needs your help this session of
Pat Clark

Feb. 17, 1981

I live by McLeod so my own personal lifestyle is going to be directly effected by the proposed PGM platinum and palladium mine. The projected ^{financial} figures of the impact are impossible for Sweetgrass county to absorb.

I know this situation is not peculiar only to us but that anytime a large-scale mining venture moves in the growth is impossible for the local small community to take on without assistance.

A severance tax is the only suitable solution.

Montana is feeling the first breezes of the wind of change. The legislation we enact right now will determine ~~our destiny~~ us - we are going to be able to sit with that change.

The people who are making the profits ought to pay for the impact - not the

- local citizenry and not the Resource
Indemnity (Trust fund). Why should
anyone else pay for the mining company
to come in + take the resources which
are owned by everyone + sell them for
profit? The only thing that makes sense
is a severance tax + Tom Towe has
given us just that in S.B. 344.

- I think it is extremely important
that this bill is heartily endorsed by
his committee and actively supported
until it becomes legislation. The timing
is crucial.

Jandy Miles Riddle
McLeod,
Mont.

59052

WITNESS STATEMENT

Name HELEN CLARK Date 2/17/81
 Address McLeod, Mont. 59052 Support ?
 Representing self Oppose ?
 Which Bill ? SB 344 Amend ?

Comments: My name is Helen Clark and we live on a ranch south of McLeod on the upper Boulder River, in Sweetgrass County. Our county is scheduled for extensive mining activities in the near future. As a rancher and citizen of Sweetgrass County, I feel that we cannot bear the staggering costs this will entail. I feel that the mining companies should pay for their own impact 100%. Their being here to testify against this bill is proof that they do not wish to share their profits. Farm minerals that belong to everyone! They will cry hardship, but it is just a drop in the bucket to companies with multi-billion dollar operations. They have threatened to leave the county if we testify ~~against~~ ^{for} this bill. This does not scare us, as we feel it is an empty threat. We hope that the committee will realize that this is a bipartisan bill, strongly supported by strongly republican Sweetgrass County. We urge you to support SB 344, to help, not only with our own county, but other small communities that will otherwise be unable to cope with impact.

Please leave prepared statement with the committee secretary.

TESTIMONY ON MONTANA S. B. No. 344

PRESENTED TO
SENATE COMMITTEE ON TAXATION

BY

JAMES L. MARVIN
PRESIDENT, THE ANACONDA COPPER COMPANY

HELENA, MONTANA
FEBRUARY 17, 1981

MY NAME IS JIM MARVIN AND I AM THE PRESIDENT OF THE ANACONDA COPPER COMPANY. I WOULD LIKE TO THANK THE COMMITTEE FOR AFFORDING ME THE TIME TO PRESENT THIS TESTIMONY. THE BILL BEING HEARD TODAY, S. B. NO. 344, WILL HAVE A DEVASTATING EFFECT ON FUTURE METALLIFEROUS MINERAL DEVELOPMENT IN THE STATE OF MONTANA. ONE NEED ONLY LOOK TO SECTION 3 OF THE BILL TO WITNESS THE PUNITIVE TAX STRUCTURE EMBODIED IN THIS LEGISLATION. A SEVERANCE TAX OF 30 PERCENT WOULD BE IMPOSED ON SURFACE MINES, AND A 15 PERCENT SEVERANCE TAX WOULD BE LEVIED ON UNDERGROUND MINES. THESE TAX RATES WOULD APPLY TO THE GROSS VALUE OF THE REFINED METAL, AND ALLOWS NO DEDUCTIONS FOR PROCESSING OR BENEFACTION OF ORES.

THE MONIES COLLECTED FROM THIS NEW SEVERANCE TAX WOULD BE USED TO FINANCE CAPITAL IMPROVEMENTS FOR LOCAL UNITS OF GOVERNMENT THAT ARE AFFECTED BY METALLIFEROUS MINE DEVELOPMENT. AS STATED IN THE PURPOSE OF THE BILL, THIS IS AN EFFORT TO MITIGATE ECONOMIC BURDENS PLACED ON THESE ENTITIES; HOWEVER, PASSAGE OF THIS BILL, COUPLED WITH THE CURRENT MINERAL TAX STRUCTURE, WILL FURTHER ELEVATE THE STATE OF MONTANA'S POSITION AS HAVING THE HIGHEST TAX RATE ON HARD-ROCK MINERAL PRODUCTION IN THE UNITED STATES. THIS FACT ALONE WILL DETER EXPLORATION AND MINERAL DEVELOPMENT IN MONTANA AND VIEWED IN CONCERT WITH THE LOW

PROFIT MARGIN, AND CAPITAL FORMATION PROBLEMS EXPERIENCED BY THE MINING INDUSTRY, THE ACT WILL PROBABLY ACHIEVE ITS STATED PURPOSE, BUT BY A DIFFERENT MECHANISM, NO GROWTH OF THE MINING INDUSTRY IN MONTANA.

TO DEMONSTRATE THE EFFECT OF THIS BILL, I WOULD LIKE TO FOCUS ON A POTENTIAL DEVELOPMENT OPPORTUNITY IN MONTANA BEING CONSIDERED BY THE ANACONDA COPPER COMPANY. THE STILLWATER DISTRICT LOCATED IN SOUTH CENTRAL MONTANA CONTAINS KNOWN RESOURCES OF PLATINUM AND PALLADIUM. WE ARE CURRENTLY EXPLORING IN THAT AREA IN HOPES OF DISCOVERING AN ORE BODY THAT WILL BE ECONOMICAL TO MINE. WE HAVE NOT IDENTIFIED A LARGE, HIGH-GRADE, DEPOSIT, AND WE DO NOT EXPECT TO FIND A "BONANZA-TYPE" DEPOSIT. BASED UPON THE PRELIMINARY GEOLOGIC INFORMATION WE HAVE TO-DATE, AND I MUST EMPHASIZE THE WORD PRELIMINARY, WE HAVE HYPOTHESIZED A MINE DEVELOPMENT PLAN. THIS MINE PLAN WOULD REQUIRE A CAPITAL INVESTMENT OF 85 MILLION DOLLARS INVESTED OVER A FIVE YEAR PERIOD. FULL SCALE PRODUCTION WOULD COMMENCE IN YEAR SIX AND CONTINUE FOR A PERIOD OF TWENTY YEARS. AT THIS TIME I WOULD LIKE TO CALL YOUR ATTENTION TO THE GRAPH THAT'S BEEN PREPARED. THE GREEN LINE IN THE LOWER PORTION OF THE GRAPH DEPICTS THE CUMULATIVE PROPERTY TAXES THAT WOULD BE PAID OVER THE LIFE OF THE MINE. THOSE PROPERTY TAXES TOTAL 60 MILLION DOLLARS, OR EXPRESSED

AS AN ANNUAL AVERAGE, 3 MILLION DOLLARS WHICH REPRESENTS AN ANNUAL INCREASE OF 100 PERCENT IN THE TOTAL PROPERTY TAXES CURRENTLY PAID IN STILLWATER COUNTY. THE BLACK LINE REPRESENTS THE CUMULATIVE TAX REVENUE WHICH WOULD BE PAID TO THE STATE AND COUNTY UNDER THE EXISTING TAX STRUCTURE. IT WOULD PROVIDE 138 MILLION DOLLARS TO THE STATE AND COUNTY OVER THE LIFE OF THE MINE. THE RED LINE REFLECTS CUMULATIVE TAXES PAID TO THE STATE AND COUNTY UNDER THE EXISTING TAX STRUCTURE, PLUS THE 15 PERCENT SEVERANCE TAX IMPOSED BY THIS BILL. FOUR HUNDRED AND SIXTY MILLION DOLLARS WOULD BE COLLECTED. THIS IS A 350 PERCENT INCREASE IN THE TAX BURDEN PLACED ON THIS POTENTIAL DEVELOPMENT OPPORTUNITY. WE ARE VERY SKEPTICAL THAT THIS PROJECT CAN TOLERATE THIS HORRENDOUS ADDITIONAL TAX BURDEN. IT WOULD BE UNFORTUNATE FOR THE STATE OF MONTANA TO RISK THE LOSS OF 138 MILLION DOLLARS IN TAX REVENUE AND APPROXIMATELY 200 DIRECT JOBS CREATED BY THIS PROJECT.

IN ADDITION TO OUR ACTIVITIES IN THE STILLWATER AREA, WE ARE CURRENTLY CONSIDERING THREE NEW OPERATIONS IN THE BUTTE DISTRICT. THE NEW OPERATIONS INCLUDE TWO SURFACE MINES THAT WOULD PRODUCE SILVER AND MOLYBDENUM RESPECTIVELY, AND AN UNDERGROUND COPPER DEVELOPMENT. THESE PROPOSED OPERATIONS WOULD ENHANCE OUR CASH FLOW POSITION AT THE BUTTE OPERATION; HOWEVER,

IF THE NEW SEVERANCE TAX APPLIES TO THESE NEW MINES (AND THE BILL IS NOT CLEAR ON THIS POINT), IT COULD PREEMPT THEIR DEVELOPMENT WHICH WOULD HAVE A SEVERE NEGATIVE ECONOMIC EFFECT ON THE OVERALL BUTTE OPERATIONS. THE NET EFFECT WOULD BE A LOSS OF 800 DIRECT JOBS AND LOSS OF TAX REVENUE TO THE STATE AND COUNTY.

I WOULD LIKE TO ASSURE YOU THAT THE ANACONDA COPPER COMPANY HAS, AND WILL CONTINUE, TO WORK WITH LOCAL UNITS OF GOVERNMENT TO HELP ALLEVIATE THOSE INITIAL AND TEMPORARY PROBLEMS THAT ARE CREATED BY AN INFLUX OF WORKERS INTO A RURAL AREA. AT OUR MOST RECENT DEVELOPMENT, THE NEVADA MOLY PROJECT NEAR TONOPAH, NEVADA, WE HAVE CONSTRUCTED ROADS, PARKS, WATER AND SEWER IMPROVEMENTS AND HAVE DONATED LAND TO THE COUNTY FOR A NEW SCHOOL. WE HAVE DONE THIS ON OUR OWN VOLITION BECAUSE WE RECOGNIZE OUR RESPONSIBILITY TO BE A GOOD CORPORATE CITIZEN. IN THIS REGARD, WE INITIATED (THROUGH INDEPENDENT CONTRACTORS) ENVIRONMENTAL AND SOCIOECONOMIC STUDIES IN JUNE OF 1980. THE DATA ACQUIRED WILL BE USED TO ESTABLISH THE ENVIRONMENTAL RESOURCES AND THE SOCIAL AND ECONOMIC STRUCTURE OF THE STILLWATER RIVER VALLEY. WE HAVE COMMITTED 1.8 MILLION DOLLARS TO THIS EFFORT. IF THE STILLWATER PROJECT PROVES FEASIBLE, SUBSEQUENT STUDIES WILL BE UNDERTAKEN TO DETERMINE THE ENVIRONMENTAL AND SOCIOECONOMIC IMPACTS OF THE PROJECT AND A PROGRAM WILL BE

DEVELOPED WITH INPUTS FROM THE PUBLIC AND LOCAL UNITS OF GOVERNMENT TO IDENTIFY WAYS TO MITIGATE THOSE IMPACTS.

IN CLOSING, SENATORS, WE PRESENTED TESTIMONY ON SENATE BILL 250 YESTERDAY, TODAY WE HAVE TOLD YOU OF THE EFFECTS OF SENATE BILL 344, AND WHEN HEARINGS ARE SCHEDULED FOR HOUSE BILLS 629 AND 718, WE WILL AGAIN PRESENT TESTIMONY REGARDING THEIR IMPACTS ON OUR EXISTING AND PLANNED OPERATIONS IN THE STATE OF MONTANA. WITH THE INTRODUCTION OF SUCH BILLS, THE STATE OF MONTANA IS PRESENTING ITSELF AS BEING HOSTILE TO THE MINING INDUSTRY. WE HOPE THAT THIS IS NOT THE CASE, BUT WE CANNOT DISREGARD THE POLITICAL AND ECONOMIC CLIMATE WHEN WE CONSIDER ANY NEW DEVELOPMENT.

AGAIN, THANK YOU FOR YOUR TIME, AND I WILL BE GLAD TO ANSWER ANY QUESTIONS YOU MIGHT HAVE.

APPENDIX

Comparison of Actual Montana Taxes with Equivalent Taxes Which Would Have Been Assessed
 Were Butte Operations Conducted in Other States - 3 Years 1977-1979 Summarized

	Property Taxes		Severance Tax	Total Taxes 3 Year Period	Other States Percentage Lower Than Montana
	Real & Personal	Operating (Gross Proceeds) Metal Mines License or Occupation			
Montana - actual taxes					
Idaho	15,309,617	4,029,409	6,354,851	24,693,877	69.28
New Mexico	5,839,050	1,670,073	383,924	7,893,047	56.91
Utah	6,082,335	-0-	4,988,146	11,070,481	49.81
Nevada	8,341,488	1,530,698	3,024,794	12,896,980	80.37
	4,275,012	767,849	-0-	5,042,861	

Other Tax Factors Compared:

	State Income	Sales Tax
Montana	Federal Income Tax <u>not</u> deductible - 6.75%	None
Idaho	Federal Income Tax <u>not</u> deductible - 6.5%	3%
New Mexico	Federal Income Tax <u>not</u> deductible - 5.0%	4%
Utah	Federal Income Tax <u>not</u> deductible - 4.0%	4.75%
Nevada	None	3%

Comparison of Actual Montana Taxes with Equivalent Taxes Which Would Have Been Assessed
Were Butte Operations Conducted in Other States - 3 Years 1977-1979 Summarized

	Property Taxes		Severance Tax	Total Taxes 3 Year Period	Other States Percentage Lower Than Montana
	Real & Personal	Operating (Gross Proceeds)			
Montana - actual taxes	15,309,617	4,029,409	6,354,851	24,693,877	
Idaho	5,839,050	1,670,073	383,924	7,893,047	69.28
New Mexico	6,082,335	-0-	4,988,146	11,070,481	56.91
Utah	8,341,488	1,530,698	3,024,794	12,896,980	49.81
Nevada	4,275,012	767,849	-0-	5,042,861	80.37

Other Tax Factors Compared:

	State Income	Sales Tax
Montana	Federal Income Tax <u>not</u> deductible - 6.75%	None
Idaho	Federal Income Tax <u>not</u> deductible - 6.5%	3%
New Mexico	Federal Income Tax <u>not</u> deductible - 5.0%	4%
Utah	Federal Income Tax <u>not</u> deductible - 4.0%	4.75%
Nevada	None	----- 3%

STATEMENT PREPARED FOR PRESENTATION
TO THE MONTANA STATE SENATE
TAXATION COMMITTEE

ON

SENATE BILL 344

A PROPOSED HARDROCK MINING SEVERANCE TAX

February 17, 1981

Good Morning Senators. My name is Monte Eliason. I am part owner and vice president of T.A.P., Inc. in Bozeman. As you may know T.A.P. is a small Montana based economic research and consulting firm that has been successfully working for Montanans for the past 16 years. During that time we have followed and examined our state's economy from a wide range of

perspectives. Due in part to this experience we were asked by the Northwest Mining Association to assist them this legislative session in assessing the economic effects to mine owners of proposed changes to Montana law. I appreciate the opportunity to be here this morning in that regard.

I am appearing today on behalf of the mining industry to point out some important economic reasons why an additional severance tax should not be laid on the already high cost of hardrock mining operations.

In a letter I wrote to each of you in early January I noted several factors about the mining industry in Montana. Allow me to re-emphasize a few points here.

First, as we all realize our state is abundant with mineral resources. Hardrock mining has in the past provided us with much of the economic base upon which many family livelihoods and small businesses have been built. There are now opportunities now for this industry to provide an expanded role in the state's economy. I counted 137 just developing mines, some

probably very small, some large in a recent inventory by the Montana Bureau of Mines. These operations can provide much needed jobs across all sectors of the economy if the investment incentive is adequate for the companies to mine.

Second, it is important to remember that there is a great deal of difference in the ability of a metal mine to pass along the increased cost of new taxation as compared to an energy producer such as a coal mine or an oil field. World market dictates what a Montana silver producer will get for his product much more so than what a coal mine operator can get for his product. Consequently, a tax as a part of operating costs is usually more restrictive to the metal mine producer.

Thirdly, I'd like to again point out that mining wages on the average are by far the highest of all industrial categories in Montana. To the extent we can have more of these kinds of wage earners in the economic base, we will begin to see a rising level of per capita income across the state. Of Rocky Mountain states, we are the lowest in average family income levels now. So

mining jobs are good jobs for all of us. Current Montana environmental and reclamation laws are among the toughest in the nation, thus we are protected from the potential devastations of mining. Now if the economic climate is kept reasonable Montana can enjoy gains in well being because of our resource development.

In our society competition is generally conceded to be a good thing. I believe that one of the responsibilities of legislators in Montana is to see that the framework of our laws, at the very least, do not put the state's businesses at a competitive disadvantage. Last week you received a general comparison of the state and local taxes that are levied on a metal mine in Montana and five other western mining states. Montana's current tax structure extracts the highest tax of the states compared. For the mine example we used, Montana's tax was 123% higher than Wyoming, 22% higher than Utah, 153% higher than New Mexico, 111% higher than Colorado, and 437% higher than Nevada. Since you were sent that comparison we have also looked at Idaho. We are 313% higher than Idaho.

Senate Bill 344 would in the case of our example mine cause a new severance tax levy of about 1 million dollars where current law already nets taxes of about \$500,000. After allowing for the credit of the metal mines tax the tax bill to a small mine like this would go up by almost 200 percent. It just doesn't make any sense to deal the hard rock mining industry in our state that kind of a blow. I believe that by enactment of this legislation we'd kill much of the current investment incentive in metals mining in the state.

I'd like to briefly summarize my personal observations and research findings.

1. Large mine developments do create local impact problems that need "up front" dollars for their solution. A better way than an exorbitant annual reoccurring severance tax would be some kind of arrangement for a pre-payment of expected taxes by the mining company, thereby allowing for an even more timely build up of necessary community facilities without killing the goose that could provide a stimulated economy.

2. From observing accounts and actions relative to this bill, I have the impression it was reactionary and designed with a very specific mining site at its basis. The problem with that kind of legislation is that it catches every hard rock mining circumstance in the state (most of which are small)and the negative statewide effects are often overlooked.

3. Economically mining is very good, very positive for the state. Each mining job creates at least one other related job. The payroll and goods and services a mine is responsible for circulates many new dollars through the entire economy. Taxes go up from new wage earners, new and expanded businesses, and new properties. If we are covered with good environmental law, have set aside ample no development wilderness areas, and mining is good for the economy, let's encourage the industry rather than discourage it.

4. Taxing policies can do a number of things good and bad to a state or a county or a town's economy. They can bring in needed public revenues, they can act to inhibit an activity by making it expensive, they can

shift the burden of paying for public facilities, and they can be restrictive. I think the net effect of Senate Bill 344 would be restrictive and counter-productive to Montana's economy and to reasonable development of our natural resources.

Thank you for the chance to appear today.

To: The Montana State Senate Tax Committee

Re: Senate Bill 344, An Additional Hard
Rock Severance Tax

Good morning ladies and gentlemen. My name is Giles Walker and I am District Geologist for AMAX Exploration, Inc., a subsidiary of AMAX Inc. I am here on behalf of AMAX as well as myself, having been a Helena resident for the past 13 years.

I wish to voice our opposition to the proposed severance tax bill, Senate Bill 344. This additional tax on the mining industry will severely limit or kill new mineral developments in the state.

For example, the "Hughesville Mine Model" used in material provided to the Legislature and Select Committee on Economic Impacts, is based on a small 300 ton per day (80 men) underground silver-lead mine currently under evaluation by AMAX Exploration, Inc. The property is projected, per our best estimates at this time, to yield a before tax income of \$2.1 million. Current state taxes will take \$521,000 and U.S. taxes about another \$400,000, collectively 44% of the before tax earnings, leaving only 56% for the company. The proposed 15% severance tax, as calculated by TAP Consultants of Bozeman, would add approximately another \$1.0 million bringing the total tax burden to about \$1.9 million. Such an additional burden ~~does~~ not leave any financial incentive for the company.

It does not require a great understanding of economics to realize that AMAX would probably not proceed with any

further plans for this property if the 15% severance tax bill is passed. None of us, you or I, would invest the \$11.0 million this project requires without anticipating a reasonable return -- something the additional severance tax does not permit.

I would also like to point out to the Committee that a project of this nature, even though small, was not created overnight. The possibility of developing this as an underground silver-lead mine was originally considered by us in 1974 and 1975. At that time the metal markets did not look sufficiently attractive in the future to warrant pursuing. Within the last two years, however, the improving silver market has made it worth considering. The project, I might add, assumes a better silver price in the future than currently exists. In other words, if we proceed in making this investment we are taking a calculated risk on the future.

This is a point warranting elaboration. Mining investments require taking risks which hopefully you minimize as much as possible with careful planning. In return, you expect to realize a reasonable return. Severe taxation or unstable business climates do not qualify as good risks.

Montana is a natural resource state. Development of new mineral resources in the state will continue to provide employment and income to the state provided a stable business climate is encouraged and maintained. Therefore, I would earnestly request that each of you read, if you have not

already done so, mining tax comparisons distributed to you approximately a week ago on behalf of the Northwest Mining Association comparing the taxes the Hughesville model property pays in Montana with what it would pay if located in other western mining states. I think you will appreciate that the mining business in Montana is severely taxed already. Additional taxes will only do one thing, stifle, rather than encourage development.

I earnestly hope that the Committee will see fit to deny this tax proposal. Thank you.



2-16-81 (20)

February 17, 1981
FOR IMMEDIATE RELEASE
CONTACT: Bill Hand

MONTANA MINING Association

Post Office Box 132
Helena, Montana 59624
Phone (406) 443-7297

HELENA - One of the greatest threats to the mining industry is the proposed severance proposed on hard rock mining, Bill Hand, Executive Secretary of the Montana Mining Association, said Tuesday.

Hand was referring to Senate Bill 344, sponsored by Sen. Tom Towe, that would place a 30 percent severance tax on strip mining and a 15 percent severance tax on underground mining.

"The erroneous temptation is to equate the hard rock tax with the 30 percent tax on coal, but this can't be done," Hand said.

Hand pointed out that coal is mined, crushed and converted into heat at a price negotiated between the mining company and the purchaser. By contrast, he said, metals are mined, milled, smelted, refined and offered for sale at a world price.

"Not only is each process expensive, but appreciable metal loss is encountered during processing," Hand said. "Any tax levied on the gross, such as the severance tax, is particularly serious when paid from the net amount received by the miner."

Hand said the impact of such a high tax would prevent the opening of new mines and put existing operations in financial jeopardy. He said the bill only excludes mines that produce less than \$2.5 million in gross revenue annually that "aren't very profitable anyway."

Hand said the hard rock mining industry already pays its fair share of taxes, including:

--A gross metals tax, based on local mill levies, from which proceeds go directly to counties.

--A mines license tax that amounts to about 1.4 percent of the gross proceeds of an operation.

OFFICERS

President

DUANE L. REBER
P.O. Box 3296
Missoula, MT 59806

Vice President

ROGER RICE
404 N. 31st St.
Billings, MT 59101

Treasurer

LOUISE SHAFER
615 S. Atlantic St.
Dillon, MT 59725

Secretary

DON C. LAWSON
1033 Hornet St.
Butte, MT 59701

EXECUTIVE COMMITTEE DIRECTORS

TAD DALE
P.O. Box 682
Dillon, MT 59725

HERB SHERBURNE
705 54th St. South
Great Falls, MT 59405

DONALD KENNEDY
Ennis, MT 59729

PHIL WALSH
909 Waukesha
Helena, MT 59601

VICTOR WRIGHT
Box 391
Superior, MT 59872

DONALD JENKINS
200 North Brooke
Whitehall, MT 59759

EXECUTIVE SECRETARY

BILL HAND
P.O. Box 132
Helena, MT 59624

--A contribution to the Resource Indemnity Trust Fund of one-half of 1 percent of the gross.

"These are, in themselves, severance taxes," Hand said.

As a "plausible alternative" to the severance tax, Hand proposed an impact assessment against the company or companies causing the impact in a locality.

STATEMENT OF PLACER AMEX INC. IN
OPPOSITION TO S.B. 344

My name is Donald E. Jenkins, Property Supervisor for Placer Amex Inc. My home address is 200 North Brooke Street, Whitehall, Montana.

Placer Amex Inc. is a medium-sized, San Francisco based mining company with offices in Whitehall, Montana. For the past 22 years Placer Amex has conducted an evaluation program on a property known as the Golden Sunlight Mine, located 5 miles northeast of Whitehall.

During that time we have directed a continuing exploration and development operation to prove the existence of a mineable reserve of gold mineralization. During this twenty-two year period, Placer Amex has expended over \$5,000,000 on the property and has obtained a return of less than \$1,000,000 from the sale of gold production.

Continual evaluation has now confirmed the presence of a medium-sized, low grade ore body. With the price of gold over \$500 an ounce, Placer Amex feels that the property may now generate an economic return on its investment. Placer Amex anticipates that its feasibility study scheduled for completion by mid-1981, and based on current estimated gold prices, ore grade and assumed costs, including present Montana taxes, indicate that a capital investment of 50-80 million dollars is required. Placer Amex applied for and received an Air Quality Permit for the mine in 1980 and is currently undergoing administrative review of its amendment to the Hard Rock Mining Act permit. The development of the project would include a 12-month construction program, including construction of ore crushers, milling circuit and tailings disposal pond. The Golden Sunlight would be the only significant mining and milling gold production property in Montana and operating within all present environmental regulations.

Part of the preliminary economic feasibility study included a projection of taxes to be paid as a cost of operation. Placer Amex has estimated at an assumed price, the following taxes on an annual basis:

1. Property taxes to Jefferson County for general operations, schools, etc. (based on 183.28 mills)	\$ 540,000
2. Gross proceeds tax (186.89 mills @ 3% of market value of metal)	200,000
3. Resource Indemnity Trust Tax (0.5%)	175,000
4. Metalliferous Mines License Tax (0.15 to 1.438%)	500,000
5. Corporate License Tax (6.75%)	<u>830,000</u>
Total Taxes exclusive of truck licensing, inventory or business tax.....	
	\$2,245,000

As one can readily see the Golden Sunlight will contribute substantially to the local and state governments.

Based on Montana's present tax structure, and variations in the price of gold, over which we have no control, will have a significant impact on the tax revenues for the corporate license tax because that tax is based on net income. However, such fluctuations in the price of gold will have little effect on taxes paid for the property, which are based on assessed value of the property. On the other hand, significant increases in the tax rates set for gross proceeds, metalliferous mine license tax, and resource indemnity will have a very significant impact on our cost of doing business and the economic viability of the mine. Likewise, an additional gross proceeds tax such as that proposed in S.B. 344 will have a catastrophic effect on the mine venture. A 30% severance tax will raise our taxes from the current annual level of 2.2 million by over 400% and a 10% tax will increase our tax burden over 100%. Tax increases of the above magnitude would, in our opinion, be confiscatory and will not allow us to proceed with the development of Golden Sunlight.

On the other side of the coin, our mine venture will have a positive rather than negative impact on the local community. We anticipate employment of about 125 persons on a year around basis. Most of these employees are now

available in the Whitehall-Butte labor market. Construction activity will employ about 100-150 persons, and they now are presently available, if not in fact now unemployed and seeking work. Schools in Whitehall are presently below capacity and any additional school-age students can be readily added to the present system without any additional physical facilities needed. Community services such as roads, sewer and water are already in place and no significant impact will result by reason of our operation. For those impacts the community may experience, Placer Amex will fund separately. In summary, our project will help the community and in fact replace tax revenues lost through closure of such businesses as the Milwaukee Railroad.

Because the essential public services and facilities are already in place, no major upfront impacts are anticipated. But the tax revenues proposed in S.B. 344 will very likely kill this project and all of the benefits which would flow from this mine would be lost to the local and state governments. Passage of this bill in any form would effectively kill the goose that lays the golden egg.

Placer Amex recognizes that Montana as a State must establish its own philosophy toward economic growth, industrial development and taxation. In this decision making process we hope Montana will recognize and appreciate that taxes based on gross proceeds of production may, in fact, and probably will, retard economic development of the hard rock mining industry. Placer Amex must therefore speak in opposition to S.B. 344, as we sincerely believe it will have a counterproductive effect on Montana mining.

Members of the Senate Taxation Committee, Ladies & Gentlemen:

My name is Fred Owsley and I am manager of the Northwestern Mining Department of ASARCO Incorporated. The Northwestern Mining Department is responsible for three operating mines, two in Idaho, one in Colorado and one mine under development in Montana -- the Troy Project. My remarks will be directed to the mineral industry in general, the recent laws that affect it and proposed S.B. 344.

The mineral industry has been on the decline during the past several years and recent government activities have not reversed this trend but have probably assisted it. It is highly unlikely that any segment of the economy or society is more stifled by government regulations or pays more taxes than the mining industry. As a result of these so-called environmental and safety laws, massive land withdrawals in the West and with the resulting adverse economic atmosphere, we have become a have-not nation. The development in our case of a have-not nation did not occur overnight, but is the result of the activities of many people over a long period of time. As a net result of this have-not position, we presently import 97% of our cobalt, 92% of our chrome, 91% of our platinum group metals and 62% of our zinc, to mention but a few. In this case we are interested in copper and silver and we presently import 41% of our silver and 19% of our copper. All the minerals that I have mentioned can be produced in this country, maybe not 100% in some cases, but considerably better than we are doing now. Not only are we not producing the basic minerals, we are also in the process of dismantling the industry. During the past several years, we have closed six of the 14 zinc plants with copper plant closures becoming a reality.

The first copper plant to join the ranks of the non-existent was in Montana and although the non-development and environmental movement undoubtedly considered this a major victory, the state of Montana lost, the company lost, but what is much worse, jobs were lost and families were disrupted.

In this particular case our interest lies with the effect of the proposed severance tax on the Troy Project which will produce copper and silver if and when it comes into production. The Troy Project is a strata-bound Cu deposit and will be mined underground by a room-and-pillar mining method and has an ore reserve grade of 0.74% Cu and 1.54 oz. Ag. How do we compare with other copper producers in the U.S.? One comparison is with open pit porphyry copper deposits and a random survey of open pits indicates an ore grade close to or slightly lower than Troy. Depending on the open pit the break-even point is from 95¢ to \$1.00 Cu or in that range. In other words, with the present price of copper around 87¢, it is apparent that large, high-volume and low cost open pit operations may be in trouble. Using this as a comparison, we immediately realize that the present price of copper may create problems with the Troy Project. In comparing with other strata-bound copper deposits, it is necessary to go to Africa where similar deposits exist. The Mufulera deposit in Zambia is mining 3% Cu and showing a profit; the Rokana deposit in Zambia at 1.25% Cu is not showing a profit. Therefore, this comparison is also rather discouraging. If one is not blessed with a rich deposit then in this business it is very desirable to have a high price for metals. A review of metal prices for the year 1980, to date, indicates that Ag started at \$38.26/oz. and presently has dropped to \$14.75/oz. or a declining price rate, calculated from a linear trend analysis, of 40.5% annually and still going down. In reviewing Cu for the same timeframe, we note Cu started 1980 at \$1.17 and presently is 87¢ or an annual declining rate of 20.54% and it too is still going down. Therefore, we are now faced with a low grade deposit, low metal prices and the threat of a disastrous severance tax. In addition to the foregoing comparisons and based on our estimates, the proposed severance tax will increase the taxes on the Troy Project by 487.41%.

Let's take a quick look at the proposed severance tax. We note that small mines received an exemption, but small mines must sell their product to a smelter, smelters need large volumes of concentrate which only large mines produce. Destroy the large mines and the small mines are automatically destroyed. We note that if an area can prove adverse impact from new mines then some of the revenue collected will go to the impacted area. From other testimony presented at this hearing there is minimum adverse impact on the Troy area, therefore, the revenue would be deposited in the Coal Tax Constitutional Trust Fund. The law also will establish a Hard Rock Mining Impact Board with members from business, education and public administration. One could immediately question whether people with these backgrounds would understand the problems inherent to metal production, the dispersement of funds, yes; production, no.

A severance tax at best can be described as an anti-development tax and has a built-in self-destruct factor. It has also been referred to as a punitive tax. The tax is based on sales or value of the product, it does not take into consideration any of the inherent problems of mining or costs of operating. Such a tax promotes the mining of high grade ore from existing mines, gutting as we call it, and discourages the development of new mines. A severance tax definitely does not create an atmosphere conducive to capital investment. The cost of a severance tax cannot be passed on to the consumer for the simple reason that world metal prices control the market. Mining must compete on the world market or go out of business. If mining ceases, then metals must be imported and the importation of metals automatically means the exportation of employment opportunities.

Asarco has invested in excess of \$82 million in the future of Montana. This development hopefully would profit this nation by providing some of the metals required for a strong economy. It would provide employment and a decent standard of living to many in the Troy area. Under the present market and metal prices, it is a questionable operation, a risk that we are willing to take but with the additional severance tax proposal, I can assure you that had this tax have been on the books when this project was considered there is no way, absolutely no way, we would have considered an investment within the state of Montana such as the Troy Project. If the tax is passed, the Troy Project's survival is questionable, it depends a lot on metal prices and the efficiency of the operation, but the return of a reasonable profit on our investment could be virtually eliminated.

I appreciate the opportunity of appearing before this committee and I hope my remarks are taken in the light in which they are presented, as they are based on factual evidence. Further in closing, I would like to state that in spite of what you read in the newspapers there are no grizzly bears in the Troy Project area. That is about the only thing we are confident of at the present time.

Thank you.

February 17, 1981

STATEMENT OF J. P. BINGHAM
 MANAGER ASARCO, INC. TROY PROJECT
 BEFORE MONTANA SENATE TAXATION COMMITTEE
 FEBRUARY 17, 1981 ON S-344

Senator Goodover - Members of the Taxation Committee:

My name is Jack Bingham. I am employed by ASARCO, Inc. and live in Troy, Montana. I am the Mine Manager for ASARCO's new mine located near Troy, Montana which is named the Troy Project.

I am here to urge you to kill S-344.

The Troy Project is an underground silver-copper mine presently under construction and development. When operational about mid-year it will employ some 300 men and women and contribute significantly to the economy and tax base of Lincoln County.

ASARCO acquired control of the property in 1974 and since that time has been actively pursuing its development.

Numerous operating permits were issued from State agencies which regulate air quality, water quality, land reclamation, plant siting, etc., etc.

Issuance of the permits was contingent upon finalization of an environmental impact statement and commitments by ASARCO for mitigation of potential adverse impacts. Some 1 million dollars was spent in preparation of an EIS and to date nearly 3/4 of a million dollars has been spent on mitigating measures with the final cost unknown.

Presently some three hundred men and women are employed on the construction and development of the mine. Over 90% of ASARCO's work force was acquired locally. On the job training programs are in effect and we have reached the point where we draw on our trained crews for supervisory rolls - survey crews, etc. This further reduced population influx. This hiring practice along with other ASARCO policies has virtually eliminated any adverse impact to the Troy community.

ASARCO's impact on Lincoln County has been very positive. Unemployment has been reduced 5% down to 14.5% which shows how severely jobs are needed in this area. ASARCO's

monthly payroll on the project is around \$600,000 and this plus our policy of local purchases where possible has added significantly to the economy.

The county has not had a population explosion because of mineral development and schools in both Troy & Libby have recorded decreases in enrollment. These statistics were sent to your committee February 6th.

It is nothing more than "No Growthers" rhetoric that mineral development and social chaos are synonymous.

ASARCO's Troy Project is a well documented example of the compatibility of mining with all aspects of the environment.

I suggest this committee familiarize themselves through a visit to Troy and it will be obvious that this legislation is not required.

The bill before you S-344 placing a severance tax of 15% on hardrock mining translates to a substantial reduction of our net profit. This tax totally destroys any projected return on the capital investment and if the tax were in effect in 1978 ASARCO would not have developed the project.

The bill is discriminatory in that the Troy Project is the only mine in the State which is presently permitted under the hardrock mining act through the Dept. of State Land for mining that will pay the tax.

I also would like to point out that Lincoln County will not qualify for benefits because there is no impact from mining.

Presently a mine pays the following taxes:

1. Metalliferous Mine Tax - all to General Fund
2. Resource Indemnity Trust Tax - All to resource indemnity trust account which I will comment on later.
3. Metal Mines gross proceeds tax
 - 3 % to State
 - 97 % to Courty
4. Real & Personal Property Tax
5. State Income Tax - 75% General Fund
 - 25% to State Equalization to Public School

The Troy Projects tax contribution is projected at some \$3.5 million excluding State Income Tax.

The resource indemnity tax fund was created to mitigate impacts from mining, oil and gas development and other non-renewable resources. A large portion of our taxes go to this fund equal to \$5,000 per person living in Troy.

The legislative policy for this tax fund states:

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

The act requires a minimum balance of \$100 million be on account. I have been unable to determine where these funds are being distributed. But apparently not to natural resource related activities.

It appears to me a mining impact fund is available and S-344 is not required.

Again I urge you to vote no on presenting S-344 to the Senate floor.

Thank you.


J. P. Bingham
Project Manager

COMPLETE LISTING
OF ALL MAJOR*
COAL CONTRACTS
NEGOTIATED
SINCE JULY 1, 1975

* 1 MILLION TONS OR MORE

MONTANA

WYOMING

COAL CONTRACT INFORMATION

MINE NAME: BELLE AVR AND EAGLE BUTTE STRIP MINES (Continued)

COMPANY:

COAL RESERVES:

TOTAL CONTRACTED TONNAGE:

MINE CAPACITY:

CONTRACTED ANNUAL PRODUCTION:

Company Name	BUYER INFORMATION Plant (name, location, capacity, annual fuel requirement)	Total Tonnage Contracted	Average Tonnage Per Year	Duration of Contract	Startup and Completion	CONTRACT SPECIFICATIONS			Miscellaneous Comments
						FOB Mine Price Per Ton	Delivered Price Per Ton	Delivered Price Cents/MMBTU	
Iowa Power and Light Co.	Council Bluffs No. 3, Council Bluffs, IA 650 MW; 2.3 myn tons/year On line in 1979	46 myn tons	2.3 myn tons	20 years	1978-1997	\$3.84 ¹ (1979)	\$11.09 ² (1979)	66.0¢ (1979)	Contract announced in 1975; 1979 rail rate \$7.25
Iowa Southern Utilities Co.	Burlington Plant, Burlington, IA 207 MW; 0.517 myn tons/years On line in 1975	0.9 myn tons	0.1 myn tons	9 years	1975-1983		\$16.55 ² (1977)	82.1¢	No contract details
Kansas City Power and Light Co.	LaCygne Station, LaCygne, KS 630 MW; 1.8 myn tons/year On line in 1976	36 myn tons	1.8 myn tons	20 years	1976-1995	\$1.90 ³	\$12.46 ² (1978)	74.1¢	Contract announced in 1974; plant jointly owned by Kansas City Power & Light and Kansas Gas and Electric Co.
Kansas City Power and Light Co.	Iatan No. 1, Weston, MO 630 MW; 1.8 myn tons/year Startup in 1980	5.4 myn tons	1.8 myn tons	3 years ¹	1979-1982				Contract announced in 1979; plant jointly owned by Kansas City Power & Light (535 MW) and St. Joseph Light & Power Co. (95 MW); 1979 rail rate \$9.34
Kansas Power And Light Co.	Jeffrey No. 1, St. Marys, KS 680 MW; 2.0 myn tons/year On line in 1978	50 myn tons	2.0 myn tons	20 years	1977-1996		\$11.18 ² (1977)	66.5¢	Contract announced in 1975; plant jointly owned by Kansas Power & Light (435 MW), Kansas Gas & Electric Co. (136 MW),

Notes:

COAL CONTRACT INFORMATION

MINE NAME: BELLE AYE AND EAGLE BUTTE STRIP MINES (Continued)

COMPANY:

COAL RESERVES:

TOTAL CONTRACTED TONNAGE:

MINE CAPACITY:

CONTRACTED ANNUAL PRODUCTION:

Company Name	BUYER INFORMATION Plant (name, location, capacity, annual fuel requirement)	Total Tonnage Contracted	Average Tonnage Per Year	Duration of Contract	Startup and Completion	CONTRACT SPECIFICATIONS			Miscellaneous Comments
						FOB Mine Price Per Ton	Delivered Price Per Ton	Price Cents/MMBTU	
Southwestern Electric Power Co.	Flint Creek No. 1, Siloam Springs, AR 528 MW; 1.75 myn tons/year On line in 1978	42.5 myn tons	1.75 myn tons	25 years	1978-2002	\$7.51 ¹ (1979)	\$17.75 ² (1979)	105.7¢	Contract announced in 1974; plant jointly owned by Southwestern Electric Power (264 MW) and Arkansas Electric Coop. (264 MW); 1979 rail rate \$10.24
Wisconsin Power and Light Co.	Columbia No. 2, Portage, WI 527 MW; 1.6 myn tons/year On line in 1978	32 myn tons ¹	1.6 myn ¹ tons	20 years ¹	1978-1997		\$19.71 ² (1979)	117.4¢	Contract noted in 1979; plant jointly owned by Wisconsin Power and Light (280 MW), Wisconsin Public Service Corp. (130 MW), and Madison Gas and Electric Co. (117 MW)
Dairyland Power Coop.	John P. Madgett Plant, Alma, WI 350 MW; 1.0 myn tons/year Start up in 1979	20 myn tons ¹	1.0 myn tons	20 years ¹	1979-1998				Contract noted in 1979, no other details

Notes:

COAL CONTRACT INFORMATION

MINE NAME: COAL CREEK STRIP MINE

COMPANY: ARCO COAL COMPANY

COAL RESERVES: 333 million short tons

TOTAL CONTRACTED TONNAGE: 80 million short tons

MINE CAPACITY: 10 million short tons

CONTRACTED ANNUAL PRODUCTION: 4 million short tons

BUYER INFORMATION		CONTRACT SPECIFICATIONS						Miscellaneous Comments
Company Name	Plant (name, location, capacity, annual fuel requirement)	Total Tonnage Contracted	Average Tonnage Per Year	Duration of Contract	Startup and Completion	FOB Mine Price Per Ton	Delivered Price Cents/MMBTU	
Lower Colorado River Authority	Sam. K. Seymour Jr. No. 1, (Fayette No. 1), La Grange, TX; 550 MW; 1.8 myn tons/year Startup in 1979	17 myn tons	1.0 myn tons	17 years	1982-1998			Contract announced in 1978 with Black Thunder mine supplying coal until Coal Creek comes on line; some coal supplied by MT; plant jointly owned by Lower Colorado River Auth. (275 MW) and City of Austin (275 MW)
	Sam. K. Seymour Jr. No. 2 (Fayette No. 2), La Grange, TX; 550 MW; 1.8 myn tons/year Startup in 1980	19 myn tons	1.0 myn tons	19 years	1982-2000			See notes above
Wisconsin Power and Light Co.	Edgewater No. 5, Sheboygan, WI; 400 MW; 1.0 myn tons/year Startup in 1983	20 myn tons	1.0 myn tons	20 years	1983-2002			Contract announced in 1978
Wisconsin Public Service Corp.	Weston No. 3, Rothschild, WI; 300 MW; 1.0 myn tons/year Startup in 1982	24 myn tons	1.0 myn tons	24 years	1982-2005			Contract announced in 1977 with Black Thunder mine supplying coal until Coal Creek comes on line

Notes:

COAL CONTRACT INFORMATION

MINE NAME: BLACK BUTTE STRIP MINE

COMPANY: BLACK BUTTE COAL COMPANY

COAL RESERVES: 145.6 million short tons

TOTAL CONTRACTED TONNAGE: 141.4 million short tons

MINE CAPACITY: 7.0 million short tons

CONTRACTED ANNUAL PRODUCTION: 6.0 million short tons

BUYER INFORMATION		CONTRACT SPECIFICATIONS					Miscellaneous Comments	
Company Name	Plant (name, location, capacity, annual fuel requirement)	Total Tonnage Contracted	Average Tonnage Per Year	Duration of Contract	Startup and Completion	FOB Mine Price Per Ton		Delivered Price Per Ton
Commonwealth Edison Co.	Unspecified plant probably in IL	15.0 myn tons	3.0 myn tons	5 years	1979-1984			Contract derived from an agreement between Idaho Power Co. and Commonwealth Edison; Idaho Power has option to terminate agreement in 1984-1985; contract announced in 1976
Commonwealth Edison Co.	Unspecified plant probably in IL	60.0 myn tons	3.0 myn tons	20 years	1979-1998			Contract announced in 1977, no other details; this second Commonwealth Edison contract may be an error with this contract starting in 1985 after the above contract expires

COAL CONTRACT INFORMATION

MINE NAME: CARBON COUNTY UNDERGROUND MINE

COMPANY: CARBON COUNTY COAL COMPANY

COAL RESERVES: 287 million short tons

TOTAL CONTRACTED TONNAGE: 104 million short tons

MINE CAPACITY: 1.5 million short tons

CONTRACTED ANNUAL PRODUCTION: 1.5 million short tons

BUYER INFORMATION		CONTRACT SPECIFICATIONS					Miscellaneous Comments	
Company Name	Plant (name, location, capacity, annual fuel requirement)	Total Tonnage Contracted	Average Tonnage Per Year	Duration of Contract	Startup and Completion	FOB Mine Price Per Ton		Delivered Price Per Ton
Northern Indiana Public Service Co.	R. M. Schahfer No. 15, Wheatfield, IN 527 MW; 1.5 myn tons/year Startup 1979	29.0 myn tons	1.5 myn tons	20 year	1979-1998	\$24.00 ¹	\$35.47 ¹	Contract announced in 1978; unspecified other mine making up contract tonnage until Carbon County is on line
Southern Services Inc.	Unspecified plants	75.0 myn tons ²						Southern Services reported by controls 3/4 of Carbon County's reserves, but has not yet announced its plans-may have dropped this option; Georgia Power Co.'s Scherer Plant is scheduled from 1982, 1983, 1984, and 1987 and is one possible user

COAL CONTRACT INFORMATION

MINE NAME: CABALLO STRIP MINE

COMPANY: CARTER MINING COMPANY

COAL RESERVES: 460 million short tons

TOTAL CONTRACTED TONNAGE: 85.2 million short tons

MINE CAPACITY: 12 million short tons

CONTRACTED ANNUAL PRODUCTION: 3.9 million short tons

BUYER INFORMATION		CONTRACT SPECIFICATIONS						Miscellaneous Comments	
Company Name	Plant (name, location, capacity, annual fuel requirement)	Total Tonnage Contracted	Average Tonnage Per Year	Duration of Contract	Startup and Completion	FOB Mine Price Per Ton	Delivered Price Per Ton		Cents/MMBTU
Missouri Basin Power Project	Laramie River No. 3, Wheatland, WY 500 MW; 2.0 myn tons/year Startup in 1982	53.6 myn tons	2.1 myn tons ¹	25 years	1982-2006				Contract announced in 1978; negotiated through Western Fuels Assoc., Inc.; plant jointly owned by Basin Electric Power Cooperative (210 MW), Tri-State Generation and Transmission Assoc. (120 MW), Missouri Basin Municipal Power Agency (85 MW), Lincoln Electric System (65 MW), Heartland Consumers Power Agency (15 MW) and Wyoming Municipal Power Agencies (5 MW)
Omaha Public Power District	Nebraska City No. 1, Nebraska City, NB 575 MW; 1.8 myn tons/year Startup in 1979	31.6 myn tons	1.8 myn tons	20 years	1979-1998	\$5.26 ²	\$12.64 ²	74.3¢ ¹	Contract announced in 1975; estimated 1979 rail rate \$7.38

Notes: 1 Estimated

2 Initial contract price without adjustments

COAL CONTRACT INFORMATION

MINE NAME: CORDERO STRIP MINE

COMPANY: CORDERO MINING COMPANY

COAL RESERVES: 516 million short tons

TOTAL CONTRACTED TONNAGE: 217.3 million short tons

MINE CAPACITY: 24 million short tons

CONTRACTED ANNUAL PRODUCTION: 10.4 million short tons

BUYER INFORMATION		CONTRACT SPECIFICATIONS					Miscellaneous Comments	
Company Name	Plant (name, location, capacity, annual fuel requirement)	Total Tonnage Contracted	Average Tonnage Per Year	Duration of Contract	Startup and Completion	FOB Mine Price Per Ton		Delivered Price Per Ton Cents/MMBTU
?Eastern Iowa Light and Power Coop.	Montpelier expansion, Montpelier, IA 25 MW; 0.09 myn tons/year ?Startup in 1979	1.8 myn tons ¹	0.09 myn tons	20 years ¹	?1979-1998			It would appear that this expansion may have been included as part of the Ottumwa No. 1 plant and that this contract doesn't exist
Iowa-Illinois Gas and Electric Co.	Louisa Plant, Muscatine, IA 650 MW; 2.3 myn tons/year Startup in 1983	46.0 myn tons ¹	2.3 myn tons	20 years	1982-2001			Contract announced in 1978; plant jointly owned by Iowa-Illinois Gas and Electric Co. (500 MW), Iowa Power and Light (211 MW), Iowa Public Service (100 MW), Eastern Iowa Light and Power (30 MW), and various municipalities
Iowa-Illinois Gas and Electric Co.	Unspecified plant or plants	14.0 myn tons ¹						May be for another plant or reserved to extend the Louisa contract beyond 20 years
Iowa Southern Utilities Co.	Ottumwa No. 1, Chillicothe, IA 675 MW; 2.0 myn tons/year Startup in 1981	40.0 myn tons	2.0 myn tons	20 years	1980-1999			Contract announced in 1978; plant jointly owned by Iowa Southern Utilities (225 MW), Iowa Public Service Co. (125 MW), Iowa-

Notes: 1 Estimated 2 FERC data

COAL CONTRACT INFORMATION

MINE NAME: CORDERO STRIP MINE (Continued)

COMPANY:

COAL RESERVES:

TOTAL CONTRACTED TONNAGE:

MINE CAPACITY:

CONTRACTED ANNUAL PRODUCTION:

BUYER INFORMATION		CONTRACT SPECIFICATIONS						Miscellaneous Comments
Company Name	Plant (name, location, capacity, annual fuel requirement)	Total Tonnage Contracted	Average Tonnage Per Year	Duration of Contract	Startup and Completion	FOB Mine Price Per Ton	Delivered Price Per Ton Cents/MMBTU	
Missouri Basin Power Project	Laramie River No. 1, Wheatland, WY 500 MW; 2.0 myn tons/year Startup in 1980	30.0 myn tons	1.5 myn tons ¹	20 years	1979-1998			Illinois Gas and Electric (125 MW), Iowa Power and Light (100 MW), and Iowa Electric Light and Power (100 MW). Contract announced in 1975; negotiated by Western Fuels Assoc., Inc.; plant jointly owned by Basin Electric Power Cooperative (210 MW), Tri-State Generation and Transmission Assoc. (120 MW), Missouri Basin Municipal Power Agency (85 MW), Lincoln Electric System (65 MW), Heartland Consumers Power Agency (15 MW), and Wyoming Municipal Power Agencies (5 MW)

COAL CONTRACT INFORMATION

MINE NAME: CARBON BASIN STRIP AND UNDERGROUND MINE

COMPANY: EDISON DEVELOPMENT COMPANY

COAL RESERVES: 400 million short tons

TOTAL CONTRACTED TONNAGE: 250 million short tons

MINE CAPACITY: 5 million short tons¹

CONTRACTED ANNUAL PRODUCTION: 5 million short tons

BUYER INFORMATION		CONTRACT SPECIFICATIONS						Miscellaneous Comments
Company Name	Plant (name, location, capacity, annual fuel requirement)	Total Tonnage Contracted	Average Tonnage Per Year	Duration of Contract	Startup and Completion	FOB Mine Price Per Ton	Delivered Price Per Ton Cents/MMBTU	
Commonwealth Edison Co.	?Powerton Plant, Pekin, IL 1133 MW; 4.24 myn tons/year On line	160 myn tons ²	4.0 myn tons ²	20 years	Mid-1980's-2000's ²			Plans announced in 1978; Decker mine in MT presently supplies this plant, but Carbon Basin could be future supplier
Commonwealth Edison Co.	?Unspecified plant or plants in IL	40 myn tons ²	1.0 myn tons ²	20 years	?			No other details; one press release stated a market in New York as well

COAL CONTRACT INFORMATION
 MINE NAME: MEDICINE BOW STRIP MINE
 COMPANY: MEDICINE BOW COAL COMPANY

COAL RESERVES: 37.5 million short tons
 TOTAL CONTRACTED TONNAGE: 37.5 million short tons
 MINE CAPACITY: 3.3 million short tons
 CONTRACTED ANNUAL PRODUCTION: 3.0 million short tons

BUYER INFORMATION		CONTRACT SPECIFICATIONS						Miscellaneous Comments	
Company Name	Plant (name, location, capacity, annual fuel requirement)	Total Tonnage Contracted	Average Tonnage Per Year	Duration of Contract	Startup and Completion	FOB Mine Price Per Ton	Delivered Price Per Ton		
Northern Indiana Public Service Co.	Dean H. Mitchell Station, Gary, IN 500 MW; 1.5 myn tons/year On line	15 myn tons	1.5 myn tons	10 years	1975-1984		\$21.75 ² (1978)	113.3¢	Contract announced in 1975

COAL CONTRACT INFORMATION
 MINE NAME: JACOBS RANCH STRIP MINE (Continued)
 COMPANY:

COAL RESERVES:
 TOTAL CONTRACTED TONNAGE:
 MINE CAPACITY:
 CONTRACTED ANNUAL PRODUCTION:

BUYER INFORMATION		CONTRACT SPECIFICATIONS						Miscellaneous Comments	
Company Name	Plant (name, location, capacity, annual fuel requirement)	Total Tonnage Contracted	Average Tonnage Per Year	Duration of Contract	Startup and Completion	FOB Mine Price Per Ton	Delivered Price Per Ton		
Public Service of Oklahoma	Northeastern No. 3, Oologah, OK 450 MW; 2.0 myn tons/year On line	30 myn tons	2.0 myn tons	15 years	1979-1993		\$21.21 ⁴ (1979)	120.5¢	Contract announced in 1975; plant jointly owned by Public Service of Oklahoma (350 MW) and West Texas Utilities Co. (100 MW); assumed an extra 10 myn tons has been added to contract to make up for PSO No. 1 mine; rail rate \$11.45/ton in 1979

Notes:

COAL RESERVES: 317.5 million short tons
 TOTAL CONTRACTED TONNAGE: 50 million short tons
 MINE CAPACITY: 15 million short tons
 CONTRACTED ANNUAL PRODUCTION: 2.6 million short tons

MOBILE OIL CORPORATION
 CABALLOS STRIP MINE

BUYER INFORMATION		CONTRACT SPECIFICATIONS					Miscellaneous Comments	
Company Name	Plant (name, location, capacity, annual fuel requirement)	Total Tonnage Contracted	Average Tonnage Per Year	Duration of Contract	Startup and Completion	FOB Mine Price Per Ton		Delivered Price Cents/MMBTU
Missouri Basin Power Project	Laramie River Station, units 1-3; 1500 MW; 6.0 myn tons/year Startup 1980, 1980, 1982	30 myn tons	1.5 myn tons	20 years	1983-2002	Less than \$6.75		Contract announced in February 1980; negotiated with Western Fuels Association; not clear which power plant units are included in contract, perhaps all 3
Sunflower Electric Coop	Holcom Station, Garden City, KS; 280 MW; 1.1 myn tons/year; Startup in 1983	20 myn tons	1.1 myn tons	20 years	1983-2002	Less than \$6.75		Contract announced in February 1980; negotiated with Western Fuels Association; initial shipments at 0.38 myn tons/year will increase to 1.1 myn tons/year

COAL CONTRACT INFORMATION
 MINE NAME: NORTH ANTELOPE STRIP MINE
 COMPANY: NORTH ANTELOPE COAL COMPANY

COAL RESERVES: 200 million short tons
 TOTAL CONTRACTED TONNAGE: 150 million short tons
 MINE CAPACITY: 5 million short tons
 CONTRACTED ANNUAL PRODUCTION: 5 million short tons

BUYER INFORMATION		CONTRACT SPECIFICATIONS					Miscellaneous Comments	
Company Name	Plant (name, location, capacity, annual fuel requirement)	Total Tonnage Contracted	Average Tonnage Per Year	Duration of Contract	Startup and Completion	FOB Mine Price Per Ton		Delivered Price Cents/MMBTU
Arkansas Power and Light Co.	Independence No. 1, Newark, AR 700 MW; 2.5 myn tons/year Startup in 1983	100 myn tons	2.5 myn tons	40 years	1983-2022			Contract announced in 1976; negotiated through System Fuels, includes a 50 myn ton option; plant jointly owned by Arkansas Power and Light Co. (420 MW), Arkansas Electric Coop. (245 MW), and City of Jonesboro (35 MW)
City of Wichita	Unnamed coal gasification plant, Wichita, KS; 7 capacity; 7 tonnage	?	?	?	?			See notes above Plans for this plant were announced in 1977, but its present status is unclear

COAL CONTRACT INFORMATION

MINE NAME: BUCKSKIN STRIP MINE

COMPANY: SHELL OIL COMPANY

COAL RESERVES: 80 million short tons

TOTAL CONTRACTED TONNAGE: 80 million short tons

MINE CAPACITY: 6.15 million short tons

CONTRACTED ANNUAL PRODUCTION: 6.15 million short tons

BUYER INFORMATION		CONTRACT SPECIFICATIONS						Miscellaneous Comments	
Company Name	Plant (name, location, capacity, annual fuel requirement)	Total Tonnage Contracted	Average Tonnage Per Year	Duration of Contract	Startup and Completion	FOB Mine Price Per Ton	Delivered Price Per Ton	Cents/MMBTU	
Cajun Electric Power Cooperative, Inc.	?Big Cajun 2 No. 2, New Roads, LA; 540 MW; 2.3 myn tons/year Startup in 1981	28 myn tons ¹	2.35 myn tons ¹	12 years	1984-1995				
Western Farmers Electric Coop.	?Big Cajun 2 No. 3, New Roads, LA; 540 MW; 2.3 myn tons/year Startup in 1983	28 myn tons ¹	2.35 myn tons ¹	12 years	1984-1995				See notes above
	Eastern Oklahoma No. 1, Anadarko, OK; 376 MW; 1.2 myn tons/year Startup in 1982	20.4 myn tons	1.2 myn tons	17 years	1981-1997				Contract announced in 1977

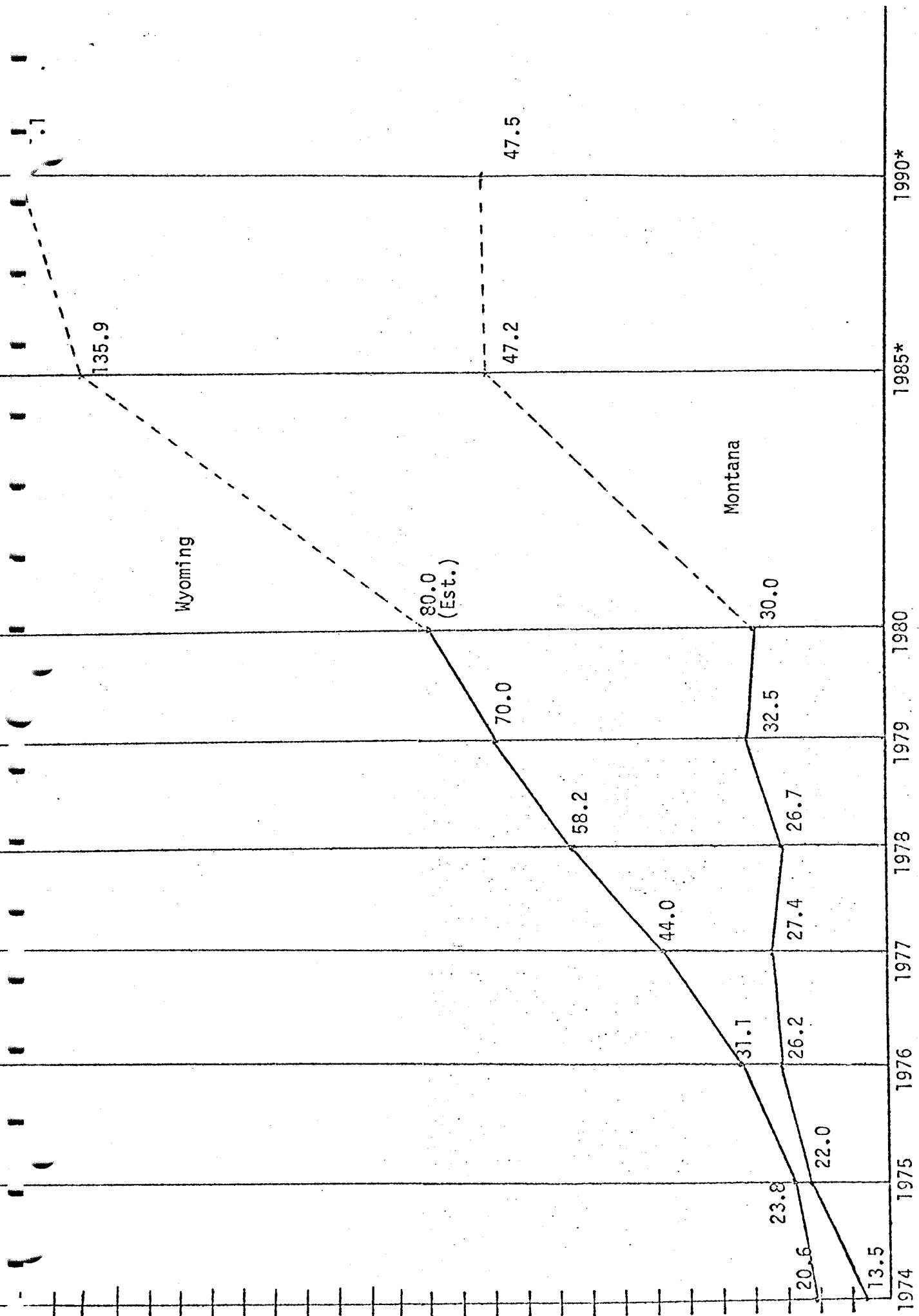
Notes:

COAL RESERVES:
 TOTAL CONTRACTED TONNAGE:
 MINE CAPACITY:
 CONTRACTED ANNUAL PRODUCTION:

BUYER INFORMATION		CONTRACT SPECIFICATIONS						Miscellaneous Comments
Company Name	Plant (name, location, capacity, annual fuel requirement)	Total Tonnage Contracted	Average Tonnage Per Year	Duration of Contract	Start-up and Completion	FOB Mine Price Per Ton	Delivered Price Per Ton Cents/MMBTU	
Oklahoma Gas and Electric Co.	Muskogee No. 4, Muskogee, OK; 515 MW; 1.5 myn tons/year On line	30 myn tons	1.5 myn tons	20 years	1978-1997	\$1.90 ²	\$16.76 ³ (1979)	Contract announced in 1973
Oklahoma Gas and Electric Co.	Muskogee No. 5, Muskogee, OK; 515 MW; 1.5 myn tons/year On line	30 myn tons	1.5 myn tons	20 years	1978-1997	\$1.90 ²	\$16.76 ³ (1979)	See notes above
Oklahoma Gas and Electric Co.	Sooner No. 1, Ponka City, OK; 515 MW; 1.6 myn tons/year On line	32 myn tons ¹	1.6 myn tons	20 years ¹	1979-1998		\$18.48 ³ (1979)	Contract noted in 1978
Oklahoma Gas and Electric Co.	Sooner No. 2, Ponka City, OK; 515 MW; 1.6 myn tons/year Startup in 1980	32 myn tons ¹	1.6 myn tons	20 years ¹	1980-1998			Contract noted in 1978

COAL CONTRACT INFORMATION
 MINE NAME: BLACK THUNDER STRIP MINE (Continued)
 COMPANY:
 COAL RESERVES:
 TOTAL CONTRACTED TONNAGE:
 MINE CAPACITY:
 CONTRACTED ANNUAL PRODUCTION:

BUYER INFORMATION		CONTRACT SPECIFICATIONS						Miscellaneous Comments
Company Name	Plant (name, location, capacity, annual fuel requirement)	Total Tonnage Contracted	Average Tonnage Per Year	Duration of Contract	Start-up and Completion	FOB Mine Price Per Ton	Delivered Price Per Ton Cents/MMBTU	
Southwestern Public Service Co.	Harrington No. 3, Amarillo, TX; 317 MW; 1.0 myn tons/year Startup in 1980	20 myn tons ¹	1.0 myn tons	20 years ¹	1980-1999			See note above
Southwestern Public Service Co.	Tolk No. 1, Earth, TX; 510 MW; 1.5 myn tons/year Startup in 1982	30 myn tons ¹	1.5 myn tons ¹	20 years ¹	1981-2001			Contract announced in 1978 although details are lacking; Coal Creek mine may also supply some coal to these units
Wisconsin Public Service Corp.	Tolk No. 2, Earth, TX; 510 MW; 1.5 myn tons/year Startup in 1985	30 myn tons ¹	1.5 myn tons ¹	20 years ¹	1984-2004			See notes above
Wisconsin Public Service Corp.	Weston No. 3, Rothschild, WI; 300 MW; 1.0 myn tons/year Startup in 1982	1 myn tons	1.0 myn tons	1 year	1981			Contract announced in 1977; contract is with Coal Creek mine, but Black Thunder will provide coal until Coal Creek is on line



*Contracted Tonnages
DOE/RA-0045/1

Wyoming and Montana Coal Production

Prepared by Montana Coal Council

TESTIMONY ON

S.B. 344

PROPOSED MONTANA HARD-ROCK MINERAL SEVERANCE TAX BILL

TO

MONTANA STATE SENATE
COMMITTEE ON TAXATION

AT

HELENA, MONTANA
FEBRUARY 17, 1981

BY

THOMAS A. BUTLER
DISTRICT GEOLOGIST
NORANDA EXPLORATION, INC.

Mr. Chairman:

My name is Thomas A. Butler. I am District Geologist for Noranda Exploration, Inc. in Missoula, Montana. I came here today to present information to the committee regarding our mineral exploration efforts in the State of Montana and to appraise the committee on the ramifications of increasing the mineral severance tax on hard-rock minerals in the state.

Noranda has been exploring for hard-rock mineral deposits in Montana since 1970, and since 1974 has maintained an exploration office and staff in Missoula, Montana. During the winter months we normally employ 12-15 people which increases to 40-45 people during the summer months. Our current exploration budget for the northwest district generally ranges between \$2-3 million. There are 3 other mineral exploration companies located within the same business complex where our offices are located, so I would estimate that between 160 to 200 people are employed locally in the Missoula area by these four mining companies alone.

We are extremely concerned and alarmed by the possibility that the 1981 legislature might decide to increase the hard-rock mineral severance tax in this state. Any such increase would surely have a very negative impact on the economy of Montana by shutting down exploration offices all over the state and curtailing work on several major mineral deposits located throughout the state.

As an example, at our Liver Peak project we are currently exploring a large molybdenum deposit located about five miles

northeast of Thompson Falls. We have been working on this property since 1974 and have spent over \$1.0 million on the project to date. Our 1981 expenditures on this project will be approximately \$860,000. Total exploration expenditures needed to bring the project to the development stage will be on the order of \$7-10 million. Total expenditures needed to bring the deposit into production could range between \$250-350 million. This is assuming, of course, that our continuing exploration work justifies a production decision.

Our preliminary economic estimates indicate a potential ore deposit at Liver Peak containing 100 million tons of ore. If this deposit is brought into production, approximately 700 people would be directly employed at the mine for a period of some 20 years, or more. Direct taxes paid to the State of Montana each year would be approximately as follows:

Mining Taxes	-	\$3,000,000
Montana Income Taxes	-	\$3,000,000

Direct income taxes to the federal government would be approximately \$18.9 million per year. The direct payroll from the mine would total about \$15.8 million, from which, additional federal and state income taxes would be paid.

Assuming that one new mine job produces two non-mine jobs in the local community, a total of 2,100 new jobs would be created by this mine. Considering that each dollar that is spent in the local community changes hands 2-3 times (the industry's standard multiplier factor for wages is 2.3), then the \$15.8 million in direct payroll wages added to the \$36

million due to the multiplier effect ($\$15.8 \times 2.3$), yields a total of \$52 million in spendable income which would be contributed to the local economy. Therefore, start up of this mine would yield:

--- 2,100 jobs

--- \$52 million in direct spendable income to the local economy

--- \$6 million per year in direct taxes to the State of Montana

Imposition of any additional state severance tax would most likely curtail all exploration work at the Liver Peak project and all of our other exploration projects in Montana. The grade of the ore at Liver Peak is low and the deposit is economically marginal even under the present tax structure. For example, the average grade of the ore at two producing Colorado molybdenum mines compared to that at Liver Peak is as follows:

Henderson, Colorado	0.49% MoS ₂
Climax, Colorado	0.32% MoS ₂
Liver Peak, Montana	0.12-0.15% MoS ₂

Under a higher tax structure, the Liver Peak molybdenum deposit would simply be uneconomic to mine and no further work would be accomplished on the property.

In general, exploration dollars tend to flow out of states with punitive tax structures and into states with more favorable tax structures. For example, the passage of a punitive mining tax in the state of Wisconsin recently caused Noranda to

abandon the state for exploration purposes. Since imposition of the Wisconsin Mining Tax, no new tax revenue has been derived from the tax because it is such a disincentive for mining companies to produce. Reasonable taxes, on the other hand, provide an incentive for companies to invest money in new mining and exploration projects.

We at Noranda are very enthusiastic about the Liver Peak project and the other exploration opportunities here in Montana and would like to continue our efforts in the state. We would, therefore, respectfully urge you to consider carefully the economic ramifications of any increase in the severance tax on hard-rock minerals at this time.

I'm ~~located~~ from present, as the
Crown Plus about 3 1/2 miles from the Anacosta adit.

It is my belief the true purpose of the proposed
severance tax is to freeze out mining activity in this
area & not for the possible impact. Sen. Towne has
a summer home nearby & has been ~~visited~~ visited by special
interest groups which work against this ~~mining~~

Mining is being taxed as any other business at this
rate. They also have to pay the Gross Proceed Tax &
metalliferous mine tax. Few businesses could exist
with a 10 to 15% Tax off the top

Anacosta seems in agreement with paying 2/3 of any
Impact Cost. This is a generous offer & will take
a possible burden off the local residents. With this
there is no need for a severance tax.

I'm sure most of you have seen ⁱⁿ various publications
the past few months how dependent this Country is
on foreign ~~markets~~ markets for strategic materials.
The Country needs this development

Employment is needed at this time for the local young
people. There is ~~no~~ ~~employment~~ ~~in~~ ~~the~~ ~~area~~ ~~that~~ ~~is~~ ~~not~~ ~~needed~~
~~without~~ ~~aggravating~~ ~~hardly~~ ~~providing~~ ~~for~~ ~~employment~~ ~~without~~ ~~this~~.
The ~~area~~ is presently ~~lacking~~ ~~in~~ ~~employment~~ ~~for~~ ~~local~~
residents needing jobs. The severance Tax will most
likely force mining to cease & these people will be
forced to leave the area to seek employment elsewhere.
~~It~~ If not killed the Tax will kill the future
of this area.

Those proving that at state it is for any impact
caused after the Tax is collected I would have

much of it would not reach the actual impacted area.

I & a number of others favor the Bell introduced in the book by Ellyson & Mr. Lane concerning mining which is more fact & factually

Attachment 26

PETITION

TO: Senator Max Conover and
Representative Jean McClane

We, the undersigned residents of Senate and House Districts 72, wish to clarify the record concerning this District's position on mineral development in the Stillwater Complex and the proposed mineral severance tax.

We support responsible development of the Stillwater Complex and feel that many benefits in the past have resulted from the mining activity in the Stillwater Complex. One of the most important benefits has been the employment opportunity created which allows us to keep our greatest and best resource, our young people, here in Montana.

We feel that since the mining companies involved in the development of the Stillwater Complex are willing to relieve the taxpayers of the counties involved of the financial impact that may occur from such mineral development that we are totally opposed to the proposed mineral severance tax.

We also wish to express our confidence in your representation of this district and our lack of confidence in Senator Towe and Representative Fagg who are not from this district, who do not represent its residents, and who are affiliated with special interest groups.

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>Arthur J. Yates</u>	<u>Phillips</u>	<u>1/29/81</u>
<u>Dennis Yates</u>	<u>Fishtail mt.</u>	<u>1/22/81</u>

29

PETITION

TO: Senator Max Conover and
Representative Jean McClane

We, the undersigned residents of Senate and House Districts 72, wish to clarify the record concerning this District's position on mineral development in the Stillwater Complex and the proposed mineral severance tax.

We support responsible development of the Stillwater Complex and feel that many benefits in the past have resulted from the mining activity in the Stillwater Complex. One of the most important benefits has been the employment opportunity created which allows us to keep our greatest and best resource, our young people, here in Montana.

We feel that since the mining companies involved in the development of the Stillwater Complex are willing to relieve the taxpayers of the counties involved of the financial impact that may occur from such mineral development that we are totally opposed to the proposed mineral severance tax.

We also wish to express our confidence in your representation of this district and our lack of confidence in Senator Towe and Representative Fagg who are not from this district, who do not represent its residents, and who are affiliated with special interest groups.

<u>Name</u>	<u>Address</u>	<u>Date</u>
<i>George W. Galt</i>	<i>Fiddler Mt.</i>	<i>1-20-81</i>
<i>Lauren L. Galt</i>	<i>Nye Mt.</i>	<i>1-20-81</i>

SIGNATURE PAGE FOR PETITION TO
 SENATOR MAX CONOVER AND
 REPRESENTATIVE JEAN McCLANE

<u>Name</u>	<u>Address</u>	<u>Date</u>
<i>[Signature]</i>	<i>[Address]</i>	<i>1-20-81</i>
Walter E. Smiley	Fayetteville	26 Jan 81
Mr. Winge	Nye	Jan. 20 1981
William K. Williams	Nye, NV 89008	Jan 20 1981
John L. Early	Albany, Mont 59001	1/20/81
John J. Adams	Albany, Mont. 59001	1/20/81
Kelly White	Fish Lake, NV 89028	
Helena Colson	Nye, mt 59061	
Bunny Martin	Nye, mt. 59061	
Joseph W. Benjamin	Albany, mt 59001	1-20-81
Allyson D. Thompson	Albany, mt 59001	1-20-81

SIGNATURE PAGE FOR PETITION TO
SENATOR MAX CONOVER AND
REPRESENTATIVE JEAN McCLANE

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>Bob Drenen</u>	<u>fish tail mt.</u>	<u>1/20/81</u>
<u>Martha McLellan</u>	<u>Fishtail Mt</u>	<u>1/20/81</u>
<u>Deane Erney Applebee</u>		<u>1-20/81</u>
<u>Harvey D. Williams</u>	<u>Nye Mont.</u>	<u>1-2-81</u>
<u>Everett Inlay</u>	<u>absarokee Mont</u>	<u>1-20-81</u>
<u>Scottie Inlay</u>	<u>absarokee Mont</u>	<u>1-20-81</u>
<u>Cheryl K. Kennedy</u>	<u>Absarokee Mt.</u>	<u>1/20/81</u>
<u>Phil E Adams</u>	<u>Nye Mt.</u>	<u>1/20/81</u>
<u>Dale Kennedy</u>	<u>Absarokee Mont</u>	<u>1-20-81</u>
<u>Brian Potter</u>	<u>Absarokee Mont</u>	<u>1-20-81</u>
<u>Angeline T. Blackstone</u>	<u>Absarokee Mont.</u>	<u>1-20-81</u>

SIGNATURE PAGE FOR PETITION TO
 SENATOR MAX CONOVER AND
 REPRESENTATIVE JEAN McCLANE

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>Robert McKinsey</u>	<u>Nye, Me 59061 poc # 10</u>	<u>1/20/81</u>
<u>BILL ARWOOD</u>	<u>FISHTAIL</u>	<u>1/20/81</u>
<u>Paul Schuyler</u>	<u>A Warokee</u>	<u>1/21/81</u>
<u>Hubert Whiting</u>	<u>Fishtail</u>	<u>1-21-81</u>
<u>Paul Schuyler</u>	<u>A Warokee</u>	<u>1-21/81</u>
<u>Glen McKinsey</u>	<u>Nye.</u>	<u>2-3-81</u>
<u>Dale H. McKinsey</u>	<u>Nye.</u>	<u>2-3-81</u>
<u>Robert H. McKinsey</u>	<u>Nye.</u>	<u>2-3-81</u>
<u>Helen M. Martin</u>	<u>Nye.</u>	<u>2-3-81</u>
<u>Thomas F. Martin</u>	<u>Nye.</u>	<u>2-3-81</u>

PETITION

TO: Senator Max Conover and
Representative Jean McClane

We, the undersigned residents of Senate and House Districts 72, wish to clarify the record concerning this District's position on mineral development in the Stillwater Complex and the proposed mineral severance tax.

We support responsible development of the Stillwater Complex and feel that many benefits in the past have resulted from the mining activity in the Stillwater Complex. One of the most important benefits has been the employment opportunity created which allows us to keep our greatest and best resource, our young people, here in Montana.

We feel that since the mining companies involved in the development of the Stillwater Complex are willing to relieve the taxpayers of the counties involved of the financial impact that may occur from such mineral development that we are totally opposed to the proposed mineral severance tax.

We also wish to express our confidence in your representation of this district and our lack of confidence in Senator Towe and Representative Fagg who are not from this district, who do not represent its residents, and who are affiliated with special interest groups.

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>Jack K. Krueger</u>	<u>RT 1 Box 35 Columbia Mt</u>	<u>1-21-81</u>
<u>E. Mary Krueger</u>	<u>Star RT 1 Box 35 Col. Mt.</u>	<u>1-21-81</u>

SIGNATURE PAGE FOR PETITION TO
SENATOR MAX CONOVER AND
REPRESENTATIVE JEAN McCLANE

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>Shirley Campbell</u>	<u>Columbus</u>	<u>1-21-81</u>
<u>Michael Hatten</u>	<u>Columbus</u>	<u>1-21-81</u>
<u>Ben Nailall</u>	<u>Columbus</u>	<u>1/21/81</u>
<u>Chuck Carter</u>	<u>Columbus</u>	<u>1/21/81</u>
<u>Fyona C. Hillman</u>	<u>Columbus</u>	<u>1/21/81</u>
<u>Gene R. Holliday</u>	<u>Columbus</u>	<u>1/21/81</u>
<u>Chris Kasper</u>	<u>Columbus</u>	<u>1/21/81</u>
<u>Chester F. Moore</u>	<u>Box 2 Columbus</u>	<u>1/21/81</u>
<u>Edward Hufner</u>	<u>Grand Rapids, Columbus</u>	<u>1/21/81</u>
<u>Robin Clark</u>	<u>Columbus</u>	<u>1-21-81</u>
<u>Ellen A. Holter</u>	<u>Columbus</u>	<u>1-21-81</u>

SIGNATURE PAGE FOR PETITION TO
 SENATOR MAX CONOVER AND
 REPRESENTATIVE JEAN McCLANE

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>Alan Kobus</u>	<u>Park City</u>	<u>Jan 21, 1981</u>
<u>Jack D. Butler</u>	<u>Columbus</u>	<u>1-21-81</u>
<u>Paul Rossini</u>	<u>Columbus</u>	<u>1-22-81</u>
<u>Bonnie & Chuck Maki</u>	<u>Columbus</u>	<u>1-22-81</u>
<u>Katherine Jones</u>	<u>Columbus</u>	<u>Jan 22, 1981</u>
<u>John P. Rowen</u>	<u>"</u>	<u>"</u>
<u>Jean Reynolds</u>	<u>"</u>	<u>Jan 22, 1981</u>
<u>Robert Reynolds</u>	<u>"</u>	<u>Jan 22, 1981</u>
<u>Kevin Dealy</u>	<u>Columbus</u>	<u>2/1/81</u>
<u>John Wedel</u>	<u>Columbus</u>	<u>2/1/81</u>
<u> </u>	<u> </u>	<u> </u>

PETITION

TO: Senator Max Conover and
Representative Jean McClane

We, the undersigned residents of Senate and House Districts 72, wish to clarify the record concerning this District's position on mineral development in the Stillwater Complex and the proposed mineral severance tax.

We support responsible development of the Stillwater Complex and feel that many benefits in the past have resulted from the mining activity in the Stillwater Complex. One of the most important benefits has been the employment opportunity created which allows us to keep our greatest and best resource, our young people, here in Montana.

We feel that since the mining companies involved in the development of the Stillwater Complex are willing to relieve the taxpayers of the counties involved of the financial impact that may occur from such mineral development that we are totally opposed to the proposed mineral severance tax.

We also wish to express our confidence in your representation of this district and our lack of confidence in Senator Towe and Representative Fagg who are not from this district, who do not represent its residents, and who are affiliated with special interest groups.

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>Allen A. Langston</u>	<u>Nye, MT</u>	<u>1-20-81</u>
<u>James E. Langston</u>	<u>Nye, Mt.</u>	<u>1-20-81</u>

PETITION

TO: Senator Max Conover and
Representative Jean McClane

We, the undersigned residents of Senate and House Districts 72, wish to clarify the record concerning this District's position on mineral development in the Stillwater Complex and the proposed mineral severance tax.

We support responsible development of the Stillwater Complex and feel that many benefits in the past have resulted from the mining activity in the Stillwater Complex. One of the most important benefits has been the employment opportunity created which allows us to keep our greatest and best resource, our young people, here in Montana.

We feel that since the mining companies involved in the development of the Stillwater Complex are willing to relieve the taxpayers of the counties involved of the financial impact that may occur from such mineral development that we are totally opposed to the proposed mineral severance tax.

We also wish to express our confidence in your representation of this district and our lack of confidence in Senator Towe and Representative Fagg who are not from this district, who do not represent its residents, and who are affiliated with special interest groups.

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>Shelley Hylvek</u>	<u>Absarokee mt</u>	<u>1-21-81</u>
<u>Virgil Onal</u>	<u>Nye mt</u>	<u>1-21-81</u>

PETITION

TO: Senator Max Conover and
Representative Jean McClane

We, the undersigned residents of Senate and House Districts 72, wish to clarify the record concerning this District's position on mineral development in the Stillwater Complex and the proposed mineral severance tax.

We support responsible development of the Stillwater Complex and feel that many benefits in the past have resulted from the mining activity in the Stillwater Complex. One of the most important benefits has been the employment opportunity created which allows us to keep our greatest and best resource, our young people, here in Montana.

We feel that since the mining companies involved in the development of the Stillwater Complex are willing to relieve the taxpayers of the counties involved of the financial impact that may occur from such mineral development that we are totally opposed to the proposed mineral severance tax.

We also wish to express our confidence in your representation of this district and our lack of confidence in Senator Towe and Representative Fagg who are not from this district, who do not represent its residents, and who are affiliated with special interest groups.

<u>Name</u>	<u>Address</u>	<u>Date</u>
<i>Billy [Signature]</i>	<i>Nye mt.</i>	<i>22 Jan 81</i>
<i>Keith E Martin</i>	<i>Nye mt.</i>	<i>1/22/81</i>

PETITION

TO: Senator Max Conover and
Representative Jean McClane

We, the undersigned residents of Senate and House Districts 72, wish to clarify the record concerning this District's position on mineral development in the Stillwater Complex and the proposed mineral severance tax.

We support responsible development of the Stillwater Complex and feel that many benefits in the past have resulted from the mining activity in the Stillwater Complex. One of the most important benefits has been the employment opportunity created which allows us to keep our greatest and best resource, our young people, here in Montana.

We feel that since the mining companies involved in the development of the Stillwater Complex are willing to relieve the taxpayers of the counties involved of the financial impact that may occur from such mineral development that we are totally opposed to the proposed mineral severance tax.

We also wish to express our confidence in your representation of this district and our lack of confidence in Senator Towe and Representative Fagg who are not from this district, who do not represent its residents, and who are affiliated with special interest groups.

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>Loy D. Rickman</u>	<u>Fishtail, MT</u>	<u>1/21/81</u>
<u>Richard R. Martin</u>	<u>Columbus, MT</u>	<u>1/23/81</u>

SIGNATURE PAGE FOR PETITION TO
SENATOR MAX CONOVER AND
REPRESENTATIVE JEAN McCLANE

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>Edwin Heit</u>	<u>Absarokee</u>	<u>1-21-81</u>
<u>Don Howland</u>	<u>Absarokee</u>	<u>1-21-81</u>
<u>Henry M. Fisher</u>	<u>Absarokee</u>	<u>1-21-81</u>
<u>Sheila K. Lehner</u>	<u>Absarokee</u>	<u>1-21-81</u>
<u>Van Injan</u>	<u>Absarokee</u>	<u>1-21-81</u>
<u>Pauline Lamm</u>	<u>Absarokee</u>	<u>1-21-81</u>
<u>Debbie Lamm</u>	<u>Absarokee</u>	<u>1-21-81</u>
<u>Richard Luing</u>	<u>Absarokee</u>	<u>1/21/81</u>
<u>John Luing</u>	<u>Absarokee</u>	<u>1/21/81</u>
<u>Bruce Witte</u>	<u>Absarokee</u>	<u>1-21-81</u>
<u>Mary Dadd</u>	<u>Absarokee,</u>	<u>1-21-81</u>
<u>Michael W. Kelley</u>	<u>Absarokee</u>	<u>1/21/81</u>
<u>John B. Bjorndal</u>	<u>Absarokee</u>	<u>1/21/81</u>

PETITION

TO: Senator Max Conover and
Representative Jean McClane

We, the undersigned residents of Senate and House Districts 72, wish to clarify the record concerning this District's position on mineral development in the Stillwater Complex and the proposed mineral severance tax.

We support responsible development of the Stillwater Complex and feel that many benefits in the past have resulted from the mining activity in the Stillwater Complex. One of the most important benefits has been the employment opportunity created which allows us to keep our greatest and best resource, our young people, here in Montana.

We feel that since the mining companies involved in the development of the Stillwater Complex are willing to relieve the taxpayers of the counties involved of the financial impact that may occur from such mineral development that we are totally opposed to the proposed mineral severance tax.

We also wish to express our confidence in your representation of this district and our lack of confidence in Senator Towe and Representative Fagg who are not from this district, who do not represent its residents, and who are affiliated with special interest groups.

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>Clifford A. Bare</u>	<u>Fishtail, Mont.</u>	<u>1-21-81</u>
<u>Robert P. Anderson</u>	<u>Alexander, W.</u>	<u>1-21-81</u>

SIGNATURE PAGE FOR PETITION TO
 SENATOR MAX CONOVER AND
 REPRESENTATIVE JEAN McCLANE

Name	Address	Date
John Simmons	Box 356	1-21-81
Marilyn Simmons	Box 356 Absarokee	1-21-81
Rerald Evans	Box 132 Absarokee	1-21-81
Edge Evans	"	1-21-81
Raymond H. Kimball Jr.	Box 277 Absarokee	1-21-81
LeRoy McQuinn	Box 324, Absarokee	1/21/81
Wynne Hansen	RR1 Box 17 Absarokee	1/21/81
Robbie Hermanson	Absarokee	
Lillian Herock	Absarokee, Wyo.	1-21-81
Charles Shyke	Roscoe	1/21/81
Henry Shyke	Roscoe	1-21-81
Rodney W. Moya	ABSAROKEE	1-21-81
Henry Howell	Absarokee	1-21-81
Martha Keller	Fishtail	
Ermy Keller	"	1-21-81
Ermy Keller	"	1-21-81

SIGNATURE PAGE FOR PETITION TO
SENATOR MAX CONOVER AND
REPRESENTATIVE JEAN McCLANE

Name Address Date
Mere Rathbun Absarokee Wt 1/21/81

H. Lundy Absarokee 1/21/81

Arnette Smith Columbus 1/21/81

Calvin O. Evans Box 301 Absarokee 1/21/81

Junior J. Galt Roscoe Jan 1

Margaret D. Jensen Absarokee 1/21/81

O. J. Smith Absarokee 1/21/81

Helena V. Smith Absarokee 1/21/81

Kathleen Lubbed Absarokee 1/21/81

Marguerite Rathbun Abs 1/21/81

Robert Morgan Abs 1/21/81

Fred W. Lundy & Abs. 1/21/81

SIGNATURE PAGE FOR PETITION TO
 SENATOR MAX CONOVER AND
 REPRESENTATIVE JEAN McCLANE

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>H. G. Smith</u>	<u>Nye, Mt.</u>	<u>1-21-81</u>
<u>George E. Campbell</u>	<u>abs. mt</u>	<u>1/21/81</u>
<u>Shirley M. Campbell</u>	<u>Absookee, MT</u>	<u>1-21-81</u>
<u>Banner Stohbe</u>	<u>absahee MT</u>	<u>1-21-81</u>
<u>Alvin Hansen</u>	<u>Big Coulee Mt</u>	<u>1-21-81</u>
<u>John Storke</u>	<u>ABSAROOKEE MT</u>	<u>1-21-81</u>
<u>Sherman Roberts</u>	<u>Nye mt</u>	<u>1-21-81</u>
<u>Bonnie Roberts</u>	<u>Nye mt</u>	<u>1-21-81</u>
<u>Jerry Roberts</u>	<u>Nye mt</u>	<u>1-21-81</u>
<u>Theresa Roberts</u>	<u>Nye mt</u>	<u>1-21-81</u>
<u>Ernest Rachtens</u>	<u>absahee mt</u>	<u>1-21-81</u>

SIGNATURE PAGE FOR PETITION TO
SENATOR MAX CONOVER AND
REPRESENTATIVE JEAN McCLANE

<u>Name</u>	<u>Address</u>	<u>Date</u>
Bob Curris	Absarokee	1/21/81
Alan Foster	Absarokee	1/21-81
Jo Mendenhall	"	1/21/81
Betty S. Martin	"	1/21/81
Paul E. Mendenhall	"	1/21/81
Wicki Arnold	"	1-21-81
Maureen Hattie	"	1-21-81
Helena A. Davis	Absarokee	1/21/81
Robert G. Fisher		1/21/81
Sheri Young	Absarokee	1/21/81
Betty L. Spriet	Maphurst	1/21/81

SIGNATURE PAGE FOR PETITION TO
 SENATOR MAX CONOVER AND
 REPRESENTATIVE JEAN McCLANE

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>John Froland</u>	<u>Absarokee</u>	<u>March</u>
<u>Clayton M. Johnson</u>	<u>Absarokee</u>	<u>1/21/81</u>
<u>Mary Lou Haugen</u>	<u>"</u>	<u>1/21/81</u>
<u>William R. Belton</u>	<u>Box 554 Absarokee</u>	<u>1-21-81</u>
<u>Ernest Zyzanski</u>	<u>RR. 1 Box 33 Absarokee</u>	<u>1-21-81</u>
<u>Shane Carter</u>	<u>Box 164 Absarokee</u>	<u>1-21-81</u>
<u>Loris J. Varkes</u>	<u>Box 156, Absarokee</u>	<u>1-21-81</u>
<u>Carolyn Martich</u>	<u>Box 244 Absarokee</u>	<u>1-21-81</u>
<u>Linda J. Carden</u>	<u>Box 495 Absarokee</u>	<u>1-21-81</u>
<u>Jean Kimball</u>	<u>Box 277 Absarokee</u>	<u>1-21-81</u>
<u>Steve Pedersen</u>	<u>Absarokee, WY.</u>	<u>1-21-81</u>

SIGNATURE PAGE FOR PETITION TO
SENATOR MAX CONOVER AND
REPRESENTATIVE JEAN McCLANE

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>Mary Foster</u>	<u>Absarokee, MT.</u>	<u>1-21-81</u>
<u>William Marsh</u>	<u>Absarokee</u>	<u>1-21-81</u>
<u>Ellen Marsh</u>	<u>Absarokee</u>	<u>1-21-81</u>
<u>Keith Sisk</u>	<u>Absarokee</u>	<u>1-21-81</u>
<u>John Holtz</u>	<u>Columbus</u>	<u>1-21-81</u>
<u>Bill Coburn</u>	<u>Columbus</u>	<u>1/21/81</u>
<u>John Namen</u>	<u>Absarokee</u>	<u>1-21-81</u>
<u>Matt Ostum</u>	<u>Absarokee</u>	<u>1-21-81</u>
<u>William G. Jost</u>	<u>Absarokee</u>	<u>1-21-81</u>
<u>Nike Wilby</u>	<u>Absarokee</u>	<u>1-21-81</u>
<u>Wanda Wilby</u>	<u>Absarokee</u>	<u>1-21-81</u>

PETITION

TO: Senator Max Conover and
Representative Jean McPlane

We, the undersigned residents of Senate and House Districts 72, wish to clarify the record concerning this District's position on mineral development in the Stillwater Complex and the proposed mineral severance tax.

We support responsible development of the Stillwater Complex and feel that many benefits in the past have resulted from the mining activity in the Stillwater Complex. One of the most important benefits has been the employment opportunity created which allows us to keep our greatest and best resource, our young people, here in Montana.

We feel that since the mining companies involved in the development of the Stillwater Complex are willing to relieve the taxpayers of the counties involved of the financial impact that may occur from such mineral development that we are totally opposed to the proposed mineral severance tax.

We also wish to express our confidence in your representation of this district and our lack of confidence in Senator Towe and Representative Fagg who are not from this district, who do not represent its residents, and who are affiliated with special interest groups.

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>Cindy Carnutt</u>	<u>Box 44 - Obs.</u>	<u>1/21/81</u>
<u>Victor C. Oltrogge</u>	<u>Abraham</u>	<u>1/21/81</u>
<u>Gerald L. Mendenhall</u>	<u>Abraham</u>	<u>1-21/81</u>

SIGNATURE PAGE FOR PETITION TO
SENATOR MAX CONOVER AND
REPRESENTATIVE JEAN McCLANE

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>Ronald E. Schatts</u>	<u>Box 77 Fishhead</u>	<u>1-21-81</u>
<u>Walter Jones</u>	<u>Box 45 Fishhead</u>	<u>1/21/81</u>
<u>Kathy Langley</u>	<u>Box 55 Fishhead</u>	<u>1/22/81</u>
<u>Sandy Johnson</u>	<u>RL 1 Absarokee, MT</u>	<u>1/21/81</u>
<u>Dora Jones</u>	<u>Box 45 Fishhead</u>	<u>1-21-81</u>
<u>Harvener</u>	<u>Box 72 Fishhead</u>	<u>1-21-81</u>
<u>John Smiley</u>	<u>Box 102 Fishhead</u>	<u>1-21-81</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

3

PETITION

TO: Senator Max Conover and
Representative Jean McIlane

We, the undersigned residents of Senate and House Districts 72, wish to clarify the record concerning this District's position on mineral development in the Stillwater Complex and the proposed mineral severance tax.

We support responsible development of the Stillwater Complex and feel that many benefits in the past have resulted from the mining activity in the Stillwater Complex. One of the most important benefits has been the employment opportunity created which allows us to keep our greatest and best resource, our young people, here in Montana.

We feel that since the mining companies involved in the development of the Stillwater Complex are willing to relieve the taxpayers of the counties involved of the financial impact that may occur from such mineral development that we are totally opposed to the proposed mineral severance tax.

We also wish to express our confidence in your representation of this district and our lack of confidence in Senator Towe and Representative Fagg who are not from this district, who do not represent its residents, and who are affiliated with special interest groups.

<u>Name</u>	<u>Address</u>	<u>Date</u>
Jay Schupp	Fishtail Store	1/20/81
Jan A. Shattk	Fishtail, MT	1-20-81

SIGNATURE PAGE FOR PETITION TO
 SENATOR MAX CONOVER AND
 REPRESENTATIVE JEAN McCLANE

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>James F. Howland</u>	<u>Absarokee, Mt.</u>	<u>1/21/81</u>
<u>Trike Borland</u>	<u>Absarokee, MT.</u>	<u>1-21-81</u>
<u>R. H. Tyler</u>	<u>Fishtail Mt.</u>	<u>1/21/81</u>
<u>Bill West</u>	<u>absarokee</u>	<u>1/21/81</u>
<u>Clarence Vandemick</u>	<u>Absarokee</u>	<u>mont. 1-21-81</u>
<u>Kenneth Heron</u>	<u>Absarokee</u>	<u>mont. 1-21-81</u>
<u>Dorothy Lawson</u>	<u>Absarokee</u>	<u>Mont 1-21-81</u>
<u>Margaret G. Mayhew</u>	<u>Fishtail,</u>	<u>Mont. 1-21-81</u>
<u>Harold L. Mayhew</u>	<u>Fishtail</u>	<u>Mont. 1/21/81</u>
<u>Richard T. Arnold</u>	<u>Fishtail</u>	<u>Mont? 1-21/81</u>
<u>Joe Ann Jones</u>	<u>Absarokee</u>	<u>mt 1/21/81</u>

SIGNATURE PAGE FOR PETITION TO
 SENATOR MAX CONOVER AND
 REPRESENTATIVE JEAN McCLANE

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>Jerry L. Adams</u>	<u>Absarokee</u>	<u>1-21-1981</u>
<u>Russell A. Adams</u>	<u>Fishtail</u>	<u>1-21-1981</u>
<u>Lori Skine</u>	<u>Fishtail</u>	<u>1-21-1981</u>
<u>Colby G. Smith</u>	<u>Red Point</u>	<u>1-21-1981</u>
<u>Glenn Hedrick</u>	<u>Red Point</u>	<u>1-21-1981</u>
<u>Islene Oltrogg</u>	<u>Absarokee</u>	<u>1-21-81</u>
<u>William P. Wright</u>	<u>Absarokee</u>	<u>1-21-81</u>
<u>Frederick A. Martin</u>	<u>Nye</u>	<u>1-21-81</u>
<u>Nancy L. Ballard</u>	<u>Absarokee</u>	<u>1-21-81</u>
<u>Jack Black</u>	<u>Boscon</u>	<u>1-22-81</u>
<u>Robert L. Hanford</u>		<u>1/21/81</u>

PETITION

TO: Senator Max Conover and
Representative Jean McClane

We, the undersigned residents of Senate and House Districts 72, wish to clarify the record concerning this District's position on mineral development in the Stillwater Complex and the proposed mineral severance tax.

We support responsible development of the Stillwater Complex and feel that many benefits in the past have resulted from the mining activity in the Stillwater Complex. One of the most important benefits has been the employment opportunity created which allows us to keep our greatest and best resource, our young people, here in Montana.

We feel that since the mining companies involved in the development of the Stillwater Complex are willing to relieve the taxpayers of the counties involved of the financial impact that may occur from such mineral development that we are totally opposed to the proposed mineral severance tax.

We also wish to express our confidence in your representation of this district and our lack of confidence in Senator Towe and Representative Fagg who are not from this district, who do not represent its residents, and who are affiliated with special interest groups.

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>Clare W. Martin</u>	<u>Box 531 Absarokee</u>	<u>1-20-81</u>
<u>May O. Berland</u>	<u>Box 354 Absarokee</u>	<u>1-20-81</u>

SIGNATURE PAGE FOR PETITION TO
 SENATOR MAX CONOVER AND
 REPRESENTATIVE JEAN McCLANE

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>Clara B. Borland</u>	<u>Absarokee</u>	<u>1-20-81</u>
<u>James E. Doty</u>	<u>Absarokee</u>	<u>1-21-81</u>
<u>Robert Framstead</u>	<u>Absarokee</u>	<u>1-21-81</u>
<u>Barton W. Lawson</u>	<u>Box 45 Absarokee, Mt.</u>	<u>1-21-81</u>
<u>Eugene Lukkes</u>	<u>Box 154 Absarokee mt</u>	<u>1-21-81</u>
<u>W. B. Hammond</u>	<u>RT ^{Fishtail, MT} Box 106 59028</u>	<u>1-21-81</u>
<u>W. J. Whitwood</u>	<u>Fishtail</u>	<u>1-21-81</u>
<u>Sherry Doty</u>	<u>Absarokee</u>	<u>1-21-81</u>
<u>George Broadwater</u>	<u>Fishtail</u>	<u>1-21-81</u>
<u>Russell Scherert</u>	<u>Absarokee</u>	<u>1-21-81</u>
<u>Kirk Hansen</u>	<u>Absarokee</u>	<u>1/21/81</u>

PETITION

TO: Senator Max Conover and
Representative Jean McClane

We, the undersigned residents of Senate and House Districts 72, wish to clarify the record concerning this District's position on mineral development in the Stillwater Complex and the proposed mineral severance tax.

We support responsible development of the Stillwater Complex and feel that many benefits in the past have resulted from the mining activity in the Stillwater Complex. One of the most important benefits has been the employment opportunity created which allows us to keep our greatest and best resource, our young people, here in Montana.

We feel that since the mining companies involved in the development of the Stillwater Complex are willing to relieve the taxpayers of the counties involved of the financial impact that may occur from such mineral development that we are totally opposed to the proposed mineral severance tax.

We also wish to express our confidence in your representation of this district and our lack of confidence in Senator Towe and Representative Fagg who are not from this district, who do not represent its residents, and who are affiliated with special interest groups.

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>Judy Neutzler</u>	<u>7 Spe, Mont</u>	<u>2/2/81</u>
<u>Lucas A. Russell</u>	<u>722, Mont</u>	<u>1/26/81</u>

SIGNATURE PAGE FOR PETITION TO
 SENATOR MAX CONOVER AND
 REPRESENTATIVE JEAN McCLANE

<u>Name</u>	<u>Address</u>	<u>Date</u>
Doris Hunter	hwy 3	
Edward Hunter	hwy	
J. Lee Williams	hwy	
Peter W. Tinge	Fishtail	2-3-81
Ronald R. Kirsch	Fishtail	
Robert Kirsch	Fishtail	
Charles Kirsch	Fishtail	2-3-81
Hughes Kirsch	Fishtail	2-3-81
Jean Sedelind	Fishtail	2-3-81

PETITION

TO: Senator Max Conover and
Representative Jean McClane

We, the undersigned residents of Senate and House Districts 72, wish to clarify the record concerning this District's position on mineral development in the Stillwater Complex and the proposed mineral severance tax.

We support responsible development of the Stillwater Complex and feel that many benefits in the past have resulted from the mining activity in the Stillwater Complex. One of the most important benefits has been the employment opportunity created which allows us to keep our greatest and best resource, our young people, here in Montana.

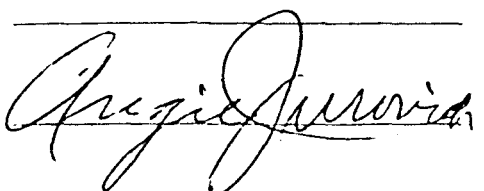
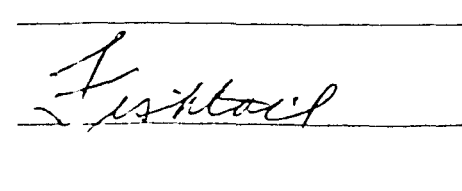
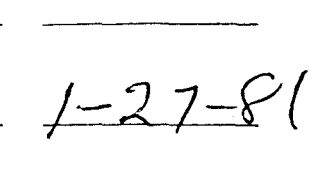
We feel that since the mining companies involved in the development of the Stillwater Complex are willing to relieve the taxpayers of the counties involved of the financial impact that may occur from such mineral development that we are totally opposed to the proposed mineral severance tax.

We also wish to express our confidence in your representation of this district and our lack of confidence in Senator Towe and Representative Fagg who are not from this district, who do not represent its residents, and who are affiliated with special interest groups.

Name

Address

Date

		
---	--	---

SIGNATURE PAGE FOR PETITION TO
 SENATOR MAX CONOVER AND
 REPRESENTATIVE JEAN McCLANE

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>Kenneth Haugen</u>	<u>Box 264 59019 Columbus Mont</u>	<u>1-22-81</u>
<u>Harold Mastand</u>	<u>Box 582 Columbus Mont.</u>	<u>1-22-81</u>
<u>Don Richardson</u>	<u>Box 24 Columbus Mont</u>	<u>1-25-81</u>
<u>Francis A. Lindau</u>	<u>Box 503 Columbus Mont</u>	<u>1-25-81</u>
<u>Ted Zindler</u>	<u>Columbus Mont</u>	<u>1/25/81</u>
<u>James Petosa</u>	<u>Columbus Mont Gen. Delivery</u>	<u>1/26/81</u>
<u>Best Moon</u>	<u>Columbus</u>	<u>1/26-81</u>
<u>Vivian Petersen</u>	<u>Columbus</u>	<u>1/26-81</u>
<u>Stan Winn</u>	<u>Box 278 Columbus</u>	<u>1/26/81</u>
<u>Harold Roth</u>	<u>Box 402</u>	<u>1/26/81</u>
<u>Long Daze</u>	<u>Box 822 Columbus Mont</u>	<u>1/26/81</u>

XXXXX

PETITION

TO: Senator Max Conover and
Representative Jean McClane

We, the undersigned residents of Senate and House Districts 72, wish to clarify the record concerning this District's position on mineral development in the Stillwater Complex and the proposed mineral severance tax.

We support responsible development of the Stillwater Complex and feel that many benefits in the past have resulted from the mining activity in the Stillwater Complex. One of the most important benefits has been the employment opportunity created which allows us to keep our greatest and best resource, our young people, here in Montana.

We feel that since the mining companies involved in the development of the Stillwater Complex are willing to relieve the taxpayers of the counties involved of the financial impact that may occur from such mineral development that we are totally opposed to the proposed mineral severance tax.

We also wish to express our confidence in your representation of this district and our lack of confidence in Senator Towe and Representative Fagg who are not from this district, who do not represent its residents, and who are affiliated with special interest groups.

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>T.P. McNeill</u>	<u>P.O. Box 867 Columbus, Montana 59018</u>	<u>22 Jan 1981</u>
<u>Paul H. Raitt</u>	<u>P.O. Box 305-59019 Columbus, Montana</u>	<u>Jan 29, 1981</u>

SIGNATURE PAGE FOR PETITION TO
 SENATOR MAX CONOVER AND
 REPRESENTATIVE JEAN McCLANE

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>[Signature]</u>	<u>Absarokee, MT.</u>	<u>1-27-81</u>
<u>[Signature]</u>	<u>Absarokee, MT</u>	<u>27 Jan 81</u>
<u>Howard R. Smith</u>	<u>Absarokee, Mt</u>	<u>1/22/81</u>
<u>Frances E Smith</u>	<u>Absarokee, mt</u>	<u>Jan 27-1981</u>
<u>Alberta E. Bert.</u>	<u>Absarokee - mt</u>	<u>Jan 25 1981</u>
<u>Kent W. Harwood</u>	<u>Absarokee Montana</u>	<u>1/22/81</u>
<u>[Signature]</u>	<u>Absarokee Montana</u>	<u>1/22/81</u>
<u>Grace H. Harwood</u>	<u>Absarokee Mt.</u>	<u>1/22/81</u>
<u>Randall A. Harwood</u>	<u>Absarokee, Mt.</u>	<u>1/22/81</u>
<u>[Signature]</u>	<u>Absarokee Montana</u>	<u>1/22/81</u>
<u>[Signature]</u>	<u>Absarokee, mt.</u>	<u>1/22/81</u>

PETITION

TO: Senator Max Conover and
Representative Jean McClane

We, the undersigned residents of Senate and House Districts 72, wish to clarify the record concerning this District's position on mineral development in the Stillwater Complex and the proposed mineral severance tax.

We support responsible development of the Stillwater Complex and feel that many benefits in the past have resulted from the mining activity in the Stillwater Complex. One of the most important benefits has been the employment opportunity created which allows us to keep our greatest and best resource, our young people, here in Montana.

We feel that since the mining companies involved in the development of the Stillwater Complex are willing to relieve the taxpayers of the counties involved of the financial impact that may occur from such mineral development that we are totally opposed to the proposed mineral severance tax.

We also wish to express our confidence in your representation of this district and our lack of confidence in Senator Towe and Representative Fagg who are not from this district, who do not represent its residents, and who are affiliated with special interest groups.

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>Janet A. Tryon</u>	<u>Plumrook, mt.</u>	<u>1/23/81</u>
<u>Barbara H. Hanner</u>	<u>Liberman, mt</u>	<u>1/22/81</u>

PETITION

TO: Senator Max Conover and
Representative Jean McClane

We, the undersigned residents of Senate and House Districts 72, wish to clarify the record concerning this District's position on mineral development in the Stillwater Complex and the proposed mineral severance tax.

We support responsible development of the Stillwater Complex and feel that many benefits in the past have resulted from the mining activity in the Stillwater Complex. One of the most important benefits has been the employment opportunity created which allows us to keep our greatest and best resource, our young people, here in Montana.

We feel that since the mining companies involved in the development of the Stillwater Complex are willing to relieve the taxpayers of the counties involved of the financial impact that may occur from such mineral development that we are totally opposed to the proposed mineral severance tax.

We also wish to express our confidence in your representation of this district and our lack of confidence in Senator Towe and Representative Fagg who are not from this district, who do not represent its residents, and who are affiliated with special interest groups.

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>Sam Blaylock</u>	<u>RT #1 Box 4-0 Columbus, Mt.</u>	<u>1/20/81</u>
<u>Wayne Blaylock</u>	<u>Columbus, Mt.</u>	<u>1/20/81</u>

PETITION

TO: Senator Max Conover and
Representative Jean McClane

We, the undersigned residents of Senate and House Districts 72, wish to clarify the record concerning this District's position on mineral development in the Stillwater Complex and the proposed mineral severance tax.

We support responsible development of the Stillwater Complex and feel that many benefits in the past have resulted from the mining activity in the Stillwater Complex. One of the most important benefits has been the employment opportunity created which allows us to keep our greatest and best resource, our young people, here in Montana.

We feel that since the mining companies involved in the development of the Stillwater Complex are willing to relieve the taxpayers of the counties involved of the financial impact that may occur from such mineral development that we are totally opposed to the proposed mineral severance tax.

We also wish to express our confidence in your representation of this district and our lack of confidence in Senator Towe and Representative Fagg who are not from this district, who do not represent its residents, and who are affiliated with special interest groups.

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>J. T. Kelly</u>	<u>2923 MONTY'S CIR</u>	<u>1/22/81</u>
<u>J. B. ...</u>	<u>BILLINGS, MONT.</u>	
	<u>1201 BURLINGTON AVE</u>	<u>1-22-81</u>
	<u>B. HINGS, MT</u>	

SIGNATURE PAGE FOR PETITION TO
SENATOR MAX CONOVER AND
REPRESENTATIVE JEAN McCLANE

<u>Name</u>	<u>Address</u>	<u>Date</u>
Kathryn S. Eaton	Nye, Mont. 59061	1-23-81
Mr. & Mrs. Lloyd Smith	Shelburne, N.H.	1-24-81
Ray Hertzler	Abroad, Ore	1-24-81
C. Dale Valjman	Nye, MT.	1/24/81
Lyle Arrighi	Nye, Mont.	1/26/81
Edward G. Ewertzel	Nye, Mont. 59061	1/26/81
Linda Zepski	Nye, Mont. 59061	1/26/81
Betty Cooper	Nye, Montana 59061	1/26/81
Best Richards	Nye, Montana 59061	1/26/81
Judy Degle	Nye, Montana 59061	1/27/81
William Sturtevant	Nye, Montana 59061	1/28/81

SIGNATURE PAGE FOR PETITION TO
 SENATOR MAX CONOVER AND
 REPRESENTATIVE JEAN McCLANE

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>Jordan P. Curran</u>	<u>Nye</u>	<u>1-22-81</u>
<u>Kelly Suckwell</u>	<u>Nye</u>	<u>1-22-81</u>
<u>Donna Redwine</u>	<u>Route 1 Box 164 Fishtail, Mt.</u>	<u>1-22-81</u>
<u>Jerry Sturges</u>	<u>NYO</u>	<u>1-22-81</u>
<u>Judith Curran</u>	<u>Nye</u>	<u>1-22-81</u>
<u>Delores E Curran</u>	<u>Nye, MT</u>	<u>1-22-81</u>
<u>DR Dan</u>	<u>73/2 MT</u>	<u>1-22-81</u>
<u>Ivan Curran</u>	<u>Nye mt</u>	<u>1-22-81</u>
<u>Fred Soukup</u>	<u>Absarokee, mt.</u>	<u>1-23-81</u>
<u>William D. Kelley</u>	<u>Box 86 Absarokee, MT 59001</u>	<u>1-23-81</u>
<u>Margaret Krueger</u>	<u>Fishtail, MT 59038</u>	<u>1-23-81</u>

SIGNATURE PAGE FOR PETITION TO
SENATOR MAX CONOVER AND
REPRESENTATIVE JEAN McCLANE

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>Bob Koch</u>	<u>Rt. 2, Box 61 Fishtail</u>	<u>1-21-81</u>
<u>Robert B. Murphy</u>	<u>Box 32 Fishtail</u>	<u>1-21-81</u>
<u>Orville Linnott</u>	<u>Nye Int</u>	<u>1-21-81</u>
<u>Juanita Linnott</u>	<u>Nye, Mt.</u>	<u>1-21-81</u>
<u>Jan R. Ogels</u>	<u>Nye MT.</u>	<u>1-21-81</u>
<u>Ron Goddard</u>	<u>Nye Mt.</u>	<u>1/21/81</u>
<u>Camille Russell</u>	<u>Rt 1 Box 164 Fishtail, Mt</u>	<u>1/22/81</u>
<u>Dorothy K Valgemere</u>	<u>Nye, Mont.</u>	<u>1-22-81</u>
<u>John J. Heimer</u>	<u>Abraokee Mt.</u>	<u>1-22-81</u>
<u>Peggy S. Rickman</u>	<u>Fishtail, Mt.</u>	<u>1-22-81</u>
<u>Morris W. Ruffell</u>	<u>Nye Mt</u>	<u>1/22/81</u>

PETITION

TO: Senator Max Conover and
Representative Jean McClane

We, the undersigned residents of Senate and House Districts 72, wish to clarify the record concerning this District's position on mineral development in the Stillwater Complex and the proposed mineral severance tax.

We support responsible development of the Stillwater Complex and feel that many benefits in the past have resulted from the mining activity in the Stillwater Complex. One of the most important benefits has been the employment opportunity created which allows us to keep our greatest and best resource, our young people, here in Montana.

We feel that since the mining companies involved in the development of the Stillwater Complex are willing to relieve the taxpayers of the counties involved of the financial impact that may occur from such mineral development that we are totally opposed to the proposed mineral severance tax.

We also wish to express our confidence in your representation of this district and our lack of confidence in Senator Towe and Representative Fagg who are not from this district, who do not represent its residents, and who are affiliated with special interest groups.

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>Chuck Hill</u>	<u>Nye, Mt 59061</u>	<u>1-21-81</u>
<u>London M. Gemmish</u>	<u>Nye Mt 59061</u>	<u>1-21-81</u>

PETITION

TO: Senator Max Conover and
Representative Jean McClane

We, the undersigned residents of Senate and House Districts 72, wish to clarify the record concerning this District's position on mineral development in the Stillwater Complex and the proposed mineral severance tax.

We support responsible development of the Stillwater Complex and feel that many benefits in the past have resulted from the mining activity in the Stillwater Complex. One of the most important benefits has been the employment opportunity created which allows us to keep our greatest and best resource, our young people, here in Montana.

We feel that since the mining companies involved in the development of the Stillwater Complex are willing to relieve the taxpayers of the counties involved of the financial impact that may occur from such mineral development that we are totally opposed to the proposed mineral severance tax.

We also wish to express our confidence in your representation of this district and our lack of confidence in Senator Towe and Representative Fagg who are not from this district, who do not represent its residents, and who are affiliated with special interest groups.

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>Calvin Lee Brunelhorst Jr.</u>	<u>Absarokee Mt</u>	<u>1/21/80</u>

SIGNATURE PAGE FOR PETITION TO
 SENATOR MAX CONOVER AND
 REPRESENTATIVE JEAN McCLANE

<u>Name</u>	<u>Address</u>	<u>Date</u>
Elizabeth [unclear]	[unclear]	[unclear]
consulting Geologist Wendell A. Britt	Columbus Mt.	1-27-81
[unclear]	[unclear]	[unclear]
Wanda M. Luster	" "	" "
Ed Miller	" "	1-27-81
Joyce C. Abel	Abisanku M.T.	1-27-81
Charles R. McLean	Abisanku	1-28-81
Don McMillan	Abisanku	1/31/81

PETITION

TO: Senator Max Conover and
Representative Jean McClane

We, the undersigned residents of Senate and House Districts 72, wish to clarify the record concerning this District's position on mineral development in the Stillwater Complex and the proposed mineral severance tax.

We support responsible development of the Stillwater Complex and feel that many benefits in the past have resulted from the mining activity in the Stillwater Complex. One of the most important benefits has been the employment opportunity created which allows us to keep our greatest and best resource, our young people, here in Montana.

We feel that since the mining companies involved in the development of the Stillwater Complex are willing to relieve the taxpayers of the counties involved of the financial impact that may occur from such mineral development that we are totally opposed to the proposed mineral severance tax.

We also wish to express our confidence in your representation of this district and our lack of confidence in Senator Towe and Representative Fagg who are not from this district, who do not represent its residents, and who are affiliated with special interest groups.

<u>Name</u>	<u>Address</u>	<u>Date</u>
<i>Barbara Jay Campbell</i>	<i>Box 513 Columbus,</i>	<i>1-23-81</i>
<i>James J. Carr</i>	<i>E. Mt. 59019</i>	<i>1-30-81</i>
	<i>P.O. Box 836</i>	
	<i>Columbus MT</i>	

PETITION

TO: Senator Max Conover and
Representative Jean McClane

We, the undersigned residents of Senate and House Districts 72, wish to clarify the record concerning this District's position on mineral development in the Stillwater Complex and the proposed mineral severance tax.

We support responsible development of the Stillwater Complex and feel that many benefits in the past have resulted from the mining activity in the Stillwater Complex. One of the most important benefits has been the employment opportunity created which allows us to keep our greatest and best resource, our young people, here in Montana.

We feel that since the mining companies involved in the development of the Stillwater Complex are willing to relieve the taxpayers of the counties involved of the financial impact that may occur from such mineral development that we are totally opposed to the proposed mineral severance tax.

We also wish to express our confidence in your representation of this district and our lack of confidence in Senator Towe and Representative Fagg who are not from this district, who do not represent its residents, and who are affiliated with special interest groups.

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>John J. McHenry</u>	<u>P.O. Box 147</u>	<u>11/27/81</u>

PETITION

TO: Senator Max Conover and
Representative Jean McClane

We, the undersigned residents of Senate and House Districts 72, wish to clarify the record concerning this District's position on mineral development in the Stillwater Complex and the proposed mineral severance tax.

We support responsible development of the Stillwater Complex and feel that many benefits in the past have resulted from the mining activity in the Stillwater Complex. One of the most important benefits has been the employment opportunity created which allows us to keep our greatest and best resource, our young people, here in Montana.

We feel that since the mining companies involved in the development of the Stillwater Complex are willing to relieve the taxpayers of the counties involved of the financial impact that may occur from such mineral development that we are totally opposed to the proposed mineral severance tax.

We also wish to express our confidence in your representation of this district and our lack of confidence in Senator Towe and Representative Fagg who are not from this district, who do not represent its residents, and who are affiliated with special interest groups.

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>Norman Zagelou</u>	<u>Alb.</u>	<u>Jan 20, 1966</u>
<u>Steve Fisher</u>	<u>Alb.</u>	<u>Jan 22, 1966</u>

PETITION

TO: Senator Max Conover and
Representative Jean McClane

We, the undersigned residents of Senate and House Districts 72, wish to clarify the record concerning this District's position on mineral development in the Stillwater Complex and the proposed mineral severance tax.

We support responsible development of the Stillwater Complex and feel that many benefits in the past have resulted from the mining activity in the Stillwater Complex. One of the most important benefits has been the employment opportunity created which allows us to keep our greatest and best resource, our young people, here in Montana.

We feel that since the mining companies involved in the development of the Stillwater Complex are willing to relieve the taxpayers of the counties involved of the financial impact that may occur from such mineral development that we are totally opposed to the proposed mineral severance tax.

We also wish to express our confidence in your representation of this district and our lack of confidence in Senator Towe and Representative Fagg who are not from this district, who do not represent its residents, and who are affiliated with special interest groups.

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>William C. Lane</u>	<u>Abbeville</u>	<u>1-27-81</u>
<u>William Baudle</u>	<u>Abbeville</u>	<u>1/27/81</u>

PETITION

TO: Senator Max Conover and
Representative Jean McClane

We, the undersigned residents of Senate and House Districts 72, wish to clarify the record concerning this District's position on mineral development in the Stillwater Complex and the proposed mineral severance tax.

We support responsible development of the Stillwater Complex and feel that many benefits in the past have resulted from the mining activity in the Stillwater Complex. One of the most important benefits has been the employment opportunity created which allows us to keep our greatest and best resource, our young people, here in Montana.

We feel that since the mining companies involved in the development of the Stillwater Complex are willing to relieve the taxpayers of the counties involved of the financial impact that may occur from such mineral development that we are totally opposed to the proposed mineral severance tax.

We also wish to express our confidence in your representation of this district and our lack of confidence in Senator Towe and Representative Fagg who are not from this district, who do not represent its residents, and who are affiliated with special interest groups.

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>Pete F. Mann</u>	<u>Absarokee</u>	<u>1/21/81</u>
<u>Diane Butler</u>	<u>Absarokee</u>	<u>1-21-81</u>

SIGNATURE PAGE FOR PETITION TO
SENATOR MAX CONOVER AND
REPRESENTATIVE JEAN McCLANE

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>Carl Studer</u>	<u>Box 436 Absarokee</u>	<u>1/21/81</u>
<u>Mrs W. C. Bridges</u>	<u>RT 1 Box 56 Absarokee</u>	<u>1-23-81</u>
<u>W. C. Bridges</u>	<u>RT 1 Box 56 Absarokee</u>	<u>1-23-81</u>
<u>Alice Hennickson</u>	<u>Box 473 Absarokee</u>	<u>1-23-81</u>
<u>Ruth Braut</u>	<u>Box 26 Absarokee</u>	<u>1-23-81</u>
<u>Margaret A. Stadler</u>	<u>PO Box 436 Absarokee</u>	<u>24-JAN-81</u>
<u>Lucilla A. Sumner</u>	<u>RT 1 Absarokee, WY</u>	<u>59001</u>
<u>Frank G. Smith</u>	<u>Absarokee Mont Box 486</u>	<u>1-23/81</u>
<u>Gene E. Smith</u>	<u>Absarokee Box 416</u>	<u>1-23-81</u>
<u>Eva M. Landau</u>	<u>Absarokee Box 365</u>	
<u>Samuel Jumbo</u>	<u>Absarokee Box 441</u>	<u>1-23-81</u>

SIGNATURE PAGE FOR PETITION TO
 SENATOR MAX CONOVER AND
 REPRESENTATIVE JEAN McCLANE

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>E. Pat Brady</u>	<u>absarokee</u>	<u>1/20/81</u>
<u>Francis Brady</u>	<u>Absarokee</u>	<u>1/20/81</u>
<u>Luther Mae</u>	<u>Absarokee</u>	<u>1-27-81</u>
<u>Philip Nae</u>	<u>Absarokee</u>	<u>1-20-81</u>
<u>Josh Hedrick</u>	<u>Wyo.</u>	<u>1-20-81</u>
<u>Matt Holly</u>	<u>Absarokee</u>	<u>1-20-81</u>
<u>Lynn C. Turk</u>	<u>Absarokee</u>	<u>1-20/81</u>
<u>LaVerne West</u>	<u>absarokee</u>	<u>1/30/81</u>
<u>Richard J. Derragan</u>	<u>Wyoandee</u>	<u>1/20/81</u>
<u>Dalen A. Hinton</u>	<u>Absarokee</u>	<u>1/21/81</u>
<u>Carl Linker</u>	<u>Absarokee</u>	<u>1-21-81</u>

SIGNATURE PAGE FOR PETITION TO
SENATOR MAX CONOVER AND
REPRESENTATIVE JEAN McCLANE

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>Maureen E. Taylor</u>	<u>Absarokee Mt.</u>	<u>1-20-81</u>
<u>Raymond Powell</u>	<u>Absarokee</u>	<u>1-20-81</u>
<u>Virgie Powell</u>	<u>Absarokee</u>	<u>1-20-81</u>
<u>Linda Ottogge</u>	<u>Absarokee</u>	<u>1-20-81</u>
<u>Maureen Ottogge</u>	<u>Absarokee</u>	<u>1-20-81</u>
<u>Steve Ken</u>	<u>Absarokee</u>	<u>1-20-81</u>
<u>Ira Ken</u>	<u>Absarokee</u>	<u>1-20-81</u>
<u>Robert Noe</u>	<u>Absarokee</u>	<u>1-20-81</u>
<u>James W. Noe</u>	<u>Absarokee</u>	<u>1-20-81</u>
<u>Frances Arthur</u>	<u>Absarokee</u>	<u>1-20-81</u>
<u>Victor Arthur</u>	<u>Absarokee</u>	<u>1-20-81</u>

SIGNATURE PAGE FOR PETITION TO
SENATOR MAX CONOVER AND
REPRESENTATIVE JEAN McCLANE

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>Olga S. Kelley</u>	<u>Absarokee, Mt.</u>	<u>1-20-81</u>
<u>Laurie S. Kelley</u>	<u>Absarokee, Mont.</u>	<u>1/20/81</u>
<u>Elizabeth L. Lallie</u>	<u>Absarokee, Mont</u>	<u>1/20/81</u>
<u>Marie E. Sikora</u>	<u>Absarokee, Mont</u>	<u>1-20-81</u>
<u>Julia Walrod</u>	<u>Absarokee, Mt</u>	<u>1-20-81</u>
<u>Jacqueline M. Stimpson</u>	<u>Absarokee Mt</u>	<u>1-20-81</u>
<u>Isaac H. Stimpson</u>	<u>Abs Mt</u>	<u>1-20-81</u>
<u>Carl B. Suckedyke</u>	<u>Absarokee Mt.</u>	<u>1-20-81</u>
<u>Rose Mary Suckedyke</u>	<u>Absarokee, Mt.</u>	<u>1-20-81</u>
<u>Timothy J. Waller</u>	<u>Absarokee</u>	<u>1-20-81</u>
<u>Jewel Waller</u>	<u>Absarokee</u>	<u>1-20-81</u>

PETITION

TO: Senator Max Conover and
Representative Jean McClane

We, the undersigned residents of Senate and House Districts 72, wish to clarify the record concerning this District's position on mineral development in the Stillwater Complex and the proposed mineral severance tax.

We support responsible development of the Stillwater Complex and feel that many benefits in the past have resulted from the mining activity in the Stillwater Complex. One of the most important benefits has been the employment opportunity created which allows us to keep our greatest and best resource, our young people, here in Montana.

We feel that since the mining companies involved in the development of the Stillwater Complex are willing to relieve the taxpayers of the counties involved of the financial impact that may occur from such mineral development that we are totally opposed to the proposed mineral severance tax.

We also wish to express our confidence in your representation of this district and our lack of confidence in Senator Towe and Representative Fagg who are not from this district, who do not represent its residents, and who are affiliated with special interest groups.

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>Marianne Prewett</u>	<u>Absarokee, MT</u>	<u>1/20/81</u>
<u>Norma A. Bare</u>	<u>Fishtail, MT</u>	<u>1/20/81</u>

PETITION

TO: Senator Max Conover and
Representative Jean McClane

We, the undersigned residents of Senate and House Districts 72, wish to clarify the record concerning this District's position on mineral development in the Stillwater Complex and the proposed mineral severance tax.

We support responsible development of the Stillwater Complex and feel that many benefits in the past have resulted from the mining activity in the Stillwater Complex. One of the most important benefits has been the employment opportunity created which allows us to keep our greatest and best resource, our young people, here in Montana.

We feel that since the mining companies involved in the development of the Stillwater Complex are willing to relieve the taxpayers of the counties involved of the financial impact that may occur from such mineral development that we are totally opposed to the proposed mineral severance tax.

We also wish to express our confidence in your representation of this district and our lack of confidence in Senator Towe and Representative Fagg who are not from this district, who do not represent its residents, and who are affiliated with special interest groups.

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>James L. Lepak</u>	<u>Box 357 Absarokee</u>	<u>1/21/81</u>
<u>Samuel H. Crusch</u>	<u>Box 1-Box 183 Hightail</u>	<u>1-21-80</u>

PETITION

TO: Senator Max Conover and
Representative Jean McClane

We, the undersigned residents of Senate and House Districts 72, wish to clarify the record concerning this District's position on mineral development in the Stillwater Complex and the proposed mineral severance tax.

We support responsible development of the Stillwater Complex and feel that many benefits in the past have resulted from the mining activity in the Stillwater Complex. One of the most important benefits has been the employment opportunity created which allows us to keep our greatest and best resource, our young people, here in Montana.

We feel that since the mining companies involved in the development of the Stillwater Complex are willing to relieve the taxpayers of the counties involved of the financial impact that may occur from such mineral development that we are totally opposed to the proposed mineral severance tax.

We also wish to express our confidence in your representation of this district and our lack of confidence in Senator Towe and Representative Fagg who are not from this district, who do not represent its residents, and who are affiliated with special interest groups.

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>Luc R. Van Every</u>	<u>Colusa Ave Mt</u>	<u>1-23-81</u>
<u>Barney J. Van Every</u>	<u>Colusa Ave Mt</u>	<u>1-23-81</u>

SIGNATURE PAGE FOR PETITION TO
SENATOR MAX CONOVER AND
REPRESENTATIVE JEAN McCLANE

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>Paul A. Varty</u>	<u>Ablesrooke Mt</u>	<u>1-22-81</u>
<u>Rev. Carter</u>	<u>" "</u>	<u>1/22/81</u>
<u>Nadene Lindemulder</u>	<u>Columbus, MT.</u>	<u>1/22/81</u>
<u>Daryl Maybee</u>	<u>Ablesrooke, Mt</u>	<u>1/22/81</u>
<u>Lori J. Johnson</u>	<u>Ablesrooke, MT</u>	<u>Jan 22 81</u>
<u>David H. Hainer</u>	<u>Ablesrooke mt</u>	<u>Jan 24, 81</u>
<u>Lee D. Frey, Jr.</u>	<u>Ablesrooke, Mt.</u>	<u>Jan. 24, 1981</u>
<u>Brian Gauthier</u>	<u>Ablesrooke mt.</u>	<u>Jan. 24, 1981</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

PETITION

TO: Senator Max Conover and
Representative Jean McClane

We, the undersigned residents of Senate and House Districts 72, wish to clarify the record concerning this District's position on mineral development in the Stillwater Complex and the proposed mineral severance tax.

We support responsible development of the Stillwater Complex and feel that many benefits in the past have resulted from the mining activity in the Stillwater Complex. One of the most important benefits has been the employment opportunity created which allows us to keep our greatest and best resource, our young people, here in Montana.

We feel that since the mining companies involved in the development of the Stillwater Complex are willing to relieve the taxpayers of the counties involved of the financial impact that may occur from such mineral development that we are totally opposed to the proposed mineral severance tax.

We also wish to express our confidence in your representation of this district and our lack of confidence in Senator Towe and Representative Pagg who are not from this district, who do not represent its residents, and who are affiliated with special interest groups.

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>Ruth Rice</u>	<u>Absarokee, Mont.</u>	<u>Jan 22 - 81</u>
<u>Willard J. Rice</u>	<u>Absarokee Mont</u>	<u>Jan 22 - 81</u>

SIGNATURE PAGE FOR PETITION TO
SENATOR MAX CONOVER AND
REPRESENTATIVE JEAN McCLANE

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>Marvin B. Steffan</u>	<u>Absarokee Mont</u>	<u>1/22/81</u>
<u>Mary P Steffan</u>	<u>Absarokee Mont</u>	<u>1/22/81</u>
<u>Gene V. Eggen</u>	<u>Absarokee Mont</u>	<u>1/22/81</u>
<u>Gene Eggen</u>	<u>Absarokee Mont</u>	<u>1-22-81</u>
<u>Robert Hudson</u>	<u>Absarokee Mont</u>	<u>1-22-81</u>
<u>Mike Harris</u>	<u>Fishtail Mont</u>	<u>1-22-81</u>
<u>Charles Muscetter</u>	<u>Fishtail Mont</u>	<u>1-22-81</u>
<u>Julie M Kessler</u>	<u>Absarokee, Mont.</u>	<u>1-22-81</u>
<u>Jeanie & Bill</u>	<u>Absarokee Mont</u>	<u>1-22-81</u>
<u>Richard Mill</u>	<u>absarokee Mont</u>	<u>1-22-81</u>
<u>Richard C. Stogge</u>	<u>Absarokee, Mt.</u>	<u>1/24/81</u>

PETITION

TO: Senator Max Conover and
Representative Jean McClane

We, the undersigned residents of Senate and House Districts 72, wish to clarify the record concerning this District's position on mineral development in the Stillwater Complex and the proposed mineral severance tax.

We support responsible development of the Stillwater Complex and feel that many benefits in the past have resulted from the mining activity in the Stillwater Complex. One of the most important benefits has been the employment opportunity created which allows us to keep our greatest and best resource, our young people, here in Montana.

We feel that since the mining companies involved in the development of the Stillwater Complex are willing to relieve the taxpayers of the counties involved of the financial impact that may occur from such mineral development that we are totally opposed to the proposed mineral severance tax.

We also wish to express our confidence in your representation of this district and our lack of confidence in Senator Towe and Representative Fagg who are not from this district, who do not represent its residents, and who are affiliated with special interest groups.

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>EE Garton</u>	<u>Absarokee</u>	<u>Jan 22, 1981</u>
<u>Chas. H. Carroll</u>	<u>Box 312 Absarokee</u>	<u>Jan 22, 1981</u>

PETITION

TO: Senator Max Conover and
Representative Jean McClane

We, the undersigned residents of Senate and House Districts 72, wish to clarify the record concerning this District's position on mineral development in the Stillwater Complex and the proposed mineral severance tax.

We support responsible development of the Stillwater Complex and feel that many benefits in the past have resulted from the mining activity in the Stillwater Complex. One of the most important benefits has been the employment opportunity created which allows us to keep our greatest and best resource, our young people, here in Montana.

We feel that since the mining companies involved in the development of the Stillwater Complex are willing to relieve the taxpayers of the counties involved of the financial impact that may occur from such mineral development that we are totally opposed to the proposed mineral severance tax.

We also wish to express our confidence in your representation of this district and our lack of confidence in Senator Towe and Representative Fagg who are not from this district, who do not represent its residents, and who are affiliated with special interest groups.

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>Edmund Marker</u>	<u>Box 146-C Columbus</u>	<u>Jan 22/81</u>
<u>Eugene L Marker</u>	<u>PO Box 866 Columbus, Mt</u>	<u>1-22-81</u>

SIGNATURE PAGE FOR PETITION TO
SENATOR MAX CONOVER AND
REPRESENTATIVE JEAN McCLANE

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>Alvin Hilderman</u>	<u>Columbus</u>	<u>Jan 23 81</u>
<u>John Kappel</u>	<u>Leavel</u>	<u>Jan 23-1981</u>
<u>Larry Heiflin</u>	<u>Columbus</u>	<u>Jan 24-81</u>
<u>James Swanson</u>	<u>Columbus Mt</u>	<u>1-24-81</u>
<u>Verma Mae Thomas</u>	<u>Columbus Mt.</u>	<u>1-24-81</u>
<u>Regen Spainhour</u>	<u>Columbus Mt.</u>	<u>1-30-81</u>
<u>Barbara Spainhour</u>	<u>Columbus</u>	<u>1-30-81</u>
<u>Carole Snyder</u>	<u>Columbus</u>	<u>1-30-81</u>
<u>John Snyder</u>	<u>Columbus</u>	<u>1-30-81</u>
<u>Elizabeth Swanson</u>	<u>Columbus</u>	<u>1-30-81</u>
_____	_____	_____

PETITION

TO: Senator Max Conover and
Representative Jean McClane

We, the undersigned residents of Senate and House Districts 72, wish to clarify the record concerning this District's position on mineral development in the Stillwater Complex and the proposed mineral severance tax.

We support responsible development of the Stillwater Complex and feel that many benefits in the past have resulted from the mining activity in the Stillwater Complex. One of the most important benefits has been the employment opportunity created which allows us to keep our greatest and best resource, our young people, here in Montana.

We feel that since the mining companies involved in the development of the Stillwater Complex are willing to relieve the taxpayers of the counties involved of the financial impact that may occur from such mineral development that we are totally opposed to the proposed mineral severance tax.

We also wish to express our confidence in your representation of this district and our lack of confidence in Senator Towe and Representative Fagg who are not from this district, who do not represent its residents, and who are affiliated with special interest groups.

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>Kenneth Ekle</u>	<u>Columbus</u>	<u>1-23-81</u>
<u>Stanley Ekle</u>	<u>Columbus MT</u>	<u>1-23-81</u>

SIGNATURE PAGE FOR PETITION TO
 SENATOR MAX CONOVER AND
 REPRESENTATIVE JEAN McCLANE

<u>Name</u>	<u>Address</u>	<u>Date</u>
Mary L. Hansen	942 1st Ave N. Columbus	1-22-81
Rick White	Box 115 Hagerfjord Md.	1-23-81
Paul D. Jolley	General Delivery 718 1st Ave N	1/24/81
Robert J. Ott	Box 8 Redpoint, Md.	2-2-81
Jim Swanson	RT 1 Box 122 Redpoint, Md.	2-2-81
W.C. Henderson	RR 2 - Box 58 Fishtail	2-2-81
Judy A. Henderson	P.R. 2 - Box 58 Fishtail	2-2-81

237

237

PETITION

TO: Senator Max Conover and
Representative Jean McClane

We, the undersigned residents of Senate and House Districts 72, wish to clarify the record concerning this District's position on mineral development in the Stillwater Complex and the proposed mineral severance tax.

We support responsible development of the Stillwater Complex and feel that many benefits in the past have resulted from the mining activity in the Stillwater Complex. One of the most important benefits has been the employment opportunity created which allows us to keep our greatest and best resource, our young people, here in Montana.

We feel that since the mining companies involved in the development of the Stillwater Complex are willing to relieve the taxpayers of the counties involved of the financial impact that may occur from such mineral development that we are totally opposed to the proposed mineral severance tax.

We also wish to express our confidence in your representation of this district and our lack of confidence in Senator Towe and Representative Fagg who are not from this district, who do not represent its residents, and who are affiliated with special interest groups.

<u>Name</u>	<u>Address</u>	<u>Date</u>
<u>Raymond S. Hanson</u>	<u>942 7th St. Ch. B.</u>	<u>1-21-81</u>
<u>Walter J. Hulse</u>	<u>720 North 4th St. Ch. B.</u>	<u>1-22-81</u>

STATEMENT OF STILLWATER PGM RESOURCES

IN OPPOSITION TO

SENATE BILL 344

Stillwater PGM Resources acknowledges the need to mitigate socio-economic impacts which could affect Big Timber and other nearby communities if our proposed platinum group metal underground mine is in fact developed. We believe that these impacts must be addressed and resolved. We intend to work directly with the potentially affected local communities to obtain expert advice on these impacts. However, Stillwater PGM Resources is staunchly opposed to an increase in the substantial Severance Tax which already exists on hard rock mining. Any increase in the present Severance Tax structure has the real and genuine probability of being self-defeating by discouraging hard rock mining operations from being further developed. Further, such an increase could encourage the early closing of presently existing hard-rock mining operations which do not fall within the arbitrary exemptions in the TOWE bill, thereby jeopardizing the revenue sought to be generated.

Montana presently has a severance tax scheme which is as high or higher than other Rocky Mountain states which have hard-rock mining. A further increase would be devastating to the hard-rock mining industry.

A commodity such as platinum or palladium is very much different than coal because of the differing methods of extraction and refining. There is a different market for their consumption and the company mining them cannot "pass on" the increased tax to its consumers like a coal company can.

After coal has been extracted it requires little more than crushing, screening and oiling before it is marketable. In our case the ore mined will contain approximately .5 to .65 ounces of platinum/palladium per ton. The ratio of palladium to platinum in this ore is approximately 3.5 to 1. In addition, Stillwater PGM must compete in a world market which has not been stimulated by the high cost of imported oil, the demand for low sulfur coal and the requirement for coal-fired power plants. Nearly all of the world supply of platinum/palladium comes from the Republic of South Africa, the Soviet Union and a small amount from Canada.

Platinum and palladium are used as catalysts in petroleum refining, in the catalytic converters on your automobile and in electrical and electronic equipment. The United States uses about one third of the world supply. Production in Montana could ease the U.S. balance of payments by creating domestic sources. This would be beneficial to just about every U.S. citizen and taxpayer by assisting in reducing inflation and also by making a strategic mineral available at home in the event of world problems.

The report entitled "Economic Conditions in Montana 1980" published by the Old West Regional Commission's assistance was submitted to the 47th legislature in December of 1980. It points out some extremely significant issues concerning Montana's economic future. On page 71 under "General Growth Issues" the report states:

"Although Montana's overall economic performance has been favorable, there are many areas within Montana where employment growth has not kept pace with the national growth in population--resulting in out-migration. While all counties cannot grow at the same rate, Montana is particularly concerned about the long-run consequences of the continued loss of young people in several dozen counties. In some instances, this youth drain has resulted in increases in the median age to the point where future economic growth may be hampered."

"Out-migration has continued to be a problem for Great Falls, Anaconda and Butte, as well as for many rural counties within Montana. Moreover, out-migration usually is composed of the young and talented, a communities most valuable asset. (p19)"

Stillwater PGM can help reverse this situation. It proposes to develop a mine mill complex and a possible electric arc refining complex employing 500 people during the peak operational periods. This complex would be located in the Gallatin National forest in Sweet Grass County and affect a relatively small amount of surface area. An increase in the already high Severance tax will only make the situation worse for this project.

Montanans are concerned about a potential "boom-bust" situation regarding hard-rock mining. We believe an increase in the severance tax will compound this problem. The operator is encouraged to "high grade", that is to by pass the low-grade ores in favor of those less costly to produce. What is needed to prevent a "boom-bust" cycle is for Montana to make a commitment to

the mining industry that the severance tax structure will remain stable so the industry can depend on it now and in the future.

Stillwater PGM Resources intends to work with the communities affected by its proposed mine-mill complex to determine the potential socioeconomic impacts and develop ways to mitigate these effects. Stillwater PGM believes it is in the best interest of these communities to have the authority in the hands of the local governments. This legislature has already provided several mechanisms for doing this:

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.

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 15-6-135 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: Is the use of the earnings from the Resource Indemnity Trust Tax to provide bonding capacity for local school districts and communities. This has been proposed in House Bill 718 sponsored by Representatives from Stillwater PGM's own district. This law is specifically ear-marked for socio-economic impacts:

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.

* * * * *

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.

Stillwater PGM Resources believes that its presence in Sweetgrass County will mean increased revenue for decades to come, more jobs for the local work force, more spin-off jobs for goods and services, a reversal of the out-migration of young people, increased prosperity for Montana and the United States and a reduction of our vulnerability to foreign supplies for platinum and palladium. These reasons are ample justification for retaining a stable severance tax which the industry can rely on in order to make the necessary investments in this vital resource.

TESTIMONY OF
DAVID L. STEVENS
ON BEHALF OF THE MINERALS EXPLORATION COALITION
CONCERNING MONTANA STATE SENATE BILL 344
PROPOSED BY SENATOR TOWE

February 17, 1981

INTRODUCTION

My name is David L. Stevens; I am a Vice President and Director of the Minerals Exploration Coalition and also a Vice President and Exploration Manager for Freeport Exploration Company. I respectfully request that the 1980 Annual Report of the Minerals Exploration Coalition be attached and made a part of this testimony for your reference as to the composition, background and objectives of this organization. Basically, we are a tax free corporation composed of exploration geologists with the principal objective of representing the views of the exploration geologists on legislative matters which bear directly on our jobs as well as this nation's mineral resource future.

I am also here this morning on behalf of my company, Freeport Exploration Company, which is an affiliate of Freeport Minerals Company, a diversified energy and natural resource producer. Over the years, Freeport has maintained active mineral exploration within this state and thereby contributed to local revenues.

The purpose of this Bill, as stated, is "to provide a source of funds to assist affected local government units in providing those essential public facilities and services" which will result from large scale development of the State's metalliferous resources. If this Bill is enacted, there will be no large scale development of this State's metalliferous resources and accordingly no growth strains will thereby be imposed on local governments. This Bill may be more appropriately titled "An Act to Impose a Ban on Metalliferous Mining Within the State of Montana". These are harsh words but we believe accurate in view of this well meaning, but poorly drafted

piece of legislation which displays a profound and dangerous misunderstanding of the mineral resource industry.

THE EFFECT ON EXPLORATION

Modern mineral exploration today has gone far beyond the era of the prospector, pick and burro. Although the heart of our mineral research still lies with a highly trained geologist carrying a hammer, he has probably replaced his burro with a helicopter. The financial commitment required to place this individual in the field for many months or years is substantial. Exploration is a very costly business and it takes a tremendous amount of confidence by the companies and individuals so involved to make the long-range expenditure commitments in hopes of receiving a fair return on investment if a discovery is made.

Any exploration geologist or individual involved with natural resource supply knows that mines are becoming much more difficult and expensive to find. Additionally, the mining industry is subject to rates of inflation that are generally three or four percentage points over that which is faced by the individual consumer. Increasing regulatory burdens at federal and state levels and massive federal land withdrawals continue to confound our efforts. Consequently, within corporations, the competition for the large amounts of capital expenditures required to finance mineral exploration is becoming keen and our jobs as explorationists now involve "selling" to higher management our programs and expectations for discovery. Before an exploration program is launched, we must attempt to arrive at a reasonable expectation as to the type of mine we intend to discover, its tonnage and grade, general location and other details. This is at best a

speculative exercise but nevertheless required, as our expectations are put to test by financial modeling of our anticipated ore deposit as the first step in justifying the financial commitment for its discovery. In the past two years my company, Freeport, has carried out drill evaluation programs on five projects in the southwestern portion of this State. As an exercise, I took the economic models that were used for the justification of each of these projects and subjected them to the severance tax rates proposed by this legislation. It was quite clear that in each case, using discounted cash flow rate of return analysis, the projects were deemed not viable. I cannot believe that Freeport is alone in utilizing this sort of "pre-exploration" analysis. Certainly all of the members of the Minerals Exploration Coalition I had the opportunity to poll before this hearing utilize similar approaches.

The consequences of this legislation, if adopted, are therefore obvious. To a great extent mineral exploration in this State will cease. Without mineral exploration there will be no discovery and without discovery there certainly will be no large scale impact on communities. Quite simply, the objectives of the Bill will be met.

I would suggest that there are other far more expedient avenues of mitigating local community impact on major developments. Have you considered state or local planning commissions which would require the mining company to meet financially those additional burdens resulting from its local impact? How does a major mining development differ from a decision to create other large industrial or manufacturing centers proximate to a community? Would inventory taxes of 30% of the gross value of their product be imposed? I

can assure you this tax would be just as effective in discouraging mining investments as it would any other industry.

STATES' RIGHTS AND STATES' RESPONSIBILITIES

President Reagan recently announced his views concerning states' rights and reiterated the Constitutional intent that this is a Nation of sovereign states. He also acknowledged that there was excessive federal intervention and regulation on many issues that should be left to the individual states. The philosophy of his Administration necessarily imparts a responsibility to states as supporting bodies of the Nation to collectively do their part in maintaining the strength and overall well-being of the Nation.

With regard to mineral resources, our national position has been continuously and seriously deteriorating for the last 30 years and there is no prognosis for a rapid turnaround. The United States Bureau of Mines, by its own estimates, revealed that our Nation is between 75 and 100 percent dependent on foreign sources for aluminum, tin, platinum group metals, manganese, titanium, chromium, nickel, cobalt, strontium and columbium. The elements I have just listed are basic foodstuffs of our industrial economy. Without them, the resulting malnutrition would be economically fatal. We are dangerously vulnerable to OPEC-like cartels affecting foreign supplies of these critical elements. The Soviet Union, on the other hand, is remarkably self-sufficient in these elements and recent Soviet influenced geo-political activities in Africa may be interpreted as forerunners of a long-range objective by them to control these key resources.

Our present resource situation demands that in addition to states' rights we have states' responsibilities. These responsibilities must

recognize that resources in one area must contribute to the economy as a whole. For example, the potential resource of platinum group metals and chromium, elements that we are 100% dependent on foreign sources, may occur in this State in sufficient quantities to significantly offset a major portion of our foreign dependency. Reserves of low sulfur coal in Wyoming and Montana contain more energy than the estimated remaining reserves of petroleum within OPEC nations. Exploration is actively underway with encouraging results for other elements such as copper, silver, molybdenum and gold. These discoveries and exploration results, along with the legacy of natural resource production from this State, clearly indicate Montana's unique and valuable position as a supplier of metals to this Nation. This legacy and increasingly important responsibility should not be subject to naively created "quick fix" legislation. Certainly development impact planning and funding are required for natural resource or any other economic situation that results in significant population transfers and local community burdens. However, exorbitant taxes with the very real effect of curtailing significant new mining activity is not the answer.

On behalf of the Minerals Exploration Coalition, I would like to thank you for your consideration of our comments and offer to you whatever services or opinions involving natural resources and mineral exploration we may supply.



mec

MINERALS EXPLORATION COALITION

1980 ANNUAL REPORT

1980

ANNUAL REPORT

to the

MEMBERSHIP

of the

MINERALS EXPLORATION COALITION

Dedicated to preserving the jobs of explorationists
by ensuring their right of access to Public Lands.

1980 MEC ANNUAL REPORT

I. INTRODUCTION

1980 was a year of growth and accomplishment for Minerals Exploration Coalition, Inc. The foundation was laid for greater achievement in the 80's by gathering together a strong nucleus of corporate members, by implementing a management planning system to ensure maximum utilization of our resources, and by the continued dedication of our leadership.

Our sincere thanks to our Corporate Members, whose generous contributions made it possible for MEC to reach its present level of accomplishment.

Our 1980 Corporate Members are:

AMAX Exploration, Inc.	Newmont Exploration, Inc.
ANACONDA Copper Company	Noranda Exploration, Inc.
ARMCO Material Resources	Occidental Minerals Corp.
ASARCO, Inc.	Phelps-Dodge Corporation
Bear Creek Mining Company	Placer Amex, Inc.
Chevron Resources Company	Ranchers Exploration and Development Corporation
Conoco, Inc.	Resources International, Inc.
Day Mines, Inc.	Siskon Corporation
Energy Reserves Group, Inc.	St. Joe Minerals Corp.
Freeport Exploration Company	Superior Oil Company
Gold Fields Mining Corp.	Texasgulf, Inc.
Houston International Minerals Corp.	Union Molycorp
Johns-Manville Corporation	U.S. Borax & Chemical Corp.

We look forward to the continued support of these Members and to an increasing membership among exploration and development companies who believe in the mission and objectives of the Minerals Exploration Coalition.

We want to make special mention of our Associate Members, those companies who furnish services to our industry and who recognize that our battle to explore on public lands is their battle also.

These companies contributed to MEC as Associate Members in 1980:

Connors Drilling, Inc.	Power Motive Corporation
Hosking Exploration Helicopters	Skyline Labs, Inc.

To our 275 individual members, our appreciation for their support of our activities in 1980 and we pledge to them greater efforts on their behalf and for their industry in 1981 and beyond.

The dedication to the principle that American industry must have access to public lands for mineral exploration that led to the creation of MEC in 1979 also inspired the quality of leadership provided by our Board of Directors and Officers in 1980. Our thanks to our Directors and Officers for the past year:

Douglas M. Smith, Jr., President
ASARCO, Inc.

C. Phillips Purdy, Jr., Director
Houston Intern'l Minerals Corp.

David L. Stevens, Vice-President
Freeport Exploration Company

Geoffrey G. Snow, Director
Noranda Exploration, Inc.

W. Burch Winder, Sec'y-Treas.
Foltz, Stewart & Associates

William M. Shepard, Director
AMAX Exploration, Inc.

Michael J. Wendell, Director
Resources International Corp.

Recognizing the vast reservoir of knowledge present in the management staffs of our Corporate Members, in 1980 we created the MEC Advisory Board, composed of exploration and government affairs managers who will apply their wisdom to developing strategies and programs for MEC in the 1980s:

B.O. Chalker
Chevron Resources Company

John H. La Grange
Bear Creek Mining Company

Dr. Douglas R. Cook
Freeport Exploration Company

Dr. W. Noel McAnulty, Jr.
ARMCO Material Resources

Eliseo Gonzalez-Urien
Noranda Exploration, Inc.

J. R. Muhm
Occidental Minerals Corp.

Byron S. Hardie
Newmont Exploration, Ltd.

W.A. Petersen
Conoco, Inc.

James S. Hastings
Gold Fields Mining Corporation

Ruffin I. Rackley
Energy Reserves Group, Inc.

J.W. Horton
St. Joe Minerals Corporation

W. Glen Zinn
Union Molycorp

Our members are the people and companies who have made it possible for MEC to become nationally recognized as the spokesman for the minerals exploration industry on the issues of public lands, regulations, and government policies related to minerals. To all of them our deepest gratitude.

II. A LOOK BACK AT 1980

A number of significant objectives were achieved in 1980. Following is a brief listing of some of the accomplishments and activities of MEC last year.

A. ISSUES

1. Gothic Historic District

The nomination of Gothic, Colorado and the surrounding mining region as a National Historic District represented an attempt by preservationists to subvert the intent of the National Historic Preservation Act of 1966. The area would have become the private preserve of a small group of environmentalists while prohibiting development of existing mines and denying access to exploration for minerals on several thousand acres in the heart of the Colorado mineral belt! Had the nomination been accepted, not only would the Gothic district have been denied to minerals access, a dangerous precedent would be set in the use of national historic site designation as tool for land withdrawal.

Led by Douglas Smith, MEC waged a successful campaign to have the nomination rejected by the State Historic Preservation Officer. It was a major effort to block the nomination, but it represents a major victory.

2. Colorado RARE II Wilderness Bill

H.R. 5487 was recently signed into law. It is a compromise between the original House bill, a bill introduced by Senator Hart and favored by the environmentalists, a later bill more favorable to industry introduced by Senator Armstrong, and a conference committee report which included a wilderness study area in the Colorado mineral belt not even mentioned in previous legislation.

David Stevens took the lead for MEC on this issue, testifying before Congress on the impact of the bill on minerals exploration, pressing for statutory language in the bill releasing non-wilderness land to multiple uses, and urging extension of the 1984 deadline for mineral exploration. Working through the Colorado Resource Consortium, a coalition of associations and companies advocating multiple usage of public lands, MEC actively participated in negotiations with the Colorado congressional delegation on wilderness boundaries and the specific language of the bill.

The Colorado Resource Consortium was a major influence in encouraging Senator Armstrong to introduce his own bill after it became apparent the House and the Hart bills strongly favored the environmentalists' desires to the detriment of multiple usage.

The bill that finally passed is imperfect, but significantly improved over the earlier versions. Senator Armstrong has stated that he is optimistic that a national bill extending the 1984 deadline for minerals exploration will be enacted by the incoming Congress.

3. Idaho RARE II Wilderness Bill

The RARE II wilderness areas in Idaho that were recommended by the Forest Service to Congress included within their boundaries a deposit of cobalt, a mineral for which the United States is totally dependent on imports from such distant and unreliable sources as Zaire and Zambia. Cobalt is critical to our national defense because of its necessary use in jet aircraft engines. Minerals Exploration Coalition was one of the principle sources of expert testimony before Congress on the strategic implications of locking up in wilderness this deposit of cobalt. We were successful in having the mineralized area excluded from the wilderness designation - the first time that wilderness legislation was modified for national security reasons. This victory was a breakthrough that hopefully will set a precedent for future exclusions.

4. Alaska Lands

Throughout 1979 and 1980, MEC joined other multiple use organizations in fighting for a reasonable compromise on the Alaska lands issue. Geoffrey Snow, among others, testified before Congress on this legislation and John Gailey presented a paper on the background of the issue to a symposium sponsored by the Coalition for Responsible Mining Law.

The membership of MEC responded to our request with a barrage of letters to Congress protesting the massive land withdrawals in Alaska. Telegrams from Douglas Smith to the entire Senate membership objecting to the compromise amendments elicited 34 letters of reply, all thanking MEC for its views but few making a commitment as to how the Senator would vote.

The prospect of a Republican administration and Senate caused the environmentalist-dominated House to give in to "political realities" and pass the Senate version of the Alaska Lands bill. MEC argued for "mitigating" amendments to the Senate bill, most of which were not included. MEC is disappointed the weakened bill passed, even though it places fewer restrictions on exploration and mining than the original House version.

5. Surface Management of Public Lands

When the Bureau of Land Management issued its Draft Environmental Impact Statement for Surface Management of Public Lands Under U.S. Mining Laws, MEC responded through the appearance of Douglas Smith before the Bureau. Testifying on the proposed regulations, he pointed out that "the draft EIS was an egregious example of the bureaucracy attempting to achieve through regulation what Congress is unwilling to write into statute public lands which failed the formal test for wilderness will, if the regulations are implemented, be managed so as to constitute de facto wilderness to the severe detriment of the minerals exploration industry".

The final regulations have now been promulgated and will be implemented during 1981. The comments of MEC and many other industry spokesmen were considered in the final EIS, and its requirements are significantly less onerous than were the regulations contemplated in the draft EIS.

6. BLM Wilderness Minerals Appraisals

One of the major issues confronting the minerals exploration industry in the 1980's will be the appraisal of mineral potential of wilderness study tracts designated by the Bureau of Land Management during their recently completed intensive wilderness inventory program. During the next several years, BLM will assess all multiple-use resource values of the study tracts to determine which tracts will be recommended to Congress for designation for wilderness.

MEC arranged for several of its officers and members to meet with key representatives of the BLM to discuss the methodology for mineral appraisals of study tracts. We furnished documentation supporting our recommendations on the proposed mineral resource rating system and pledged the support of MEC and its members to BLM in making their evaluation of mineral resources accurate and realistic. We have established a new level of rapport with this agency and anticipate that greater mutual cooperation will result.

7. Mining and Mineral Policy Act

At the request of Congress, the General Accounting Office is conducting an investigation of specific actions or policies by the Department of Interior (including all forms of land withdrawals) that have delayed, hindered, or otherwise encumbered natural resource exploration or development on public lands as mandated by the Mining and Mineral Policy Act of 1970.

David Stevens, along with other industry representatives, has met with GAO delegates to furnish examples of Interior's indifference to the Act for inclusion in their report to Congress. We anticipate that additional opportunities to provide inputs to GAO will be offered to MEC.

8. Domestic Policy Review of Nonfuel Minerals

In response to growing concerns in Congress and industry, President Carter in 1979 formed a Cabinet-level Policy Coordinating Committee to determine whether there were significant problems affecting nonfuel minerals. At a public hearing before the Committee in Denver, 22 witnesses testified of which 12 represented MEC. Each of the 12 addressed a different problem area in minerals policy. Additional testimony was presented in subsequent hearings in Denver and New Orleans. Participation by MEC was specifically requested by Representative Santini's staff when it appeared that industry had overlooked the opportunity to be heard.

The final report of the Committee bore no resemblance to the factual findings developed by the hearings and the Committee coordinator from the President's Domestic Policy Staff resigned in disgust. The policy review was allowed to die by the President without action.

9. Colorado Mined Land Reclamation

In response to a protest by MEC, the Colorado Mined Land Reclamation Board delayed promulgation of new rules on the abandonment of exploration drilling holes pending industry comments and public hearings. The comments and suggestions provided by several MEC members resulted in a number of changes being incorporated into the second draft of the rules.

10. Montana Mineral Leasing

When the state of Montana proposed new rules affecting mineral leasing, MEC responded to a request from the Northwest Mining Association with a large volume of communications protesting the implementation of the rules without due consideration of their impact on mineral exploration and without a public hearing. Specifically, MEC commented that the royalty rate was too high, that competitive bidding should be discouraged, and that the mineral estate should have preference over the surface estate. As a result of these protests and those of other industry groups, the rules are being revised and public hearings will be held.

B. PUBLICATIONS

1. One of the major activities at MEC is the preparation, publication, collection, and distribution of documents relating to MEC's missions and the issues with which we are involved. These publications are intended to educate, inform, and galvanize action among our various audiences. These audiences include our membership, members of Congress and their staffs, government regulators and administrators at both the federal and state levels, and other parties concerned about the restrictions imposed on minerals exploration and the impact of these restrictions on the long range health of the minerals industry and their effects on our national defense and economic stability.
2. More than 9,000 documents were distributed by MEC in 1980. Many were prepared and published by MEC, others were acquired from outside sources. Among the more important publications sent out by MEC this year were:
 - a. Brochure describing Minerals Exploration Coalition --its mission and objectives.
 - b. MEC newsletter "CounterPoint".
 - c. Chart depicting U.S. Dependency on imported metals and minerals.

- d. Reprint of MEC testimony on the Colorado RARE II bill.
 - e. Reprint of MEC testimony on BLM Surface Mangement Regulations.
 - f. Reprint of MEC testimony on the Gothic Historic District.
 - g. Brochure on the Alaska Lands Issue, including profiles on 12 important commodities.
 - h. Reprint of Representative Santini's keynote address to the World Affairs Council of Pittsburgh on "The Resource War in 3-D".
 - i. Dr. William H. Dresher's booklet "Raw Materials for Industry: Our Next Major Crisis".
 - j. Proceedings of the Pittsburgh forum with the findings of 16 nationally-prominent experts regarding U.S. dependency on imported natural resources.
 - k. Numerous other reports, articles, and analyses were distributed by MEC in an effort to keep our members appraised of legislation and regulations affecting their freedom of opportunity to explore on public lands.
3. The major publication effort by MEC in 1980 was the completion, for the first time anywhere, of detailed maps of eleven western states depicting the mineralized areas superimposed with the areas withdrawn from exploration by various government entities. These maps represented a large expenditure by MEC in drafting and printing costs and a great amount of volunteer labor by our members for which we are very grateful. The result was a graphic presentation of just how serious the problem of land withdrawals really is. The maps were extremely well received by MEC members, Congress, land managers federal regulatory agencies and state governments.
 4. MEC participated with the Colorado Section of the American Institute of Professional Geologists in the publication of their Special Report entitled "Metals". This document has been acclaimed as a definitive analysis of the state of the American mining industry today.

C. ADMINISTRATION

1. The management consulting firm of Foltz, Stewart & Associates was retained in January 1980 to conduct the business affairs of MEC, freeing the leadership of the Coalition for the strategic planning and program development necessary for the future success of our association.
2. We are currently interviewing applicants for the position of Technical Director for MEC, to be responsible for the technical aspects of MEC programs, including preparation of position papers, testimony, responses to proposed rules and regulations, monitoring of legislation, coordination of technical resources within MEC, and liaison with other organizations with similar purposes.

3. We have retained the services of Interaction Systems Incorporated of McLean, Virginia to be our "eyes and ears" in Washington. We feel fortunate that Dr. James Miller, President of Interaction Systems will represent MEC in the halls of Congress and in the regulatory and administrative agencies. Dr. Miller has been intimately involved in natural resource and non-ferrous strategic minerals matters within the government and industry.
4. We have strengthened our relationships with sister organizations such as American Mining Congress, National Association of Manufacturers American Institute of Mining Engineers, Northwest Consortium, American Institute of Professional Geologists, Coalition for Responsible Mining Law, and others. We are being increasingly recognized by these groups as an organization able to respond quickly and effectively to requests for reliable information and prompt action on land withdrawal issues.

D. FINANCIAL REPORT

See the following page for the Financial Report.

- E. We look back on 1980 with a degree of satisfaction that we accomplished many of the things we set out to do a year ago. Few of the issues facing us have been settled -- many remain that must be addressed immediately as we enter a new political and legislative era.

1980
INCOME AND EXPENSE REPORT

Minerals Exploration Coalition
(Unaudited)

<u>REVENUES</u>		<u>Percent of 1980 Revenue</u>
Corporate Memberships	\$ 93,500	90.3
Associate Memberships	1,350	1.3
Individual Memberships	1,150	1.1
Sale of Maps and Sepias	4,662	4.5
Sale of Reprints and other materials	483	.5
Interest on Funds Deposited	<u>2,415</u>	<u>2.3</u>
TOTAL REVENUE	\$ 103,560	100.0
<u>EXPENSES</u>		
Manager Compensation	\$ 18,152	17.6
Occupancy incl. overhead & clerical	9,351	9.0
Cost of Maps and Sepias	13,433	13.0
Coalition Projects	4,259	4.1
Postage	3,503	3.4
Contract Services - Outside	2,757	2.6
Purchase of Reprints for resale or distribution	1,303	1.3
Repayment of Prior Year's Advances	1,279	1.2
Office Supplies	1,519	1.5
Telephone and Telegraph	959	.9
MEC Brochure	2,700	2.6
Miscellaneous General and Administrative	<u>503</u>	<u>.5</u>
TOTAL EXPENSES	\$ <u>59,718</u>	<u>57.7</u>
BALANCE FORWARD TO 1981	\$ 43,842	42.3

III. A LOOK FORWARD TO 1981

A. STATEMENT OF PURPOSE

Minerals Exploration Coalition (MEC) is an association of mineral explorationists and companies active in the exploration segment of the mining industry. Together we have formed a non-profit educational and lobbying organization for the purpose of maintaining and reclaiming the right of access to and use of that portion of the public domain for mineral exploration. We also strive to protect from excessive and prohibitive regulation all activities related to mineral resource exploration and development.

Our primary strategy is to communicate with various publics on the issues confronting our industry. This is done through expertly prepared analyses and position statements conveying the importance of a healthy minerals industry to our national security and economic stability.

Success is dependent upon universal understanding of these facts:

- o The vitality of our national economy and our national defense are dependent upon the availability of domestic supplies of mineral resources.
- o To ensure the availability of domestic minerals there must be minerals exploration on public lands.
- o An acceptable degree of mineral self-sufficiency for the United States will be achieved only after an economic, legislative, and regulatory environment is created to encourage, rather than inhibit, mineral exploration and development.

B. LONG RANGE GOALS

To help create this environment in which the minerals exploration industry can fulfill its mission, the Minerals Exploration Coalition has established these goals:

- o Foster reliance within the federal government upon MEC as a source of factual and comprehensive information relating to all facets of the mineral exploration industry.
- o Create an understanding within government of the critical need for policies which encourage minerals exploration.
- o Identify regulatory actions at all levels of government that may be detrimental to the exploration and development of mineral resources.
- o Forcefully present the explorationist's viewpoint to government regulators.
- o Strengthen our alliances with parallel organizations.

- o *Be recognized by media, government agencies, and the public at large as the authoritative spokesman for the minerals exploration industry.*
- o *Generate support for MEC objectives among the earth science departments of colleges and universities.*

C. OBJECTIVES FOR 1981

The Executive Committee of MEC has selected the following objectives for the coming year:

Government Relations

- o *Communicate our position on issues affecting mineral exploration and development while offering technical assistance to all congressional and executive office holders, staffs and committees dealing with natural resource issues.*
- o *Work with President Reagan's National Mineral Advisory Board to ensure that the explorationist's views are represented on and by the Board*
- o *Foment bilateral communications at the Federal, State and local levels with all agencies controlling exploration.*

Land Withdrawal Issues

- o *Secure legislation providing for adequate release provisions in all future wilderness bills.*
- o *Strive for extension of the 1984 deadline for mineral exploration in wilderness and wilderness study areas in both state and federal legislation.*
- o *Push for modification of boundaries of proposed and existing wilderness to exclude areas of high mineral potential.*
- o *Declassify from wilderness designation those areas of known specific mineral resources.*
- o *Ensure that exploration is not restricted in areas adjacent to withdrawn lands through regulation or legislation.*

BLM Resource Inventory

- o *Furnish comprehensive factual data from industry to the BLM for use in the appraisal of mineral resources during wilderness studies.*
- o *Ensure that the BLM fully considers minerals in its resource inventory decisions.*
- o *Ensure prompt and unrestricted return to multiple use of those areas not recommended to Congress for designation as wilderness.*

General

- o Support reactivation of the Non-Fuel Minerals Policy Review by the House Subcommittee on Mines and Mining.*
- o Assess legislation fostered by the "Sagebrush Rebellion" to ensure that exploration will not be jeopardized by the transfer of public lands to the states.*
- o Assess the impact of the proposed MX Missile System on mineral exploration by cooperating with the Air Force and the BLM in mitigating the effects of land withdrawals associated with the program.*
- o Furnish factual information on minerals-related issues to national and local media and to become a primary source of data on minerals issues for them.*

Membership

- o Increase the number of Corporate Members to 35*
- o Include as individual members the exploration staffs of all Corporate members.*
- o Invite all unaffiliated mineral explorationists to join MEC by pledging their support to the objectives of the Coalition.*
- o Keep our membership apprised of legislation and regulations affecting their jobs and inform them of actions by MEC to ensure a healthy exploration environment in the United States.*
- o Generate contributions of \$120,000 during the year by which to conduct the work of the Coalition.*



MINERALS EXPLORATION COALITION, INC.

790 West Tennessee Ave., Suite 103

Denver, Colorado — 80223

(303) 722-2235

Association (BVA)

of the bills

son of a draft bill expected to be introduced by Representative Orval Ellison and Senate Bill 344 as introduced by Tom Towe.)

Senate Bill 344 by Tom Towe

1. BASIC CONCEPT:

A Hard Rock Mining Impact Board would be created to assist with grants to "local governmental units that have been required to expand the provision of public services as a consequence of large scale development of mineral deposits." Proceeds of the severance tax imposed on hardrock minerals and gems at the approxiamte rate of 10 percent would provide the source of funds for grants made by the Impact Board. Funds raised by the severance tax and not appropriated by the Impact Board will be deposited in the Coal Tax Constitutional Trust Fund.

Money would be available immediately for areas expected to be impacted by development, because the bill allows the Impact Board to borrow money interest free from the Coal Board.

An interesting feature of the bill is its incentive to have the mining companies pay directly to the community to cover impacts as an alternative to paying the severance tax. For every dollar given to the community to pay for impacts, \$1.25 can then be deducted from the severance tax due.

2. A SOURCE OF FUNDS:

The money used by the Impact Board to make grants comes directly from the companies imposing the costs on the communities.

3. AVAILABILITY OF FUNDS:

Grants will be made from existing accounts. No bonds need be sold, and thus, availability of funds will not be a problem. As stated before the bill allows the Hard Rock Impact Board to borrow from the Coal Board at no interest, which would allow the Hard Rock Impact Board to have money available almost immediately after its formation.

4. ADEQUACY OF FUNDS:

The tax rates proposed in this bill are 15 percent for underground mines and 30 percent for open-pit mines, less Federal, State, and local taxes levied on the mineral produced. The first \$1,000,000 worth of minerals produced would be exempt, and the next \$1,500,000 produced would be taxed at half these rates. (Effectively eliminating a tax on small miners). Existing mines are also exempt. **The effective tax rate on a large underground mine would be approximately 10 percent.** These proposed levels of taxation will be entirely adequate to provide funds for expected impacts.

5. TAIL-END IMPACTS:

Since funds raised by the severance tax and not appropriated by the Impact Board will be placed into the Coal Constitutional Trust Fund a legitimate claim is thus established for the use of the trust fund in meeting the needs of a community impacted by the closure of a hard rock mining operation.

6. LOCAL INVOLVEMENT:

Local involvement would be more extensive. The bill requires the appointment of four people from impact areas to the seven-member Impact Board. Local people would thus play an active role in the distribution of grants to meet impacts.

7. IMPACT ON COAL TAX CHALLENGE:

This bill is entirely consistent with the coal severance tax, and would demonstrate to the U.S. Supreme Court that Montana is serious about dealing with impacts from resource developments whether it be coal or hard rock minerals, and that it is not taxing coal discriminately simply to take advantage of the energy crisis.

tary

ive, it is an attempt to show the necessity
l not only deal with the initial impacts, but
l we would hope that the legislators of the
d and would back a non-partisan effort to

	WYOMING	UTAH	NEW MEXICO	COLORADO	NEVADA
Gross Proceeds (severance tax)	2% value				
Resource Indemnity Trust (severance tax)	\$25 + .5% gross value of product over \$5,000				
Metal Mines Tax (severance tax)					
Other Severance Tax				2.25% x metal value at mine First \$11 million exempt	
Other Taxes	6.6 - 7.1% market value	mill levy 5.6%	mill levy 3.6%	mill levy 7.8%	mill levy 4.5%
Real Property Tax	mill levy 8.0%	(\$5/Acre + 2 x average net proceeds) x mill levy 5.6%	3 1/3 % value of property x mill levy 3.6%	30% value of property x mill levy 7.8%	35% value of property x mill levy 4.5%
Personal Property Tax	100% value of property x mill levy 8.0%	2.2% value of property x mill levy 5.6%	3 1/3 % value of property x mill levy 3.6%	30% 1973 value of property x mill levy 7.8%	35% value of property x mill levy 4.5%
Corporate License Tax state income tax	\$5 per ton on first \$50,000 of product; \$50 per even addition \$1 million				
Sales and Use Taxes			3 3/4 % price of goods and services purchased		

February 17, 1981

My name is Gordon Curran. I own Carters Camp in Nye, which is a Bar, Restaurant, and Grocery store. My family has owned this business since 1972.

Most of us are here today because of a personal interest and an expanded interest. My personal interest is that in 1980 approximately 20% of my business came from Anaconda Company employees. That is a considerable volume of business which, of course, I would like to keep. I might also add that that translated into three full time and two part time jobs in 1980, all of which were filled locally.

My expanded interest is the economy of our area as a whole.

For reasons that others more knowledgeable than I will give you, I believe that a 15% severance tax, even when reduced to 10% or so by other taxes and credits, will be the one added expense that could make a venture such as the ones being contemplated by Anaconda and JM unprofitable. As businessmen yourselves, you know that whatever product or service you sell is not given to you. There are an incredible amount of expenses involved in selling a product, and it is quite common for the NET profit of a business to be only 4 or 5% of the GROSS. My arithmetic says that when you add an ADDITIONAL 10% EXPENSE to this 5% NET, you have a new NET of -5%!

I believe that this severance tax bill is actually a CLEVERLY DISGUISED BILL TO BAN MINING. I do not believe that mining should be stopped. Rather, it should be encouraged for RESPONSIBLE companies that could be potentially major EMPLOYERS.

Impact is usually mentioned as something bad. I would like to point out a good aspect of impact. Any CONSUMER who does business with AREA merchants will benefit by the mining needs and the mining payroll. EVERY business from a card shop to an automotive dealer will have EXPANDED SELECTIONS and more COMPETITIVE PRICES. If you go to the local grocery store, you will find not only

EXPANDED SELECTIONS, but you will also find that your NEIGHBOR is now employed as an extra clerk there because of ADDED BUSINESS VOLUME. Chances are good that this neighbor was asked to fill this job and is doing it on a part time basis to supplement the families regular income. This is an example of a "SERVICE RELATED IMPACT" that would be filled locally because the merchant would much rather fill the job with someone he knows and trusts. This example would hold true with restaurants, clothing stores, banks, lumber yards, etc.

I urge that this BAN MINING BILL be killed and a more reasonable IMPACT ASSISTANCE bill such as the one to be considered in the House be adopted.

RESOLUTION
WHITEHALL BUSINESS MEN'S AND WOMEN'S ASSOCIATION
WHITEHALL, MONTANA

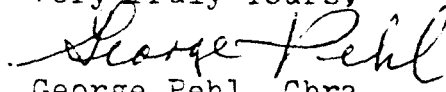
TO MONTANA TAXATION COMMITTEE

PAT GOODOVER: CHAIRMAN

SUBJECT 1981 SEVERANCE TAX SB 344

Because of the many critical conditions which affect the economy and welfare of our state and nation at the present time, we, the Whitehall Business Men's and Women's Association oppose the levying of any additional Severance Tax at this time.

Very Truly Yours,




George Pehl, Chra

February 14, 1981

If SB 344 is passed I will have to go elsewhere to develop mine and mill facilities. My negotiations for potential small to medium-size mining properties do not envision taking on an additional royalty (of any amount) in the form of a tax.

I am spending development money for acquisition, exploration and development of mine properties which benefits the local economies of Jefferson, Broadwater, and Lewis and Clark counties.

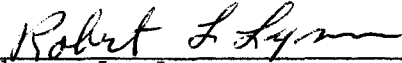
If this bill is passed I'll have no alternative but to pull out of the state because I can't afford to take on the state as a 10% partner.



David Kime
Boulder, MT

My past experience of over 20 years in developing small to medium size mine properties in Montana for investors makes it clear to me that any additional taxes above the present three taxes now collected by the state and counties would make development prohibitive in Montana.

Please do not allow a handful of no-growth people to pass SB 344.



Robert L. Lynn
Columbia Falls, MT

WITNESS STATEMENT

Name Ed Barrett Date 2/17/81
 Address 2005 Jereme Support ?
 Representing Self Oppose ? X
 Which Bill ? SB 344 Amend ?

Comments:

① RAISES cutoff grade of CRITICAL minerals Chrome, Tungsten
 ↑ unique mineralization

② Taxes dollar value INSTEAD OF mineral

Today it takes about 2,500 oz gold to get \$106

What if price doubles?
 Then 1,000 oz gold to get \$106

② Cooperation between Industry + Govt IN JAPAN. Why NOT here?
 vis a vis IBM!

③ Taxes on real property owned by mining Companies

Please leave prepared statement with the committee secretary.

④ DCF-ROI Not absolute Dollars

⑤ ACCUMULATION of INVESTMENT Capital

(A) Small Miners

(B) Big Miners

Planning and Zoning Commission
Public Hearing
Nye School House
Nye, Montana 59061
May 9, 1979
7:00 P.M.

William F. Brinkel called the hearing to order at 7:00 P.M.

Brinkel: "We'll start the, we'll go through about three or four procedures here that we're supposed to follow during this hearing. I'll go through each one of those and I'll try to explain them and then we'll start in with testimony."

"First off, I'll read the notice of the hearing. There might be a few of you that's not been able to see a hearing that's been posted."

"Notice is hereby given that a public hearing will be held May 9, 1979, 7:00 P.M. at the Nye School House for public input to the Stillwater County Planning and Zoning Commission regarding the petition signed by Mary T. Donohoe, Henry I. Grant Jr., Nell G. Mulvihill, Clay Donohoe, Key O Inc. by Walt Keogh, Torian Donohoe, Paul T. Donohoe and Cecilia G. Enright. The petition requests that an agriculture, recreation, oil and gas lease and production and existing use planning and zoning district be formed for the following lands:

- Twp 4 South, Rge 15 East, MPM
- Sec 28: SW $\frac{1}{4}$ SW $\frac{1}{4}$
- Sec 29: S $\frac{1}{2}$ NW $\frac{1}{4}$, S $\frac{1}{2}$
- Sec 30: Lot 2 (SW $\frac{1}{4}$ NW $\frac{1}{4}$), SE $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$, Lots 3 and 4 (W $\frac{1}{2}$ SW $\frac{1}{4}$), E $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$
- Sec 31: Lots 1,2,3,4 (W $\frac{1}{2}$ SW $\frac{1}{4}$), E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$
- Sec 32: All
- Sec 33: NW $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$
- Twp 5 South, Rge 15 East, MPM
- Sec 4: Lots 1,2,3,4 (N $\frac{1}{2}$ N $\frac{1}{2}$), S $\frac{1}{2}$ N $\frac{1}{2}$ N $\frac{1}{2}$ S $\frac{1}{2}$
- Sec 5: Lots 1,2,3,4, (N $\frac{1}{2}$ N $\frac{1}{2}$), S $\frac{1}{2}$ N $\frac{1}{2}$, N $\frac{1}{2}$ S $\frac{1}{2}$
- Sec 6: Lots 1,2,3,4 (N $\frac{1}{2}$ N $\frac{1}{2}$), Lot 5 (SW $\frac{1}{4}$ NW $\frac{1}{4}$), SE $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$, Lot 6 (NW $\frac{1}{4}$ SW $\frac{1}{4}$), NE $\frac{1}{4}$ SW $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$

The commission actively solicits oral or written comment at the hearing. For those unable to attend the hearing, letters may be sent to the commission at the Stillwater County Courthouse in Columbus, Montana, 59019. Signed by the Chairman of the Stillwater County Planning and Zoning Commission".

"I would also like to read the definition of a petition that was received by the county commissioners and later given to the planning board, or the zoning commission. The following is the definition for the purposes used in the planning and zoning district outlined in this petition. The district shall be divided into two zones, Zone A and Zone B. Zone A, only the following uses will be permitted in Zone A: Existing agricultural use as defined in the State Department of Revenue Classification Records of 1972, recreation and this is limited to commercial outfitting, public participation of outdoor recreation activities. Number three, the mineral production. The only commercial mineral activities that will be allowed in the planning and zoning district will be the exploration and the production for oil and gas as outlined in the lease agreements of the various freeholders.

Zone B, Zone B will be included in all the uses as described in Zone A plus recreational or second home development. The existing

had some unfortunate problems with some of the recent mining activity. We knew, sometime previous to the problem that developed from the water that came out of the Johns-Manville adit that that water was going to be coming and I know that the company was adequately warned previous to that. I was in public meetings where agency personnel had indicated that roughly the amounts and about where this water could be expected, and yet this water came out into the Stillwater, brought some pollutants into the stream, could have been avoided. Our concern is primarily with the fisheries in the area as far as the fishery end of it is concerned, we're interested in maintaining the water quality and maintaining the fishery environment in a productive situation.

Tom Towe" I feel a little uncomfortable with my back to the commission, it seems to me that my remarks should be aimed more at the commission. I would like very much to speak particularly to the commission. My name is Tom Towe, I'm a state senator from Billings, and I am here today on nobody's behalf but my own and perhaps as a state senator. I have been very much involved in some of the mining activity in the legislation, in mining legislation in the legislature. I have been somewhat involved in Coal Tax and I am somewhat familiar with that as well as other mining tax and impact problems. But there's another reason why I'm here tonight. Many of you perhaps know that I do have a cabin site up on the Cathedral Mountain Estates and I was just up there a few minutes ago. When I acquired that lot several years ago I was absolutely convinced that that spot was the prettiest spot in the state of Montana, maybe the world. I am just as convinced that it still is, and I would invite any of you to come and take a look at that spot at any time if you have any doubts. And as I was coming back just this evening, I, about as far as from here to the road, I saw a little herd of twenty, maybe thirty elk, there was a group of mule deer coming down from the mountain on the lane itself inside the development, and I'm very proud of that and I think that all of the people here should be, because that's a very very pretty and attractive place. I was vaguely aware and new a little bit about the fact that Johns-Manville had been doing some exploration work and that the Anaconda Company owns some property there and is also doing some exploration work, but I guess I never really understood the impact, the magnitude of that, until just a week or so ago I read a story in the Billings Gazette, and I'm sure most of you also read that same story. And I don't know whether the things sited there were true, the figures given were true, and if they are not I hope someone would correct me. But I was struck by a few things that were mentioned. Number one, that the United States uses something like 38% of the entire platinum supply in the world, or the amount that's mined in the world and that there is really no substantial mining of platinum in the United States, and that the largest supply of platinum is right here in the Stillwater Basin, by far the largest supply in the United States, and that two years ago the Bureau of Mines suggested that the amount of platinum, a valuable metal, was something like 13½ billion dollars worth and platinum has increased on the world market by 250% since then which would bring that figure up above 30 billion dollars. Now, just by comparison, let's let's refer to something I'm more familiar with, coal, let's assume that we were to mine 30 billion dollars worth of coal, to give you an idea of the magnitude of mining that we could be talking about, how long would it take at today's rate of mining in Montana at today's

prices, to mine 30 billion dollars worth of coal, I figured that out just briefly a few minutes ago, and it comes to about a 150 years. That seems to indicate to me that there could be an enormous potential for development in this area of platinum. I don't know whether it will develop, but if it does I'm concerned. I also read in the Billings Gazette, the same story, that at one point some two years ago, there was a suggestion by somebody that was attributed to Johns-Manville, that they may employ as many as 500 people in a mining operation here, with a payroll of 10 million dollars a year. Well, I don't know whether that still holds or not, but I know one thing, and at this point I wish to set aside the concerns that I have for maintaining an agricultural base in our state, the concerns that I have for the wildlife, for the recreational use of our land and for the beauty of our land, let's lay those items aside for a moment, and let's talk just about the impact and I guess to the county commissioners I particularly want to address that point to you, because I suspect that if 500 people are employed, that means something like 2,000 people living in the area close enough to get to that employment. 2,000 people would mean an enormous problem of state and local services. Schools, fire services, sewer and water, streets and law enforcement, and all of those other things, in fact, again using an analogy that I am somewhat familiar with and that is coal. The little town of Colestrip, which was a sleeping little farm community, basically, for many years, of about 200 people. And it was only about six years ago that almost overnight changed from 200 to 2,000 people, about the same amount that we were talking about in this example. And that put an enormous strain on schools, and on law enforcement, and on roads, sewer and water, and all the other things, not only there but in other towns, Forsyth and even further away than that, Miles City also claims some impact. Those impacts are substantial. In coal we have now set aside something like 18 million dollars for coal impact needs in those areas alone, just in those areas where coal is being developed. When we look at platinum, unfortunately we do not have the mechanisms established at this point to take care of those kinds of impacts. Now there are taxes, but let's review those taxes. First of all there is a resource indemnity trust fund, one half of one percent of all minerals, the value of all minerals, is taxed, and that money is put away in a fund, in a trust fund, but that money goes to the state, it goes to a trust fund, that money is not available for impact use under any circumstances, it's a special fund set up for future generations and for the needs for the future generations because of the general environment and general needs of a, caused by our life in this state. Secondly, there is a metal ferrous mine license tax. Now that tax was changed recently, it is a little bit different than it has been for some many years, and it would I think cover platinum. It taxes, after the first \$500,000, at a rate of about 1½%, 1.438 percent, of the value of the platinum, that's the finished refined value. That could be substantial, but again that's a severance tax and the money goes to the state and there's no mechanism for bringing that money back or any part of it to take care of impact like there is in the Coal Tax, in the Coal Severance Tax we specifically provide for impact needs out of our severance tax. We haven't done that yet for metals and for metal taxes. All right, then in addition to that there's a corporate license tax, and I have no idea how to estimate what impact the corporate license tax would have, it's 6 ¾% on the income, and that income on the corporation who are doing the mining, and it probably doesn't matter anyway, because that money would also all go to the state

and there's no mechanism for bringing that back to the counties of the local government. There is finally a gross proceeds tax. The gross proceeds tax is, amounts to replacing in the taxable valuation of the county and into the district, school district or whatever other district might encompass that particular area where the metal is mined, as in relation to platinum, 3% of the value of the platinum would be placed on the assessment rolls and the mill levy would be applied to that. The mill levy at Nye last year, I understand, was at about 141 mills. And 15 million dollars worth of platinum mining, and I don't know whether that's realistic or not, would not produce very much, I think I figured it out, it might be something like \$63,000. But the most difficult problem there is that that money goes to the county where the metal is actually mined and if the mining is actually in Sweetgrass County, Stillwater County will receive nothing from that tax. So then we are left to the property taxes. We're left to the property tax on buildings on mining machinery. The mining machinery is placed on the assessment rolls at 12% and the facility itself, the building, the structure would, it's not too clear, probably be placed on the assessment roll at 2.8%, not at 8.55% like everybody else's buildings, because there is a provision in the law that says new industrial property can be put first 3 years placed on the assessment roll at a reduced rate, something like 1/4th and for that reason I think that there is again a possibility of less revenue, because of this development if mining is considered new industrial property and if the other qualifications are met to meet Class 18 property. And I leave it up to you, I know the Anaconda has taken the Department of Revenue to court on that very issue and it is my understanding that the original decisions of the court so far have favored including mining as new industrial property. But let's assume that in fact we have some property and that we can tax it, and let's assume, and I don't have any idea, I'm just guessing, so I stand corrected I'm sure very quickly on figures, but let's assume that there's a facility that's put in that's worth \$5 million, and let's assume that there's mining equipment that's worth \$10 million, it may be worth less, it may be worth more, I haven't any idea, but let's just use those figures. The tax that would be collected by Stillwater County, if new industrial property applies, would be \$187,000 a year. Now if we have 500 employees, 2,000 people, a school that would require probably 4 or 500 students, how many schools would a \$187,000 build? How many fire stations would \$187,000 build? How many sewers, how many water systems how many streets, how many roads, the most expensive thing of all as we found out in coal, and how much law enforcement would that give us? I suggest probably not very much, probably not enough. Now there is a provision that allows for a pre-payment at your request, the county commissioners' request, of up to 3 years taxes in advance if there is a significant impact to be expected from the development, but that then has to be re-paid 1/5th each year for the next five years. You pick up a little, but again I doubt if it's enough. And so therefore my concern is what would happen and how would you meet the impact that could conceivable be developed as a result of a large development of platinum in this area. In lieu of that I suggest you can do something, and I admit in the legislature we probably haven't carried the ball quick enough and as well as we should have. We probably should have done something about this before, and I take the blame to the extent that I was not aware of the magnitude of the problem, the magnitude of the situation. But I suspect that you're in the position now to buy some time. You're in a position now to do something about it. I think that what we are talking

about here is a zoning proposal that really doesn't have much to do with regular zoning. What it really does, it doesn't zone out anything with the possible exception of mining. It doesn't affect agriculture, it doesn't affect recreational needs, and I doubt if it really seriously is going to stop mining even if you pass exactly what is suggested. Those decisions are going to be made in other places as well as here, it probably will end up in the legislature, most likely will, anyway you go. But I think you're in a position to buy some time, you're in a position to say let's adopt this zoning proposal, or this proposal, at the present time, and then the development would be under our terms, under our conditions. They would then have to come to you and ask for a variance, there's no prohibition, there's no absolute prohibition even if you adopt the proposal, of mining. But they would have to come to you for permission and then if the legislature has not acted yet, and they haven't at this point, you perhaps could put down as some condition that they take care of the concerns of the impacts, that they make some arrangements for schools, that they make some arrangements for roads, and some of these other matters which are pretty significant and pretty important I should think to the people in this area.

February 17, 1981

Senator Pat Goodover, Chairman
Senate Taxation Committee
Capitol Station
Helena, Mt. 59601

Dear Senator Goodover and Members of the Senate Taxation
Committee:

My name is Ted M. Rollins. I am a native Montanan who has resided in Western Montana all my life except for three years of military services, part of which was spent as a combat infantryman in Europe during World War II. My Grandfather, Willard, founded the town of Rollins on the West shore of Flathead Lake. I am a resident home owner in Troy and have been for the past eighteen years. I retired in 1979 after 32 years of service in Public School systems of Montana. The last ten years of which were spent as Superintendent of Schools, Troy, Montana. My family was raised in Montana. I have a daughter, Ann and a son Doug who now have their own homes in Missoula.

I am here as spokesman for the Troy Business and Professional Men's Club of which I have been a member since 1963.

At their regular meeting held February 5, 1981, the Troy Business and Professional Men's Club voted unanimously to oppose SB-344 for a number of reasons.

1. The only mine affected at this time by the passage of SB-344 would be the ASARCO Troy mine.

2. Neither the Town of Troy or Lincoln County would realize any financial aid under the provisions of SB-344 because there has been no adverse impact on the local schools or on other "essential public facilities and services". ASARCO has followed a policy of hiring local area residents to work at the Troy mine and at the present time over 90% of the work force is made up of local area residents, hence no adverse impact.
3. ASARCO hires approximately 5% of the available Lincoln County work force. Without the ASARCO Troy Mine, the average annual unemployment rate for Lincoln County would have been in excess of 19% in 1980.
4. The ASARCO Troy Mine is the only new industry to come into Lincoln County in a great many years. The positive impact ASARCO has had on Troy has been invaluable during a time when the lumber industry has been severely depressed.
5. The 15% tax placed on gross production of minerals from the underground mining translates into nearly 50% of net profits. No business can survive with such an oppressive burden as any businessman in this audience will know.

6. We feel that the following figures on school enrollments at Troy and Libby for the past few years are pertinent as are the employment and more importantly, the unemployment figures for Lincoln County.

Troy Public School Enrollment: (a)

	75/76	76/77	77/78	78/79	79/80	80/81
Elementary	387	382	412	376	365	370
High School	206	214	221	225	209	200
Total	593	596	633	601	574	570

Libby Public School Enrollment: (a)

	75/76	76/77	77/78	78/79	79/80	80/81
Elementary	2,081	1,925	1,890	1,934	1,768	1,686
High School	969	983	977	952	935	860
Special Educ.					41	45
Total	3,050	2,908	2,867	2,886	2,744	2,591

Lincoln County Employment figures(b)

The ASARCO Troy mine has been the only bright spot in an otherwise bleak employment picture for Lincoln County.

People employed in Lincoln County

1979	6,380
1980	6,344

Average Annual Unemployment Rate for Lincoln County

1979	747	10.5%
1980	1,072	14.5%

An average of about 300 people have been employed on the ASARCO, Troy Project on construction and mine development. This represents about 5% of the Lincoln County work force so you can readily see that without ASARCO the unemployment rate would have been 19% in 1980.

(a) Provided by: Lincoln County Superintendent of Schools, Libby, Mt.

(b) - Provided by: Montana State Employment Agency, Libby, Mt.

7. We are opposed to the new bureaucracy that SB-344 would create in Helena. We, like the majority of voters in the recent elections, feel that the time has come to halt the growth of government and indeed reverse the socialistic type of governmental interference with our free enterprise system that has been so prevalent in recent years.
8. It appears to the members of the Troy Business and Professional Men's Club that SB-344 is a transparent attempt to tax hard rock mining, on a large scale, out of existence in the State of Montana.

On behalf of the Troy Business and Professional Men's Club
I urge you, Senator Goodover and your committee to kill
SB-344.



T. M. Rollins



Branded Jobber

Gary O. Borland, Dist. Inc.

Box 354, Absarokee, Mt 59001

Telephone 406-328-5031

Stillwater, Carbon,
Sweetgrass Counties

February 14, 1981

To whom it may concern:

This letter will take the form of a protest against the proposed enactment of a 15% severance tax on hard rock mining. It is our feeling that the enactment of this tax will in effect prevent any further mining and exploration by making it economically unfeasible to continue.

We feel that in view of the present state of the economy, this area badly needs the boost to be gained from the mining. At the present time, there are no jobs and therefore no reasons for our young people to remain in this area. We owe it to these young people to at least give them the choice. If they want to continue to make this their home, they should not be forced by economics to look elsewhere.

At the present time we are employing 9 people full time and 2 people part time in our business. We feel that approximately 42% of our business is either directly or indirectly related to the mining activity. If, for any reason, this activity were to cease, we would be forced to lay off 5 employees. By cutting back, our business would survive....how these former employees would survive is anybody's guess.

We urge you to vote against this proposed tax.

Sincerely yours,
Gary O. Borland
Clara B. Borland
Gary O. Borland
Clara B. Borland
Gary O. Borland Dist. Inc.
Box 354
Absarokee, Mt 59001

**UNION CARBIDE CORPORATION**

2434 WEST CENTRAL, MISSOULA, MONTANA 59801

TELEPHONE (406) 549-5139

Metals Division

February 17, 1981

Honorable Chairman and Members of the Senate Taxation Committee:

Union Carbide strongly opposes Senate Bill No. 344, which will increase the existing mining tax by an additional severance tax of 15 to 30 percent on metals produced in Montana. Our northwest district exploration office, which includes Montana, Idaho, Oregon, Washington, Wyoming and Alaska, has been based in Missoula for 10 years and has invested over \$3 million in mineral exploration funds in Montana. The passage of Senate Bill No. 344 could preclude further expenditures in this State.

Union Carbide, with major mines in California and Nevada, is the largest domestic tungsten producer. We currently produce over 50% of the tungsten mined in the United States. Even with this production, the United States still imports almost half its tungsten needs. We are trying to alleviate this problem with a vigorous exploration program for tungsten in Montana and the other northwestern states.

Our recent exploration budgets for tungsten and other commodities in Montana have exceeded \$1 million per year, and we expect to continue our exploration efforts in the state. Union Carbide, by choice, maintains its district office in Missoula, with 8 full-time employees. We currently have several drilling projects in various stages of completion throughout the western half of the state.

We are currently considering the development of one Montana property into a producing tungsten mine by the mid or late 1980's. Attached is a Preliminary Feasibility Analysis of this property based on current market prices for tungsten; some of the data have been generalized to protect our critical costs. At the current Montana tax level, our return on assets (ROA) would be approximately 12.3%. The economic development of this property into a producing mine is marginal at the present time. Given the increased burden of

inflation, it could become uneconomic. Most certainly the additional tax burden imposed by Senate Bill No. 344 will make the property totally uneconomic. The effect of the severance tax on our ROA for the property is summarized on Page 4; a 15% tax on underground mining methods (being the most likely situation) will reduce our ROA to 5.4%. Additionally, passage of this bill will destroy incentives for future exploration in Montana.

The consequences for Union Carbide of a severance tax on metals extracted in Montana can be summarized as follows:

- 1) It will preclude the development of any of our Montana prospects into producing mines.
- 2) Exploration activity in Montana will either cease or be severely cut back.
- 3) Union Carbide's operations and investment efforts will be forced to move to other western states.

Mineral exploration and development is a high-risk business. Large amounts of time and money must be invested before any return is realized. We have been active in mineral exploration in Montana for over 10 years and have invested several million dollars; yet, we do not expect to realize any return on our investments before the mid-1980's. In order for Union Carbide to continue providing funds into Montana's economy, we require a stable investment climate to assume high-risk mineral exploration and development programs. If Montana imposes increased tax burdens and regulations, we will be forced to look elsewhere.

We urge your Committee to vote against passage of this Bill.

PRELIMINARY FEASIBILITY ANALYSIS - MONTANA TUNGSTEN PROPERTY

Operating and Revenue Statement

1500 tons/day

Thousands \$

Investment

Mill Capital	19,715
Mine Capital	14,007
Acquisition	3,947

Production

Thousands of STU (20 lbs. tungsten)	1,466
-------------------------------------	-------

Sales

197,910

Operating Costs

Royalty	2,275
Development Costs	41,054
Mining and Haulage	6,500
Milling	53,409
Reclamation	1,500
Location Overhead	1,266
Montana Severance Tax (1.438%)	2,846
Total Operating Costs	<u>108,850</u>

Gross Margin

89,060

% of Sales

45%

Overhead

14,843

Depreciation

33,722

Book Depletion

3,947

Income before Tax

36,548

Depletion Variance

27,800

Taxable Income

8,748

Tax (State and Federal)

4,615

Investment Tax Credit

3,372

Income After Tax (projected life of mine)

35,305

Yearly Income After Tax

3,209

Average Yearly Net Assets Employed

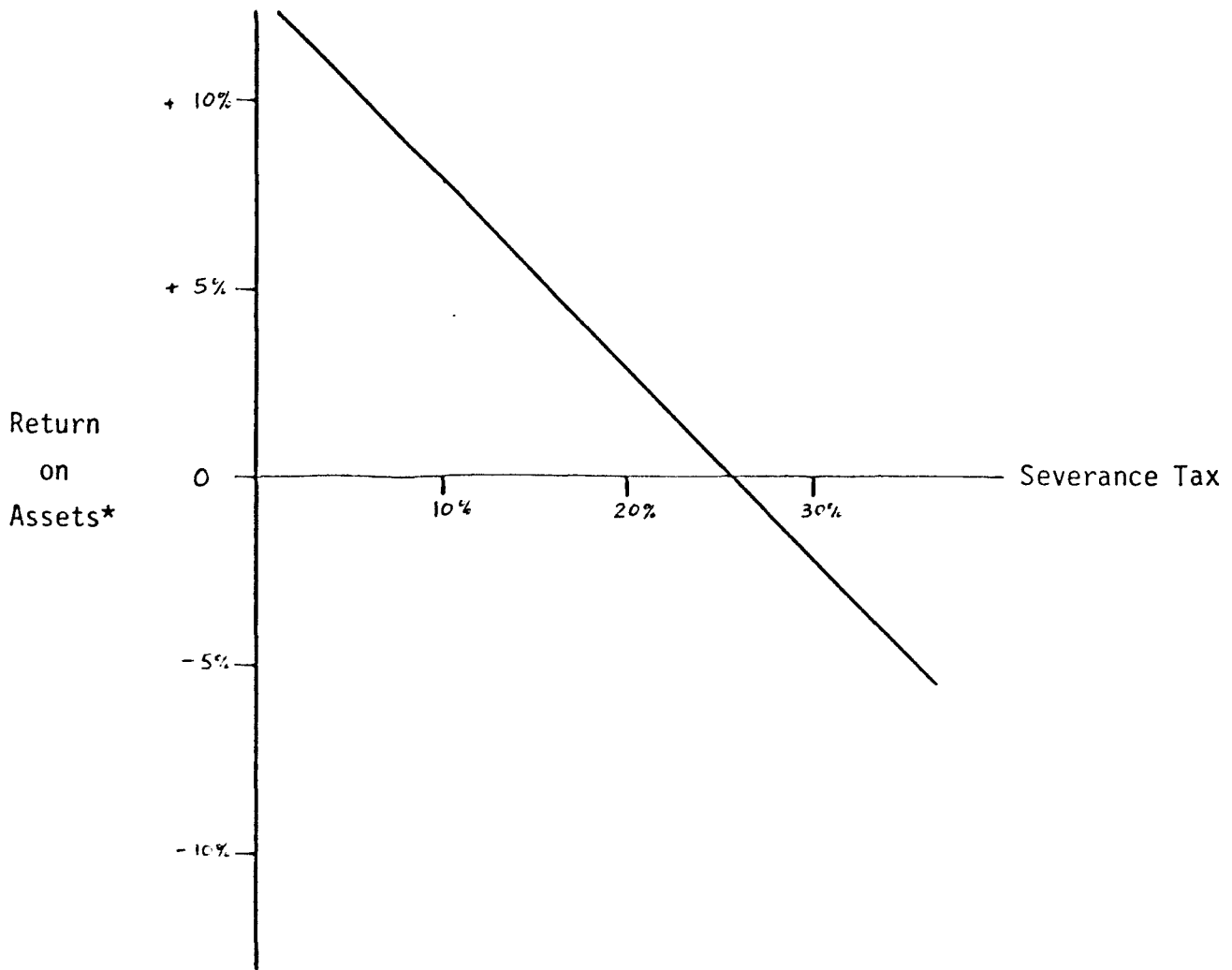
26,089

RETURN ON ASSETS 12.3 %

DISCOUNTED CASH FLOW 9.5 %

CASH FLOW (x1,000) \$35,305

RETURN ON ASSETS
vs.
PERCENT SEVERENCE TAX
On a Proposed Montana Tungsten Property



<u>% Severance Tax</u>	<u>\$ Severance Tax</u>	<u>R O A %</u>
7.5	14,843,250	9.2
15	29,686,500	5.4
30	59,373,000	-2.1

*Based on a Preliminary Feasibility Study of Tungsten Property in Montana

MX
WJ PTL

WJ AGENT HEL
204P PST FEB 16 81
NPRR177(1657)(4-032073S047)PD 02/16/81 1656

ICS IPMRNG7 CSP
3033614695 TDBN DENVER CO 232 02-16 0456P EST

PMS MR BILL HAND
MONTANA MINING ASSOCIATION RPT DLY MGM, DELIVER 5AM OR ASAP 2-17, DLR
STATE CAPITOL
SENATE TAXATION HEARING ROOM
HELENA MT 59601
RE: SENATE BILL 344

PLEASE LODGE WITH SENATE TAXATION COMMITTEE THESE COMMENTS: SMALL
MINER EXEMPTION ON 36,500 TONS SHOULD BE INCREASED TO AT LEAST
\$15,000,000 (36,500 TONS AT 1 OUNCE OF GOLD/TON AT \$500 PER OUNCE
EQUALS \$18,250,000).

THIS MAKES NO ALLOWANCE FOR OTHER MINERALS THAT MIGHT BE IN THE ORE

THE SMALL MINER IS BEING GROSSLY PENALIZED UNDER PROPOSED SEVERANCE
TAX WITH A \$1,000,000 EXEMPTION. CURRENT LARGER EXISTING MINES ARE
ALSO BEING GROSSLY PENALIZED AS WELL.

ESTABLISHMENT OF A SEVERANCE TAX AT THE PROPOSED RATES IS
CONSISCATORY AND WILL SOUND THE DEATH BELL FOR HARD ROCK UNDERGROUND
MINING BECAUSE OF THE SUBSTANTIAL RISKS INVOLVED. THESE OPERATIONS DO
NOT IMPACT ON LOCAL COMMUNITIES.

THE U.S. TODAY IS LACKING IN MINERAL DEVELOPMENT HENCE WE ARE A
MINERAL DEFICIENT COUNTRY AND OUR POPULATION IS DEPENDENT UPON
IMPORTATION OF VAST MINERAL REQUIREMENT FROM FOREIGN COUNTRIES.
IMPOSITION OF A HARD ROCK SEVERANCE TAX WOULD ONLY HELP TO CONTINUE
THE LACK OF MINERAL DEVELOPMENT AND CONTINUE THE MINERAL DEFICIENCY

STATUS RATHER THAN INCOURAGE ELIMINATION THERE OF.

PASSAGE OF A MINERAL SEVERANCE TAX WILL ONLY HELP TO ENHANCE A
MINERAL'S OPEC AT THE EXPENSE OF ALL U.S. CITIZENS NOT TO MENTION THE
INFLATIONARY PRESSURE ON THE ECONOMY.

WE HAVE MINERALS-LETS DEVELOP THEM-AND NOT LEAVE THEM BURIED AS THEY
ARE TODAY. OUR RECOMMENDATION IS "KILL THE BILL". IF THE LEGISLATURE
IS GOING TO FURTHER MINERAL DEVELOPMENT-INCOURAGE DEVELOPMENT-DON'T
KILL IT.

VIKING EXPLORATION INC.
CHARLES A EINARSEN PRESIDENT
1776 LINCOLN ST SUITE 801
DENVER CO 80203

N+
WJ AGENT HEL

western union
western union
western union