MINUTES OF THE MEETING OF THE HOUSE TAXATION COMMITTEE March 1, 1983

The meeting was called to order at 8:00 a.m. by Chairman Yardley. Roll call was taken and all committee members were present except Representative Nordtvedt, who was excused but came into the meeting later.

Testimony was heard on HB 713, HB 717, HB 736, HB 747 and HB 753.

# HOUSE BILL 747

REPRESENTATIVE BOB MARKS, District 80, sponsor of HB 747, said HB 747 is an act clarifying administration and reporting requirements related to the privilege tax for possession or beneficial use by a private individual, association, or corporation or property which for any reason is exempt from taxation. The tax exempt property that the sponsor of the bill is specifically interested in is the Bonneville Power line that runs across several counties in Montana. That power line hooks onto privately owned power lines. The plan will take the power line through a number of Montana counties. The Bonneville Power administration, through an amendment on an appropriation bill in Congress, received authority to come through the eastern side of the continental divide and build a line that could be hooked up to Coalstrip 3 and 4. The counties that the power line went through did not receive any benefit from the construction of that line. No payment in lieu of taxes was given, except on rare occasions and that was just on a onetime basis. House Bill 747 would impose a privilege tax. It is unfair for government owned power companies to come in and compete with privately owned power companies. If the power line would have been privately owned, the counties would have received taxes off that line

#### Proponents

DON LARSON, the assessor for Jefferson County, passed out copies of EXHIBIT 1. Mr. Larson said some of the counties through which the Bonneville Power line passes receive some benefits from the construction of the line but some of the counties do not receive anything. He asked that this committee give a favorable recommendation on HB 747.

LARRY LATTEN, manager of the Kyler Ranch, Boulder, Montana, said the Bonneville Power line has heavily impacted the ranch he manages. It is not fair to have to shoulder the responsibility of a power line where the primary beneficial use goes out of the state of Montana. Since he has to live with those power lines, he said it would only be fair for the power company to help out with the taxes.

WAYNE BUCHANAN, representing the Montana School Board Association, said he thinks it is refreshing to see a bill that will add to the county base instead of taking away from it. asked for a do pass on HB 747.

REPRESENTATIVE VERNER BERTELSEN, District 27, said he supports HB 747. It will help the counties out.

REPRESENTATIVE BOB REAM, District 93, said Missoula County lost benefits equaling \$1.2 million, in taxes, when the Bonneville Power Administration (BPA) took over construction of the power line.

# Opponents

GENE PHILLIPS, representing the Pacific Power and Light Company, said they are very sympathetic to the problems faced by those people living in the counties affected by the Bonneville lines and the fact that Bonneville has not made any payments in lieu of taxes because of those lines - we feel that they should have. However, the problems Pacific Power and Light (PPL) have with the bill are based on the nature of their operations in the state of Montana. Utilities such as PPL are taxed on a unitary basis and the Department of Revenue looks at three indicators when they assess the taxes:

- 1. Stock and Debt
- Plant 2.
- Capitalized Income

MR. PHILLIPS said 95% of all power distributed is purchased power. He said PPL purchases its power from Bonneville Power. The impact on PPL will be substantially different than it will be on other power companies.

JIM GLEASON, Manager of the Tax Department for Pacific Power and Light, said PPL is a six-state operation. Montana has less BPA line mileage than any other western state. From administrative points of the bill, there are some problems. He said when they report value to a company, they report what is on their books of record. In this instance, PPL is being asked to relinquish something that is not on their books of record. He said PPL would not be able to report "use of the power line" in advance.

MR. GLEASON said there are access capacity contracts on the line. There are provisions whereby PPL could be dropped off the line. The use is not guaranteed. Pacific Power and Light does not control, administer or operate the line. In effect, PPL obtains a service from BPA.

MR. GLEASON said there are definitional problems with the bill. He asked if gross value means the total cost, proportional cost or historical cost, less depreciation? He said the word "possession" is used in the bill. Mr. Gleason said PPL does not possess the line.

MR. GLEASON said the intent of the bill is very specific. It is intended to cover the 500 KV line. However, Mr. Gleason said they believe this bill opens the door to a much greater use or a much greater potential on coverage than just that line.

MR. GLEASON said it was mentioned that PPL is taxed by the Department of Revenue on three indicators of value. The Department sets a percentage on each of those three indicators to the extent that power that PPL transmits across this line is sold and that money is reported as an increase in net operating income. Mr. Gleason said PPL is already taxed on that line or any line from which PPL receives benefit. In effect, if this bill is passed, PPL will be paying a double taxation.

MR. GLEASON said all taxes go into the cost of services. If Montana assesses a property tax, that tax will go into the costs of services and will be paid by the customers.

MR. GLEASON said with any transmission line PPL has worked with, PPL has worked with property owners in the placement of those lines. Mr. Gleason said he is sure there has been recovery in the counties for the purchase of easements.

MR. GLEASON said he can appreciate Representative Marks' position on the bill and can appreciate those who are impacted but reminded the committee that if this bill is passed, there will be a lot of other people who will be impacted.

JACK BURKE, representing Montana Power Company, said this proposal will mean additional costs to the power users of Montana. Mr. Burke said there are two federal power marketing agencies in 1) Bonneville Power Administration; and 2) Western Area Power Administration. If HB 747 is passed, the utilization of the facilities owned and located in Montana by those two federal power marketing agencies would be subject to a tax. would be borne by the electric consumers. Arrangements are made between the power suppliers in that Montana Power uses their transmission lines and the federal power marketing agencies use Montana Power lines on a reciprocal basis. The federal power marketing agencies are not taxed. When Montana Power uses their lines, Montana Power, in a sense, pays for that usage by letting the federal power marketing agencies use the Montana Power lines. If Montana Power is taxed for using the federal power marketing agencies transmission lines, that cost will be passed onto the consumers. If the facility should be taxed, it should be taxed directly instead of indirectly as it would be in this bill, which would result in higher costs to electric consumers.

REPRESENTATIVE MARKS, in closing, said HB 747 may need some amending. There will be a statement of intent for this bill. Line 1, page 2, may be amended by changing "gross value" to "market value". The wording on the bottom of page 2 should include language that would say the tax exempt property would not be anything other than the property being discussed today.

REPRESENTATIVE MARKS said he cannot see where the rate payers will be assessed an additional charge any more than they would have, had that line been built by a private partnership. If it had been built by a private partnership, as was originally planned, the property tax would have been in place and the rate payers would have ultimately picked up that charge.

REPRESENTATIVE MARKS said the problem with not knowing how much use you would have on the lines could be taken care of by charging for the use after the fact.

REPRESENTATIVE MARKS said there was a concern about possession. There are court cases that indicate they do not have to have possession, but merely use.

REPRESENTATIVE MARKS said if Montana went to Congress to ask for an "in lieu of" payment, what would happen if the other federally owned projects came in and asked for the same thing. If Congress did provide "in lieu of" payments, those payments would be reduced from the privilege tax collected from this. If the privilege tax is applied, a large amount of that tax would be picked up by consumers outside of the state of Montana.

REPRESENTATIVE MARKS asked for favorable consideration of this bill.

Questions from the committee were heard at this time.

REPRESENTATIVE ASAY said the lines are built with taxpayers' dollars but yet there is no way to get that money back? Mr. Gleason said if the burden is unequal, there would be a payment back and forth - maybe not in dollars but instead in power.

CHAIRMAN YARDLEY asked Randy Wilke, Department of Revenue, if he saw any administrative problems with this bill. Mr. Wilke said the two areas in which Representative Marks proposed to make changes would make the bill easier to work with. Chairman Yardley asked Mr. Wilke if he would draft those proposals into amendments. Mr. Wilke said he would do that.

REPRESENTATIVE REAM asked what percentage of power from this line is going out-of-state. Mr. Gleason said it depends on the flow of power used by BPA. Representative Ream said he had heard the percentage would be about 75%. Mr. Gleason said that was not correct and would guess the percentage to be about 50%.

The hearing was closed on HB 747.

# HOUSE BILL 717

REPRESENTATIVE GLENN MUELLER, District 21, sponsor of the bill, said HB 717 does only one thing - it changes the net proceeds tax from 100% to 80% on nonmetallic mining. The fiscal note is correct for the way the bill is written but there have been some amendments drawn up for the bill. (See EXHIBIT 2.) The fiscal impact is changed drastically.

REPRESENTATIVE MUELLER said two-thirds of this tax is paid by W. R. Grace on the nonmetallic mines in the state. It is imperative to keep W. R. Grace competitive. That company employs 170 employees in Lincoln County. Lincoln County cannot afford to have W. R. Grace shut down its operations because it is unable to be competitive because of the high tax paid by that company. Representative Mueller said he knows this will reduce income for Lincoln County and he doesn't like to see that but they need something to keep the industry going and to keep the employees employed.

# Proponents

REPRESENTATIVE AUBYN CURTISS, District 20, said she is also concerned with the possibility of loss of jobs. With the tax situation, it will be impossible for these companies to keep in business.

GARY LANGLEY, Executive Director of the Montana Mining Association, passed out copies of EXHIBIT 3, which is a fact sheet on HB 717 showing the net proceeds of mines tax paid by major producers in 1982.

THOMAS DALE, employed by Pfizer, Inc. and President of the Montana Mining Association, testified in behalf of the Montana Mining Association. He said it is important that he dispel an incorrect impression of HB 717 that was caused by a bill drafting error. House Bill 717 only applies to miscellaneous mines that produce nonmetallic minerals. Net proceeds of oil, gas, coal and other mines are not affected. It was never the purpose of HB 717 to change the classification percentage of any net proceeds for any mines other than nonmetallic miscellaneous mines as distinguished from coal, metal mines and oil and gas. This bill will affect only a few counties and only to a minor extent. There are only six major nonmetal mines operating in Montana at this time. They produce vermiculite, talc, phosphate and cement. Passage of HB 717 will result in mines being in operation over longer periods of time. The result will be more jobs and, over the long run, more net proceeds taxes for counties because of increased production. A recent report by the U.S. Interior Department's Bureau of Mines showed that Montana's nonfuel mineral industry declined 12% last year and that reduction in nonmetal production was the main reason for the drop. House Bill 717 will take a major step toward improving the business climate of nonmetallic mining in Montana.

GLENN KEYES, Plant Controller for the Pfizer Inc. plant near Dillon, testified in support of HB 717. He said their Barretts operation produces in excess of 100,000 tons a year of some of the highest-grade talc in the United States. Talc from Montana is as apt to find its way to Japan and Canada as it is to factories in the United States. It is used in a wide range of areas, some being the auto industry, the paper industry and the ceramic industry. It is also used in paint, ceramics, dinnerware, toiletries and in such food items as chewing gum and rice.

MR. KEYES said their talc operation employs an average of 110 employees, making them the largest single employer in Beaverhead County, outside of the United States Government. In 1982, their total property tax, which includes their net proceeds tax, was \$195,956. This figure makes Pfizer Inc. the largest taxpayer in Beaverhead County, as well as one of the largest taxpayers in Madison County. Property taxes paid equalled \$1,781 per employee.

House Bill 717 would help equalize the tax structure so that the mining segment of Montana's economy is treated equally with the agricultural sector. The net proceeds tax is a property tax on a basic industry, just like agriculture. But agriculture is given the benefit of valuing its property on productivity rather than a market value. In the long run, Montana will benefit from increased production and also an increase in good, high-paying jobs. He urged favorable consideration of HB 717.

EARL LOVICK, Manager of Administration for W. R. Grace and Company, testified in favor of HB 717. He said the bill has bipartisan sponsorship in both houses and was introduced without opposition from the Lincoln County Commission.

In 1982 their total property tax, which includes their net proceeds tax, was \$1,026,241. Mr. Lovick said W. R. Grace was the largest taxpayer in Lincoln County. Their taxes paid were 6.2% of their assessed value compared to the average of 2.2% for the ten largest taxpayers in the county. Property taxes paid equalled \$5,898 per employee.

W. R. Grace and Company produces more vermiculite than any other producer in the United States. The company also has a mine in South Carolina, which is the next largest producer. In the last few years, a new vermiculite producing facility in Virginia has begun production and has been increasing their output at a significant rate. There are no output related mining taxes in either Virginia or South Carolina as there are in Montana. That has an impact on the Montana operation.

In 1982, W. R. Grace had an average of 174 employees on their payroll. The mill operated 188 days. Five years ago, they had

an average of 233 people on the payroll and the mill operated 252 days. In 1982, their South Carolina mine operated 253 days, 65 more than Libby, while in 1977 they operated 269 days or only 17 days more than Libby. Some of this impact is directly related to the tax load. In South Carolina the property tax last year was 76¢ per ton of production. In Montana, their property tax load was \$5.54 per ton of production; net proceeds tax alone was \$4.34 per ton. This \$4.78 per ton difference must be made up in their selling price. There are other disadvantages. Carolina is closer to the large markets which means the Montana mine's freight costs are higher, as are the labor costs. greater the cost differential, the more the market can be shifted to the eastern operation. (See EXHIBIT 4.)

JANELLE FALLAN, representing the Libby Chamber of Commerce, read a letter from the Commerce to this committee. (See EXHIBIT 5.)

DAVE MILLER, representing Ideal Cement Company, said he supports HB 717. Anything we can to do keep business in Montana will help.

# Opponents

JIM MURRY, Executive Secretary of the Montana State AFL-CIO, testified in opposition to HB 717. He said they are opposed to HB 717 because it gives a tax break to the mining industry at the expense of funding for the university system, the school equalization program and local governments. The decrease for the university system in FY'85 is over \$700,000; for the school equalization program it is close to \$5 million; and for local governments it is over \$9 million.

We are in the midst of a severe economic recession, compounded for educational programs and for local governments by significant reductions in federal aid. Schools at all levels, and local governments are struggling to make ends meet. Montanans are already suffering from tight budgets for schools and equally stringent budgets for local governments.

Funding for local governments has been reduced over the last ten years by actions of the legislature as well as recent cutbacks in state and local government aid by the federal government.

Federal assistance to state and local governments, aid that supports vital programs, has already been slashed to the bone. As a result of Congressional action over the last two years, states and localities have suffered a real reduction of \$57 billion in federal aid between FY'82 and FY'84.

Unemployment in Montana is at 10.4%, with 40,000 workers who have been forced to sacrifice their jobs. That number may go as high as 50,000 in the next few months, according to the Montana Commissioner of Labor an Industry. Business bankruptcies are

soaring, with business failures in the mountain states leading all other regions of the country in 1982. The Federal Bankruptcy Court in Great Falls reports that a flood of bankruptcy petitions, almost double the rate of last year, has been submitted since the first of the year. Family farmers all over the nation and in Montana are being forced off their land.

Because everyone is being asked to sacrifice, we must hold the line on any efforts to reduce taxes which are needed to support essential services. Otherwise, the overburdened residential property taxpayer will pay even higher taxes to make up part of the difference.

MR. MURRY asked this committee to vote against HB 717.

JIM MCGARVY, representing the Montana Federation of Teachers, directed his remarks to the fiscal note. The burden would be shifted to the property taxpayers and he said he is concerned with that.

DAVE SEXTON, representing the Montana Education Association, said they oppose the bill because of the fiscal note. Now that there have been amendments offered, he doesn't know what the fiscal impact would be but asked this committee to take a serious look at any decreases in the School Foundation Program.

JIM MAYS, representing Operating Engineers #400, AFL-CIO, said they are in opposition to HB 717.

ELLEN FEAVER, Director of the Department of Revenue, said there would be no replacement revenue and for that reason, the Department opposes HB 717.

REPRESENTATIVE MUELLER, in closing, said he agrees with the opponents regarding the fiscal note. If that fiscal note had been correct, he would have asked that this bill be tabled. Representative Mueller said he would get a new fiscal note and hoped this committee would delay any action on this bill until the new fiscal note is received.

CHAIRMAN YARDLEY left the meeting at this time and Vice-Chairman Neuman took over.

Questions were heard from the committee at this time.

REPRESENTATIVE HARRINGTON said the affect of this bill is lessened by the amendments. Would it still be beneficial to the companies considering the impact on the counties? Mr. Langley said any tax reduction will help.

REPRESENTATIVE MUELLER said any relief given to W. R. Grace to

make them more competitive around the nation would be beneficial in order to keep the 170 employees employed.

MR. LOVICK said the tax relief would amount to about one-fifth of the \$4.30 per ton. It would not be that great but it would help.

REPRESENTATIVE UNDERDAL asked if W. R. Grace exports vermiculite overseas. Mr. Lovick said yes.

REPRESENTATIVE NORDTVEDT was present at the meeting at this time.

The hearing was closed on HB 717.

# HOUSE BILL 713

REPRESENTATIVE JIM JENSEN, District 66, sponsor of the bill, said HB 713 increases the natural gas severance tax from 2.65% to 6%. The proceeds will be earmarked for weatherization and low-income energy assistance. However, Representative Jensen said he will propose amendments to exclude low-income energy assistance because it was never his intention to include that in this bill. (See EXHIBIT 6.)

# Proponents

JIM SMITH, representing Region Eight Community Action Agencies Association, said the Human Resource Development Councils asked him to appear before this committee in support of HB 713. He said federal support for low-income home weatherization is a dwindling commodity. In the absence of federal support, we need new funding for this program. The prognosis for low-income home weatherization programs is not good. The HRDC realize how much natural gas has increased over the past few years due to decontrol. Natural gas costs will keep increasing. Since 1977, 13,000 homes of low income people have been weatherized. There are still 49,000 homes to be weatherized. With federal funding in jeopardy, they do not know if those houses will ever be weatherized. This bill is a good vehicle to fund home weatherization at the state level.

WADE WILKINSON, Director of LISTA, said senior citizens on fixed low incomes are concerned with tax increases. Fifty percent of the people in this program have been senior citizens.

JIM MCNAIRY, representing Alternative Energy Resources Organization, said they support HB 713 because they feel that it could have a tremendous positive impact on energy conservation in lowincome households in Montana. He read EXHIBIT 7 to the committee.

JUDY CARLSON, Deputy Director of the Department of Social and Rehabilitation Services, said they support HB 713. It is important

to develop state sources of revenue for these programs. The weatherization program is cost effective.

CARL VISSER, Director of the Human Resource Development Council in Billings, said HB 713 creates an opportunity for the state of Montana to monetarily support the fuel assistance and home weatherization programs. Federal dollars are not sufficient to take advantage of the conservation "gold mine" that can be tapped through residential conservation efforts. The home weatherization program saves money for low-come households, certainly, but those savings are then spent for other needed goods and services creating economic advantages for everyone by keeping dollars in the local economy. Every dollar spent for home conservation now can be directly recaptured through decreased fuel bills in less than five years. Mr. Visser read prepared testimony to the committee. (See EXHIBIT 8.)

DON REED, representing the Montana Environmental Information Center, said people who take advantage of the Montana Power energy assistance loans are not the people who need this type of weatherization help.

# Opponents

REPRESENTATIVE GLENN ROUSH, District 13, said he opposes HB 713 although he said he must admit the energy weatherization program is a popular program. He opposes raising the tax from 2.65% to 6%. The tax should come from another source. A tax should not be put on an industry just because they are in that business.

Montana Power or Montana Dakota Utilities does not own all the natural gas in Montana. The Blackfeet Tribe imposed an oil severance tax. This is another cost endured by Montana Power. There is double taxation. If you want to increase taxes, increase them statewide.

JOHN SULLIVAN, representing Montana Dakota Utilities, said he opposes the increase in the natural gas severance tax. This tax will not necessarily be a tax on natural gas producers. Montana Dakota Utilities (MDU) buys 90% of the gas that is sold by them in Montana. As soon as the tax is levied, that increase will be passed onto the consumers.

MR. SULLIVAN said they appreciate the need for weatherization programs but said he doesn't think this bill answers that need.

MIKE ZIMMERMAN, an attorney for the Montana Power Company, said 42% of the gas supplied by MPC is purchased. If you increase the tax, you increase the cost of gas to the ratepayers and for that reason, MPC opposes HB 713. They are not opposed to the weatherization program.

JERRY CROFT, representing Croft Petroleum Company, asked this committee not to raise the gas severance tax from 2.65% to 6% and asked to have the oil severance tax increase that is scheduled to go into effect this year cancelled. He read a prepared statement to the committee. (See EXHIBIT 9.)

JEROME ANDERSON, an attorney from Billings, representing the Pierce Packing Company, said they are in opposition to HB 713.

MIKE FITZGERALD, President of the Montana Trade Commission, read testimony in opposition to HB 713. (See EXHIBIT 10.)

LOUIS DAY, representing Cenex, said they oppose HB 713. is the refinery's highest operating cost and any increase will hinder the refinery's ability to operate. When the cost of natural gas exceeds other fuels, the refinery would have to switch to another energy. That cost of switching would be passed onto the consumer.

GEORGE BLEKA, representing the Montana Land and Minerals Association, said they are opposed to HB 713 because it would slow down the exploration for natural gas and would also eliminate jobs.

DENNIS TESKE, representing Elenburg Exploration, Inc., read a prepared statement to the committee in opposition to HB 713. (See EXHIBIT 11.)

JERRY BRANCH, representing Branch Oil and Gas, said he operates only in Montana and the taxes in Montana in comparison with other states makes it difficult for him to get anyone to come in and drill with him in Montana. He said he sells gas to Montana Power and it should not be made more difficult for Montana drillers to sell gas to Montana Power.

DAVE MILLER, representing Ideal Cement Company, said the company, as a consumer of natural gas, is opposed to HB 713.

BILL VAUGHEY, an independent oil and gas producer, urged this committee to vote against HB 713 because it would be discouraging natural gas exploration in Montana.

BILL KIRKPATRICK, representing Champion International Corporation, said Champion has been operating at a loss for some time. With the passage of HB 713, gas rates will go up. He urged a do not pass on HB 713.

PACO DAY, representing the Great Falls Chamber of Commerce, read a prepared statement to the committee. (See EXHIBIT 12.)

DON ALLEN, Executive Director of the Montana Petroleum Association, said they oppose any earmarking of any funds. If needs for this problem can be justified, then a program should be set up for that

particular problem but since this has not happened, they are in opposition to HB 713. (See EXHIBIT 13.)

REPRESENTATIVE MEL UNDERDAL, District 12, said as a representative from a major gas producing area, he opposes the bill. Increasing the tax to more than double would not be much of an incentive for drilling.

REPRESENTATIVE JENSEN, in closing, said there is not a relationship between natural gas costs and the weatherization program for low income people. These costs are not borne by the producers. We are establishing a basis for funding for this program.

Questions from committee members were heard at this time.

REPRESENTATIVE HARP said there was a concern expressed over the earmarking of funds. Would the sponsor of the bill be agreeable to having the money go into the general fund with oversight from the legislature? Representative Jensen said he would have no problem with that.

The hearing on HB 713 was closed.

### HOUSE BILL 753

REPRESENTATIVE JOHN SHONTZ, District 53, sponsor of the bill, said the 1981 legislature passed legislation providing property tax incentives for new businesses in Montana. The Senate changed the bill so that the tax incentives would be available to only new manufacturing industries. House Bill 753 will change the law back to how it was originally intended to be passed (tax incentives for new businesses).

REPRESENTATIVE SHONTZ said this program would be a local government option program. The program would not affect state revenue.

Because of Montana's location, Montana has not been conducive to new businesses. Montana is now no longer at a disadvantage. It would behoove us to look to the future to provide jobs to people of this state. This bill provides local governments with the option to give tax incentives to new businesses in Montana.

# Proponents

JOHN HOLLOW, representing Montana Homebuilders Association, said this is a bill that will offer an option to encourage construction. This may add to the home building industry.

There were no opponents testifying against HB 753.

REPRESENTATIVE SHONTZ, in closing, said the object of the bill is to allow us to provide incentives for new business in Montana.

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House Bill 753 will not cost the state of Montana anything. The decision to give the tax relief is with the local governments.

Ouestions were heard from the committee at this time.

REPRESENTATIVE BERTELSEN asked if this incentive could apply to any business. Representative Shontz said that was correct.

The hearing was closed on HB 753.

# HOUSE BILL 736

REPRESENTATIVE BOB REAM, District 93, sponsor of the bill, said HB 736 would add clean-burning or low emission wood stoves to the list of energy saving programs eligible for tax credits.

REPRESENTATIVE REAM said there is a serious problem with wood stove smoke. Wood smoke represents 53% of the particulate in the air in Missoula. More and more people are going to wood stoves because of the high cost of heat. There are some wood stoves that burn very clean. Those stoves put out only 10% of the particulate in the air. Those stoves cost more and this bill will provide a tax incentive to buy them. We have tried to use persuasion to get people to cut down on the use of their wood stoves during air alerts. This bill is only one piece of a total puzzle to attack air problems.

#### Proponents

TOM HUFF, representing the Citizens Advisory Council of the Missoula Air Pollution Control Board, said HB 736 would provide an opportunity to solve air problems or help prevent problems.

There are incentives for people to burn wood. The cost of wood is cheap. A typical wood stove can heat a home effectively. operation of stoves presents a dilemma. In order to reduce air flow of stoves, you turn down the damper. When you do that, the fire starts to smoke and that smoke is what pollutes the air. The low emission devices will produce 5% of the particulate that the other stoves produce. This bill would bring the cost of the low emission devices down so that they would be in competition with the high emission devices. Setting a statewide standard would help the market to bring forth the availability of those types of low emission devices.

MR. HUFF asked for this committee's support of the bill.

JAMES CARLSON, representing Missoula County, said the low emission devices cost \$300-\$500 more than the typical wood stoves. emission from regular wood stoves are affecting the health of In addition to reducing emissions, the resource will be used more efficiently. He requested this committee's favorable recommendation on the bill.

RICHARD STEPPLE, representing the Air Pollution Advisory Council, passed out copies of EXHIBIT 14, which is a fact sheet on HB 736. He went over that handout with the committee.

HAL ROBBINS, Chief of the Air Quality Bureau, Department of Health and Environmental Sciences, read a prepared statement to the committee. (See EXHIBIT 15.) He said the department has already given some consideration to the type of stove which would be acceptable as a low emission device as defined by HB 736. The department tentatively plans to adopt testing procedures similar to those already developed in Oregon in order to make the procedure reasonably consistent between states. This reduces the overall costs to the manufacturers and at the same time is consistent with the purpose of the bill.

The department is pleased with the tone of the bill in that it offers a positive approach to an air pollution problem rather than a negative one. Instead of subjecting a manufacturer or person to enforcement action, it merely provides an incentive It is hoped that the bill will inspire manufacturers of wood burning devices to improve their design in order to increase energy efficiency and lower air pollution emissions.

The department estimates that the time taken to implement the bill will be relatively minimal. It will take the equivalent of one FTE to complete the rulemaking and only .25 FTE for continuing the program operation. If funding remains relatively constant, there is no need to request extra funds in order to implement and operate the program. It is the opinion of the department that this task is consistent with existing Clean Air Act requirements and the Air Quality Bureau, in particular, has a responsibility to address wood smoke emissions.

JOAN MILES, representing the Lewis and Clark Health Department, said the department does not support the bill as a promotional means of wood burning stoves. The department does support the bill as far as a tax incentive for buying low emission stoves. This bill will help air pollution problems from getting worse. She said the department supports the sunset date in the bill. Hopefully, within ten years, the low emission stoves will be more competitive and the cost of the stoves will come down.

MATTHEW COHN, owner of North County Stoveworks, said the new stove designs will increase the efficiency of the stoves by 20%. Right now, those new designs cost more and HB 736 will help to offset that high price. He urged favorable consideration of HB 736.

DON REED, representing the Montana Environmental Information Center, said all valley towns have this same concern with air pollution. He urged support of the bill.

JIM MCNAIRY, representing AERO, said they have never been an

advocate of wood burning because of health problems created by burning wood. However, they do think this bill will be a small step in the right direction. Mr. McNairy said a better way to address the problem is through an aggressive conservation program (i.e. insulation of houses, etc.).

# Opponents

MADORA LILES, representing the United Wood Burners of Missoula, passed out copies of her testimony and then read the testimony to the committee. (See EXHIBIT 16.)

MS. LILES said they do not want HB 736 passed because it practically enforces the purchase of emission control devices, working a hardship on the average citizen, placing them in debt to comply and this constitutes legislated bondage and a loss of a constitutional freedom. A "man's home will no longer be his castle" if personal privacy and the sanctity of our homes are infringed upon under the enactment of a bill depriving men of this.

DAN MATTIS, representing the United Wood Burners of Missoula, said there is a depressed economy in Missoula and it is going to get worse. He asked that people guit picking on stoves as the cause of air pollution.

REPRESENTATIVE REAM, in closing, said HB 736 has received publicity around Montana. There are no EPA standards on wood stoves. only state that might have EPA standards is Oregon. This bill has nothing to do with regulating stoves. It does not force the purchase of anything. It just tries to make up the difference between higher technology stoves and other stoves on the market. This bill might help speed along the process of technology.

REPRESENTATIVE REAM passed out copies of the statement of intent on HB 736. (See EXHIBIT 17.)

Ouestions from the committee were heard at this time.

REPRESENTATIVE DEVLIN asked if the Department of Health could absorb the cost of testing the stoves to see if they meet the standards. Mr. Robbins said the department will provide guidelines for standards set on wood burning stoves.

The hearing on HB 736 was closed.

The meeting was adjourned at 12:00 noon.

DAN YARDLEY, Chairman Lofthouse,

$\uparrow$		
	\$30,000,000.00 \$18,500,000.00 \$11,500,000.00	3,600,000 2,220,000 1,380,000
<b>*</b>	Estimated Market Value in 1985: Estimated Market Value in School District #7: Estimated Market Value in School District #5:	Estimated Taxable Value in 1985: Estimated Taxable Value in School District #7: Estimated Taxable Value in School District #5:

Following data is fro	Following data is from using 1982 taxable values, taxes, and mill levies:	taxes, and mill levies			
Taxing jurisdiction	Estimated taxes from privilege tax	<pre>Mill levy reduction   (by no. of mills)</pre>	from	ţ	Percentage of mill levy reduction
County road	\$ 61,200.00	4.76	17.00	12.24	28%
County general	146,808.00	10.20	40.78	30.58	25%
General school	300,168.00	20.85	83.38	62.53	25%
District school #7	137,707.00	32.36	62.03	29.77	52%
District school #5	130,231.00	81.16	94.37	13.21	86%
High school #1	142,920.00	13.10		. 26.60	33%

Jefferson County may be a rich county in beauty, history and good people, but we are very poor in taxable value or tax base.

Counties east of us are benefiting from this power line, but Jefferson County and the counties west of us are only getting an eye sore and increased problems.

Don Larson Jefferson County Assgraor

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# AMENDMENT TO HOUSE BILL 717, INTRODUCED BILL:

Page 1, line 23 strike the word "Property" following "(b)" and insert in lieu thereof the following:

"(i) Except as provided in subsection (2)(b)(ii), property"

Further amend line 24 after the figure "100%" strike the figure "80%" and insert in lieu thereof the following:

"100%"

Further amend following line 25 by inserting the following:

"(ii) Net proceeds of miscellaneous mines other than
oil, gas, coal and metal mines are taxed at 80% of
their annual net proceeds."

NOTE: It was never the purpose of House Bill 717 to change the classification percentage of any net proceeds for any mines other than the non-metallic miscellaneous mines, as distinguished from coal, metal mines, oil and gas.

# FACT SHEET ON HB 717

# NET PRECEEDS OF MINES TAX PAID BY

# MAJOR PRODUCERS IN 1982

W.R. GRACE\$803,600					
IDEAL BASIC INDUSTRIES 89,782					
Cominco American					
PFIZER, INC 40,936					
KAISER CEMENT 15.297					
Cyprus0-					
(IMPROVEMENTS AND INVESTMENTS IN CAPITAL EQUIPMENT HAVE REDUCED TAXES TO ZERO DURING THE LAST TWO YEARS. BECAUSE OF THE MAJOR CAPITAL OUTLAYS. THE MINE IS NOT EXPECTED TO PAY NET PROCEEDS OF MINES TAX FOR SEVERAL YEARS.)					



Construction Products Division March 1, 1983

# GRACE

100

# Mr. Chairman, Members of the Committee

I am Earl D. Lovick, Manager of Administration for W. R. Grace & Co. We operate a vermiculite mine near Libby.

I am here to support HB 717. This bill has bipartisan sponsorship in both houses and was introduced without opposition from our County Commission.

In 1982 our total property tax, which includes our net proceeds tax, was \$1,026,241. We were the largest tax payer in Lincoln County. Our taxes paid were 6.2% of our assessed value compared to the average of 2.2% for the ten largest taxpayers in the County. Property taxes paid equaled \$5,898 per employee.

Most importantly, however, is the effect these taxes have on our position in the market place. We produce more vermiculite than any other producer in the United States. Our Company also has a mine in South Carolina which is the next largest producer. In the last few years a new vermiculite producing facility in Virginia has begun production and has been increasing their output at a significant rate. There are no output related mining taxes either in Virginia or South Carolina as there are in Montana. This has an impact on our operation.

In 1982 we had an average of 174 employees on our payroll. Our mill operated 188 days. Five years ago, in 1977, we had an average of 233 people on the payroll, and our mill operated 252 days. In 1982 our



South Carolina mill operated 253 days, 65 more than Libby, while in 1977 they operated 269 or only 17 days more than Libby. Some of this impact is directly related to the tax load. In South Carolina the property tax last year was \$0.76 per ton of production. In Montana our property tax load was \$5.54 per ton of production; net proceeds tax alone was \$4.34 per ton. This \$4.78 per ton difference must be made up in our selling price. We have other built-in disadvantages. South Carolina is closer to the large markets which means our freight costs are higher, as are our labor costs. The greater the cost differential, the more the market can be shifted to the eastern operation.

We cannot give comparable figures for Virginia as we do not have an operating property there. However, as previously stated, they have no output related mining taxes as does Montana. We do know that we have lost business to them as close to home as North Dakota, as they were able to deliver vermiculite to our neighboring state at a lower price than we could. We also know their production last year was between 40,000 and 50,000 tons. We were shutdown a total of nine weeks due to low sales. This is just about the amount of production we lost during these shutdowns. While we realize that we would not have had all this business if Virginia were not operating, it is certainly reasonable to expect that we would have had some of it were we more price competitive.

We respectfully request favorable consideration of this bill, as some help toward tax equity, but more importantly to help preserve and hopefully increase Montana jobs.

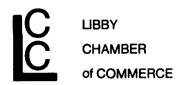


EXHIBIT 5 3-1-83

February 25, 1983

Committee on Taxation Montana House of Representatives State Capitol Helena, MT 59601

Mr. Chairman and members:

The legislative committee and Board of Directors of the Libby Area Chamber of Commerce have studied HB 717 and HB 582 and evaluated their potential impact with the Chairman of our County Commission. We believe that the relief which would be afforded to W.R. Grace & Co. is warranted; we feel this bill would help them to be more competitive in the market place which would be beneficial to the economic well being of this area in the future.

We respectfully request your favorable consideration of this bill.

Sincerely,

LIBBY AREA CHAMBER OF COMMERCE

President

Mark Fennessy

MF/mk

Jensen Amendments to HB 713

TITLE: line 6 - strike: "energy assistance and"

BILL: Page 3, line 2 - strike: "energy assistance and"

-END-



# **Alternative Energy Resources Organization**

424 Stapleton Building, Billings, Montana 59101 (406) 259-1958 324 Fuller, Suite C-4, Helena, Mt. 59601 443-7272

March 1, 1983

#### TESTIMONY IN SUPPORT OF HB 713

AERO supports HB 713 because we feel that it could have a tremendous positive impact on energy conservation in low-income households in Montan

Montana's low-income and elderly population are the ones hardest hit by rising fuel bills. This is because most low-income and elderly people live in energy inefficient housing and these people are the ones that are least able to afford increased utility costs.

We'd like to recommend that any energy assistance revenues that result from this bill be used solely for weatherization work, and not fuel bill assistance. There are several reasons for this. Two-thirds of the energy assistance money Montana now receives from the federal government goes toward paying fuel bills, and one-third goes to weatherization.

Under the current fuel bill assistance program there is no incentive to conserve. The fuel bill money goes straight to utilities or fuel vendors and there's no requirement that homes must be weatherized before they receive fuel payments. A DOE study estimates that the current weatherization program has resulted in energy savings averaging 26% per home in Montana. Montana's fuel bill money could be stretched a lot further if more low-income households are weatherized.

According to SRS, since 1974 about 14,000 homes in Montana have been weatherized under the federal program. This represents between one-fourt and one-third of all low-income households in the state. At current federal funding levels, it will take an additional 11-15 years to weather the remaining 30,000 to 40,000 low-income households in Montana. However if the fiscal note for this bill is accurate in its estimate of the expected energy assistance revenue this bill will generate, then it will take only 4 to 6 years to weatherize the remaining low-income households. In other words, this bill could knock 7 to 9 years off the time it will take to weatherize these remaining homes.

In closing, I'd like to emphasize the two big social and economic benefits Montanans will gain through this bill.

- 1). We'll be helping those on low and fixed incomes by ensuring that because they live in energy efficient homes their energy bills will stabilize or decrease.
- 2). A conservation program like this will help keep electricity and gas rates down for all residential customers because the utilities will have less need to purchase new supplies of gas or electricity.

### TESTIMONY PRESENTED

TO THE

#### HOUSE TAXATION COMMITTEE

MARCH 1, 1983

MISTER CHAIRMAN AND DISTINGUISHED COMMITTEE MEMBERS:

MY NAME IS CARL VISSER OF 817 22ND STREET WEST, BILLINGS. I AM HERE TODAY TO TESTIFY IN SUPPORT OF HB 713 SPONSORED BY REPRESENTATIVE JIM JENSEN AND SEVERAL OTHER HONORABLE LEGISLATORS.

THE FUEL ASSISTANCE AND HOME WEATHERIZATION PROGRAMS. FEDERAL DOLLARS ARE NOT SUFFICIENT TO TAKE ADVANTAGE OF THE CONSERVATION "GOLD MINE" THAT CAN BE TAPPED THROUGH RESIDENTIAL CONSERVATION EFFORTS. THE HOME WEATHERIZATION PROGRAM SAVES MONEY FOR LOW-INCOME HOUSEHOLDS, CERTAINLY, BUT THOSE SAVINGS ARE THEN SPENT FOR OTHER NEEDED GOODS AND SERVICES CREATING ECONOMIC ADVANTAGES FOR EVERYONE BY KEEPING DOLLARS IN THE LOCAL ECONOMY. EVERY DOLLAR SPENT FOR HOME CONSERVATION NOW CAN BE DIRECTLY RECAPTURED THROUGH DECREASED FUEL BILLS IN LESS THAN 5 YEARS.\* ALSO, CONSERVATION EXPENDITURES WILL IMMEDIATELY PAY DIVIDENDS IN INDIRECT BENEFITS, SUCH AS JOB CREATION.

THE FEDERAL MONEY AVAILABLE FOR THE LOW-INCOME ENERGY ASSISTANCE PROGRAM HAS INCREASED SLIGHTLY EACH YEAR SINCE IT BEGAN IN THE WINTER OF 1977-78. FUEL COSTS AND UTILITY RATES HAVE ALSO INCREASED EACH YEAR. AVERAGE LIEAP BENEFITS TO HOUSEHOLDS REACHED A PEAK DURING THE 1980-81 WINTER TO \$513, BUT DROPPED TO \$317 LAST YEAR. THIS INCONSISTENCY REFLECTS ADMINISTRATIVE DECISIONS BASED ON GUESSES AT WHAT THE FEDERAL FUNDING MAY BE IN THE UPCOMING YEAR. HB 713 WILL CREATE A STABLE, PREDICTABLE BASE FUNDING FOR THIS EMERGENCY PROGRAM AND BENEFITS TO HOUSEHOLD CAN BE

<sup>\*</sup> From Weatherization Program study by District 7 Human Resources Development Council.

ALLOCATED ACCORDING TO ACTUAL NEED RATHER THAN AVAILABLE FEDERAL MONEY. FUEL

ASSISTANCE IS THE SHORT-TERM BAND-AID FOR THE ENERGY CRISIS AND HOME WEATHERIZATION

IS THE LONG-TERM SOLUTION. BOTH PROGRAMS ARE AN ABSOLUTE NECESSITY IN MONTANA.

INCREASED WEATHERIZATION MEANS DECREASED NEED FOR FUEL ASSISTANCE.

THE PASSAGE OF HB 713 WILL ENSURE THE HOME HEATING NEEDS OF ALL MONTANANS WILL BE ADDRESSED WHILE THE HOME WEATHERIZATION PROGRAM IS EXPANDED TO A LEVEL THAT REFLECTS MONTANA'S GENUINE INTEREST IN ENERGY CONSERVATION. NO BETTER INVESTMENT CAN BE MADE FOR THE FUTURE GENERATIONS OF MONTANANS.

I am Jerry Croft. I am employed by Croft Petroleum Co. as operation manager in Cut Bank and have come here to persuade you to not raise any existing tax or create any new taxes that the oil and gas industry must pay the State of Montana. In particular I request you not raise the gas severance tax from 2.65% to 6% and that you cancel the oil severance tax increase that is scheduled to go into effect this year.

I am a native Montanan. I was born here, raised here, schooled here and now I live here. I graduated from Montana Tech in 1976 with a degree in Petroleum Engineering and went to work for a major oil company. During the time I was employed by this company I lived in Utah, Texas, Wyoming and North Dakota. I feel some of the experience I have gained by living in other states and working for a major oil company will benefit you.

In order to increase the revenue Montana receives, you representative must either increase the number of people paying taxes, increase the amount of money each present taxpayer makes, or both. As far as the oil and gas industry is concerned this means drilling more wells, finding more reserves, and putting more people to work. However, our industry is very capital intensive. It takes a lot of money to lease acreage, run seismic and drill wells. Most of this money comes from out of state via investment in major oil companies. In order to attract this money you should understand the sequence of exploration events occurring within the companies before the landman leaves Denver, Casper, Calgary or Houston and heads to Montana to lease land.

# Page 2

Each company has a regional exploration geologist that keeps track of each well drilled in his particular geographic sector. By analyzing all available data and using his training and schooling he comes up with a specific location that should yield hydrocarbons. turns this prospect over to his superior who also has prospects from other geographic regions. Because exploration dollars are limited, a choice must be made between these prospects based on risk analysis. During risk analysis, there is a priority order of weighting things. Things that are "known" or absolute are given much more weight than things that are estimated which are given more weight than things that are just probable. Items like tax rates are knowns, drilling and production costs are estimates, and presence of hydrocarbons are probabilities. With this in mind you can see why more exploration dollars are spent in our neighboring states than are spent in Montana. tax burden is too high to attract exploration dollars from Wyoming and North Dakota.

Any tax on production is just like an operation expense; it hastens the time required to reach an economic limit. For the most part each producing property must pay its own way; you cannot afford to operate one for a loss for very long. It is discouraging to know that the first day of production from a new well is probably the highest it will ever produce. From this day forward production will decline steadily, operation expenses inflate upwards, and taxes take an ever increasing bite. The only way further exploration can be afforded is by financing it on the shrinking margin left between production revenue and production expenses and taxes. At present this margin is being reduced further by a drop in product price equal to 57% per year.

# Page 3

Most wells in Montana are small stripper properties that are easily caught in this economic pinch. When the economic limit is reached, plugging and abandonment of the well must be done. A well that is plugged generates no income, pays no taxes, requires no maintenance and keeps no one employed.

In the southern end of the Cut Bank Field, Conoco, Inc. operates the Two Medicine Sand Unit. This waterflood unit is on the Blackfoot Indian Reservation which last October implemented a new severance tax. As a result of this tax and the generally poor oil and gas economy, Conoco will plug 90 wells. The Southwest Cut Bank Sand Unit that Phillips operates also lies partially on the reservation and will be subject to the Indian severance tax. They are also contemplating the plugging of many wells. The plugging of these wells will have been helped along by just a "slight increase in taxes." When the wells are plugged, Glacier County will lose jobs and revenue; so will Montana.

The Building Montana business requires outside capital. You cannot attract money to Montana with high taxes. Raising taxes shortens the life of producing oil and gas wells and decreases the efforts to find more reserves.

Please consider carefully the disadvantages of raising severance taxes on oil and gas in Montana.

Thank you.

Jerry Croft/

# W. M. VAUGHEY, JR.

PO BOX 46 HAVRE, MONTANA 59501-0046

(406) 265-5421

# J. Burns Brown GUENSER 33-2 NE<sup>1</sup>/<sub>2</sub>NE<sup>1</sup>/<sub>3</sub> 33-33N-15E Hill County, Montana

1981 Natural Gas Wellhead Sal	es	Proceeds	\$274,000
Net Proceeds Tax Paid	_	\$60,500	22.08%
State Severence Tax Paid	-	\$ 7,290	2.63%
Resource Indemnity Trust Tax	-	\$ 1,400	.51%
Oil & Gas Conservation Tex	-	\$ 60	.02%
TOTAL TAX BURDEN		\$69,160	<u>25.24%</u>

# NOTE:

The total tax hurden on this natural gas well were it to be located in:

North Dakota would be 11.5% Alabama would be 8.0% Mississippi would be 6.0% Texas would be 7.5%

Given this situation, is it any wonder that the same quality 'wildcat gas prospect in the four above states would be given preference over a comparable Montana prospect?

# TESTIMONY

IN OPPOSITION TO HB 713

FROM
MIKE FITZGERALD

PRESIDENT

MONTANA TRADE COMMISSION Suite 612 - Power Building Helena, Montana

Before the House Taxation Committee

March 1, 1983

Helena, Montana

Beginning April 1, Montana's 6% severance tax on oil production places us at the top with the highest severance taxation on oil production among the oil producing states of Alaska, Louisiana, Wyoming, North Dakota, Texas, Oklahoma, California and New Mexico.

A 6% oil severance tax will also place us towards the bottom in terms of attracting new investment to Montana for oil and gas exploration.

By unreasonable severance taxes on our natural resources in Montana we have already begun and are likely to continue to strangle the goose that is laying the golden egg.

Since January, 1980, we have permanently lost over 5,000 primary jobs in Montana which is nearly 5% of our primary job base of about 110,000 lost in just two years.

There are now over 40,000 people unemployed in Montana.

Two of our primary industries, copper and timber, may be in permanent decline even with national economic recovery. The energy boom predicted in the 1970's never happened. Coal production, predicted to be 270 million tons annually by the year 2000, has leveled off at less than 35 million tons per year and is projected to be no more than 100 million tons annually the the year 2000. The comparison, Wyoming mined 104 million tons of coal last year and collected over \$150 million in coal severance taxes while

Montana produced about 32 million tons and collected about \$86 million in coal severance taxes. Wyoming's coal production is projected to be 128 million tons annually by 1986.

Beyond tax revenues for government, in order to maintain .6 percent growth and reduce unemployment to 5% we must create a minimum of 23,000 new primary jobs in Montana by the year 2000.

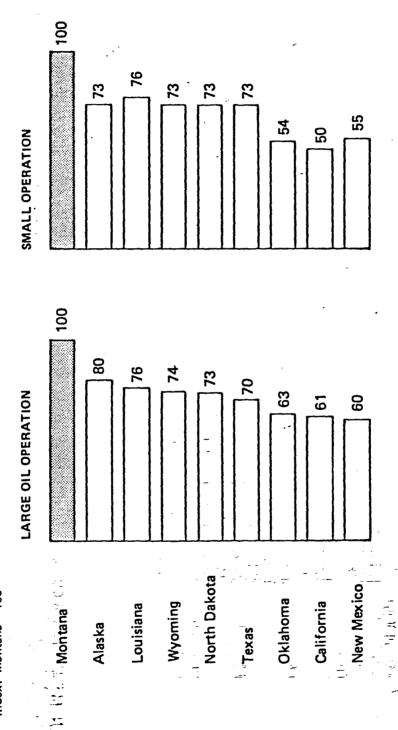
According to the Bureau of Business and Economic Research, ...
"Our best hope in the 1980's is the mining industry: energy (coal, oil and gas), metalic and non-metalic mining ... Average annual earnings in the mining industry are higher than in any other industry. If Montana is to reverse recent losses and maintain or increase the level of economic welfare of its citizens, then we must rely on natural resource development."

I recommend you do not pass HB 713.

# STATE AND LOCAL OIL TAXES

... and oil and gas.

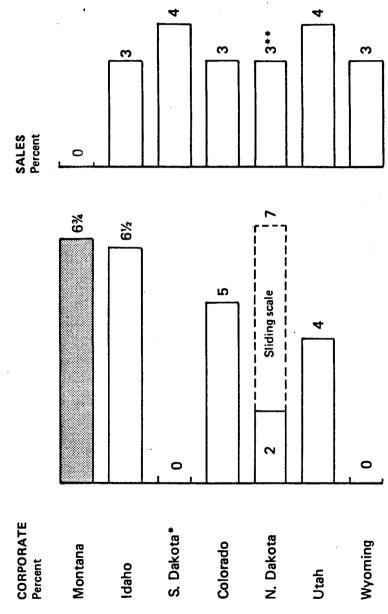
Index: Montana = 100



Source: State Taxation on the Production of Crude Oil: A Comparison of Nine States, June 1981, California State Legislature

Montana has about the highest corporate income tax of all neighboring states - and is the only one without a sales tax

# STATE TAX RATES



\* Banks and Financial institutions 6%

Source: The Book of the States, 1982-83

<sup>\*\*</sup> Farm machinery taxed at 2%

HAVRE, MONTANA 59501 HWY 2 WEST P.O. BOX 1850 PHONE 406/265-5811



Wichita Falls, Texas 76301 1600 Tenth Street Phone 817/723-4331

February 28, 1983

HOUSE TAXATION COMMITTEE Capital Station Helena, MT. 59601

Attn: Mr. Dan Yardley
Committee Chairman

Re: HB #713

#### Gentlemen:

I would like to urge you to oppose HB #713 for the following reasons:

- (1) The natural gas industry in Montana is already taxed two and three times higher than in other gas producing states and we are in competition with the other states for investment capital.
- (2) It is very difficult to get investors to invest in Montana gas now, because of low yielding wells and higher well costs due to weather and pipeline remoteness.
- (3) As a natural gas drilling contractor, we experienced an almost 50% reduction in natural gas drilling during 1982 (\$10.5 million to \$5.8 million). This necessitated the lay off of approximately 30 employees (from 80 down to 50).
- (4) Our company alone brought \$24 million into the Montana economy during the last three years. Ninety percent (90%) of this money came from outside the state. You know what new money means to an economy.

In my biased opinion, we are killing the goose (the potential investor). Other states welcome these investors with open arms, not open hands.

Thank you very much for your consideration in this matter.

Yours very truly,

ELENBURG EXPLORATION, INC.

V. D. Elenburg, President

cc: Senator Stan Stephens
Senator Allen Kolstad
Representative Ray Peck
Representative Bob Bachini



P.O. BOX 2127 926 CENTRAL AVENUE GREAT FALLS, MONTANA 59403 (406) 761-4434

March 1, 1983

Rep. Dan Yardley, Chairman House Taxation Committee Montana House of Representatives Capital Building Helena, MT 59620

Dear Chairman Yardley and Members of the Committee:

The Great Falls Area Chamber of Commerce would like to join those who have opposed House Bill 713 today.

Ample technical evidence and expert testimony have been rendered today to support the premise that this legislation would impose a hardship on the natural gas industry and we concur with that point of view.

From the business communities and the consumer's point of view, it is pertinent to point out one more time that the cost of additional taxes will ultimately be passed on to them in the form of higher utility rates. This sequence of events not only imposes a burden on current consumers, but also sends a negative signal to potential businesses which might be considering locating in Montana.

We would all do well to recall that comparably low utility rates are one of the positive tools that Montana economic developers have had to work with.

One more point that we would hope the committee would keep in mind . . . higher utility rates seem to promote conservation, and lower consumption could well result in lesser revenues to the state in the long run---even at a higher rate of taxation.

Thank you for your attention to this testimony.

Sincerely,

Buck

Frank "Paco" Day

Executive Assistant

MONTANA NEEDS TO STAY COMPETITIVE IN NATURAL GAS PRODUCTION

IF JOBS AND LOCAL ECONOMIC BENEFITS ARE TO BE PRESERVED

or

### TAX INCREASE IS AN ODD BUTTON TO PUSH

IN RESPONSE TO FALLING STATE GAS CONSUMPTION AND MARGINAL EXPORTING PICTURE

Montana's ability to continue to produce its own natural gas for its residents and to provide the jobs and local economic benefits which come with new exploration would be impaired severely by any statutory increases in the state's natural gas severance tax.

Residential and commercial consumers would shoulder a greater burden, a number of Montana communities would feel the sting of lessened activity and the Overthrust and Disturbed Belt areas in Western Montana—where there is not a single drilling rig turning today—might never have a chance to get off the ground if Montana's tax competitiveness is not addressed. The way things are now, chiefly because of high mill levies in gas—producing counties, the current natural gas tax bite puts Montana high in the sisterhood of neighboring producer states.

HB 713 would soar the state's severance tax rate 126% (from 2.65 to 6% of the value of production) and is woefully shortsighted, particularly in the economic times in which we find ourselves. It should be killed because it in not in the best interests of Montanans. If we do not, the Treasure State once again would be stepping in the direction of denying the opportunity of making its birthright as a natural resources storehouse work for all of its citizens.

We only need to look around us to see that the role of natural gas in the nation's energy picture is shaky and that Montana's part in that equation is even shakier. Since passage of the federal Natural Gas Policy Act of 1978 and the resulting complex 23 categories of price-controlled gas, consumption has fallen and available supplies have ballooned with federal restrictions placed on use of gas by industry and electric utilities. Other marketplace factors have intervened. Over-all energy use is down in our flat economy, and a shift to oil away from gas is in progress with oil prices falling and supplies increasing since federal price decontrol of that product. There also is greater confidence that oil supplies will be available in spite of the temporary gas glut.

Because of the over-all downward spiral being experienced by the whole petroleum industry, Montana cannot divorce its gas production future from many of the same things which have plagued the search for new oil.

Here'are some of the big factors of the day:

- \* Montana's 1982 average active rig count was 44.5% of its 1981 level compared to 58.5% for North Dakota, 74.6% for Wyoming and 78.2% for the nation. And it continues at its worse level. Last week in Montana, 22 active rigs equaled our 1982 low in mid-November. (See attached Figure 1).
- \* The industry's jobs count in Montana is down as of the middle of 1982 by more than 19% of what it was three-fourths of the way through peak 1981, according to Montana Department of Labor and Industry statistics. In fact, the mid-1982 employment level is below third-quarter 1980 and continuing to plunge in reflecting the exploration fall-off. (See Figure 2).
- \* Only 17 seismigraphic data collection crews (6 in the Overthrust and 11 in the eastern end, employing about 510 persons) were operating in Montana as of January 24 this year, compared to 46 crews supporting 1,380 workers in January 1982 coming out of the 1981 boom. Numerous communities across Montana have benefited from the presence of crews which can spend more than \$100,000

locally in a month.

- \* The taxation pressures of high mill levies in most of the western Montana counties where new drilling might occur act as a disincentive when coupled with the state's current 2.65% gas severance tax. Against a 1982 taxation average of about 159 mills in gasproducing counties, most western Montana counties are running in the 200-300 mill range, with Deer Lodge, Mineral and Silver Bow counties averaging over 300. The high mill levies are a reflection, of course, of counties which have limited tax bases, and some oil or gas production could help their situations greatly and offer relief to other property owners. (See Figure 3).
- \* With at least 90 cents of every investment dollar for exploration and drilling coming from out-of-state, Montana's current efforts to attract more outside capital to foster activity and jobs will be thwarted by a negative petroleum industry climate in a state where historically nearly half of the holes drilled have been dry, third highest among major drilling states. (See Figures 4 and 5).
- \* Montana's natural gas production has been falling since 1979 and its gas consumption has been falling a lot longer than that as conservation, plant closures and conversions to other energy sources have made their mark. (See Figures 6, 7, 8 and 9).
- \* Whether gas prices rise or fall, depending upon how the federal government handles the question of price decontrol, Montana still faces the problem of being competitive with neighboring gas producing states in terms of its tax burden on the value of production. Taxes must figure into bottom-line cost decisions, especially in tight economic times, and state and county levies on gas production have put Montana ahead of her neighbors in the areas where drilling activity has been the highest and production substantial. (See Figure 10).

Oil and gas production is a mainstay of Montana's economy. An attached chart (Figure 11) notes the Federal Bureau of Labor Statistics estimated personal income from oil and gas production in Montana to be \$196 million in 1981. In addition to these earnings, royalties from oil and gas production on non-federal land in Montana are estimated to be \$147 million. This total income of over \$343 million exceeds that of our traditional cornerstone industries of timber and agriculture. It even exceeds the mushrooming totals of income from federal civilian employment in the state and the medical and health industries.

This oil and gas income also serves as a counter-balance to moderate the rather unpredictable swings of income in our lumbering and agricultural industries. For comparison purposes, the chart also shows the two largest segments of the Montana economy: retailing and state and local government, which is the largest single category of personal income in our state.

It is the total state tax environment, coupled with the impact of other legal requirements and regulatory factors, which gives a state its business climate reputation to outsiders and determines oil investment. Attached Figure 12 underscores that point. It is a major finding of the study done jointly by the Montana Econòmic Development Project and McKinsey & Company—that Montana relies more heavily on production taxes than consumption taxes than do neighboring states and that Montana is perceived as "anti-business".

The tendency to weigh most heavily on the industry or business sector which historically is in the best position to do the most good for the state and its people seems to be an anomaly of the Big Sky Country.

We are at a crossroads where legislators must make a tough decision for Montana's long-term. We need a realistic tax burden now so a solid production future can be built to insure a healthy tax base in bienniums beyong the FY 1984-85 budget we currently face.

With new drilling activity in Montana in 1982 at a lower rate compared to 1981 than anywhere else in the nation and with no uplifting relief in

sight, Montana's level of gas production will not be replenished after a few years, and the state will be faced with revenue as well as jobs and other economic benefits losses. Clearly, a number of state communities will be looking through their figurative fingers because jobs, local contracts and purchases, spin-off spending and state and counties tax collections will not spring forth if we send another negative signal to the petroleum industry in the form of a gas severance tax boost.

If Montana's drilling rig activity through 1982 had declined at the national rate instead of its own plunging fall-off, we would have had another 27 rigs working. That translates to another 1,300 primary jobs alone just to drill plus another estimated 200 back-up jobs in communities. Additionally, for well completions historically stemming from that amount of drilling, another 84 full-time employees would result. (See Figure 13).

Although much has been made of well completions in Montana in 1982, Figures 14 and 15 show that the numbers count coming out of high-flying 1981--with all of the reporting overlaps--has created considerable confusion within the industry, depending upon which source is doing the counting and how it dealt with the carryover from 1981. Anyway, the outlook for 1983 is less than joyous by industry projections. Based on surveys conducted by the Oil and Gas Journal, 1983 well completions for Montana would be 860, down from anybody's count of the state's 1982 completions.

Excessive reliance upon severance taxes makes Montana vulnerable to wide fluctuations in tax revenue because of changing energy prices, something which bedevils today's legislative deliberations as oil prices edge downward, for example.

Oil prices are not expected to increase for some time, and it may be years before they even keep pace with inflation. Increasing gas severance taxes at a time when petroleum revenues are declining clearly will have less revenue impact than a prudent broadening of the state's tax base in areas more likely to feel economic recovery. Indeed, perpetuating our reliance upon severance taxes simply may be inviting further fiscal distress

by pinning our hopes on a declining revenue source and by discouraging investment which could add to our state's economic growth.

Natural resources revenues comprise the largest single source to state and local coffers, and, accordingly, have the biggest impact on the state's employment picture in terms of primary and secondary jobs. In 1981, at the peak of drilling activity, 13,226 persons—or about one out of every 16 Montana workers—were directly working in the oil and gas industry. It makes sense that the state should be doing all it can to encourage an industry which can generate so many jobs—and good—paying jobs at that.

Yet, Montana's natural gas production has been falling since 1979, dropping 14.7% to 43.2 billion cubic feet in 1982. At the same time, production of associated gas directly resulting from oil production primarily in the then-active Williston Basin went up 435% while oil activity boomed through the bringing of full oil decontrol on line. The same excitement and interest has not been the case for gas itself, and Montana needs to understand that difference.

Also in the picture is the dropping consumption of natural gas in Montana through the 1970s and into the 1980s by about one-third. Although some of that is attributable to conservation and to western Montana conversions to wood burning, a big part of the fall is due to changes with large users via plant closures and conversions to meet restrictions and supply uncertainties. A current example is the switch from gas to coal of the huge Malmstrom Air Force Base complex at Great Falls.

Oil refineries are large gas users, but the swing is toward looking at greater burning of processed gas for energy needs. The Flying J Corp. recently made a decision to close its Williston refinery and retain its small Cut Bank refinery because of the available area supply of natural gas. However, in recent days the falling price of oil reportedly is threatening the future of even that facility. And, needless to say, a higher gas severance tax pushing against new drilling activity in no way would be an assist to preserving the jobs and local economic impact of

this refinery, which processes oil from a number of area wells.

Even though consumption has been falling in Montana, the state always has had to import gas to meet its domestic use needs, even though gas exports have been high at times. Since the Eighties began, Montana's role principally as an exporter was reversed as we now keep about 62% of our declining production. We still had to import over 75% again as much as our state production as recently as 1981. Montana's role as a gas user, exporter and importer in recent years can be viewed in attached Figures 6, 7, 8 and 9).

It cannot be emphasized enough that Montana's high county net proceeds taxes on gas stemming from school district mill levies when coupled with the state severance tax make it tough for the Big Sky Country to be competitive when it comes to decisions on where to drill and where to sell. Figure 10 details Montana's dilemma. To add to the equation, Figure 16 from Montana Petroleum Association President William M. Vaughey Jr. of Havre shows how bad the tax bite really can get on one well up in his county compared to a prospect drilled in Wood County, Texas.

Without a reasonable climate, Montana is going to be facing an increasingly tough time with national energy consumption falling, oil prices doing the same and natural gas use falling off particularly in the industrial and electric utilities sectors. Oil is taking a greater share of industrial consumption because of federal gas use restrictions, dropping oil prices and greater faith in oil supplies dependency. (See Figures 17 and 18).

In fact, it is a sad commentary that gas usage is not being promoted in today's economic and federal regulatory climate because it is a clean-burning fuel which offers environmental benefits to Montana. We need to do all we can in our state to encourage more domestic production and usage. Even though gas long depressed in price has been coming up in cost in more recent years under federal controls, it still has been a better buy than heating oil on an energy BTU equivalent basis.

It is a mystery how some in this legislature can be immersed

in scurrying around these days in the quest to nail down this state's economic future and at the same time be giving any serious consideration to a bill like HB 713 which would drive a nail directly through the hearts of the same energy producers who bring millions of out-of-state dollars into our economy.

The governor has taken great steps to work with Montana business, labor and government persons to identify ways to enhance Montana's clout in our nation's business world. The people of Montana have passed an initiative aimed at bolstering economic development and investment of capital in the state's business sector. They had little real idea just what state programs aimed at sparking economic development actually would result from that initiative, but their basic measure was clear: They wanted jobs and action for the business community!

And now in this legislative session, we are caught up in this fervor to build Montana's business climate. We are abuzz with the words of "investments" and "jobs" and "incentives" and "out-of-state dollars" and "economic benefits" as we pour over a multitude of bills purporting to arm our state with the business profile it needs to get Montanans their fair share of the action.

If all of this flurry means something more than mere window-dressing and lip-service to a concept, then how can we be talking seriously about a bill chiefly designed to up the ante on a major source of jobs and investment dollars? We are talking about whether Montana wants to be competitive in attracting activity.

We are talking about whether Montana is ready to really get serious about competing with its sister states in going after the available dollars needed for exploration.

We are talking about whether Montana truly is ready to take on the role of the good steward in trying to give a helping hand to its citizens who

need jobs, sales, contracts and ventures to be able to support their families and remain within the borders of our beloved Big Sky Country.

There is something additional which needs to be addressed. As written, HB 713 would earmark the gas severance tax increase over the current 2.65% for low-income energy assistance and weatherization programs. The approach of special earmarking of revenues from one source for a sole purpose usage instead of going through the state's general fund makes for poor government. It belittles the whole concept of continual legislative review and stewardship of all state revenue and spending programs and creates special constituencies which foment devisiveness rather than a sense of working together for a common social and economic good in our state.

HB 713 is an overt act of rewarding a particular interest group by earmarking the taking of the property from another particular group which is powerless to react unless legislators are ready to do that which is right and fair.

Any assistance the legislature should wish to consider in addition to that provided by the federal government for low-income energy and weather-ization programs should come from general revenues and should stand on its own feet in the line-up of other public needs continually reviewed for justification.

If Montana wants to play the role of business entrepeneur for its citizens, then it must read the real world marketplace and do that which is necessary to be competitive and attract the opportunities and the jobs.

The whole ball-of-wax was summed up quite succinctly in mid-1982 by the Meadowlark Group, a Helena consulting firm, in a special economic report ordered by the Montana State Board of Land Commissioners on the question of whether and how to restructure aspects of the oil and gas leasing program. The report summary observed:

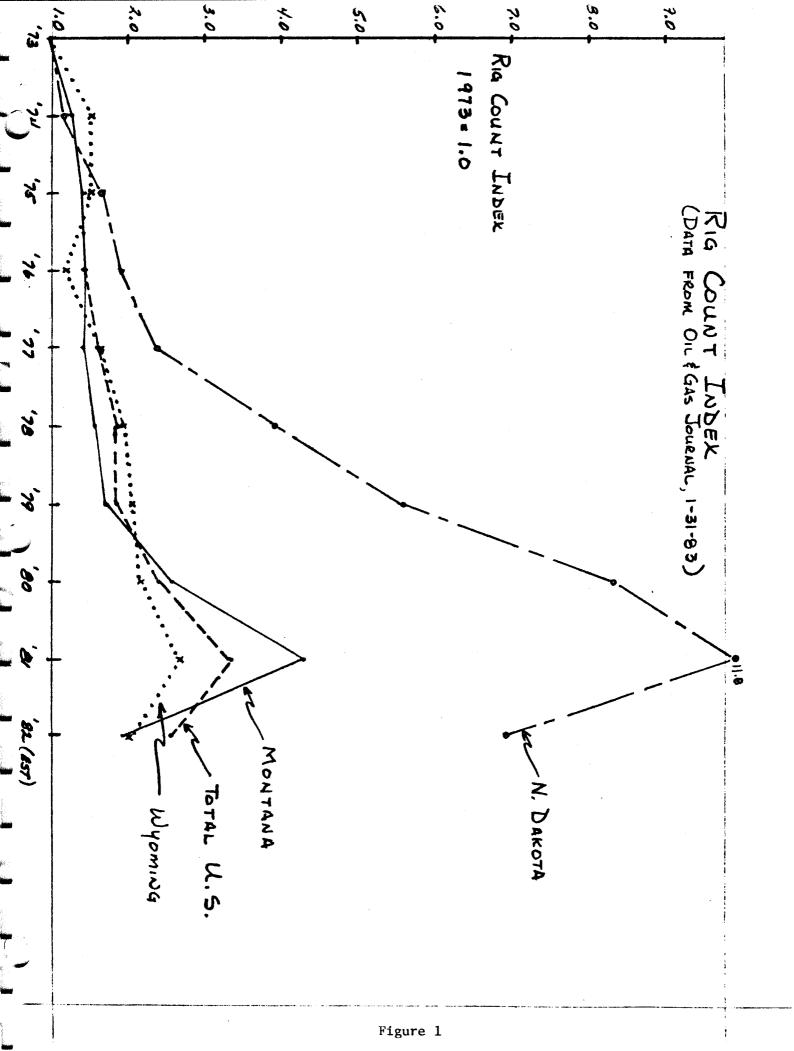
"Montana's taxation of the oil and gas industry, including both severance taxes and the net proceeds tax (a property tax), is the highest of all states studied. It was not the purpose of this study to evaluate state taxation, but it is reasonable to expect the rational developer to consider the combined effects of lease terms and taxation in deciding whether or not to acquire and develop tracts in Montana. Leasing, exploration and development are all economic decisions and are determined by many factors. Key determinants are: oil and gas prices; likelihood of a successful well; level of state and local taxation and royalty rate and other lease terms."

The report also cautioned that a policy would have long-term effects and that a "basis of such a decision should be a longer-term perspective rather than simply a decision of the moment." The board wisely responded with a new policy, finalized recently, which should encourage future exploration for large and deeper pools such as are likely in the Overthrust and Disturbed Belt areas. The importance of state royalties, bonuses and rentals is shown in Figure 19, with Montana leading its Rocky Mountain neighbors in revenues from the state leasing program—all going to education in Montana.

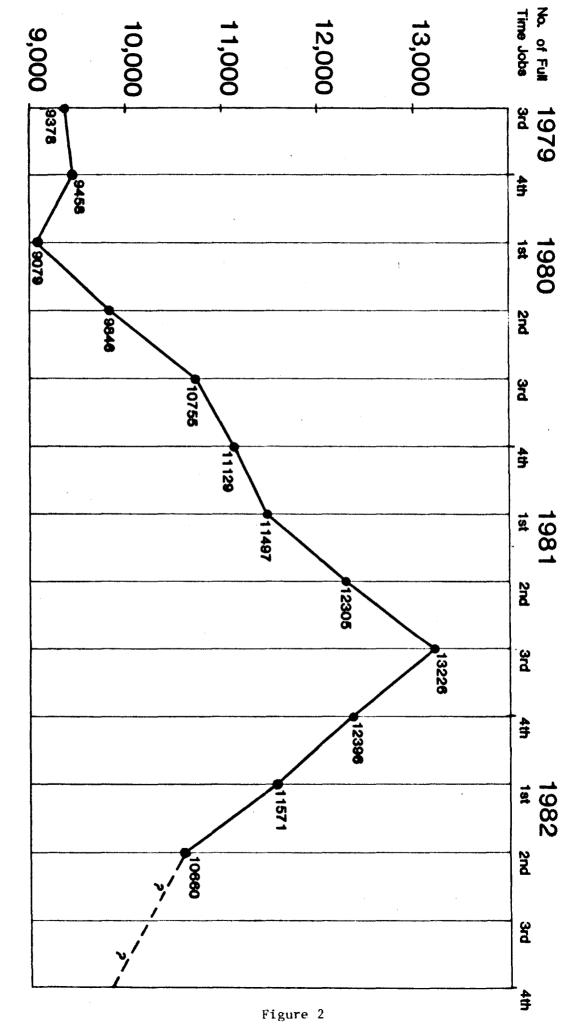
In the same light, we ask Montana's legislators to consider the "longer-term perspective rather than simply a decision of the moment" in looking at the state gas severance tax policy.

And at the crux of it all, whether oil or gas production is at stake, every time the cost of production goes up, however slight it may seem to some folks, marginal producing wells—and Montana has a bunch of them—die a premature death when they become economically unfeasible for continued pumping. That's not good stewardship of our precious energy resources.

The Montana Petroleum Association A Division of the Rocky Mountain Oil & Gas Association 2030 11th Avenue Helena, Montana 59601



# Montana Petroleum Industry Jobs



Source: Montana Department of Labor & Industry

### NON-OIL-PRODUCING MONTANA COUNTIES ALSO SHOWING LARGELY NO GAS PRODUCTION (WITH WESTERN MONTANA FOCUS)

### 1982 Tax Year Mill Levy Averages and Ranges

	Countywide Average	Ranging F	rom & To
Beaverhead*	212.31	193.36	244.12
Broadwater*	209.38	194.32	238.75
Cascade	301.66	250.99	372.94
Custer	244.50	231.23	337.52
Daniels	223.36	216.17	233.75
Deer Lodge*	317.80	272.77	385.90
Fergus	228.66	194.28	288.64
Flathead*	233.06	204.64	274.95
Gallatin*	262.42	205.62	319.46
Golden Valley	180.16	172.83	187.49
Granite*	262.14	232.00	313.77
Jefferson*	257.63	208,52	299.78
Judith Basin	249.92	221.78	278.64
Lake*	224.96	169.26	<b>3</b> 06.18
Lewis & Clark*	304.39	235.97	353.52
Lincoln*	201.35	178.16	222.17
Madison*	199.36	180.60	230.26
Meagher*	198.20	171.05	220.45
Mineral*	319.89	283.60	353.67
Missoula*	261.76	223.71	321.76
Park*	227.67	175.61	276.20
Phillips**	133.48	115.17	165.52
Powel1*	207.57	178.32	287.94
Ravalli*	260.32	215.53	305.17
Sanders*	216.42	184.89	256.21
Silver Bow*	366.83	336.00	413.41
Sweet Grass	242.51	226.81	262.71
Treasure	174.46	174.46	174.46
Wheatland	223.34	199.06	278.85

<sup>\*</sup> Counties in and around Overthrust and Disturbed Belt areas

<sup>\*\*</sup> Has natural gas production as part of tax base

SELECTED DRILLING FIGURES, MONTANA

YEAR	DE VELOPMENTAL WELLS DRILLED (DWD)	DRY HOLES AS A PERCENT OF DWD	EXPLORATORY WELLS DRILLED (EWD)	DRY HOLES AS A PERCENT OF EWD	TOTAL DRY HOLES	DRY HOLES AS A PERCENT OF ALL WELLS DRILLED
1961	235	25.53	182	95.05	233	
1962	255	22.35	164	93.90	211	50.36
1963	197	30.46	165	92.12	212	•
1964	216	50.46	175	85.71	259	66,24
1965	293	36.52	214	92.99	306	60.36
1966	284	33.80	198	93.43	281	58.30
1967	280	37.14	203	94.09	295	61.08
1968	403	22.08	537	94.79	598	63.62
1969	320	32.81	486	95.88	571	70.84
1970	153	41.18	295	92.20	335	74.78
1971	119	28.57	348	92.82	357	76.45
1972	263	33.08	461	94.36	522	72.10
1973	311	32.15	408	89.71	466	64.81
1974	449	47.22	293	90.44	477	64.29
1975	588	37.76	257	91.83	458	54.20
1976	539	31.35	248	89.92	392	49.81
1977	506	37.15	172	75.00	317	46.76
1978	578	40.14	215	83.26	411	51.83
1979	537	33.89	266	79.32	393	48.94
1980	650	31.69	302	86.09	466	48.95

SOURCE: Data from Montana Board of Oil and Gas Conservation.

Percentage computations by The Meadowlark Group.

TOTAL WELLS DRILLED FOR OIL AND GAS IN ALL TIME, TO JANUARY 1, 1981 (Excludes Service Wells) AND AVERAGE DAILY PRODUCTION

	STATE	OIL Number	OIL Number Percent	GAS Number	GAS Number Percent	DRY Number	Y Percent	TOTAL Number	AVERACE DAILY PRODUCTION (*)
	Montana	8955	37	3416	14.1	11818	48.8	24189	22.7
	California	94350	77.2	2733	2.2	24749	20.4	120932	20.7
	Colorado	7696	26.8	4104	14.3	16879	58.8	28679	23.8
	New Mexico	25349	50.7	13682	27.3	10904	21.8	49935	13.1
	North Dakota	3601	49.4	39	<b>.</b>	3645	50	7285	46.1
	Oklahoma	202671	60.8	34035	10.2	96132	28.8	332838	5.1
	South Dakota	122	15.1	19	2.3	662	82.4	803	20.3
	Texas	418113	59	55645	7.8	233994	 (3)	707752	15.1
	Utah	2335	39	777	12.9	2869	47.9	5981	48.3
	Wyoming	21790	52.2	2766	6.6	17150	41.1	41706	34.2
	United States	1492384	57.7	280657	10.8	795144	30.7	2584324	15.9
ı									

<sup>(\*)</sup> Barrels of crude oil per well at the end of 1980.

SOURCE: "The Oil Producing Industry in Your State," The Independent Petroleum Association of America, 1981.

### MONTANA GAS PRODUCTION SINCE 1971

## Expressed in Thousand Cubic Feet (MCF)

34,906,596 37,387,761	* * * *	1972 1971
57,73	**	1973
50,39	**	1974
43,672	40,659,602	1975
44,212	40,876,873	1976
47,234	43,627,869	1977
47,139	44,615,198	1978
53,887	50,691,868	1979
53,802	48,928,608	1980
50,073	44,837,043	1981
57,127,861	43,226,861*	1982
Total With Associated Gas From Oil Production (MCF)	Natural Gas (MCF)	

Source: Montana Board of Oil & Gas Conservation

Subject to final adjustment

<sup>\*\*</sup> Natural gas breakout from associated gas not available

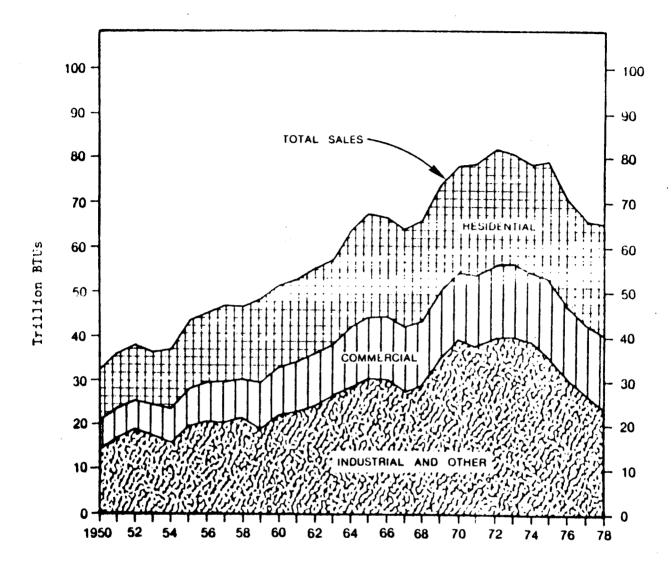
## MONTANA AS A GAS USER, EXPORTER & IMPORTER (1976-1981)

1976	1977	1978	1979	1980	1981	
44,212,874	47,234,941	47,139,895	53,887,829	53,802,088	50,073,011	Total State Natural & Associated Gas Production in Thousand Cubic Feet (MCF)*
70.08%	26.55%	32.77%	36.39%	61.80%	61.73%	% Staying In Montana
29.92%	73.45%	67.23%	63.61%	38.20%	38.27%	% Exported
79.87%	114.31%	109.23%	98.46%	85.05%	75.56%	Amount Imported As a % Compared To Original Production

Associated gas results from oil production and has been increasing in volume with oil activity has been on the wane since 1979 in Montana. up primarily in the Williston Basin in recent years. At the same time, natural gas production

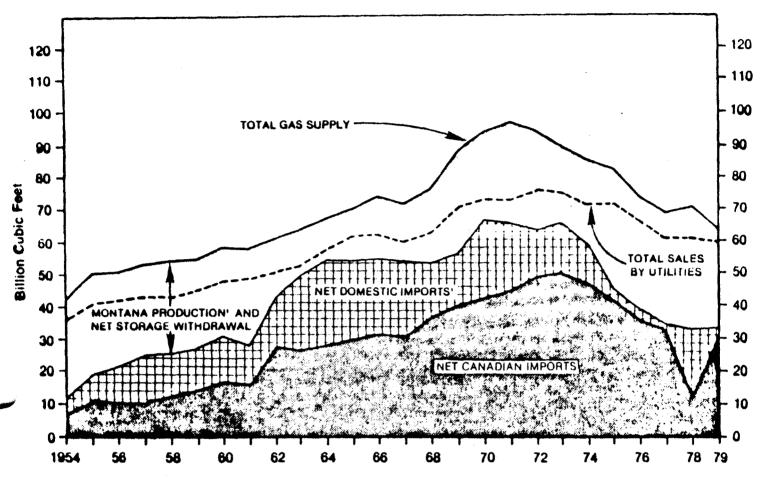
Source: Montana Board of Oil & Gas Conservation and Montana Petroleum Association

### SALES OF NATURAL GAS IN MONTANA BY CONSUMING SECTOR, 1950-78



SOURCE: American Gas Association, Gas Facts, published annually, (1950-78).

### SUPPLY OF NATURAL GAS IN MONTANA BY SOURCE REGION, 1954-79



'Excludes production and export of natural gas by-Northern Natural Gas Company (Tiger Ridge Area).

SOURCES: Production and Imports: Montana Department of Natural Resources and Conservation, Oil and Gas Conservation Division,

Annual Review, 1954-79.

Sales: Annual reports submitted by the gas utilities to the Public Service Commission (1954-79); these data were supplemented and edjusted based on information provided by the utilities directly.

Storage injection figures were based on phone calls to utilities.

# MONTANA'S STATE & COUNTY TAX BURDEN ON 1981 NATURAL GAS PRODUCTION

crude oil, the total direct tax burden the state and her counties impose against this same gas barrel unit amounted to a gross equivalency on production value of an estimated 12.37% averaged on a statewide basis in those counties where gas production occurred To reach an understandable equivalency by using 5,800 cubic feet of natural gas as equal in BTU energy to a 42-gallon barrel of

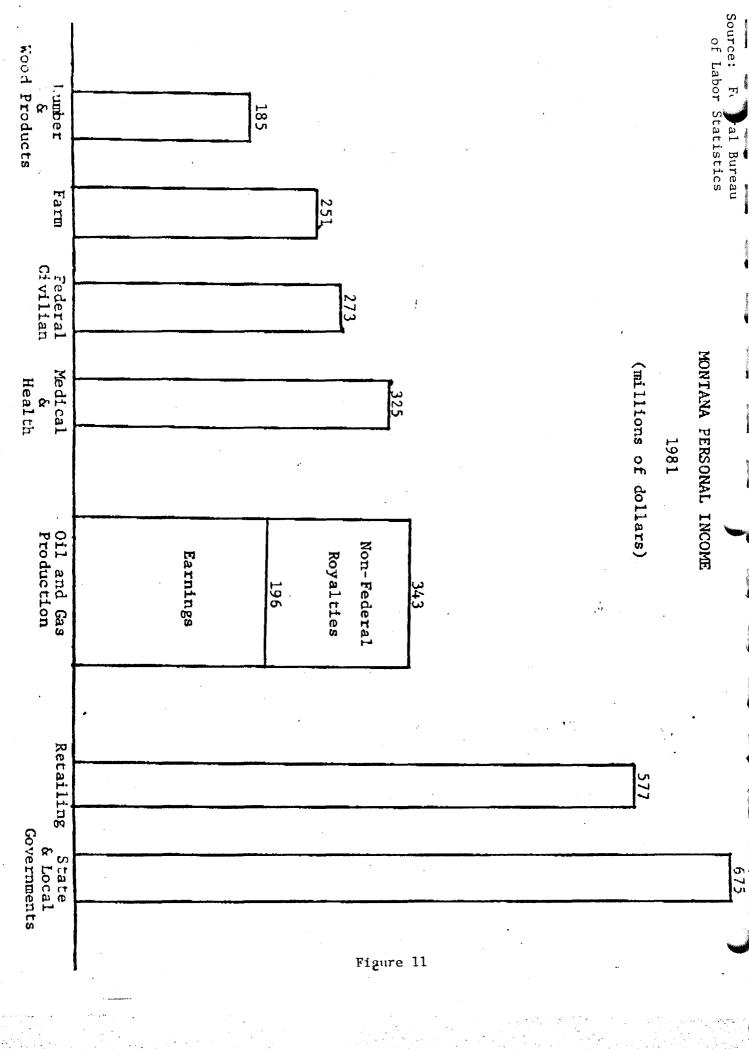
by gas fields where historically large production volumes have helped to foster lower mill levies. to consider when they decide whether to drill a prospect in Montana or elsewhere, not the statewide average which has been pulled down counties based on the property mill levies in each school district. Those local tax levels are what operators realistically are having hope is held out. It is not just the state's 2.65% severance tax which enters the picture, but also the net proceeds tax levied by indication of where some of Montana's best geological prospects presently exist because drilling is not going to occur where little at the effect of the tax burden on gas in those counties where the most drilling has occurred in recent years. That's the best However, because mill levies vary so greatly between school districts in the various producing counties, it is necessary to look

tight drilling budgets, the risks involved make exploration and drilling in our state an increasingly marginal proposition. With natural gas demand falling in Montana and elsewhere and the petroleum industry's over-all economic situation dictating

difficult when the gross equivalent effective tax rates on gas are 5% in North Dakota and 12.54% in Wyoming. And when one considers economic benefits which come with the activity. Montana Power Company, Montana clearly has to try harder to attract a share of the limited drilling budgets if it really wants the that the geological draw to Wyoming always has been much better, with her portion of the Overthrust Belt pouring forth gas even for Montana must be able to compete effectively with her neighbors for the limited drilling action available. Yet that becomes

counties in terms of wells drilled since 1979. barrel equivalent unit expressed above is used below. Below are the 1981 breakdowns showing the effect of state and local taxes on gas produced in the five most active gas-producing They also produced about 70% of the state's output in 1981. The BTU energy value gas

			State 2.65%	Conservation Tax	Total State		% of Net	Total % of
	\$ Price Per	Net Proceeds	Severance Tax	& Resource Indemnity	Tax & County	M111	Proceeds Tax	State & County
County	BBL Unit	Tax Per BBL Unit	Per BBL Unit	Trust Tax Per BBL Unit	Per BBL Unit	Levy	Per BBL Unit	Tax Per BBL Unit
Toole	\$11.37	\$1.40	\$.30	\$.06	\$1.76	167.72	12.31%	15.48%
Phillips	\$11.43	\$1.36	<b>\$.</b> 30	\$.06	\$1.72	5.20	11.90%	15.07%
Blaine	\$10.90	\$1.51	\$.29	\$.06	\$1.86	158.63	13.85%	17.02%
Pondera	\$12.99	\$1.05	\$.34	\$.07	\$1.46	170.30	8.08%	11.25%
Hill	\$11.83	\$1.97	\$.31	\$.06	\$2.34	191.26	16.65%	19.82%



Source: State Tax Handbook, U.S. Department of Commerce; McKinsty analysis

## STATE RELIANCE ON PRODUCTION-BASED TAXES

Percent of tax revenues

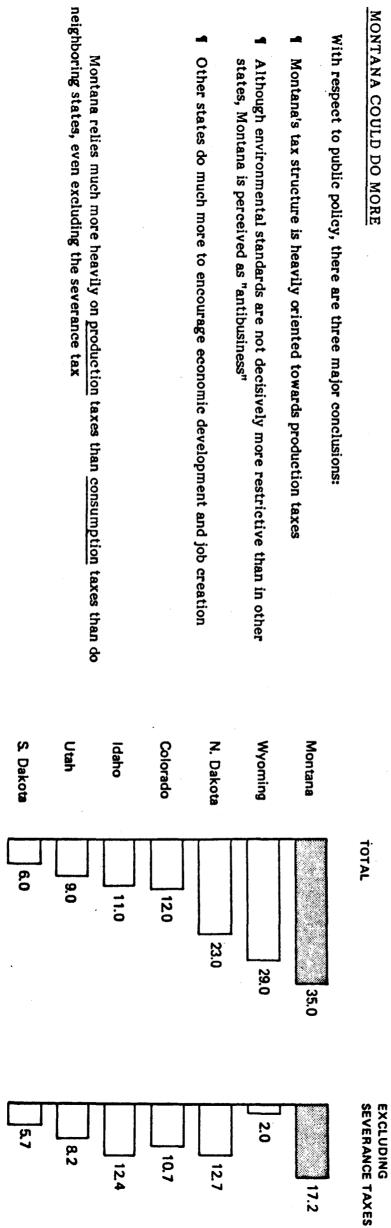


Figure 12

### JOBS CREATED BY ONE ACTIVE DRILLING RIG (full-time equivalent positions) ONE DRILLING RIG (related services). . . . . . employees employees employee site construction . . . . . . . . . . . . . . . . employee regulatory (County, State, Federal) . . . . . .5 employee employee 48.5 employees RIG ACTIVITY DECLINE Assuming Montana operated from 1981 through 1982 at only ½ the National Average, there would have been 13.5 additional rigs working during 1982. 654.8 employees support employment from communities. . . . . 100 employees TOTAL 755 employees ADDITIONAL JOBS CREATED BY 13.5 RIGS Historically 13 active drilling rigs would create a minimum of four producing wells per month 1 completion rig (related services). . . . employees construction . . employees service & operation. . . . . employees (full-time equivalent positions) employees

Boom year 1981 didn't turn into bust year 1982 like the flick of a light switch. The goodness of '81 bulged slightly into '82 as the fevered activity pace backed up and hefty 1981 drilling budgets were being used up.

How many of the early 1982 well completions bend back to the 1981 flash is one question. But the dilemma of when a drilled well really becomes a completion tallied into the statistics of one period or another has been with the industry for some time, magnified into a major debate by the dramatic drilling turnabout only shortly after 1982 unfolded. The experts are scratching their heads over 1982.

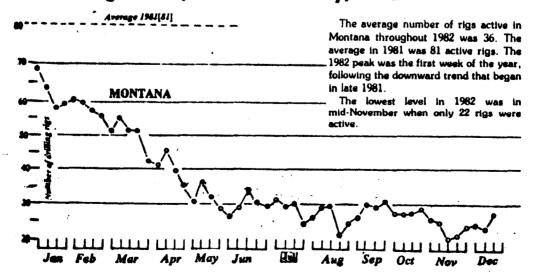
Respected Montana chronicler Roy Boles, publisher of the Montana Oil Journal, says 913 for Montana. Petroleum Information, which covers the Rocky Mountains region from Denver, says an estimated 1,188. And the Oil & Gas Journal, in its January 31 issue, uses a 1982 estimate of "1,241 wells drilled in Montana last year with only 860 planned this year."

But the whole numbers game gets to the point of begging the question, as the attached editorial remarks of OGJ Economics Editor Robert Beck note in the January 31 issue. As he points out, you can't have well completions without rigs, so the figures are suspicious.

The year total figures are not all that important anyway. What is significant are the jobs and business sector dollar flows lost as 1982 ebbed on. The heavy traffic from 1981 spilled over into 1982, and first-half figures are heavier. But the fall-off is plain in the way the 1982 active rig count plunges through the year (see chart below). The 1982 rig drop meshes with the corresponding loss of jobs as the months peel off (chart in packet). The 1982 trend tells the story of where we are at now, and it leaves no doubts.

Something else is worth mentioning about well figures. Over 68% of the 913 completions reported by Montana Oil Journal for 1982 were not in the deeper-well, higher-yield Williston Basin. A number of them are shallow, quick-sunk Hi-Line wells with smaller reservoirs. Every well helps in jobs and tax revenues, but one should not mistake these easier punches for the kind of sustained job and production activity which comes from deeper play in the Williston or which could develop from the mammoth formations of the western Montana Overthrust and Disturbed Belt areas.

### Rig Count, Plotted Weekly, 1982



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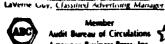
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### **IOURNALLY SPEAKING**

### The numbers game

We've all heard that figures never lie, but liars often figure.

The Forecast/Review which appears in this issue is basically an exercise in figures or numbers—numbers based upon a logical assessment of where we've been, where we are now, and where we can expect to be next year.

Numbers are pure. They are precise, the solid granite base for projections, the stone tablets from which revelations spring.

But there is less to some numbers than meets the eye. The wary forecaster will realize that the statistical base can sometimes be quicksand rather than granite. Figures may not lie, but they can certainly mislead. That's where we come in. Our job is to help distinguish the rocks from the sand.

John McCaslin's forecast of well completions is based upon a comprehensive survey of many oil companies and a reasonable assessment of how the plans stack up with recent activity.

In 1982, well completions went up 9.6% while rig activity fell 21.8%. Since you don't drill and complete wells without rigs, these numbers are suspicious. During the boom years of 1980-81, the delay in reporting completions lengthened and distorted the data for 1982, resulting in the paradox of record well completions in the year of the steepest drilling slump in U.S. history. So the granite base for forecasting 1983 completions is a bit spongy.

Similar problems arise with motor gasoline demand. It is "officially" measured by the Department of Energy and presented in monthly publications. Government policy decisions and legislation have been based upon movements in demand. And forecasts are based upon things such as the historical shift in demand relative to prices.

The problem is that some of the official DOE historical numbers are wrong. During 1978-80-and possibly prior years-the motor gasoline produced by some enterprising small refiners slipped through DOE's reporting net. The amount is estimated at 160,000-300,000 b/d. For those years, the U.S. produced more gasoline than the figures show.

Decause demand is defined as products supplied—the sum of production and inventory changes—consumption was also understated by that amount. Fortunately, that reporting error has been corrected in current statistics—but the historical record has not.

The bottom line is that U.S. gasoline consumption has declined even more than official figures show. And economists, politicians, and others unaware of this are apt to base conclusions and actions on erroneous premises.

Part of our job is to help readers avoid such statistical traps. So the 1983 forecasts beginning on p. 71 take these pitfalls into account. This won't guarantee that we'll hit drilling or gasoline demand on the nose. But when you're trying to figure out where you're going, it helps to know where you've been.

Robert J. Beck, Economics Editor

### W. M. VAUGHEY, JR.

### P.O. BOX 46 HAVRE, MONTANA 59501-0046 (406) 265-5421

### J. Burns Brown GUENSER 33-2 NEWNEW 33-33N-15E Hill County, Montana

1981 Natural Gas Wellhead Sale	s Proceeds	\$274,000
Net Proceeds Tax Paid -	\$60,500	22.08%
State Severence Tax Paid -	\$ 7,200	2.63%
Resource Indemnity Trust Tax -	\$ 1,400	.51%
Oil & Gas Conservation Tax -	\$ 60	.02%
TOTAL	\$69,160	25.24%

### Midway Lake Unit Gas Well Wood County, Texas

Gross Proceeds	\$8,900
Severence Tax Paid - \$572	6.43%
Ad Valoreum Tax Paid - \$95	1.07%
TOTAL TAX BURDEN \$667	<u>7.50%</u>

U.S. ENERGY CONSUMPTION BY SECTOR
JANUARY - JULY 1982

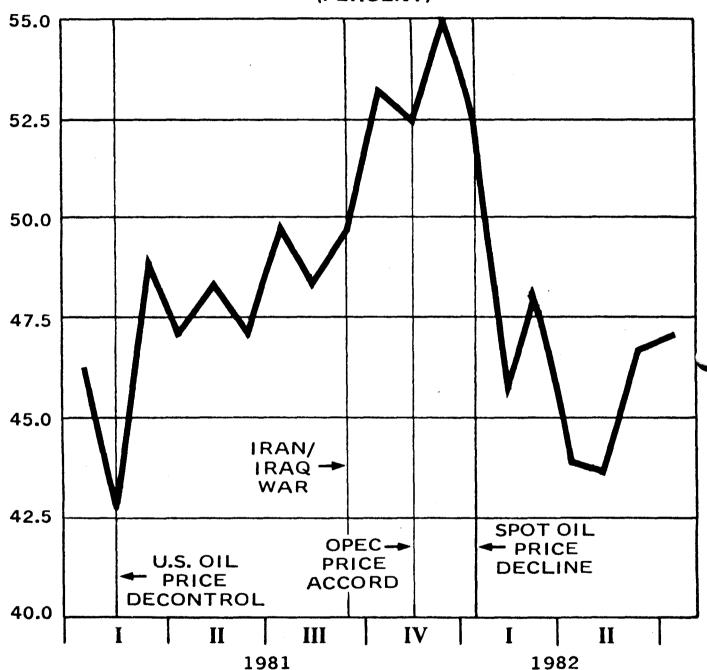
(Percent Change from Year Ago)

Electricity Sales	Total Primary Energy	Other*	Coal	Petroleum	Natural Gas	
1.9	2.6		14.6	-3.5	4.7	Resident./ Commercial
-8.6	-8.9	0.0	-7.7	-8.6	-9.6	Industrial
0.0	-2.6	1	1	-2.5	-4.2	Transportation
	-0.4	12.6	0.0	-16.1	-12.6	Electric Utilities
-2.1	-2.6	12.6	-1.5	-5.1	-4.1	Total

Source: Department of Energy, Monthly Energy Review.

Includes nuclear, hydropower, geothermal, wood and waste materials.

### NATURAL GAS SHARE OF INDUSTRIAL OIL AND NATURAL GAS CONSUMPTION (PERCENT)



Source: Energy Economics of the Chase Manhattan Bank, New York, NY 10081

### IMPORTANCE OF OIL AND GAS BONUSES, RENTALS AND ROYALTIES

### TO MONTANA EDUCATION FROM STATE LAND LEASES

Spirited and steady oil and gas production in Montana is important to insure a continued healthy flow of revenues to state educational programs, so an encouraging climate in coming years is a critical part of the equation.

In highly active 1981, Montana collected the most bonuses, rentals and royalties from state land leases than any of her Rocky Mountain sister states as shown by the table. Montana's total oil production was third in the region while gas ranked fifth, yet action on state lands was tops.

### ROCKY MOUNTAIN STATES

1981

Production	011	and Gas	Lease-Royalty	Income to State
COLORADO	OIL GAS	30,303,000 197,298,000	STATE LANDS FEDERAL LANDS	\$ 13,712,594 33,090,330
MONTANA	OIL GAS	30,800,000 44,800,000	STATE LANDS FEDERAL LANDS	48,300,000 14,900,000
NEBRASKA	OIL GAS	6,671,313 2,712,781	STATE LANDS FEDERAL LANDS	1,904,000 (negligible)
NORTH DAKOTA	OIL GAS	45,672,975 53,000,000	STATE LANDS FEDERAL LANDS	44,203,605 16,000,000
SOUTH DAKOTA	OIL GAS	8,695,000 (negligible	STATE LANDS FEDERAL LANDS	2,858,000 (negligible)
UTAH	OIL GAS	26,997,955 87,765,000	STATE LANDS FEDERAL LANDS	26,060,390 25,400,000
WYOMING	OIL GAS	122,173,818 455,352,450	STATE LANDS FEDERAL LANDS	46,837,037 114,009,109

### SOME FACTS ABOUT HB 736 (Ream and others)

A Bill for an Act entitled: "AN ACT ALLOWING A TAX CREDIT FOR THE INSTALLATION OF LOW EMISSION WOOD OR BIOMASS COMBUSTION DEVICES; EXTENDING THE DATE FOR WHICH THE ENERGY TAX CREDIT MAY BE TAKEN; amending 15-32 & 102, 201, and 203, MCA."

### WHAT THE BILL DOES:

- \* MAKES RESIDENTIAL WOOD-BURNING DEVICES (RWB's), which are <u>certified</u> as being <u>clean-burning</u>, eligible for a tax credit under 15-32-101 et seq. -- "ENERGY-RELATED TAX INCENTIVES".
- \* PROVIDES RULE-MAKING AUTHORITY to the State Department of Health and Environmental Sciences for creating a mechanism for certifying low emission RWB's.

### WHAT FOR?

- \* TO ENCOURAGE THE USE OF LOW-EMISSION RWB's by those Montanans who want to use wood or other biomass combustion space heating by off setting the higher cost of devices that emit minimum amounts of air pollutants. This is especially important in areas facing air pollution problems stemming from the extensive use of wood.
- \* TO ESTABLISH A SYSTEM FOR MEASURING AND RATING THE EMISSIONS OF RWB's.
- \* TO PROMOTE THE MOST EFFICIENT USE OF THE WOOD RESOURCE by enabling investment in the most efficient (and therefore clean-burning) RWB's available.

### WHY IS THERE A PROBLEM WITH AIR POLLUTION FROM RWB's?

THE USE OF WOOD FOR RESIDENTIAL SPACE HEATING IN MONTANA HAS BEEN STEADILY INCREASING since the 1974 oil embargo. For example, from 1976 to 1979, the number of Missoula households burning wood jumped over 45%, while the amount of wood burned during each winter more than doubled. That growth is continuing in many urban areas of Montana. A 1981 study projected minimum growth rates for wood use in Bozeman, Kalispell, Great Falls, and Helena at 7.6, 10.1, 11.4, and 8.2%, respectively.

THE RESULT OF INCREASING RESIDENTIAL WOOD USE CAN BE SERIOUS AIR POLLUTION. Studies in Missoula and similar cities have shown that significant amounts of dangerous respirable particulates can come from wood burning. The situation in Missoula is a prime example of the potential problem facing other Montana urban areas with similar meteorology and increasing wood burning. This may include Libby, Kalispell, Butte, Anaconda, Bozeman, and Helena.

### IS THERE A SOLUTION?

YES, THERE ARE SEVERAL CHOICES, varying in cost and associated problems. They range from trying to keep serious problems from arising, to waiting, and then having to take regulatory action to alleviate serious health risks to the public. Obviously, the first alternative is easier, and, in the long run, much less costly. The tax incentive provided by HB 736 would be an effective means of slowing the growth in the use of highly polluting RWB's, and in some areas it could even prevent serious problems from arising.

### WHAT WILL IT COST?

THE IMMEDIATE EXPENSE will be the cost to the State Health Department of establishing and administering the RWB certification program. This will require approximately one FTE until the rule is promulgated, and only 1/4 FTE thereafter.

THE LONG-TERM COST will be in lost revenue from the tax credit. However, this amount will not be substantial due to the low percentage of the credit (10% of the first \$1,000 and 5% of the next \$3,000).

### AN INVESTMENT FOR THE FUTURE

EXPENDITURE OF A SMALL AMOUNT OF MONEY FOR THIS PROGRAM NOW would be an excellent investment for Montana, because it could prevent serious health risks to the public, and save the expense of solving air pollution problems later on.

### TESTIMONY HB 736 (1983 Legislature)

presented on behalf of the Montana Department of Health and Environmental Sciences

The Department of Health and Environmental Sciences appreciates the opportunity to testify as a proponent to this proposed legislation. HB 736 would provide an incentive for people purchasing a wood stove to at least purchase one that is relatively low-polluting.

Several years ago, the Department, the Missoula County Health Department, and others began to question the impact of the number of wood-burning devices that were being installed in western Montana towns and cities. Increasing power rates and other phenomena seemed to bring about a rather sudden influx of wood-burning devices. A major study onducted in Missoula during the Montana Air Pollution Study (1978-1980) confirmed our suspicions. Using the latest and most sophisticated techniques, it was possible to determine the contribution of wood smoke to general air pollution in the area. It has now become common knowledge that wood smoke in Missoula, at least, is a major contributor to air pollution problems in the winter. Although the same studies have not yet been completed for all western Montana cities, it is clear that wood smoke is playing a major role in wintertime air pollution episodes.

The problem, of course, is not necessarily limited to the western portion of the state. A number of complaints have been received from Great Falls and Billings regarding excessive wood smoke emissions. The problem will not "go away" if no action is taken. Some type of effort is necessary from a state perspective in order to solve and prevent future problems.

The solution to this type of problem is, of course, quite complex. It will take a myriad of techniques in order to effectively solve existing problems and prevent future ones. It is one problem to control emissions from say 20 major facilities. It is quite another, however, to control emissions from an estimated 10,000 homes in the Helena valley. To get a better idea of the number of stoves and their potential emissions, the Air Quality Bureau conducted a survey of the number of homes that contained wood-burning devices in 1981. The following table notes some of the results.

	Percent of Homes with wood- Burning Devices	Number of cords burned per household with wood-burning device	Estimated number of tons of particulate emitted from wood-burning devices in one season
Helena	33%	2.14 cords/ household	513.9 tons/season
Bozeman	32%	2.26	335.1
Great Falls	27%	2.51	841.7
Kalispell	40%	3.20	601.2

(Colstrip 1 and 2, for example,  $\epsilon$ mit approximately 290 tons of particulates during the same period)

The figures presented here are merely for demonstration of the magnitude of the emissions from wood stoves and the like. The Department recognizes that the bill does not and would not solve all of the air quality related problems in these areas. We do submit, however, that the proposed legislation at least offers an incentive to those people who are serious about purchasing an energy efficient, low-polluting stove.

The Department has already given some consideration to the type of stove which would be acceptable as a low-emission device as defined by the bill. The Department tentatively plans to adopt testing procedures similar to those already developed in Oregon in order to make the procedure reasonably consistent between states. This reduces the overall costs to the manufacturers and at the same time is consistent with the purpose of the bill.

The Department is pleased with the tone of the bill in that it offers a positive approach to an air pollution problem rather than a negative one. Instead of subjecting a manufacturer or person to enforcement action, it merely provides an incentive program. It is hoped that the bill will inspire manufacturers of wood-burning devices to improve their design in order to increase energy-efficiency and lower air pollution emissions.

The Department estimates that the time taken to implement the bill will be relatively minimal. It will take the equivalent of one FTE to complete the rule making and only .25 FTE for continuing the program operation. If funding remains relatively constant, there is no need to request extra funds in order to implement and operate the program. It is the opinion of the Department that this task if consistent with existing Clean Air Act requirements and the Air Quality Bureau, in particular, has a responsibility to address wood smoke emissions.

Thank you again for the opportunity to testify before this committee.

The Department stands ready to answer questions you may have.

### EXHIBIT 16 3-1-83

### UNITED WOODBURNERS OF MISSOULA COUNTY 416 WHEELER VILLAGE MISSOULA, MONTANA 59802

Dan Mattis - President
Madora Liles-Vice-President

Florence Loewen - Executive Sec. Candice Lang - Treasurer

March 1, 1983

RE: H/B #736

Proposal against presented by:

Madora Liles

RT #4 W. Riverside Missoula, MT 59802 Telephone: 258-6452

Representing the above newly organized concerned citizens in the County of Missoula; we are against H/B #736 because:

- (1) Under Section 2 Section 15-32-201, MCA, amended to read regarding the allowable tax credit. This is misleading, it sounds good with the proposed \$100 tax credit for completed installation of acceptable energy systems, a one time tax break provision, however, the one time provision establishes an incentive control amending Sections 15-32-102, 15-32-201, 15-32-203. This indicates there may be more bills to amend these amendments to H/B #736 leading us into COMPLETE COMPULSORY control gradually surfacing through amendments by degrees.
- (2) The bill under Section 1 Section 15-32-102 MCA, Amended to read: see item #5 regarding low emission devices and under Section 3 item #2. At the present time emission control devices cannot be added to existing wood and coal stoves:
  - A. This in itself is an impossible imposition on the financially and economically stressed who could not even qualify for a loan to purchase same.
  - B. The suggested catalytic converters for home modification of the existing wood and coal stoves do NOT meet standards set by the EPA and these standards are now beyond our present technology.
  - C. This portion of the bill could eventually destroy many businesses dealing in stoves and related industries, i.e.
    - a. Welders, b. Masonry workers, C. Dealers, d. the all ready oppressed wood industry and e. Manufactures of the listed popular brands made in the Northwest:

Schrader Stoves - - Main office in Oregon

Fischer Stoves - - Culbertson

Crocker Stoves - - Florence

Ennen Stoves - - Florence

Earthstove - - Unable to verify origin.

These brands under the new proposed emission controls for our area can be replaced with the models listed below:

Blaze King Catalytic - - Pacific N/W (Bozeman based) Average Price \$850 - (Questionable as to whether or not it will actually meet the EPA requirements)

Jotul 201-Manufactured in Norway, distributed by Jotul USA, Portland, Maine. 68.5 efficiency at a cost of about \$1,100.

Stick-Fired Furnaces. Jetstream manufactured in Prince Edward Island, Canada; Dumont Boiler, manufactured by Dumont Industries of Monmouth, Maine; Madawaska, from Bangor, Maine - Prices ranging from \$3000-\$6000.

Meridian -"The Missoulian" stated that the stove was made by Meridian Design Corp., Seattle, Washington, however, MISSOULA FIREPLACE AND MASONRY informed our group that it is a tile stove which could be from Canadian Manufactures or possibly it is a German stove. This particular acceptable model is priced about \$1200.

We resent being directed to purchase goods out of state when it will affect the economy of our struggling state and certainly do not believe that it is in the best interest of our nation to purchase goods from foreign countries thus inflating an already unreasonable price by adding freight and the cost for replacement items on products that may not meet EPA standards once they are installed.

- (3) To summarize why we do not want H/B #736 to pass in this committee hearing: it practically enforces the purchase of emission control devices (stoves) working a hardship on the average citizen, placing them in debt to comply and this constitutes/legislated bondage and a loss of a constitutional freedom, the right to the preservation of both personal and property rights, a "man's home will no longer be his castle" if personal privacy and the sanctity of our homes are infringed upon under the enactment of a bill depriving men of this.
- (4) We recommend that this ammendment to bills 15-32-102, 15-32-201, 15-32-203 should be killed here and now. We also recommend that no future amendments to aforementioned bills or any new bills be brought forth to stay our constitutional rights to privacy and rights within our homes.

Also, we as concerned citizens would like to know why the public was not informed of this hearing affecting our basic rights. Since we discovered, by pure accident, at such a late date, Monday, February 28, 1983 at 11:00 A.M., it left us without more factual information than we brought today.

After we had made the decission to attend this hearing to express our views, someone released the information to the Missoula County Health Board of our intent. Jim Carlson, of the Health Board, contacted us and tried to alter our decision to attend this hearing.

when this bearing is adjusted, we should like to request the voting records of each committee member in regards to their position on the bill we are contesting, H/B #736.

We intend to fight this to it's death and our numbers are growing in this cause. As an American patriot once said, "We have just begun to fight."

## STATEMENT OF INTENT H Bill No. 73 [LC 706]

A statement of intent is required for this bill because it grants rulemaking power to the Department of Health and Environmental Sciences to establish criteria for emission testing and emission certification standards for purposes of qualifying the installation of a stove or furnace for the tax credit allowed by this bill.

With the increased cost of conventional sources of heat from public utilities, more and more Montanans are turning to wood as an alternative source of heat. Although there is a dollar saving to those individuals who burn wood, there is also a significant social and environmental cost which must be borne not only by the individual benefiting from the cheaper source of heat but by all individuals living in the general area of the wood burning.

The intent of this bill is to encourage individuals to be more socially responsible in the way they burn wood and the type of device they use to burn wood by allowing a tax credit for the installation of low emission wood or biomass combustion devices.

The Department of Health and Environmental Sciences has expertise in the area of emission control and is therefore delegated the authority to set appropriate standards in an effort to minimize the social and environmental costs associated with the burning of wood and other biomass combustible material.

#### LYTM COMPANY, INCORPORATED

Ralph Spence, Jr. Executive Vice President 310 3rd Street, 2nd Floor P.O. Box 807 Havre, Montana 59501

February 25, 1983

State Representative Dan Yardley, Chairman House Taxation Committee Montana State House of Representatives Capitol Station Helena, MT 59624

Dear Representative Yardley:

As an Independent Producer of Natural Gas in Montana, I am writing in regard to House Bill 713. I believe this legislation is not in the best interest of energy development or future tax revenues.

House Bill 713 includes an increase in taxes on Natural Gas Production. I am not against it just because I don't want to pay more tax; I sincerely believe that taxes have crippled the energy related economy of this state. Taxes have pushed many exploration dollars into other states where taxes are much lower making returns on investments higher. This causes loss of jobs in the local economies and means less production will be found in the long run.

Gas purchasers would experience this tax as an additional cost on production. They have already been encouraged to produce more from other states where this cost is less. The result is, LESS GAS WILL BE PRODUCED IN MONTANA. In the surplus market that now exists, purchasers can fill their demands from many sources including many outside Montana.

The key to bringing more revenue into Montana is to encourage investments from other states into Montana exploration. Production levels, in this surplus gas market, will not increase dramatically in the next three years. Making revenue dependent on production will not increase revenues. We can increase revenues now by encouraging, through tax incentives, exploration in Montana. The jobs and expenditures connected with exploration would create more revenues through state income tax.

I know that there is more production to be found in Montana. You must give me the economic tools to attract outside investors into this great state.

Best regards,

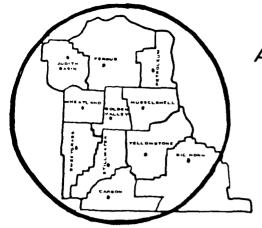
Ralph Spence, Jr.

Ralph Apune for

RSJr/psc

cc: Representative Carl Zabrocki
Representative Mel Williams
Representative Orren Vinger
Representative Melvin Underdal
Representative Dean Switzer
Representative Bob Ream
Representative Ken Nordtvedt
Representative Les Nilson
Representative Nancy Keenan

Representative Glenn Jacobsen Representative Dan Harrington Representative John Harp Representative Bob Dozier Representative Gerald Devlin Representative Vern Bertelsen Representative Tom Asay Representative Ted Neuman



## AREA AGENCY ON AGING MONTANA - AREA II

2031 Hewitt Drive Billings, Mt. 59102 February 28, 1983

Rep. Dan Yardley Chairman, Taxation Committee House of Representatives Capitol Station Helena, Mt. 59620

Dear Rep. Yardley,

As the Area II Agency on Aging advocate for senior citizens, I would appreciate very much your support of HB-713, introduced by Rep. Jim Jensen of Billings.

HB-713 increases the natural gas severance tax and allocates the increase to the Low Income Energy Assistance and Weatherization programs. As you are well aware, both programs are presently being funded entirely from federal funds. These funds, however, are insufficient to meet the needs of the elderly, handicapped, and low-income people.

Although the cost of energy has risen significantly during the past few years, funds for the Low Income Energy Assistance Program have not been proportionately increased. This has resulted in tightening of eligibility requirements, fewer people being served, and a reduction in the amount of assistance given each year.

With the constant increase in unemployment, reduction in social programs, poor economic conditions and increase in energy costs, the need for an increase in these programs is extremely important.

Area II comprises an eleven county area with a resident population of approximately 24,200 senior citizens 60 years of age and over. On behalf of the senior citizens that I represent, as well as others that are potential recipients of these two services, I strongly urge you to approve HB-713. This is a good bill and is designed to serve the elderly, handicapped and low-income people and will help to make their lives just a little more comfortable.

Sincerely,

S.J./'8tan"/Rogers Area II, Senior Citizens Advocate

### Dr. Douglas A. Safley

Optometrist

416 3rd Avenue

KAY STOPPA Office Manager Dr. Larry G. Obie

Optometrist

## HAVRE OPTOMETRIC CLINIC

P.O. Box 551

Havre, Montana 59501 February 28, 1983

Ph. (406) 265-1231

State Representative Dan Yardley Chairman, House Taxation Committee Montana State House of Representatives Capitol Station Helena, Montana 59624

Dear Representative Yardley:

I must oppose HB 713 that would raise the severance tax on natural gas from 2.65 to 6%. Already, Montana has the highest combined tax rates on natural gas of any of the 48 states and to further increase this tax would cause a direct reduction in the exploration and production of new gas wells. It would be very likely that passage of this bill would lead to a very short term increase in tax revenues but would lead to a disastrous long term situation by forcing more firms to explore and produce gas wells outside the state, by increasing unemployment of the Montanans involved in the gas industry who would remain in Montana as the gas companies went elsewhere, and by showing the natural gas industry that Montana has no desire for their services. It is imperative that the legislators, in their desire to improve Montana now, not do so at the cost of seriously undermining the state economy just a few months or years from now.

In the Havre area, we have over 400 families involved in the natural gas industry. Passage of this bill WOULD lead to many of them losing their employment or forcing their emmigration from Montana. Neither the Havre area nor Montana should allow this to happen. Look what the large severance tax on coal has done to us. How many new contracts for coal have we received in comparison to the other coal producing states in the west? How many jobs have we lost because of that? Can we afford to do the same to our natural gas industry? I pray not.

I regret not being able to be there in person but I urge you to issue a "Do Not Pass" on this bill.

D. A. Safley, O.D.

President, Havre Area Chamber

House Taxation Committee members CC: William Vaughey

Representative Ray Peck

Representative Bob Bachini



#### WITNESS STATEMENT

Name Michael E. Zimmerma	Committee On Taxation
	Date 3-1-83
Representing MPCo	Support
	Oppose
	Amend
AFTER TESTIFYING, PLEASE LEAVE PREPARED STATE	
Comments:  1. For the first 15 Mcf consumed, of  1 the total rate and by the MR	os costs represent 75%
1. For the first 15 Mcf consumed, of the total rate paid by the MPC. 2. That exceeds 15 Mcf, gos costs are	56% of the What.
3. 42% of MPC's gos is puchased	
4. HB 713, by increasing the sever	me by our consumers.
evorgy assistance programs, we come	tean and low-massing
because it unrecessarily enjearly vate po	ayers.

	, i
Name // MAC ROBERTS	Committee On TAXATION
Address P.O. Bey 51 HELENA MIT	
Representing SEF - INDEPENDENT PRODUCER	Support
Bill No. 46 7/3	Oppose V
	Amend
AFTER TESTIFYING, PLEASE LEAVE PREPARED STAT	EMENT WITH SECRETARY.
Comments:  1. INCREASE THX BURDEN ON INDUSTRY WILL PR PROFIT IN The gas Fields, mover DRILL	
2. PROGRAM ARE ALREADY IN PLACE TO P	ROUIDE CHERGY ASSISTANCE
TO LOW INCOME & FLOERLY FROM & WIL	NO FACE PROFIT TAK
3.	

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

4.

WITNESS STATEMENT	
Name Mine audiren	Committee On Tavalion
Address Buling, Mont	Date 3/1/83
Representing Purce Packing Company	Support
Bill No. #187/3	Oppose
	Amend
AFTER TESTIFYING, PLEASE LEAVE PREPARED STAT	EMENT WITH SECRETARY.
Comments: 1.	
2.	
3.	
4.	

WITNESS STATEMENT	*
Name Somes Key	Committee On Takelon
Address Boy 200 James Wet 590 J4	Date 3/1/83
Representing Comer	Support
Bill No. #B713	Oppose X
	Amend
AFTER TESTIFYING, PLEASE LEAVE PREPARED STAT	EMENT WITH SECRETARY.
Comments: 1.	
2.	

3.

4.

Name Jun Mays WITNESS STATEMENT	Committee On TAXAION
Address 2737 AIRPRIT Rd Heleun	Date 3/1/83
Representing Local 400 Tuos	Support
Bill No. 717	Oppose
	Amend
AFTER TESTIFYING, PLEASE LEAVE PREPARED STAT	TEMENT WITH SECRETARY.
Comments: 1.	
2.	
3.	
4	

# **Opinion and comment**

# Wood stove smoke causing concern

Butte, like Missoula and Helena, is starting to face up to the problem of wood stove pollution.

According to Butte Health Officer Bill Burke, Butte's air is now cleaner than it was in 1975. However, smoke from wood stoves threatens to make it unacceptably dirty all over again. Any Butte resident can see the dirty layer of wood smoke lying over the city on many winter days.

Burke wants to name a committee to study wood stove pollution and teach homeowners how to burn wood to get the most heat and least pollution.

Burke also hopes to monitor Butte's air for wood smoke pollution next winter.

In Missoula, where the air is sometimes so thick with particulates that pedestrians resort to the breast stroke, wood stove and fireplace smoke accounts for 53 percent of total pollution. During extreme pollution levels, Missoula health authorities can demand that these stoves and fireplaces not be used, unless wood is the only heating source.

Helena was shocked this winter to discover that its air was getting as polluted as Missoula's. A few wags blame the Legislature, but most attribute Helena's pollution to growing use of wood stoves. That, and temperature inversions, which trap dirty air close to the ground.

Helena authorities now issue appeals to the public to stop or restrict use of wood stoves and fireplaces when the air is unusually dirty.

There's no question that smoke pollution is dangerous to health. It can irritate eyes and lungs and cause genuine distress for victims of emphysema and other respiratory ailments. Like all serious air pollution, it hinders healthy development of children's lungs.

There's also no question that many wood burners resent any suggestion that they cool the stove and turn up the furnace during periods of severe pollution.

In Missoula and Helena, the outcry against restrictions has been bitter. The power company has been blamed for forcing up natural gas rates to the point where people must burn wood. Some people claim that the power company would be the prime beneficiary of rules restricting wood burning. Some folks just figure it's nobody's business whether they burn wood or not.

On the other hand are the people who would like to do away with wood burning entirely. Presumably, they're fortunate enough to live in extremely weather-tight homes or they're well-off enough not to be bothered by high gas rates.

If Burke isn't just blowing smoke about Butte's growing particulate problem, he's about to get into a real controversy. Both friends and foes of wood-burning stoves can get downright emotional.

But the potential for a serious health problem exists, and the health department can't very well ignore the situation.

Besides the health factor, Burke notes that wood smoke could worsen the quality of Butte's air to the point where new industry might be prohibited from coming in. Air standards don't allow industries that produce certain kinds of air emissions from starting up in places where the air already is badly polluted.

That ought to make a lot of Butte residents think twice about wood smoke pollution, even if they don't mind the effect on their raspy lungs.

Not that anyone foresees an end to the use of wood stoves or fireplaces. As long as there's deadwood in the forests, folks will find a way to burn it.

But, eventually, they'll have to be more careful about how they burn it. Some methods of burning produce a lot less pollution than other methods.

The day could come, however, when wood burning may be largely prohibited during periods of serious pollution.

## Statement of Intent H Bill No. 747 [LC 1265]

A statement of intent is required for this bill because section 1 grants rulemaking authority to the Department of Revenue.

It is the Legislature's intent that the rules promulgated by the Department of Revenue shall insure compliance by all affected private parties with provisions of Title 15, chapter 24, part 12, MCA, including producers of electrical energy who use tax exempt high voltage transmission lines to make bulk power transfers. The rules enacted by the Department shall provide a mechanism whereby private users or possessors of tax exempt property, including producers of electrical energy who use tax exempt high voltage transmission lines for bulk power transfers are required to report the value of such tax exempt property in order that ad valorem taxes may be levied and collected. The rules shall provide that if a private party fails to report the value of tax exempt property used or possessed by it, the Department shall determine the value of the tax exempt property and order the taxpayer to show cause why such value should not be used in computing the tax and why tax computed from that value should not be levied against and collected from the taxpayer. ~ It is the Legislature's intent that no rules other than those necessary to effectuate the provisions of section 1 of this act as set forth in this statement of intent shall be promulgated by the Department of Revenue.

41.1.		
HOUSE TAXATION	_COMMITTE	ΞE
BILL 7/3	Date	March 1, 1983
SPONSOR Jim Jersen		

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

SILLEN DANSOM

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

140	HOUSE	TAXATION	COMMITTEE		
BILL 7/3			DateMa	rch 1, 198	33
SPONSOR Rep	presentative	Jensen			
NAME		RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
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George Bl	fa The	yd, MIT	Most Land o Min	ral	X
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maga	If Cu	+ BANK	Croft Petroleum	6	1
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May S. An	ult Hone	ton, TX	Sheet oil co.		2
Julio Ross	2 Cul 1	Beenky	Ranch Cella	- <del>/2</del>	V
(Barbara)	Janet C	ut Bank	Jeneral Wellx	Ser	1
Don Reed	##	# Helena	MEIC		
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IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

		HOUSE	TAX	KATION	 COMMIT	TTEE	
BILL	НВ	713			DATE_	3-1-83	
SPONSOR	J.	Jensen					

NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.
WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

HOUS	SETAXATION	COMMITTEE		
BILL HB 717		DATE3-1-8	3	<b>-</b>
SPONSOR Represe	entative Mueller			
		<b>.</b>		
NAME	RESIDENCE	REPRESENTING		OP- OSE
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IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.
WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

НОГ	JSE	COMMITTEE		
BILL 7/7		Date		
SPONSOR				
	r			
NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
DAVE MILLER	THIREE FORKS	IDEAL CEMENT	Χ	
Fad Dala	Dillon	MONT. MIN ASSOC	X	
EARL D. Los	de Lilsty	W. R. GRACE + Co	X	
Wa. J. McCA16	411334	W.R. GRACE & Cu.	X	
GLENNKLONI-S	Dillow	PFIZER INC	X	
Mary a Pangley	MONE HELENA	MONTANA MINING ASSN.	X	
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IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

	HOUSE	TAXATION	COMMITTE	E
BILL	нв 736		DATE 3	-1-83
SPONSOR	Representative Rea	m		

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NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
MATHEW COHN	CLANCY	waxostari healer	X	
Tom HUFF	MISSOLA	OF MSLA AIR BOWDOW COUNCIL	X	
Jim Carlson	Mesla	Mala City Coldanoth	X	
RichardStopped	Msla	Air Pollation Advisory Course	又	
Jim Me Nain	Helena	AERO	X	
Madora Liles	M SCA	Citizens united w/s		X
Hall Well	Helene	Dept of Health	X	
Cynthia Wevers	/tchena	Dept of Health	X	
Joan miles	Helena	Lewis & Clark Glasel Dept		
Don Reed	Atelena	MEIC	~	
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IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.
WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

	HOUSE	TAXATION	COMMITT	EE	
BILL	нв 747		DATE	3-1-83	
SPONSOR	Representative M	arks			

NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
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Mich. Muliny	Heling	Which Water Porver		لا
Larry Latter	Boulder	Self + Kuler Rough	X.	
FENE PHLLIPS	RALISPELL	PACIFIC POWER &LICH	FT	X
Tynnie M. GLERON	PORTLAND OR	PACIFIC POWERTLANT		×
Vuene Buchanan	Helena	MSBA	X	
TAX BURKE	BUTTE	MONTANA POWER		X
AN DOWNEN	GT. LANG	MONTANA ELEC. Coops		×
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IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

HOU	SETAXATION	COMMITTEE	į
BILL HB 753		DATE3-1	-83
SPONSOR_ Represen	tative Shontz		ı
NAME	RESIDENCE	REPRESENTING	SUP- OP- PORT POSE
Hollow	Helena	Mt Home Builder	X

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.
WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

#### STATE OF MONTANA

	389-83
REQUEST NO	

#### FISCAL NOTE

Form BD-15

n	compliance with	a written	request received	February 14,	_ , 19 ,	, there is hereby	submitted a Fisca	al Note
or	House Bill	717	pursuant to	o Title 5, Chapter 4,	Part 2 of the	Montana Code A	nnotated (MCA).	
За	ckground informat	tion used in	n developing this Fisca	l Note is available from	m the Office of	f Budget and Prog	ram Planning, to m	nembers
of	the Legislature up	on reques	st					

#### DESCRIPTION OF PROPOSED LEGISLATION:

House Bill 717 changes the taxable percentage of annual net proceeds of mines and mining claims.

#### ASSUMPTIONS:

- 1) The taxable value of net proceeds is estimated to be \$593.159 million in CY 83.
- 2) Total average county mill levies are assumed constant at 123.5 mills.
- 3) The taxable value of the state is \$2,299,731,000 in FY 85.

#### FISCAL IMPACT:

FY 84	<u>FY 85</u>
,	
No Effect	\$ 13,798,386
No Effect	13,086,595
No Effect	\$ (711,791)
	•
No Effect	\$ 91,989,240
No Effect	87,243,969
No Effect	\$ 4,745,271
	No Effect No Effect No Effect No Effect No Effect

#### EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

The proposal would reduce the property tax collections of counties with net proceeds by a total of \$9.194 million in FY 85 assuming mill levies are not increased to offset the loss in taxable value.

FISCAL NOTE 14:F/1

BUDGET DIRECTOR

Office of Budget and Program Planning

#### STATE OF MONTANA

REQUEST	NG	424-83
neuvesi	INU.	

#### FISCAL NOTE

Form BD-15

In	compliance	with a	written	request rece	ved <u>Februa</u>	ry 16,	19 _83	, there is her	eby submitted	a Fiscal Note
for	House	Bill	747	pı	rsuant to Title 5	i, Chapter 4, P	art 2 of the	Montana Cod	de Annotated (M	MCA).
Ba	ckground inf	ormatio	n used in	developing 1	his Fiscal Note is	available from	the Office o	of Budget and	Program Plannir	ng, to members
of	the Legislati	re upo	n reques	t.						

#### DESCRIPTION OF PROPOSED LEGISLATION:

House Bill 747 clarifies the administration and reporting requirements related to the privilege tax for posession or beneficial use by a private individual, association, or corporation of property which for any reason is exempt from taxation; and provides an applicability date.

#### FISCAL IMPACT:

The affect of this proposal upon privilege tax revenues cannot be determined; however, it is believed that the proposed law would result in a significant increase in taxes paid for utility power lines on tax-exempt property.

The effect of the proposed law upon administrative costs would be insignificant, since the Department of Revenue already administers the privilege tax for possession or beneficial use of tax-exempt property where buildings are present, such as heavy industry or resorts.

FISCAL NOTE 13:FF/1

**BUDGET DIRECTOR** 

Office of Budget and Program Planning

Date: \_

2-17-83

## STANDING COMMITTEE REPORT

We, your committee on	KOITAKAT	
we, your committee on		
ing had under consideration		HOUSE Bill No. 713
Pirst Fanding oc	White	
	(Atm.	
A BILL FOR AN ACT ENTIT	LED: "AN ACT TO INC	TEASE THE NATURAL GAS
SEVERANCE TAX AND ALLOC	ATE THE INCREASE TO 1	
SEVERANCE TAX AND ALLOC	ZATION PROGRAMS: AMER	LOW-INCOME EMERGY
SEVERANCE TAX AND ALLOCASSISTANCE AND WEATHERI	ZATION PROGRAMS: AMER 2, MCA; AND PROVIDING	LOW-INCOME ENERGY ADING SECTIONS 15-1-501,
	ZATION PROGRAMS: AMER 2, MCA; AND PROVIDING	LOW-INCOME EMERGY ADING SECTIONS 15-1-501,
SEVERANCE TAX AND ALLOC ASSISTANCE AND WEATHERI 15-36-101, AND 15-36-11	ZATION PROGRAMS: AMER 2, MCA; AND PROVIDING	LOW-INCOME ENERGY ADING SECTIONS 15-1-501,

BEFASSIX DO NOT PASS

DAM YARDLEY.

Chairman.

STATE PUB. CO. Helena, Mont.

## STANDING COMMITTEE REPORT

Page 1 of 2

	march 10,	19
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We, your committee on	ATION	
we, your committee on	`	
aving had under consideration	House	. Bill No. 717
First reading copy (White )		
Color		
A BILL FOR AN ACT ENTITLED: "AN ACT	T TO CHANGE THE TAXABLE	PERCENTAGE
OF ANNUAL MET PROCEEDS OF MIMES AND	MINING CLAIMS; AMENDI	IG SECTION
15-6-131, MCA.*		
		•
espectfully report as follows: That	House	717
be amended as follows:		
and the second s		
Following: "PROCEEDS OF"	and the second of the second o	
Following: "PROCEEDS OF" Insert: "CERTAIH"		
Following: "PROCEEDS OF" Insert: "CERTAIH"  2. Page 1. line 23.		
Following: "PROCEEDS OF" Insert: "CERTAIH"		ty*
Following: "PROCEEDS OF" Insert: "CERTAIH"  2. Page 1, line 23. Following: "(b)" Strike: "Property" Insert: "Except as provided  3. Page 1, line 24.		ty*
Insert: "CERTAIH"  2. Page 1, line 23. Pollowing: "(b)" Strike: "Property" Insert: "Except as provided  3. Page 1, line 24. Following: "1999" Strike: "80%"		ty*
Following: "PROCEEDS OF" Insert: "CERTAIH"  2. Page 1, line 23. Following: "(b)" Strike: "Property" Insert: "Except as provided  3. Page 1, line 24. Following: "1984"		

"DAN YARDLEY"

STATE PUB. CO. Helena, Mont.

Chairman.

March 10,

83

4. Page 1, line 25. Following: "by" Insert: "15-23-603.

(ii) Miscellaneous mines, other than oil and gas mines, are taxed at 80% of their annual net proceeds after deducting the expenses specified and allowed by

AND AS AMENDED DO PASS

--- DAY YARDLEE;

Page 1 of 2

	March 12,	19 <b>3.3</b>
_ SPEAKER:		
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We, your committee on	ION	••••••••••••
aving had under consideration	KOUSE Bill I	No. 747
First reading copy ( White ) Color	ety te seest sees s	
A BILL FOR AN ACT ENTITLED: "AN ACT	CLARIPYING ADMINISTRATI	ON
AND REPORTING REQUIREMENTS RELATED TO		
POSSESSION OR BENEFICIAL USE BY A PRI	VATE INDIVIDUAL, ASSOCI	ATION,
OR CORPORATION OF PROPERTY WHICH FOR	ANY REASON IS EXEMPT FR	<b>0</b> 8
TAXATION; AMENDING SECTION 15-23-101.	MCA: AND PROVIDING AN	
APPLICABILITY DATE.		
espectfully report as follows: That	HOUSE Bill	No. 747
be amended as follows:		
	The Process of the Control of the Co	
	er en	
(SEE ATTACHED SHEET)		

XXXXXX

DAN VARRIEY.

Chairman.

1. Title, line 8. Pollowing: "TAXATION;"
Losert: "PROVIDING EXEMPTIONS:"

1(b). Title, line 8. Strike: "SECTION" Insert: "SECTIONS"

2. Page 2, line 1.
Pollowing: \*(c) the\*
Strike: \*gross\*
Insert: \*market\*

l(c). Title, line 9. Following: "15-23-102" Insert: "and 15-24-1203"

3. Page 2, line 12. Pollowing: line 11

Insert: "Section 3. Section 15-24-1203, MCA, is asended to read: \*15-24-1203. Privilege tax on gainful use of tax-exempty property -- exceptions. After March 17, 1969, there is imposed and shall be collected a tax upon the possession or other beneficial use enjoyed by any private individual, association, or corporation of any property, real or personal, which for any reason is exempt from taxation. No tax may be imposed upon the possession or other beneficial use of buildings owned by public entities and located upon public airports. Mowever, privately owned buildings located on such airport property are subject to tax. No tax shall be imposed upon the possession or other beneficial use of public lands occupied under the terms of mineral, timber, or grazing leases or permits issued by the United States or the state of Montana or upon any easement unless the lease, permit, or easement entitles the lessee or permittee to exclusive possession of the premises to which the lease, permit, or easement relates. No tax shall be imposed upon the possession or other baneficial use of an electric transmission line and associated facilities of a design capacity of less than

Renumber: Subsequent sections

4. Page 2, line 24 and 25.
Following: "like properties"
Strike: line 24 through "part 12" on line 25

5. Page 3, line 4. Following: "mines"

Insert: "; and
(6) tax exempt electric transmission lines and associated facilities"

AND AS AMENDED DO PASS

500 kilovolta.

## STANDING COMMITTEE REPORT

R. SPRAKER:  We, your committee on TAXATION  aving had under consideration HOUSE BILL No. 753  First Panding Copy   White   Cole:  BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE DEPINITION OF  USINESSES THAT QUALIFY FOR PROPERTY TAX RATE REDUCTIONS FOR  MPROVEMENTS TO REAL AND PERSONAL PROPERTY; AMENDING SECTIONS 5-24-1401 AND 15-24-1402, NCA; AND PROVIDING AN EFFECTIVE DATE  ND AN APPLICABILITY DATE."  EQUISE BILL No. 75:  EQUISE BILL No. 75:		March 4,	19
We, your committee on			
We, your committee on	***		
First rending copy ( White )  Cales:  BILL FOR AN ACT ENTITLED: "AM ACT TO REVISE THE DEPINITION OF JSINESSES TEAT QUALIFY FOR PROPERTY TAX RATE REDUCTIONS FOR APROVEMENTS TO REAL AND PERSONAL PROPERTY, AMENDING SECTIONS 5-24-1401 AND 15-24-1402, MCA; AND PROVIDING AN EFFECTIVE DATE ND AN APPLICABILITY DATE."  BOUSE BILL FOR AN ACT ENTITLED: "AM ACT TO REVISE THE DEPINITION OF JSINESSES TEAT QUALIFY FOR PROPERTY TAX RATE REDUCTIONS FOR APPROVEMENTS TO REAL AND PERSONAL PROPERTY, AMENDING SECTIONS 5-24-1401 AND 15-24-1402, MCA; AND PROVIDING AN EFFECTIVE DATE NO AN APPLICABILITY DATE."  BOUSE BILL NO. 753	R SPRAKER:		
BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE DEPIRITION OF USINESSES THAT QUALIFY FOR PROPERTY TAX RATE REDUCTIONS FOR APPROVEMENTS TO REAL AND PERSONAL PROPERTY, AMENDING SECTIONS 5-24-1401 AND 15-24-1402, MCA; AND PROVIDING AN EFFECTIVE DATE NO AN APPLICABILITY DATE."  BOUSE BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE DEPIRITION OF USINESSES THAT QUALIFY FOR PROPERTY TAX RATE REDUCTIONS FOR APPROVEMENTS TO REAL AND PERSONAL PROPERTY, AMENDING SECTIONS 5-24-1401 AND 15-24-1402, MCA; AND PROVIDING AN EFFECTIVE DATE NO AN APPLICABILITY DATE."  BOUSE BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE DEPIRITION OF USINESSES THAT QUALIFY TO REAL AND PERSONAL PROPERTY, AMENDING SECTIONS 5-24-1401 AND 15-24-1402, MCA; AND PROVIDING AN EFFECTIVE DATE NO APPLICABILITY DATE."  BOUSE BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE DEPIRITION OF USINESSES THAT QUALIFY TO REAL AND PERSONAL PROPERTY, AMENDING SECTIONS 5-24-1401 AND 15-24-1402, MCA; AND PROVIDING AN EFFECTIVE DATE NO APPLICABLE NO APPLIC	We, your committee on	TAXATION	
BILL FOR AN ACT ENTITLED: "AM ACT TO REVISE THE DEPINITION OF USINESSES THAT QUALITY FOR PROPERTY TAX RATE REDUCTIONS FOR APPROVEMENTS TO REAL AND PERSONAL PROPERTY; AMENDING SECTIONS 5-24-1401 AND 15-24-1402, MCA; AND PROVIDING AN EFFECTIVE DATE OF AN APPLICABILITY DATE."  Sepectfully report as follows: That	ving had under consideration	HOUSE	Bill No <b>753</b>
DESIRESSES THAT QUALIFY FOR PROPERTY TAX RATE REDUCTIONS FOR APPROVEMENTS TO REAL AND PERSONAL PROPERTY; AMENDING SECTIONS 3-24-1401 AND 15-24-1402, NCA; AND PROVIDING AN EFFECTIVE DATE ND AN APPLICABILITY DATE.*  Sepectfully report as follows: That	First reading con	Coler	
APPROVEMENTS TO REAL AND PERSONAL PROPERTY; AMENDING SECTIONS 5-24-1401 AND 15-24-1402, MCA; AND PROVIDING AN EFFECTIVE DATE  ND AH APPLICABILITY DATE.*  Sepectfully report as follows: That	BILL FOR AN ACT ENTITLES	: "AN ACT TO REVISE THE DEFINIT	rion of
S-24-1401 AND 15-24-1402, MCA; AND PROVIDING AN EFFECTIVE DATE  ND AN APPLICABILITY DATE.*  ESpectfully report as follows: That EOUSE Bill No. 75:  RTARSKX DO NOT PASS	JSINESSES THAT QUALIFY FO	OR PROPERTY TAX RATE REDUCTIONS E	for
espectfully report as follows: That	MPROVEMENTS TO REAL AND R	PERSONAL PROPERTY; AMENDING SECTI	ONS
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RIMRX DO NOT PASS	penantfully report as follows: That	HOUSE	Rill No 753
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STATERING CO. DAN YARDLEY Chairman.	XYANXX DO NOT PASS		
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	STATE DUB CO	DAN YARDLEY.	Chairman.

STATE PUB. CO. Helena, Mont.