

SELECT COMMITTEE ON ECONOMIC DEVELOPMENT

HOUSE OF REPRESENTATIVES

48TH LEGISLATURE

ATTENDANCE

DATE: March 8, 1983

ROOM: House Chambers

	PRESENT	ABSENT	OTHER
VINCENT, John - Chairman	x		
SCHYE, Ted - Vice-Chairman	x		
ASAY, Tom	x		
DARKO, Paula	x		
FABREGA, Jay	x		
FAGG, Harrison	x		
HANSEN, Stella Jean	x		
HARPER, Hal	x		
HARRINGTON, Dan	x		
METCALF, Jerry	x		
NEUMAN, Ted	x		
RAMIREZ, Jack	x		
VINGER, Orren	x		

MINUTES OF THE SELECT  
COMMITTEE ON ECONOMIC DEVELOPMENT

March 8, 1983

The tenth meeting of the Select Committee on Economic Development was called to order by Chairman John Vincent at 7:15 p.m. in the House Chambers in the Capitol Building, Helena, Montana on March 8, 1983.

Roll call was taken and all members were present.

CHAIRMAN VINCENT stated he would like to welcome everyone who is participating in the Hearing on House Bill 1. He explained since he was the sponsor of this bill, he would like to turn the meeting over to Vice-Chairman Ted Schye so that he could introduce the bill. He asked everyone to be brief as possible on their testimony since there were so many citizens present to give testimony. He stated this is indeed an historical occasion because the Governor, Ted Schwinden, is present to give testimony in favor of HB 1.

CHAIRMAN SCHYE asked for all Proponents to HB 1. He then asked Representative Vincent, as chief sponsor, to introduce the bill.

PROPOSERS

REPRESENTATIVE VINCENT, Sponsor, explained HB 1 as an act to implement Section 4 of Initiative 95. HB 1 is the Build Montana Bill. He stated HB 1 was given the designation because given I-95 and the fact it received 71% vote in favor, the people of this state have indicated very solidly that economic development is their number one priority. Currently 42,000 Montanans are out of work. The time has arrived to promote long term economic growth to benefit our citizens. HB 1 is a concerted effort to do so by implementing I-95, and when HB 1 is combined with 4 other pieces of legislature that have already been passed to implement I-95, this represents a bold and imaginative approach to economic development for the people of this state.

SENATOR HAFEEY, Co-Sponsor, stated HB 1 is the request for the funds to implement part of the program which Montanans believe will help guide their state into a sound economic future. He wants to present a few brief thoughts on the process, need and the benefits associated with the bill. Regarding the process, in the last year and a half, Montanans in all sections of our economy have through the Montana Economic Development project and the Advisory Task Force developed a set of proposals whose general objective is to develop Montana's economy. The Task Force process has involved all aspects of our economy and our society. Regarding the need for HB 1, there is a need, a certain well-defined need for state government to stimulate some economic development. The changing nature of our national economy offers those in Montana some additional opportunities to develop our own economy. The benefits from HB 1 will provide all of us many benefits and this limited role for state government should enhance Montana's long term economic well-being.

SENATOR CRIPPEN stated he is pleased to be here to testify for HB 1. He explained it is important to stress the bi-partisan support of the Build Montana program. He applauded Governor Schwinden and Gary Buchanan for their efforts to build Montana. He asked to speak specifically on one area of the bill, and that is the Montana Economic Forecasting System. He feels this is very important in providing up-to-date forecasting information, both to the state and the private businesses. HB 1 is not the entire answer to the economic problem, but is certainly a start in the right direction, and he recommends a favorable action on it.

SENATOR TOWE stated he was one of the Co-Sponsors of I-95 and would like to urge support for this measure. HB 1 is consistent with the second part of I-95. He asked to give some background information. There is supposed to be set aside from the interest income from the coal tax trust the money which the legislature should decide under I-95. This bill purports to do for the next biennium what amounts to 11%. The total projected figures at this time are \$52.5 million in the interest income for this biennium and for the next biennium around \$89 million. The fund will increase substantially. He stated the interest was not as much as he had hoped, but it is a start. He explained it would be a tragic mistake to short this program just because they are short of revenue this year. He wanted to remind everyone that in this bill they are talking about .8 of 1%. Devoting any less would be inconsistent to I-95 and would not be what the people are asking for. He also stressed the critical need for the University Research mentioned in HB 1.

GOVERNOR SCHWINDEN expressed appreciation for the unique invitation to testify on HB 1. He stated his appearance on behalf of HB 1 signifies the commitment of this administration and the determination of the people of this state to build Montana. Montanans want responsible economic development that produces opportunities for business and jobs for people. See Exhibit A for further comments. He summarized by stating that we cannot afford to sit and wait for "good times" to replace "hard times". With 42,000 people out of work, the state must do what it can to help Montanans obtain and retain jobs here. Because the times warrant it--and because Montana workers need it--he would like to propose that HB 1 be amended to add an additional \$500,000 to the Labor Training Program, doubling the total proposed appropriation for the program to \$1 million. The additional \$500,000 would come out of the appropriation for the Business Development Assistance Program.

GARY BUCHANAN, Director, Montana Chamber of Commerce, stated his department had the chance at the beginning of the Legislature to brief the Select Committee on the specifics of this part of the Build Montana program. They have made numerous presentations regarding the Capital Assistance program with HB 100, HB 685, and HB 700, and they have provided additional copies of Build Montana. He felt they would go into complete budget detail in later meetings of the committee, because tonight is an opportunity for the public to speak out. See Exhibit B for further comments.

DAVE HUNTER, Commissioner of Labor and Industry, asked to speak specifically for the labor training program aspect of HB 1. He stated this is an important program, partly because of the change in federal statutes in regard to displaced workers. He noted the governor asked this allocation be increased in large part due to the layoffs by the Anaconda Company. He explained what they currently do in regard to the displaced worker. He felt it very necessary to upgrade specific skills, so that workers can build confidence in looking for other work. The other part of the job training program is the start up training. He explained this would be an incentive for new and expanding businesses who want to come to Montana. The Department of Labor in conjunction with the Department of Commerce would set up specifically designed training programs so that an employer would have a trained individual at the beginning of the job. He noted this has been done in the past and has worked quite well. He commented that the two aspects he was talking about would be a \$1 million appropriation between them.

IAN DAVIDSON, Representing D.A. Davidson from Great Falls, stated he had served as Co-Chairman for the Montana Economic Development Project, and he believes economic development in Montana is the number one challenge and the most important item to be discussed. He feels Montana is in a competitive position with the other states in attracting new businesses, and recent statistics show that Montana has not been all that competitive. He feels HB 1 shows a step forward and urges support for this bill.

TERRY MURPHY, Representing Montana Farmers Union, expressed support for HB 1 and they also supported I-95. They feel agriculture must play an integral part in Montana. He explained that agriculture is an industry that contributes \$1.5 billion of new dollars into the state each year, which then multiplies outward. They want to work with the committee to help that goal.

JIM MURRY, Representing AFL-CIO, stated their support of the concept of HB 1. He stated each of the other bills presented before have specific language which directs the thrust of the development in the spirit of I-95. He commented that HB 1 is simply an appropriations bill, with no guidelines of any sort. They expect that the legislature will certainly want to remedy that. He stated HB 1 has \$156,000 allocated to an Economic Development Council, but the bill has no guidelines on the makeup of the committee. He feels HB 1, like the other parts of the economic development program needs a sense of direction from the legislature. They support the bill, but urge it to be amended with the same care as the other three developmental bills. See Exhibit C for further information.

MIKE FITZGERALD, President of Montana Trade Commission, stated their support of HB 1. He stated this piece of legislation is not just the governor's program, but rather the result of the dedicated work of hundreds of Montanans and represents a progressive, balanced and necessary plan of action for state government, business, labor, universities and the public to chart new directions for their state's economic progress. He further explained they co-sponsored with Governor Schwinden the Montana Economic Development Project. See Exhibit C-1 for further comments.

W. P. SCHMECHEL, President Montana Power Company, stated their support for HB 1. He commented the passage of HB 1 is particularly important for two reasons: the first, it is a continuation of Montana's effort to signal the nation and the world that we welcome orderly economic development. Without doubt passage and implementation of HB 1 would improve our competitive position. Secondly, Montana has a lot of catching up to do. In the last few years, we have lost more than 5,000 primary jobs in Montana. HB 1 will create jobs and is an active program. For further information see Exhibit D.

JIM SPRING, Former Billings Chamber of Commerce President, stated their support of HB 1. They feel there is little doubt that the economic development is one of the most, if not the most important issue currently facing Montana. He felt HB 1 should not be viewed as the total solution to the state's economic problems, but another important tool along with the many existing tax incentive programs that will allow the state to become a partner with the private sector in working towards a better and stronger economy for Montana. See Exhibit D-1 for further remarks.

REPRESENTATIVE KITTSelman, Chairman of Joint Subcommittee on Business, stated he would like to explain several points the committee came up with. One is the Department of Commerce should be the leader and should pinpoint recruitment efforts in jobs capable of supporting heads of households. They also should provide technical assistance to small business and there should be greater cooperation between the developing agencies and the Chamber of Commerces. He urged the committee's support for this Build Montana bill.

TAG RITTEL, Representing Montana Outfitters and Guides Association, and also member of Tourism Promotion Councils, stated they strongly support HB 1 or the Build Montana program. As a member of the Tourism Advisory Council to the Governor, he recommends funding for travel promotion in Montana. See Exhibit E for further comments. He referred to Exhibit E, page 2 regarding Montana's 46th ranking in their advertising budgets.

BILL TIETZ, President of Montana State University, stated their support for HB 1. He stated Montana has an opportunity at this point to begin the coordination and development of its human resources. The development of new jobs depends on the development of new information, products and new processes. The transferring of this new information is particularly critical in getting the new ideas into the public and private enterprises. New mechanisms for funding, imaginative approaches and development and support of private enterprise are what is needed. He felt the Council of Science and Technology is of particular interest to MSU and other elements of the university system. This will help us develop the opportunities for imaginative views, capital support and technical support mechanisms. He noted there is a tendency at this time to look for short term solutions for long term problems, and he feels that HB 1 represents an investment in the future.

DON REED, Representing Montana Environmental Information Center, expressed support for HB 1. He stated MEIC has been involved in the formulation of the "Buy Montana" portion of the package, which is the idea behind the program to promote the use of goods produced in Montana. For further comments see Exhibit F.

DICK REMINGTON, Vice-President Mountain Bell, stated support for the economic development project and urged support of the bill.

ED JASMIN, President Northwestern Bank, stated he had the opportunity to work on the Montana Economic Development project and other committees, and would like to express support for HB 1. He felt the committee did a great job in putting together something that can benefit the overall economic climate of Montana. He felt HB 1 can send signals to those in Montana that there is some help.

NEIL BUCKLEW, President of the University of Montana, stated their support of HB 1. He believes the Build Montana program represents a systematic approach to addressing the economic opportunities and issues. The University of Montana has the opportunity to participate in shaping the Build Montana program in a number of areas, the analysis of forecasting, the science and technology portion, the small business assistance to name a few. He believes all of those in higher education in the state are involved in the instruction, research and service that is inherent in the Build Montana program.

NANCY HARTE, Legislative Coordinator of the Democratic Party, offered amendments to HB 1 to insure maximum public involvement in the administration and decision-making authority of the economic development council and related programs. First they ask that HB 1 specify that all committees and councils authorized under this bill give special attention and consideration to those sectors of the economy which: enhance local ownership and control of business by Montana residents, provide jobs that will be substantially filled by current Montana residents as opposed to providing jobs that will be filled by non-residents coming into the state etc. For further considerations, see Exhibit G.

JOHN BADGLEY, Representing Institute of the Rockies, Bitterroot RCD, and Missoula Jobs, expressed their support of HB 1. He called attention to the High Technology, Man Power of the West report. The state has put money into this and he would suggest they read their recommendations. He felt the cooperation of the Department of Commerce, has resulted in new jobs in the Missoula area, and felt the only way to continue this type of success was with staff capability. He explained that Montana must attract new business for the future.

HIDDLE VAN DUYM, stressed support for HB 1. He felt a major question remains "How our public school system educating our youth should meet this effort?" They would like to include an education goal that specifically indicates what it is that we need from our high school graduates when they enter the work force. They urge that part of this effort will be in fostering and funding projects in subjects important to preparedness to the economic development we are speaking of.

BOB MCELVEY, Member of the faculty of U of M, and also member of the Ad Hoc Committee, expressed support for HB 1. He asked that several recommendations be considered. One recommendation was that a 13 member Council on Labor Force Education should be created with members drawn from business and industry, labor unions, student groups, school teachers and college faculty, school and university administrators and interested citizens. Members of the Council would be appointed by the Governor for four-year staggered terms. For further information see Exhibit G-1 and G-2.

DAN DOLAN, Office of Public Instruction Computer Educator, expressed their support for HB 1. He stated the program of Building Montana Through Computer Technology is based on a cooperative plan which would bring all those agencies, businesses, educators, and other interested parties together to deliver needed computer education training programs to all segment of Montana's population. The activities of the program would serve all citizens in Montana and would be directed from five Computer Education Training Centers. See Exhibit H for further information.

FORREST BOWLES, President of Montana Chamber of Commerce, stated their support for HB 1. He commented they would like to see the forecasting portion of HB 1 be given high priority. He felt that good economic information is hard to find in Montana and is greatly needed by the university system. They would also like to support the travel and tourism portion of HB 1, along with an added endorsement to Mr. Dolan's comments on computer technology in Montana.

SENATOR TURNAGE stated in any debate there is always a problem and a solution. He feels the people of Montana really want an opportunity to have a decent job, own a home and educate their children. He can assure the committee that the Senate will be receptive to this program from his viewpoint. He felt it was necessary to recognize the problem, debate it and address it or we will go nowhere. He stressed that HB 1 is important to Montana, the problem is to devise a method, and it is the House and the Senate's responsibility to do this.

SENATOR GOODOVER expressed support for the concept of HB 1. He feels this bill will be able to provide the opportunity for jobs and is for the good of Montana.

HAL STEARNS, Active Promoter of Montana, asked to speak specifically to promoting tourism. He explained that he has traveled to other places with Montana's 10 foot promotion displays and is along with the competition who have double the advertising budget. He stated we have a tremendous opportunity to raise enough money from the state sources and the private sector in order to properly advertise what we have. He hopes we can get the message to other states regarding the many treasures of Montana so that we can get the many treasures they have.

CELINDA LAKE, Women's Lobbyist Fund, expressed support for HB 1, but noted there are concerns about language regarding women. They are specifically concerned with the job training appropriation. They felt it was difficult for women to participate in job training without the assistance of day care. They are also interested in the appropriation for the Business Development and Assistance Program, and ask that HB 1 include language directing the Department of Commerce to use technical assistance to develop programs designed to meet specific problems of businesses owned and operated by women. For further comments see Exhibit H-1.

STEVE BROWN, Independent Bankers, stated their support for HB 1.

BILL BROWN, Representing the Butte Chamber of Commerce, expressed support for HB 1, especially as related to Tourism. They fully endorse and support the proposed budget for promoting tourism in the state. They want to specifically recommend that a Matching Fund be established and administered by the State Department of Tourism which can be matched by each of the six regions of the State. They would recommend that the figure be in the range of \$30,000 to \$40,000 per region and be matched by advertising and other sources. See Exhibit P.

JOE MAIERLE, Representing Morrison-Maierle, rose in favor of HB 1, and the Build Montana Program. He explained that when he started his business 38 years ago there was not any state agency for assistance. He feels that HB 1 is something that is greatly needed in Montana.

ELMER FRAME, Representing Campground Owners of Montana, stated their support of HB 1. He particularly asked that the committee maintain the proposed funding level for travel and promotion. He also supported the budget item in HB 1 that will fund promotion of Montana's Products and see that this list is available to retail outlets. See Exhibit I for further comments.

CARL RIECKMANN, Associate Director for Montana Petroleum Association, stated support for HB 1 and stressed that Montana needs to go far beyond HB 1. He felt that Montanan's agree that small businesses are the key operating within Montana's five basic industries--agriculture, mining, timbering, oil/gas, and tourism. Incentives for the infusion of investment dollars in these five industries are essential to the success of Build Montana. See Exhibit J for further highlights.



JOHN ORTH, Butte, expressed support for HB 1. He feels it is necessary for Montanans to have jobs. He explained that jobs are made by sustaining and encouraging the businesses we have and attracting new businesses to Montana. He feels HB 1 has the tools to help create those jobs. He feels it would a great mistake to trim back any one of the items in HB 1. He particularly supports the Science and Technology Board. He stated that Montana has exported its most important resource for far too long. That resource is our technically trained youth because there are an inadequate amount of job opportunities for our graduates.

JOHN COZBY, Cozby Enterprises Anaconda, expressed support for HB 1. He stressed support for incentives toward economic development and also science and technology innovation. He asked the committee to consider will and ambition and creativity along with the intellectual approach. He feels it is necessary to consider the needs of small businesses in the community to help raise the quality of life. See Exhibit V.

PETER STARK, Northwest Airlines, rose in support for HB 1. He stated tourism is a renewable resource. He explained the return of investment on every tourism dollar spent sometimes is up to 10 to 20 times. He stated that Northwest Airlines recently participated with the state of Montana involving a tourism program and proved to be one of the most successful ever.

EARL JOHNSON, President of 1st Bank, rose in support of HB 1.

CHUCK PEDERSON, Great Falls First Interstate Bank, urged the committee to support this bill.

JERRY OVERMIER, Representing First Bank Helena, stated they feel Montana needs a state labor training program such as proposed under Section XV of the Build Montana program. He stated that businesses who want to expand need trained workers, and also businesses that want to come to Montana need trained people. He felt the state labor training program will bring more federal money into the state and spend it where it is needed--on jobs for Montanans. See Exhibit K for further information.

MARTIN WHITE, President of Western Energy Company, expressed support for HB 1 and specifically wanted to address the need for a permanent Science and Technology Board. He stated that many of the graduates from the universities and colleges in Montana get jobs outside of the state, and this is probably the greatest loss our state experiences. See Exhibit L for further information.

JANET MOORE, Representing Seeley Chamber of Commerce, expressed support for HB 1 and especially tourism. She also want to speak favorably toward the line item for the community development infrastructure study.

GEORGE ALLEN, Representing Montana Retailers Association, stated support for HB 1.

ROD HANSEN, Representing Montana Electric Cooperatives, expressed support for HB 1.

ERNEST HARTLEY, Deer Lodge, urged support for this bill and strongly supported the tourism portion.

GENE MARUTTE, Polson Community Director, urged support for HB 1.

JESSE LONG, Representing School Administrators, expressed support for HB 1 and stated they also support the computer training centers in Montana.

JOHN SCOTT, Vice-President of G. T. Murray, stated their support for HB 1. He felt it was necessary to stress economic development and good jobs and business opportunities in the state of Montana. They are concerned regarding the proliferation of government and would like to see sunset legislation, so that if portion of HB 1 prove to not be successful then they should be eliminated.

YVONNE SNIDER, Representing Montana Ranch Products urged support for HB 1 and strongly supported two of these programs in particular. These are the Business Development Assistance and the Product Promotion and Export Assistance Programs. She feels that any money spent on Business Development and Technical Assistance Grants are actually seed money and will germinate, grow and continue to spread throughout the state's economy generating tax revenue in the process. For further comments see Exhibit M.

MILDRED BORDSEN, Whitehall, support HB 1 and is happy to see the portion of the bill regarding tourism.

JIM DAUSN, LDC of Anaconda urges the Committee's support for HB 1.

JERRY SULLIVAN, Vice-President of the First Security Bank, stated their support for this bill.

CAROL DALY, President Montana Economic Development Association, stated their support for HB 1. She feels HB 1 would remedy the existing problem with the Department of Commerce and would give Commerce and the Department of Labor adequate resources to meet the most urgent needs that confront them--assisting and complementing on-going local efforts and helping to develop similar capabilities in communities which desire and need, but now lack them. For further comments see Exhibit N.

JUDITH TILMAN, Butte-Silver Bow Community Development Department, stated their support for the Build Montana Program. She stated the capabilities of Montana's cities and towns to assess their infrastructure needs ranges from none in smaller communities to good in the largest cities. They see this program as providing an invaluable resource to augment the capabilities of the large cities and a starting point for the smaller cities and towns. See Exhibit N-1 for further comments.

KATHRYN PENRON, Montana Advisory Council for Vocational Education, stated their support for HB 1 and especially the importance for vocational education.

JACK MARTINS, Representing Montana Manufacturing Group, stated their support for HB 1.

BILL KUEHN, President of the Associated Chambers of Commerce of Flathead Valley, expressed their support for HB 1. He stressed that tourism is the third largest industry in the state and generates one billion dollars in business and also generates approximately 24,000 full time jobs. He noted the Associated Chamber of Commerce have put together a color cassette tape to be played on any video equipment, and are presently adding sound tracks in German and Japanese. They are currently working on projects to develop Montana as the "Gateway to the 1988 Olympics in Calgary". For further comments see Exhibit O.

MARIAN CAPP, Whitehall, stated strong support for HB 1. She stressed that small business are the backbone to America and Montana.

LLOYD SCHMIDT, Stanford, and member of Ad Hoc Committee, expressed support for HB 1 and feels strongly about the necessity of promoting agriculture in the state.

GARY PRESTON, Butte, rose in support for HB 1. He stated one of the things missing in the broad range of economics is the fact that small and middle size industries cannot exist without the cashflow produced by large industries. Tourism is important, but we lost more income in Montana due to the layoffs in the mining industry alone than tourism creates. We need to promote our products and we have to have a certain amount of large businesses to create the capital in the state to support it. He asked why the Tourism Department doesn't stress Montana's lack of Sales Tax, and Bed Tax.

LOREN COLLINS, Bozeman, Collins Enterprises, Inc., urged support for this bill.

JOHN ZAVALNEY, Economist for the state, expressed support for HB 1. He feels there is a need to concentrate more on the manufacturers in Montana. See Exhibit Y for a graph on the employment trends by industry groups.

PROPOSERS submitting written testimony but not orally were as follows:

ED BINGLEY, Director of Montana Bureau of Mines and Geology at Montana Tech. See Exhibit Q.

JOHN W. JENSEN, Vice-President for Research, MSU, see Exhibit R.

DICK BOUFFE, Development Credit Corporation of Montana, see Exhibit U.

CLINT GROVES, Helena, stated his economic studies show that the new industrial revolution often call the information evaluation is beginning in Montana. See Exhibit W for further comments.

KEN BYERLIN, Publisher, submitted enclosed editorial from the Lewistown News-Artist see Exhibit X.

CHAIRMAN STEIN asked for any Opponents to HB 1.

#### OPPONENTS

MARY HAMILTON, Saltville, stated the real problem with HB 1 is it contains necessary ingredients for development of certain new monopolies within the state. It provides for indirect subsidies to politically approved businesses for state-funded promotional activities, and for state regulation of beneficiaries. It even entails building new boards and oversight committees. She felt another problem is the difficulty in determining what businesses are "in-state" and which are not. For further comments see Exhibit Z.

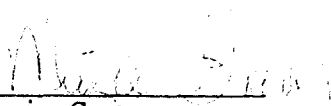
LARRY DODGE, Big Sky Enterprises, stated many legislators feel compelled to implement I-95 because of its high percent of votes. He feels it is never right to let Peter to pay Paul. Even if the vote reflects the temporary ability of some politicians to generate widespread public concern with Montana's small business economy, that concern is morally irrelevant. The ends will don't justify the means. He feels that concern is farcically inappropriate--small business in Montana is not in dire straits and never asked for the welfare that I-95 would impose on it. See Exhibit Z-1 and Z-2 for further arguments against HB 1.

CHAIRMAN STEIN stated since there were no further opponents or questions from the committee, would Representative Vincent care to close.

REPRESENTATIVE VINCENT summarized that he believes the people through I-95 have said to the legislature to invest in Montana's future and they have the confidence to invest in us and HB 1 gives the opportunity to do just that. He feels in reference to the testimony tonight and the work that has gone on before tonight to develop HB 1, it is an outstanding example of cooperation between business and government that we need to advance economic development in this state. It has proved possible that by working together and pooling our resources, we can accomplish much for the people of this state.

The hearing on HB 1 was adjourned at 10:08 p.m.

  
REPRESENTATIVE JOHN VINCENT  
CHAIRMAN

  
Mitzie Grover  
Secretary

1 *Bill for an Act Entitled: "AN ACT TO IMPLEMENT SECTION 4 OF THE*  
 2 *REQUEST OF THE GOVERNOR'S OFFICE*  
 3 *OF INITIATIVE 95 TO ALLOCATE INTEREST ON THE COAL TAX FUND*  
 4 *TO THE MONTANA ECONOMIC DEVELOPMENT FUND; AND PROVIDING AN*  
 5 *IMMEDIATE EFFECTIVE DATE."*  
 6 *INTRODUCED BY* *Vincent Hoffey* *Kemp* *Connelly*  
 7 *OF INITIATIVE 95*  
 8 *TO THE MONTANA ECONOMIC DEVELOPMENT FUND; AND PROVIDING AN*  
 9 *IMMEDIATE EFFECTIVE DATE."*  
 10 *PEOPLE OF MONTANA WITH THEIR APPROVAL OF INITIATIVE 95;*  
 11 *AUTHORIZING LOANS FROM THE GENERAL FUND; AND PROVIDING AN*  
 12 *IMMEDIATE EFFECTIVE DATE."*  
 13 *BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:*  
 14 *Section 1. Total appropriation. For the biennium*  
 15 *ending June 30, 1985, there is allocated a total of*  
 16 *\$5,803,679 of the coal tax trust fund interest to the*  
 17 *Montana economic development fund created by section 4 of*  
 18 *Initiative 95.*  
 19 *Section 2. Appropriation. The following appropriations*  
 20 *are from the Montana economic development fund for the*  
 21 *biennium ending June 30, 1985:*  
 22 *DEPARTMENT OF COMMERCE*  
 23 *Governor's Council on Economic*

1	Development	\$ 156,800
2	Council on Science and Technology	197,414
3	Business Development Assistance Program	966,441
4	Assistance to Local Development	
5	Organizations	528,532
6	University Business Management	
7	Development Program	250,000
8	Montana Product Promotion and	
9	International Export Assistance	318,806
10	Montana Economic Reporting and	
11	Forecasting System	150,000
12	Business Location Promotion	227,522
13	Travel and Tourism Promotion	1,785,064
14	Community Development Infrastructure	
15	Study	273,100
16	Montana Economic Development Board	470,000
17	DEPARTMENT OF LABOR AND INDUSTRY	
18	Labor Training Program	500,000
19	<b>Add 500,000</b>	
20	TOTAL GENERAL FUND	\$5,803,679
21	Section 3. Spending authority. The following	
22	appropriation is for spending authority for private	
23	donations for the Travel and Tourism Promotion Program for	
24	the biennium ending June 30, 1985:	
25	DEPARTMENT OF COMMERCE	

1 Travel and Tourism Promotion \$700,000  
2 Section 4. Borrowing. The Department of Commerce may  
3 borrow from the general fund or other funds for:  
4 DEPARTMENT OF COMMERCE  
5 Operating costs of the Umbrella  
6 Industrial Revenue Bond Program \$150,000  
7 Section 5. Effective date. This act is effective on  
8 passage and approval.

-End-

## VISITOR'S REGISTER

HOUSE SELECT ECONOMIC DEVELOP. COMMITTEE

BILL HB 1

DATE 3/8/83

SPONSOR

NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
<del>Bill Brown</del>	<del>6050 HIGHWAY #10 Butte, Mont.</del>	<del>BUTTE CHAMBER OF COMMERCE "LOCAL DEVELOPMENT"</del>	<del>X</del>	
<del>Joe Maierle</del>	<del>Helena</del>	<del>Morrison-Maierle</del>	<del>X</del>	
<del>Angela van Dyke</del>	<del>Helena</del>	<del>Board of Public Soc.</del>	<del>X</del>	
<del>Blackburn</del>	<del>Billings</del>	<del>SD 33</del>	<del>X</del>	
<del>James R. Spence</del>	<del>"</del>	<del>Business C. of C.</del>	<del>✓</del>	
✓ Carl Rieckmann	Billings	Mont. Petroleum Assoc.	✓	
Mary B. Hamilton	Helmiulle	self		✓
Garry Dodge	Helmiulle	self - Rig Sky Mart		✓
✓ Guy Clum	Helena	First Bank	✓	
<del>ELMER FRANK</del>	<del>MISSOULA</del>	<del>CDAM</del>	<del>✓</del>	
✓ JOHN C. ORTA	BUTTE	SELF	✓	
✓ JOHN A. COZBY	ANACONDA	COZBY ENTERPRISES	✓	
Kenneth P. Coffey	Over Lodge	self	-	
DICK BOURKE	HELENA	DEV. CREDIT GRP. OF MT	X	
Clint Grimes	Helena	MC Inc.	X	
Dixie Lee Elliott	Billings	Mt. Snakeeepers Assn	X	
Bill Kuehn	Whitefish	Assoc. of Comm. Flathead Valley	X	
<del>ph Dodge</del>	<del>MISSOULA</del>	<del>Bitterroot RCTD Jobc for MISSOULA</del>	<del>X</del>	
GARRY PRESTON	BUTTE	WETA	X	
Martin White	Butte	Western Energy Co	X	

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.



## VISITOR'S REGISTER

HOUSE SELECT \_ ECONOMIC DEVELOP. COMMITTEEBILL HB 1DATE 3/8/83

SPONSOR \_\_\_\_\_

Phil S. Lawdel

Helena

Self

✓

NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
LAUREN MCKINSEY	BOZEMAN, MT.	SELF	✓	
<del>Paul Schmechel</del>	<del>Bozeman</del>	<del>Montana Power Co</del>	✓	
<del>Robert McKinney</del>	<del>Missoula</del>	<del>SELF</del>	✓	
Cynthia A. Rose	Missoula	Institute of the Rockies	✓	
Jennifer Rose	Missoula	Self	✓	
Leslie W. Long	Helena	School Admin of MT	X	
<del>Don Dobson</del>	<del>Helena</del>	<del>Officer Pub. Int.</del>	X	
<del>Nancy J. Harte</del>	<del>Helena</del>	<del>mt. Democratic Party</del>	X	
<del>John J. Murphy</del>	<del>MT. Falls</del>	<del>MT. Forestry Assoc.</del>	X	
Clayton J. Gapp	Whitchell MT	MT. Gold West Territory	X	
Meredith J. Borden	Whitchell mt.	mt. Gold West Territory	X	
Gary J. Snijder	Leivestown, MT	Myself	X	
Michael J. Hall	Helena	Montana Trade Assoc.	✓	
<del>Cecilia J. Lake</del>	<del>Helena</del>	<del>Women's Job Project</del>		
<del>W. J. T. Fry</del>	<del>Bozeman</del>	<del>MSU</del>	X	
<del>Nick Berchman</del>	<del>Missoula</del>	<del>U. of M.</del>	X	
George Allen	Helena	Mont. Retail Assoc.	X	
Kene Marquette	Bozeman	Bozeman Comm. Dev.	X	
John C. Cline	Bozeman	Collins Ent. Inc.	X	
Jeanne D. Dusen	Bozeman	Bozeman LDC	X	
<del>Jerry R. Sullivan</del>	<del>Helena</del>	<del>First Security Bank</del>	X	
<del>W. D. Koch</del>	<del>Bozeman</del>	<del>Montana State University</del>	X	

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## VISITORS' REGISTER

HOUSE

COMMITTEE:

#1

Date 3/8/83

SPONSOR

NAME	RESIDENCE	REPRESENTING	SUPPORT	OPPOSE
<del>IAN B DAVIDSON</del>	<del>Gr Falls</del>	<del>Mont Econ Proj.</del>	<del>X</del>	
- WILLIAM J BEAMAN	HL	D.A. DAVIDSON	X	
<del>DON REED</del>	<del>Helena</del>	<del>MEIC</del>	<del>X</del>	
- Carol Wally	Helena	Mt. Econ Dev. Ass'n	X	
Ludith Norman	Butte	Butte-Silver Bow Co.	X	
- Fred R Brown	Whitehall	Reynolds Computer Institute	X	
- Daniel J. Smith	Missoula	Univ. of Montana	X	
Ernest Hartley	Deer Lodge	Montana's Gold West Tour.	X	
- Tony Stupler	Helena	mt Trade Comm.	X	
- Peter J. Fagan	Butte	Self Real Estate	X	
Glenn J. J. J.	Helena	Health Care		
- Joe Bolt	MSA	Missoula Chamber C	X	

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## VISITORS' REGISTER

HOUSE

COMMITTEE

NO 1

Date 3/8/83

**SENSOR**

[illegible]

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## VISITORS' REGISTER

HOUSE

COMMITTEE

L H B-1

Date 3-8-83

**PONSOR**

[illegible]

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## VISITORS' REGISTER

HOUSE

COMMITTEE

Date 3/8/83

NBI

**SPONSOR**

[illegible]

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

State of Montana  
Office of the Governor  
Helena, Montana 59620

TED SCHWINDEN  
GOVERNOR

TESTIMONY BY GOVERNOR TED SCHWINDEN ON HOUSE BILL 1  
BEFORE A JOINT MEETING OF THE HOUSE SELECT COMMITTEE  
ON ECONOMIC DEVELOPMENT  
AND THE HOUSE APPROPRIATIONS COMMITTEE  
TUESDAY, MARCH 8, 1983, AT 7 P.M. IN THE HOUSE CHAMBERS

Chairman Vincent, Chairman Bardanouve, members of the House Select Committee on Economic Development and the House Appropriations Committee, I appreciate the unique invitation to testify on House Bill One. Only 30 steps separate the second and the third floors of the Capitol, but the distance between Executive and Legislative chambers historically has been much greater in terms of a Chief Executive appearing before a legislative committee.

My appearance on behalf of House Bill One signifies the commitment of this administration, and the determination of the people of this state, to build Montana. On Main Streets in Red Lodge and Great Falls, through advisory councils, private sector initiatives, public opinion polls, public approval of I-95 and in demonstrations such as the Butte rally in the Rotunda last Saturday, Montanans have demanded action. Montanans want responsible economic development that produces opportunities for business and jobs for people.

House Bill One is a signal -- a substantive signal to private citizen and private sector entrepreneur alike that WE MEAN BUSINESS. House Bill One is state government's commitment to join with the private sector to get Montana moving. House Bill One is a critical component of our Build Montana program, which proposes to improve our highways, to provide a dependable source of revenue for local governments to expand capital availability and to

more

EXHIBIT A

continue improving the management of state government,

The legislation before the committees is a modest beginning. It cannot cure all our economic ills, but it can provide assistance to Montana small businesses to help them survive and expand. It cannot repair the damage caused by the national recession, but it can re-train Montana workers for the types of jobs that will comprise the work force of the future. It cannot produce miracles, but it can apply the scientific and technical knowledge of our universities and private businesses to economic development. House Bill One cannot turn Montana into the manufacturing mecca of the United States, but it can promote Montana products -- whether they be chocolate chips or microchips. It cannot guarantee that every Montana business will survive, but it can enhance our travel promotion efforts so that others may enjoy (and envy) Montana's natural treasures. Build Montana can and will put us in the position to move ahead when the economy improves. Build Montana provides hope at a time when the economic outlook remains uncertain. House Bill One invests less than one percent of Montana's total general fund budget in our future -- a small price to pay for hope. . .and for opportunity.

To those who say Montana cannot afford to Build Montana during these recessionary times, I say we cannot afford not to. The full force of the national recession finally reached Montana last year. Just as Montana was slow in first feeling the effects of the national recession, it may be slow to benefit from national recovery. There is cautious optimism about economic recovery at the national level, but Montana's unemployment figures continue to rise. The recession is no excuse for inaction. We cannot afford to sit and wait for "good times" to replace "hard times." We must act. With 42,000 people out of work, the state must do what it can to help Montanans

more

obtain and retain jobs here. Because the times warrant it --and because Montana workers need it -- I propose that House Bill One be amended to add an additional \$500,000 to the Labor Training Program, doubling the total proposed appropriation for the program to \$1 million. The additional \$500,000 would come out of the appropriation for the Business Development Assistance Program. Commissioner Hunter will be available to discuss the details of the training program.

House Bill One and the Build Montana program reflect the insistence of the people of Montana that we reject politics, and business, as usual. I have been pleased and gratified by the bi-partisan support Build Montana has received so far. There are more sponsors of House Bill One than there are words in the title! Tonight I ask for a continuation of that cooperation, and your support in securing the passage of this bill to strengthen Montana's economy.

Thank you.

#



Chairman Vincent, Chairman Bardanouve, Members of the Select Committee on Economic Development and the House Appropriations Committee.

I'm Gary Buchanan, Director, Montana Department of Commerce

- We had the chance at the beginning of the Legislature to brief the select committee on the specifics of this part of the Build Montana program.
- We've also made numerous presentations regarding the Capital Assistance program with HB100, 685 and 700.
- We have provided additional copies of Build Montana descriptions. Originally to you in January.
- We will also go into complete budget detail in later meetings of your committees. Tonight is an opportunity for the public to speak not budget detail.
- HB 1 represents the second part of Initiative 95 and a series of specific economic development programs. The programs are to be implemented by various groups. The program recognizes its own limits, but is also aggressive. It doesn't direct but enlists Montanan's to assist with a very difficult task.

HB 1 Directs the Montana Department of Commerce to:

- I. Expand it's tourism promotion efforts - to make Montana for the first time competitive with it's neighbors and competition. The tourism program calls for a significant private sector financial contribution.
- II. Provide direct technical assistance to businesses and efforts to streamline state licensing and regulatory procedures. The one-stop licensing center at the Department will continue to slash red tape.
- III. Will promote Montana products and implement a "Buy Montana" program both within the State, national and international markets. We expect one

concentration of this program to be refined agricultural products.

IV. To promote Montana as a place to do business and relocate businesses.

This effort relies heavily on the direct involvement and participation of the private sector through a privately financed Montana Ambassador's project.

V. To provide finance and technical assistance to community based local development corporations.

VI .To provide assistance to local government in inventorying and solving their infrastructure and capital facilities problems.

VII.HB 1 directs the Department of Labor to implement a labor training program. Commissioner Hunter will describe the program later.

VIII.HB 1 enlists the University and College System and it's extensive talents in numerous ways.

A. Business and Statistical Services System and a Montana Economic Reporting and Forecasting System.

B. Direct and skillful technical assistance and training for small businesses through a University Management Development Program.

C. Direct involvement of Univeristy and private scientists and research personnel in a Council on Science and Technology to identify scientifically related development opportunities.

IX. HB 1 promotes an effort that will continue to enlist the active participation of all sectors of the economy in the development and implementation of our economic development program through the establishment of a Governor's Council on Economic Development.

- X. Finally, the bill provides the funding to establish the Montana Economic Development Board established in HB's 100, and 700.

- HB 1 provides for a modest state economic development program when compared with the efforts of other states or the problems facing Montana's economy.
- I want to emphasize that there is no "quick fix" in economic development. We must shift our thinking so that we do not plan for the next year, or the next biennium. ~~the next biennium.~~  
We have got to think in <sup>the long term</sup> ~~terms of~~ decades and lay the proper legislative groundwork to build a strong Montana economy.



Box 1176, Helena, Montana

JAMES W. MURRY  
EXECUTIVE SECRETARY

ZIP CODE 59624  
406/442-1708

TESTIMONY OF JIM MURRY ON HOUSE BILL 1, HOUSE SELECT COMMITTEE ON ECONOMIC DEVELOPMENT, MARCH 8, 1983

I am Jim Murry, executive secretary of the Montana State AFL-CIO.

We support the concept of House Bill 1.

Montana has taken some very positive steps toward legitimate economic development in the passage of I-95 and the legislation to implement it. We have supported House Bill 100, on in-state investment, House Bill 685 on Montana Capital Corporations and House Bill 700 on Umbrella Revenue Bonds. Taken together with House Bill 1, the program moves toward development on Montana's terms, to provide jobs for Montanans.

While we are enthusiastic about the entire economic development program which has resulted from I-95 and the myriad of discussion groups centered around it, we realize that this is no panacea. MIT economist and former Montanan Lester Thurow was quoted by consultant Belden Daniels as saying that no matter what a state does, it cannot influence more than 10% of its own economy. In other words, what happens in Washington and in the corporate boardrooms of the major financial centers across this country has much more importance for our economy than anything the state can do. But while there are no panaceas, we should do all that we can to promote sound development on Montana's terms.

Each of the other bills has specific language which directs the thrust of the development, in the spirit of I-95. House Bill 1, however, is simply an appropriations bill, with no guidelines of any sort. We expect that the legislature will certainly want to remedy that.

EXHIBIT C

We have seen the booklet called, "An Economic Program to Build Montana." There is much in that approach with which we are in total agreement, and a few places where we differ in opinion. But House Bill 1 gives no guarantees or guidelines to assure that the proposed Build Montana program is what will actually come about.

Last year a group called the Economic Development Steering Committee was set up, under a grant from the state's largest corporations. That group recommended among other things a sales tax to replace corporate income taxes. Other preferences of the council members included right to work, lowering the coal severance tax, putting a hold on environmental laws and making the Public Service Commission appointive instead of elected so that it wouldn't be so responsive to the desires of consumers.

When big business funds such a committee, it is of course entitled to its opinions. Other groups, and the general public, have a much different philosophy of development, however,

I-95 represents a balanced approach to development, one that takes account of different philosophies by trying to give wider input into the system from groups with different perspectives. I-95, with a few exceptions, was supported not only by the voting public, but by groups representing the entire spectrum of political thought in Montana.

In House Bill 1, \$156,800 is allocated to an Economic Development Council. But the bill has no guidelines on the makeup of the committee. House Bill 1, like the other parts of the economic development program, needs a sense of direction from the legislature. If the Build Montana program is to succeed, it needs the spirit of cooperation among all Montanans.

Another example is the line item for labor training, in the amount of \$500,000. There is no doubt that any training and retraining money that can be appropriated is needed. In January of this year, questionnaires were distributed in Butte through the union offices and the Job Service. The survey showed that 84.3% of the respondents would like to be trained or retrained for a new occupation. Obviously there is a great need for such a program, on the part of workers. Businesses likewise could use help from the state in receiving a supply of workers with the necessary skills. In addition, the national Jobs Training Partnership Act, which will replace CETA in October of this year, requires that state money match the federal money available for Title 3 retraining funds.

When such a few dollars are available, it is vital to maximize the dollars available. But HB1 provides no guidelines or even any indication of legislative intent for the funds.

The lack of guidelines applies to all the line items in HB1. We presume that the legislature will want to provide some direction, as it has in the other economic development bills.

We support HB1 and the Build Montana program, and we urge that this bill be amended with the same care as the other three developmental bills.

TESTIMONY

IN SUPPORT OF HB #1  
THE BUILD MONTANA PROGRAM

FROM  
Mike Fitzgerald  
President  
Montana Trade Commission  
Suite 612 - Power Building  
Helena, Montana 59601

BEFORE THE HOUSE SELECT  
COMMITTEE ON ECONOMIC DEVELOPMENT  
and  
THE HOUSE  
APPROPRIATIONS COMMITTEE

March 8, 1983

This hearing culminates one the most controversial decades of internal change in Montana's history. It has been a lively decade of public debate, confrontation, litigation, a constitutional convention and considerable legislative changes with much of the attention focused on the "Great Economic Development Debate." We might be on the eve of a new era in Montana represented by HB #1 and the other economic development legislation in the Build Montana Program.

This legislation is not just the Governor's program. Rather it is the result of the dedicated work of hundreds of Montanans and represents a progressive, balanced and necessary plan of action for state government, business, labor, the Universities and the public to chart new directions for our state's economic progress.

Beginning approximately one year ago we co-sponsored the MONTANA ECONOMIC DEVELOPMENT PROJECT (MEDP) with Governor Schwinden and members of his Administration with participation of the Universities and Labor. The purpose of the MEDP was to:

- Conduct a comparative analysis of Montana's economic competitiveness in the region and the nation.
- Compare trends in Montana's economy with the rest of the region and the nation.
- Conduct interviews in and outside Montana to determine the state's economic incentives and disincentives (over 175 organizations were contacted in and outside of Montana).
- Assess and itemize Montana's economic assets and liabilities.

The MEDP developed a plan of action to achieve the following:

- Sustain industries currently operating in Montana, preserving jobs.
- Help current industries to expand, to preserve employment.
- Stimulate new business ventures to start up and develop, creating new jobs.
- Attract new business investment to the state, to create new employment opportunities.



The 53 member Steering Committee met four times over a six month period to review information and developed twenty-four final recommendations, all of which received majority or unanimous support. Each of you have received copies of the MEDP Final Summary.

#### SUMMARY OF MEDP: MONTANA'S PAST AND PRESENT ECONOMIC PERFORMANCE

- Montana's economy is less diversified than most of our neighboring states.
- Personal economic growth in Montana has lagged behind the nation and most of our neighbors.
- Montana has maintained the national average in per capita income, but most neighboring states have done better than the national average.
- Employment growth (new job creation) has been slower in Montana than in most neighboring states.
- Agriculture, is basically strong, however, agricultural processing, which would create new domestic markets, is nearly non-existent in Montana.
- The timber and copper industries may be in permanent decline in Montana even with a national and world wide economic recovery.
- Small scale manufacturing is comparatively undeveloped in the state, however, there are some strong companies and this area seems to be one of Montana's best growth potentials.
- Tourism is an important primary industry in Montana in terms of jobs as well as revenues to local businesses. Montana does not have a national or international identity for destination tourism. We need to promote Montana for tourism which is projected to be the largest industry worldwide by the year 2000. Montana is 46th nationally in state support for tourism, yet it is one of our best opportunities for future growth.
- Montana is the most remote state in the continental U.S. Every other state is at least 500 miles closer to a major population center.
- Transportation (road, rail and air) is one of Montana's most severe and pervasive economic problems, second only to unemployment.

- Over 90% of Montanans interviewed in the July, 1982 Montana Poll support at least moderate economic growth over the next 5 years.
- While there seems to be adequate loan capital in Montana, we have a very limited equity capital base and no venture capital, which is the life blood of new business, particularly small businesses.
- Montana has an excess of water which if we don't develop plans to use we will probably lose.
- Montana's electrical rates are among the lowest in the nation.
- Montana has a valuable untapped resource in our University System that must be brought to the forefront to assist the state's economic development.
- States which are doing well economically, without exception, have strong state supported economic development programs.
- States which are the leaders in new technology development and new employment have linked together state government, University R&D and business and substantially funded new product R&D.
- 5000 primary jobs have been permanently lost in Montana since January, 1980. Over 40,000 Montanans are unemployed.
- Montana's primary job base is @ 110,000 and it appears that Montana will require at least 23,000 new primary jobs by the year 2000 to reduce unemployment to 5% and support internal growth at .6%.
- Nationally the average manufacturing job requires a \$40,000 investment. We must create 1300 new primary jobs each year between now and the year 2000. That is a substantial challenge for all of us.

The message in these facts is that in order to improve the state's economic performance we have got to move forward on several fronts simultaneously including expanding the primary export industries, assisting small businesses with financing and product marketing, promoting the state for tourism and new business investment, commercializing University research and development and improving all modes of transportation.

ECONOMIC DEVELOPMENT ON A BROAD SCALE HAS BECOME A NECESSITY.

Attached to my testimony is a copy of MEDP recommendations for expanding economic development in the Department of

Commerce, setting up a Science and Technology Development Committee and Council of Economic Advisors with Economic Reporting and Forecasting support. Also included is an analysis of the present Department of Commerce budget. Only about 5% of the budget is for business development and 40% of those funds are federal and will be eliminated from the 1984 budget. Only 5 of the 160 staff members of the Commerce Department provide business development assistance.

A strong Commerce Department and related University is R&D support is basic to a strong, sustained economic development program in Montana. The total economic development budget in HB #1 is less than 1% of the state general fund and staffing would be less than .003 of 1% of all state employees. That is a modest investment to begin improving Montana's economic progress which will benefit every person in this state.

We have abundant mineral and energy resources, world scale agricultural capacity, water, land, resourceful and energetic people, a competent business community, a first rate educational system and a well managed state government. We can, with cooperation, begin solving our economic problems as much as possible from within, and begin, in a balanced, thoughtful way to create new business and employment opportunities for Montanans--If we can develop the political will to do so.

A majority of the business community in the state, individually and through various organizations, have set aside partisan issues and are working to improve Montana's economy in a spirit of cooperation. I believe this trend will continue in the coming months, because Economic Development is not a partisan issue, it is a Montana issue that effects every man, woman and child.

Economic progress is the means to a better life, not the end purpose of life. However, the health of our economy, more than any other single factor, determines the quality of life we have in terms of jobs and careers, health care, social welfare, transportation, police and fire protection, the legal justice system, public works and recreation, education and the arts. Economic Development is the engine of human progress.

Those of us in the business community who have worked with the Administration and the Legislative sub-committees on economic development over the past two years are committed to help implement the Build Montana Program. It is an exciting project with realistic possibilities of achievement. I think there is not a better alternative.

I recommend your full support for HB #1 which I believe is the cornerstone to Build Montana.

# MONTANA ECONOMIC DEVELOPMENT PROJECT STEERING COMMITTEE

## MEMBER

Ted Schwinden, Co-Chairman  
 Ian Davidson, Co-Chairman  
 Mike Fitzgerald, Vice Chairman

Gary Buchanan, Vice Chairman  
 Leo Berry  
 Buck Boles  
 Neil Bucklew  
 Ken Byerly  
 Lew Chittim  
 Ralph Cox  
 Frank Daniels  
 Honorable Bob Decker  
 Fred DeMoney  
 Jerry Driscoll  
 Bruce Ennis  
 Bob Ford  
 Rick Graetz  
 Curt Halseide  
 Dale Harris

Chase Hibbard

Mark Hungerford  
 Jerry Hudspeth  
 Ed Jasmin

Maxine Johnson

Nadine Jensen  
 John Jutila

Eldon Kuhns

George Lambros  
 Land Lindbergh  
 Joe McElwain  
 Gordon McOmber  
 Harry Mitchell  
 Gareth Moon  
 Glenn Moore

Jim Murry  
 Ed Nurse  
 Wally Olson

Charles Pedersen  
 Joe Presley  
 Richard Remington  
 Bob Reiquam

## SECTOR

Governor  
 Chairman, D. A. Davidson & Company  
 President, Montana International Trade Commission  
 Director, Department of Commerce  
 Director, Department of Natural Resources  
 President, Montana Chamber of Commerce  
 President, University of Montana  
 Newspaper Publisher - Lewistown  
 Vice President of Marketing, Morrison-Maierle  
 President, Anaconda Company  
 Partner, J.D. Farms  
 Lewis & Clark County Commissioner  
 President, Montana School of Mines  
 President, Montana State AFL-CIO  
 President, Meridian Land & Mineral Company  
 Manager, Administrator for Champion Packaging  
 Publisher, Montana Magazine  
 Manager, Schnitzler Corporation of Froid  
 Assistant to the Director, Department of Commerce  
 President and General Manager, Sieben Livestock Company  
 President & C.E.O. P.L.M., Inc.  
 President, J.M., Inc.  
 President, Northwestern Bank & Union Trust Company  
 Director, Bureau of Business and Economic Research  
 Executive Director, AFSME Council 9  
 Vice President, Research and Development, Montana State University  
 Chief of Executive Officer, Montana Bank Systems  
 Owner/Broker, Lambros Realty  
 Lindbergh Cattle Company  
 Chairman, Montana Power Company  
 Director, Department of Agriculture  
 President, Ayrshire Dairy Farms  
 Director, Department of Lands  
 President, Emeritus National Association of Wheat Growers  
 Executive Secretary, Montana State AFL-CIO  
 President, Foundation Materials Consultants  
 Administrator, Economic & Community Development Division, Department of Commerce  
 Chairman and CEO, First Interstate Bank  
 President, Westmoreland Resources  
 Vice President, Mountain Bell Telephone  
 Former President, Montana Bankers Association

MONTANA ECONOMIC DEVELOPMENT PROJECT STEERING COMMITTEE

MEMBER

SECTOR

John Rice  
Buster Schreiber  
Pete Slaybaugh  
Tom Staples

Chairman, Transystems, Inc.  
President, Mountain Bank  
Executive Vice President, Continental Oil  
Vice President, Montana International Trade  
Commission

Mel Stokke  
Bill Thompson

Chairman, Montana Chamber of Commerce  
Vice President/General Manager of  
Burlington Northern

Bill Tietz  
Clayton Tonnemaker  
Warren Vaughan

President, Montana State University  
President, Coal Creek Mining Company  
Vice Chairman, 1st Northwestern National  
Bank, Billings

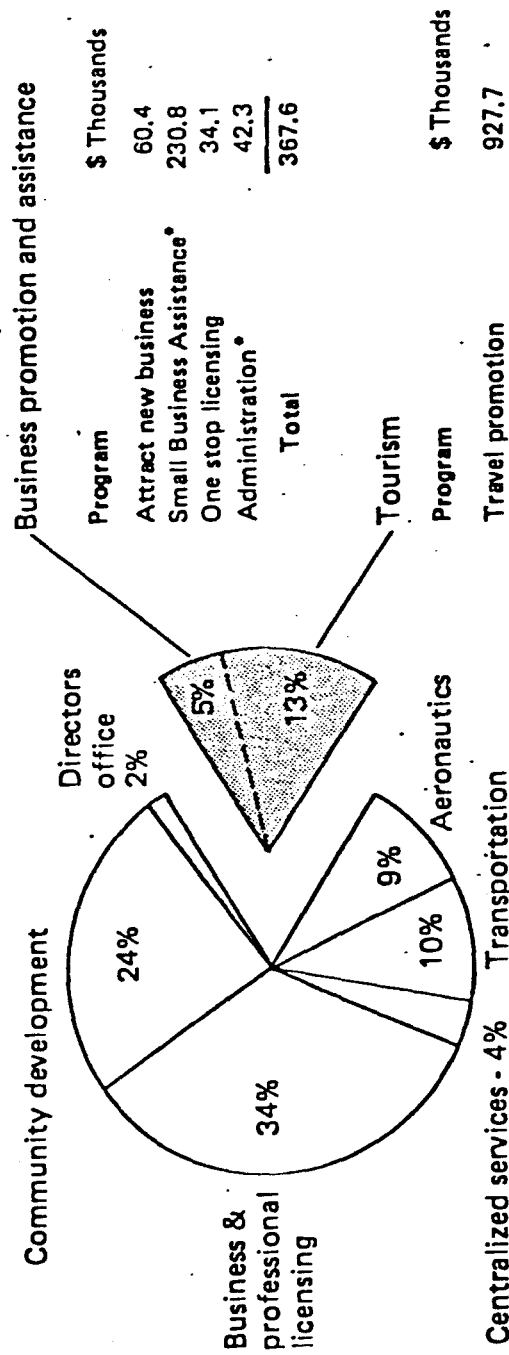
Gary Wicks  
Dwight Wiggins

Director, Department of Highways  
Manager, Exxon Refinery

Pew of the Commerce Department's activities are truly in economic development...

## COMMERCE DEPARTMENT BUDGET

Total\*\* \$7.4 Million



\* 62% of these funds are federal and have been cut from the 1984 federal budget  
 \*\* Coal Board and Federal Community Development Block Grants excluded  
 Source: Montana Commerce Department

## General Programs #1 - Strengthened Commerce Department\*

### VOTE

Yes-37

No-1

**Issue/Problem Addressed:** State and local governments in Montana have not funded, staffed, or developed business development assistance programs comparable in scope or effectiveness with other states in the region. The experience of other states has demonstrated that well staffed and funded business assistance programs do help the business community prosper and provide new business and job opportunities. Charts and comparisons presented at earlier meetings illustrated that only \$367,600 or 5 percent of the budget of the Department of Commerce, is devoted to Business Assistance Programs and that 40 percent of these funds are Federal funds which are being eliminated from the 1984 Federal budget. Only 5 of the 160 staff members of the Department of Commerce actually provide business development assistance.

**Current Policy/Procedures:** The level of services provided in Montana is significantly less than that available in virtually all other states including our neighbors. Limited financial and staff resources permit the state to provide only minimal services to the business community in the following ten areas.

**Business Licensing Assistance:** The Business Licensing Center, created by the 1981 legislature, develops and distributes information concerning states licensing requirements for starting and operating a business and provides assistance to facilitate compliance with state requirements.

**Business Planning Assistance:** The Department of Commerce with Federal EDA funds and the Private Industry Council with Federal CETA funds both provide very limited technical assistance to small business and fund marketing, product development and management studies for individual businesses. Less than 30 firms will receive direct financial assistance in 1982 from the Department of Commerce or the Private Industry Council. Approximately another 50 firms will receive some type of technical assistance.

**Job Training:** Montana is one of 16 states without a state funded job training program. All job training programs operated by the Department of Labor and the Private Industry Council are Federally funded and must comply with restrictive guidelines, criteria, and procedures required by the Federal government. It is difficult to use these funds to train workers for new

\* Is provided for by a strengthened Commerce Department.

McKinsey & Company, Inc.

## General Program #1 - Strengthened Commerce Department (Cont.)

or expanding businesses. The university system, community colleges and vocational/technical centers do not have a coordinated approach to providing job training for Montana businesses.

International Export Assistance: Export of agricultural products is promoted by both the Department of Agriculture and the Montana Wheat Research and Marketing Committee in Great Falls. A part-time state employee handles all other international trade matters including technical assistance i.e., the mechanics of exporting. The level of staffing is significantly below that of neighboring states and provinces.

Economic Research: The Department of Commerce does not have staff for preparation of economic research, has discontinued publication of an annual report on economic conditions in Montana, and does not publish economic or business statistics. The University of Montana Bureau of Business and Economic Research conducts a substantial research and publication program, but it has only limited ability to forecast economic developments.

Business Management Assistance: The schools of business within the university system provide a broad range of management training for Montana businessmen, but there is virtually no coordinator or systematic publicity for these programs.

Development Finance: Montana is one of only a few states that does not have any programs for helping to finance business development. The state also does not have any staff trained to help businessmen prepare financial plans and develop financing packages.

Publications: Except for a planned handbook on How To Start a Business in Montana, and a monthly newsletter, the department does not have a budget for publications to assist small businessmen. Many states have extensive publication programs to prepare publications to help businessmen with issues such as foreign trade and financing a business.

Assistance to Local Development Corporations: The state has only a very limited capacity to help create and strengthen local development corporations. Both the Department of Commerce and the Private Industry Council, using Federal funds, have provided some assistance to community based local development corporations. The Department of Commerce is developing a program to provide community leaders with training in economic development skills.



## General Program #1 - Strengthened Commerce Department (Cont.)

Business Recruitment: The state's new business recruitment brochure was published with Federal funds. The State has no advertising budget and has very limited funds for responding to inquiries or for soliciting potential businesses. The small state staff does provide personalized location services to businesses who request assistance.

Recommendations: The state should significantly expand the scope and quality of services provided to business. These services should be adequately funded by state revenue and should not depend on Federal grants. Salaries should be competitive enough to attract and retain experienced professionals. Activities and programs to be pursued include, but are not limited to:

- ¶ The Business Licensing Assistance program should be continued and a study should be conducted to combine licenses.
- ¶ The Business Planning Assistance program should be significantly expanded.
- ¶ A State funded Job Training program should be established, and the university system should coordinate job training provided by the university system, community colleges and vocational/technical centers.
- ¶ Additional measures to attract new businesses be devised and funded
- ¶ Staffing for International Export Assistance should be increased.
- ¶ An expanded program of economic research in cooperation with the university system should be funded.
- ¶ A system of coordinating and publicizing business managements training programs should be established by the university system and the Department of Commerce.
- ¶ The Department of Commerce and local development corporations should have staff members trained in business finance to provide technical assistance to Montana businessmen.

## General Program #1 - Strengthened Commerce Department (Cont.)

- ¶ An adequate program of business publications should be funded.
- ¶ The state should provide matching funds operating grants to local development corporations to help establish them, and the state should increase training and technical assistance services to local development corporations.
- ¶ The state should provide adequate staff for business recruitment activities, finance some selective advertising and direct mail targeted promotion efforts.

**Rationale/Pros-Cons:** Pros - Montana's businesses deserve to have the same level of assistance available to businesses in other states. Professional, cost effective assistance will help existing business to expand and develop new markets as well as help new businesses to develop. Business assistance can help reduce the number of businesses who fail because of unwise assumptions or lack of experience. An active program of working with local development corporations serves as the necessary link between the state programs and the local community, especially in areas of recruitment and business planning assistance.

Cons - Because the same level of technical assistance cannot be provided to all Montana businessmen, some opponents feel it is improper to use public money to fund services to any business. Other opponents question the effectiveness of any program of governmental assistance. Another objection is based on and expansion of governmental services.

**Financial Costs:** Significant improvements in the level and quality of business development services to levels competitive with surrounding states would require a substantial increase in state funding.

### General Program #3 - Governor's Council on the Economy

#### VOTE

#### Unanimous

**Issue/Problem Addressed:** Meaningful economic development will require a long term, consistent, and coordinated commitment by government, business, labor, and the university system to achieve common economic goals and resolve problems. The Montana Economic Development Project, along with other efforts, constitutes a significant first step towards a cooperative program. But it is only a first step. No permanent group exists to promote job-creating economic development.

**Current Policy/Procedures:** An adhoc collection of advisory committees and interagency coordinating committees have evolved during the last 2 years to provide private sector advice and to coordinate state economic development programs. There has been informal coordination of these groups by the Department of Commerce, but no real formal effective communication or coordination. There is a real need for coordination and common membership. The three major groups include the cabinet teams on Economic Development and Natural Resources, the Steering Committee of the Montana Economic Development Project and the Governor's Small Business Advisory Council. A partial list of the existing independent committees include:

- Montana Economic Development Project Steering Committee
- Governor's Adhoc Committee on Agriculture
- Governor's Tourism Advisory Council
- Governor's Employment & Training Advisory Council
- Wilderness Advisory Committee
- State Data Advisory Council
- NRAG Study of Instate Investment
- State Occupational Information Coordinating Committee
- Montana Career Information System Advisory Committee
- Governor's Transportation Advisory Council
- Rural Area Development Councils
- Governor's Small Business Advisory Council
- Private Industry Council
- Community Development Advisory Committee
- Forest Resource Advisory Council
- Montana Economic Development Association
- University Committee on Economic Development  
McKinsey & Company, Inc.

### General Program #3 - Governor's Council on the Economy (Cont.)

**Recommendation:** The current adhoc collection of advisory committees should be replaced with a permanent Governor's Council on the Economy with the main subcommittees listed below. This council should be created by legislation and provide for continuity and stability across administrations. The Governor's Council would contain representatives of all major industries, the timber, agricultural, and financial communities, labor, conservationists, and appropriate state agency directors (other sector representation may be included with its appropriate committee) but would be limited in direct participation to a manageable size. The Council would meet at least quarterly and it would: (1) coordinate the work of standing and special committees; (2) advise the Governor on the preparation of a biennial economic development plan; and (3) conduct special studies effecting economic development. Initial standing permanent committees of the Council may include:

- Adhoc Committee on Agriculture
- Manufacturers Advisory Committee
- Committee of Economists
- Development Finance Committee
- Tourism Advisory Committee
- Science and Technology Committee
- Labor Force Advisory Committee
- Montana Economic Development Association
- Forest Resource Committee

The permanent committees would have separate membership and their chairman would serve on the Governor's Council as a method for providing communication and coordination. Adhoc committees would be created periodically to deal with other issues.

During its first biennium 1983-84, the Council's major focus would be on: (1) establishing the Committee of Economists and Science and Technology Committee described in the accompanying recommendations; (2) conducting a study of development finance as contemplated in recommendation New Business #2; (3) supervising a study of the commercial sales of water as anticipated in recommendation Anchor #6; and (4) undertaking the tax investigation contemplated in General Programs #10.

### General Program #3 - Governor's Council on the Economy (Cont.)

**Rationale/Pros-Cons:** Pros - A strong, effective, well financed Governor's Council on the Economy can articulate an economic development program and provide continuity and coordination.

Cons - Another committee or council would not help economic development since real development depends on decisions by individual businessmen and national economic conditions.

**Financial Costs:** It is anticipated that the Council would require at least two staff members. Other costs would include travel for council members, routine studies, and publications. It is difficult to anticipate that the Council could effectively operate on less than \$100,000. The costs of major components like the Committee of Economists and the Science and Technology Committee are listed under those separate recommendations.

#### **General Program #4 - (Supplement) Committee of Economists**

#### **VOTE**

**Unanimous**

**Issue/Problem Addressed:** Currently, economic data and analysis used in government and private decision-making cannot be relied upon to be timely, and consistent among sources.

**Current Policy/Procedures:** No broad based or professional economic analysis is now provided to state decision-makers on a regular, formalized basis. Very little current state and regional economic data, and no short-term projections of economic activity, are available on a regular basis.

**Recommendation:** Establish a Committee of Economists, using resources already available in the University System. The Committee would work with the Governor's Council on the Economy; to develop a state economic reporting and forecasting system; to brief the Governor and his designees regularly on current economic conditions and the outlook; to serve as liaison between the University system and state government researchers; and to assist in determining state government research needs and in upgrading research capability.

**Rationale/Pros-Cons:** Pros - State government needs continuous assessments of the economy's performance and outlook. The information generated would be useful to firms considering expanding or locating in Montana. In addition, closer cooperation between University system and state government employees could help raise the level of economic analysis in the state. Finally, the Bureau of Business and Economic Research (BBER) at the University of Montana, already in place, has a number of the important components of the proposed forecasting system. By building on this base, extensive research can be provided at modest cost.

**Cons** - Some argue that economic advice should come from a broader spectrum than the University system, others suggest that current approaches are adequate.

**Financial Costs:** The Economic Research Subcommittee of the University System and the Economic Development Committee have estimated the cost of developing and maintaining a Montana economic forecasting system, analyzing the data, working regularly with state government, and preparing quarterly and annual reports on the economy at \$100,000 per year.

## Anchor Enhancement #1 - Coordinate Education and Development Policies

VOTE

Yes-37

No-1

**Issue/Problem Addressed:** Inflation, low productivity, trade deficits, and job loss are all linked to inadequate technological growth and innovation. Without technological progress, industry creates few jobs, factories and equipment become obsolete, productivity stagnates, and inflation becomes more difficult to control.

Firms that have invested heavily in developing technology and carrying it forward into commercial products have been shown to have about twice the productivity rate, three times the growth rate, nine times the employment growth, and one-sixth the price increases as firms with relatively low investment in these activities. Further, two of the four highest location requirements for "footloose" high technology firms could be generated by an active, focused scientific partnership - labor skills and availability and the proximity of (relevant) academic institutions. The State government can play a major role in initiating and supporting technological innovation by bringing the government, academia and industry into a partnership. The state of North Carolina and its Research Triangle serve as a model in this regard. This experience underscores how important technological progress initiated and nurtured by a well directed R&D enterprise can be to all American industry and to the achievement of some of the nation's most important social and economic goals.

**Current Policy/Procedures:** The State of Montana has no program or agency that broadly addresses research and development priorities as they apply to economic development. State funding of agriculture and forest products research is administered by the Experiment Stations in the University System but no comprehensive or broad-based program of research and technology transfer that involves or addresses engineering areas, certain small businesses, or tourism exists in the State. Moreover, there are no policies or procedures that establish research priorities with regard to new technologies that could be the basis for a new industry in Montana.

**Recommendation:** Create a Science and Technology Committee that directs the establishment of a program of research and development which enhances and supports the economic development of the State. The Committee and its staff would:

1. Develop research priorities that complement and support economic development in the State.

## **Anchor Enhancement #1 - Coordinate Education and Development Policies (Cont.)**

### **Recommendation (Cont.)**

2. Develop strategies and implement plans to obtain funding through legislative action and provide for continuous funding of multiyear projects and programs.
3. Develop data and facts about economic development in selected areas in order to instruct the R&D effort of the University System and the scientific community at large.
4. Develop mechanisms for the transfer of technology originating from Committee funded projects.
5. Develop a program of economic development extension that seeks to disseminate useful information into Montana communities.
6. Develop a patent management program on behalf of the State that is designed to control and protect valuable discoveries arising from R & D projects supported by Committee funds.
7. Develop contracting and monitoring mechanisms that include proposal/project review and evaluation and fiscal management of funds.
8. Recommend programs for the establishment of research/industrial park complexes which will combine the resources of government, education, and industry centered in major university areas or other parts of the State as appropriate. Specifically, programs to establish agricultural and forest product processing parks founded on new technologies originating from research shall be prepared for adoption and support by the Department of Commerce.



## Anchor Enhancement #1 - Coordinate Education and Development Policies (Cont.)

**Rationale/Pros-Cons** Pros - The responsibility for promoting technological innovation and its precursor activity, research, is shifting from the Federal government to state governments. Thus, state government is obliged to redefine its role in relation to research institutions, industry, and the general public. North Carolina, New York, Massachusetts, and California have acted on the idea of a partnership between government, academia, and business to promote technological innovation that enhances the economy. Many new businesses and investments in these can be directly attributed to organized efforts largely through Councils/Committees for Science and Technology that stimulate economic growth. In Montana, many if not all electronics companies in the Bozeman area owe their presence directly or indirectly to the Electronics Research Laboratory (formerly operated by the University) or the University itself. Further, other Montana attributes - cost of living, lifestyle - could be "spotlighted" to attract high technology firms if an appropriate base of knowledge and skills were available.

Cons - There are questions about the appropriateness, ability, or willingness of the State to be involved in such a program.

**Financial Costs:** Administrative (Council staff) and operations costs are budgeted \$85,000 for FY 83 and \$93,000 for FY 84. Funds for the support of research requested are a total of \$650,000 for FY 84.

## Anchor #2 - Increase Tourism Support

### VOTE

#### Unanimous

**Issue/Problem Addressed:** Gross tourism and travel expenditures in Montana are estimated to have topped \$1 billion in 1981. Employment attributed to these expenditures was 20,000 + FTE's. The state currently commits only limited financial resources to establishing itself as a vacation or conference destination: Montana currently ranks 46th in the nation in tourism promotion, and spends only half as much as South Dakota or Wyoming, yet there is evidence that Montana could attract many more tourists.

**Current Policy/Procedures:** The state currently spends about \$600,000 annually on tourism promotion, an amount unchanged since 1975. Promotion is limited to print and radio mediums with primary emphasis on responding to specific inquiries. New cooperative programs have been developed with industry financial support such as radio programs, group tour manual, and a winter guide. Private contributions now total \$100,000. A major market study of tourism was completed in 1980 indicating considerable additional potential based on relatively low awareness and lack of negative attitudes. Significant opportunities for regional efforts also exist - Western States centennials, 1988 Winter Olympics in Calgary. The Governor's Tourism Advisory Council is currently reviewing options for strengthening and expanding tourism promotion.

**Recommendation:** Increase the state commitment to tourism to a level at least competitive with neighboring states. This will allow for such activities as expanded promotion, new cooperative programs with the private sector, joint promotions with other states, and the development of a common theme for all state fairs, rodeos and festivals. It is expected that the private sector will also commit more funds to tourism promotion at the same time.

#### **Rationale/Pros-Cons: Pros -**

- " Unlike other primary industries in Montana which are largely dependent upon outside market forces, the travel industry economy can be directly influenced by the state's promotional efforts.
- " Tourism is an environmentally "clean" business
- " Tourism acquaints visitors with opportunities to locate businesses in Montana.

## Anchor #2 - Increase Tourism Support (Cont.)

### Rationale/Pros-Cons: Cons -

- ¶ While acknowledging the importance of tourism promotion, some individuals feel that the industry should support its own promotion efforts through contributions or a special tax.
- ¶ Promotion may be premature - a higher priority may be infrastructure.
- ¶ The "quality" of jobs created by tourism are questioned by some as low paying and seasonal - although others point out that tourism offers considerable opportunity for small, family-owned businesses.

**Financial Costs:** Significant expansion of the budget to a competitive level would require doubling or tripling it for 1983 and 1984.

1

STATEMENT OF W. P. SCHMECHEL, PRESIDENT  
MONTANA POWER COMPANY  
On House Bill 1  
Before HOUSE SELECT COMMITTEE ON ECONOMIC DEVELOPMENT  
MARCH 8, 1983

Montana today stands on the threshold of economic opportunity. From what we can see, national economic recovery is in its infant stages. And we Montanans are positioning ourselves to participate fully in that recovery.

House Bill 1 and the other facets of Governor Schwinden's "Build Montana" package are essential portions of a desperately needed program with broad based participation by all sectors of our economy.

Passage of House Bill 1 is particularly important for two reasons:

FIRST, IT IS A CONTINUATION OF Montana's effort to signal the nation and the world that we welcome orderly economic development. The Schwinden Administration has made significant progress in that direction through the Montana Economic Development Project and through other initiatives. Objective evidence has indicated that outside perceptions of Montana no longer place our state's hospitality to business and industry at the bottom of the list. Neither are we anywhere near the top. Without doubt, passage and implementation of HB 1 would improve our competitive position. In the coming competition for business and industry, we need that improvement.

SECOND, WE HAVE A LOT OF CATCHING UP TO do. In the last few years, we have lost more than 5,000 primary jobs in Montana. Just to get even with our peak economy, we must mount substantive efforts to rebuild our economy. HB 1 provides one highly tangible way to spur economic growth directly. It will create jobs. It is an action program. It will produce long-term employment, rather than hand wringing and an unproductive fixation on problems. It will fund highway improvement and it will breathe new life into Montana's local development districts. It will bring government, business, industry and people together in partnership working toward the common goal of revitalizing our economy.

I would not want to suggest that HB 1 or state government alone can accomplish the job. HB 1 is an intelligent way for our state to do its part in repairing our economy. Other sectors of the economy will be comfortable working

closely with the state and Governor Schwinden's Build Montana package, of which HB 1 is a key part.

As you know, Montana Power dedicated both manpower and money to the state's previous efforts at getting our economic house in order. We believe that business at all levels has a legitimate role to play in those efforts and that both as corporate citizens and as individual citizens we also must do our parts. In its forthcoming annual report, my company will announce the dedication of human resources as part of a program to help our fellow citizens and the state of Montana promote our economy. Additionally, we are confident that Montana Power will be able to meet the energy demands of most new industry and business without building major new facilities for some years to come.

I mention this because I would not want to leave the impression that we expect government alone to assume the burden. We share the concerns about unemployment in our industries. We feel acutely the loss of our young people who leave their home state because we are not able to provide them with challenging opportunities at home. We are convinced that our economy will achieve an adequate state of health only if the state of Montana, the businesses and industry of Montana and the people of our great state pool our efforts. House Bill 1 provides an affirmative means toward that end. We urge its passage.



TESTIMONY IN SUPPORT OF  
HOUSE BILL 1

The Billings Area Chamber of Commerce supports House Bill 1 and urges its passage.

There is little doubt that economic development is one of the most, if not the most important issue currently facing Montana. And improving the climate for economic development is one of the most important functions currently facing state government. The Chamber views House Bill 1, which resulted from the efforts of many people of diverse backgrounds including some members of the Billings Chamber, as a reasonable approach to allowing the state to accomplish this function.

Billings is Montana's largest city, and one of the reasons for this is that it has been able to develop a strong and diverse economy that has allowed it to prosper and grow during good economic times while surviving bad economic times relatively unscathed. And yet there is much that still can and must be done to improve the economy of the Billings area. This is why the Billings Chamber has recently embarked on an ambitious new program of economic development. It is because of our efforts in this area that we support House Bill 1, since many of the programs included in this legislation will compliment our efforts.

However, House Bill 1 cannot and should not be viewed as the total solution to the state's economic problems. But it is another important tool along with the many existing tax incentive programs that will allow the state to become a partner with the private sector in working towards a better and stronger economy for Montana.

The Governor has stated in his "Economic Development Program to Build Montana" that the state can provide an impetus for and play a complimentary role to the private sector in economic development. The Billings Chamber recognizes this and pledges its support to such a private sector - government partnership. We therefore urge the passage of House Bill 1 so that this partnership of business and government can begin its important task, the task of revitalizing Montana's economy.

EXHIBIT D-1

WITNESS STATEMENT

Name TAG RITTEL Date \_\_\_\_\_  
 Address WOLF CREEK Support ? ☒  
 Representing MONT. OUTFITTER & GUIDES Oppose ? \_\_\_\_\_  
 Which Bill ? H.B. #1 Amend ? \_\_\_\_\_

Comments:

REPRESENTING MONTANA OUTFITTERS AND GUIDES  
 ASSOC. WE STRONGLY SUPPORT BUILD MONTANA.  
 I AS A MEMBER OF THE TOURISM ADVISORY  
 COUNCIL TO THE GOVERNOR - I RECOMMEND FUNDING  
 TRAVEL PROMOTION IN MONTANA.  
 MONTANA IS 46TH IN ADVERTISING RATING BUDGET.  
 MAINE ISLAND WHO IS 45TH SPENDS MORE THAN MONTANA.  
 AT TRAVEL AND TOURISM OUR 3RD LARGEST  
 INDUSTRY IN MONTANA WE SHOULD HAVE A  
 BUDGET. TRAVEL & TOURISM IS A CLEAN  
 INDUSTRY - AND IS A BIG MONEY MAKER FOR  
 THE ECONOMY OF MONTANA.  
 I URGE YOU TO PASS H.B. 1

EXHIBIT E

Please leave prepared statement with the committee secretary.

# 1981-82 UNITED STATES TRAVEL PROMOTION BUDGETS

RANK	STATE	BUDGET 1981/82	RANK	STATE	BUDGET 1981/82
1	ALASKA	\$11,435,500	28	MISSOURI	\$1,659,292
2	NEW YORK	10,086,000	29	IDAHO	1,600,000
3	PUERTO RICO	9,482,318	30	ARIZONA	1,557,000
4	FLORIDA	8,237,895	31	WYOMING	1,417,334
5	PENNSYLVANIA	6,500,000	32	MINNESOTA	1,407,854
6	VIRGIN ISLANDS	6,207,081	33	SOUTH DAKOTA	1,368,542
7	MICHIGAN	5,374,900	34	NEW MEXICO	1,338,928
8	WASHINGTON	4,500,000	35	NEW HAMPSHIRE	1,263,000
9	HAWAII	4,497,000	36	NEW JERSEY	1,149,000
10	TEXAS	3,995,262	37	VERMONT	1,092,000
11	NORTH CAROLINA	3,900,000	38	OHIO	1,070,432
12	TENNESSEE	3,886,200	39	NEBRASKA	921,960
13	ILLINOIS	3,679,400	40	OREGON	801,533
14	KENTUCKY	3,623,316	41	MAINE	800,000
15	VIRGINIA	3,357,350	42	COLORADO	749,583
16	SOUTH CAROLINA	3,333,746	43	NORTH DAKOTA	650,000
17	GEORGIA	3,300,776	44	GUAM	632,000
18	OKLAHOMA	3,269,269	45	RHODE ISLAND	625,000
19	LOUISIANA	3,115,225	46	MONTANA	613,545
20	ALABAMA	2,585,420	47	CALIFORNIA	531,302
21	ARKANSAS	2,203,864	48	DELAWARE	450,701
22	WISCONSIN	2,017,200	49	CONNECTICUT	447,122
23	UTAH	1,923,300	50	INDIANA	376,000
24	MASSACHUSETTS	1,750,000	51	IOWA	339,142
25	MARYLAND	1,679,668	52	KANSAS	281,330
26	WEST VIRGINIA	1,674,613	53	NEVADA	112,406
27	MISSISSIPPI	1,672,673			



Per Reed

HB 1

Presented to the House Select Committee on Economic Development  
By the Montana Environmental Information Center

March 8, 1983

HB 1 provides the financial outline of well-reasoned if sketchy economic development program for Montana. It is difficult to comment in a meaningful way without reference to descriptions of the various programs as outlined in the "Build Montana" booklet prepared by the Governor's office.

MEIC has been involved in the formulation of the "Buy Montana" portion of the package. The idea behind the program is simple: promote the use of goods produced in Montana.

The program has many merits. It would make Montanans more aware about their local economy and the importance of purchasing locally produced items. It capitalizes on our inherent pride in our state and channels that pride to support Montana businesses.

Products would be identified as Montana grown or produced through the use of small labels. Purchase of labeled items would be encouraged through a promotional campaign using advertising techniques.

The results of the Buy Montana campaign would be to improve the local markets facing producers of agricultural goods, manufactured goods, and art. As importantly, the program would make all Montanans more aware of the importance of supporting the businesses in their own community.

EXHIBIT F



March 8, 1983

Mr. Chairman and members of the Committee: For the record my name is Nancy Harte, Legislative Coordinator of the Democratic Party.

House Bill 1 implements the portion of Initiative 95 that called for creation of an economic development fund using coal tax income.

A coalition of the Montana Democratic Party and a number of citizen ~~constituencies~~ <sup>constituencies</sup> worked for the passage of I-95 because they felt it was important to invest Montana money in Montana enterprises. In the same spirit of keeping Montanans involved in controlling our economic destiny, citizens want to insure that they remain involved in the implementation of I-95.

The Montana Democratic Party supports House Bill 1, but we would like to offer amendments to insure maximum public involvement in the administration and decision-making authority of the economic development council and related programs.

First, we ask that HB 1 specify that all committees and councils authorized under this bill will give special

EXHIBIT G

Montana Democratic Central Committee • Steamboat Block, Room 303 • P.O. Box 802 • Helena, MT 59624 • (406) 442-9520

Executive Board

Ron Richards Chairman	Sharon Peterson Vice Chairman	N. J. Dougherty Secretary	Ralph Dixon Treasurer	Joe Lamson Executive Secretary	James Pasma Nat'l. Committeeman	Dorothy Bradley Nat'l. Committeewoman
Phil Campbell	Jerry Hudspeth	Wilma Jodsaas	Sally Jordan	Don McKee	Rich Pavlonnis	Bob Wilkins
Helen Christensen	Chas Jeniker	Junne Johnsrud	Helen Kerr	Bruce Nelson	Howard Toole	Bobbie Wolfe
Sen. Chet Blaylock	Rep. Dan Kemmis	Phillis Moore	Sherri Stieg			

attention and consideration to those sectors of the economy which:

- enhance local ownership and control of business by Montana residents
- provide jobs that will be substantially filled by current Montana residents as opposed to providing jobs that will be filled by non-residents coming into the state to fill such jobs
- maintain and improve a clean and healthful environment, with emphasis on conservation, renewable resources, and alternative energy production
- benefit small and medium sized businesses as defined in rules adopted by the economic development board
- encourages or benefits the processing, refining, marketing, and innovative use and promotion of Montana's agricultural products
- pays the prevailing wage for that occupation
- have demonstrable affirmative action plans for employing veterans, women, minorities and the handicapped.

We also ask that all programs authorized by HB 1 give preference to those businesses which meet the above criteria.

In order to ensure maximum public input in economic development decisions, we ask that all committees and councils under HB 1 hold public hearings across the state to explain their activities and listen to the concerns of the local citizenry. Prior public notice should be mandated for all regular meetings and reports to allow public access and participation.

The Economic Development Council will be composed of 20 people appointed by the Governor.

In order to have the council reflect a broad array of interests within the Montana economy, we ask that the council be made up of members from four sectors. To ensure a balance between the sectors, no one sector should have more than 25% of the seats on the council.

We recommend the four sectors represented on the council to be: a) Financial Community, including banking institutions, savings and loans, credit unions, and investment concerns; b) Small Business Community, with particular emphasis on those businesses which are established around the general preferences which guide the language of HB 1; c) the Montana Public Interest Community, including individuals with background in organized labor, environmental concerns, agricultural operations, *and* non-traditional ownership individuals--in particular women, low-income, and minorities; d) the Public Sector Economists, specifically individuals with varying perspectives and professional expertise in economic development. *and development finance.*

~~Montana Public Interest Community, including individuals with background in organized labor, environmental concerns, agricultural operations, and non-traditional ownership individuals--in particular women, low-income, and minorities; d) the Public Sector Economists, specifically individuals with varying perspectives and professional expertise in economic development.~~

Finally, we wish to see the creativity and innovation symbolized by I-95 itself enhanced through the economic development communities, councils, and programs created by HB 1.

Therefore, we support specific language calling for these committees and programs to actively investigate and seek out innovative avenues for economic development. In order for many avenues to be explored, we ask that all programs, committees, and councils created under HB 1 reflect a balance of different economic theory.

We supported I-95 and we support the "Build Montana" concept. And we want to see as many Montanans as possible involved in this great new adventure for Montana business.

Testimony of Robert McKelvey  
1740 Madeline  
Massachusetts

1

Part 2

Proposal for

COUNCIL ON LABOR FORCE EDUCATION  
(Formerly, Labor Force Advisory Committee)

Economic Development Issue:

Economic development in the '80's and beyond increasingly will depend on new technologies, such as telecommunications and computer-based information processing, which will increasingly penetrate business, industry, agriculture and natural resource development fields. These changes demand a skilled, creative, educated work force, capable of adapting flexibly to changing needs. They demand also a population which is technologically sophisticated, in order to participate fully and intelligently in the technology-based society of the future. Those states and regions which move decisively to achieve and maintain a high level of scientific and technological competence in their labor pools will achieve a powerful competitive advantage in their efforts for economic development.

What is required is not only a strengthening and upgrading of traditional educational opportunities for the young people in the schools, though that is certainly necessary. One also must take into account that some 50 percent of the workers of 1990, and 75 percent of the workers of the year 2000, are already in the workforce today. And, that most of these workers of today are totally unprepared for the speed and magnitude of the changes that will come in the workforce in the decades ahead. Thus, the retraining of our existing work force, and its continual upgrading, has to be undertaken with energy and perseverance.

Recommendation:

A 13 member Council on Labor Force Education should be created with members drawn from business and industry, the labor unions, student groups, school teachers and college faculty, school and university administrators and interested citizens. Members of the Council would be appointed by the Governor for four-year staggered terms.

In order to carry out its responsibilities, the Council should be provided with funding from the state, and with the authority to receive grants from other public or private sources. It should be authorized to hire an executive director and support staff, and should be provided with office accommodations in Helena.

The Council would have the following responsibilities:

1. To prepare a biennial report to the people of Montana, setting forth both short-term and long-term goals for labor force education in the state, and recommending an action plan for the following biennium. In preparing their report, the Council should examine:

- a. Projected manpower needs of business and industry, both short and long term, and the estimates of manpower supply shortfalls and misallocations:

- b. The opportunities available at all school levels for quality education geared to technologically oriented careers.

- c. The effectiveness of instruction in the schools, especially in mathematics, science and technology, and

communication skills, in preparing young people for living in the technologically sophisticated society of our time.

d. Opportunities and incentives for adults already in the work force, to upgrade and modernise their own proficiency for current or future occupations, through formal or informal educational activities.

e. The quality and effectiveness of programs for training teachers of mathematics and science, and keeping them current with advances in their fields of specialization.

f. The quality and effectiveness of advanced scientific and technological education and related research in our state, for the preparation of professional mathematicians, scientists and engineers.

In developing its recommendations in the biennial reports the Council should encourage wide discussion of the issues of education and employment, should hold a series of public hearings around the state to discuss policy alternatives, and should solicit ideas from all interested parties.

2. The Council should be empowered to secure and dispense funds to underwrite promising innovations in labor force education, by school districts, vocational-education centers, public and private colleges and universities, and educational foundations, acting either singly or jointly or in a cooperative way with business firms or trade unions. The purpose of these grants should be to respond to high priority but short-term educational needs, or to demonstrate new modes of delivery of labor force educational services. On-going education and

training activities should be funded through normal agency channels.

#### Proposed Budget for the Next Biennium

- |  |                |
|--|----------------|
| 1. Operating budget (for staffing, travel to meetings and hearings, office expenses) | \$ 200,000     |
| 2. Labor Force Educational Innovation Grants   |                |
| (1) School and vocational education projects   | 600,000        |
| (2) Post-secondary educational projects  | 600,000        |
| 3. Establishment of regional Computer Education Training Centers                     | <u>500,000</u> |
|  | \$ 1,900,000   |

#### Examples of Labor Force Educational Innovation Projects

1. Training sessions at the Computer Education Training Centers, developing small business or farm and ranch uses of computers.
2. Summer institutes at the units of the University System acquaint high school teachers of science with the implications of new computer technology for their scientific specialty, and to up-grade and revitalize their knowledge of current scientific advances.
3. Initiation of new vo-tech programs to provide training in new/emerging technological specialties.
4. A program to up-grade the mathematical attainments of students enrolled in high-tech vocational programs.
5. Short courses developed cooperatively by universities and industry to bring state-of-the-art knowledge to professional managers and technical personnel. (e.g., existing short courses in silvaculture, offered by the



University of Montana Forestry School, and specialized business management seminars offered by Business Schools.)

6. Innovative experiments with work-place training programs, to broaden knowledge and technical proficiency of workers in industrial settings. (Could be developed in cooperation with the Trades and Labor Council.)
7. High school honors programs in the sciences and humanities designed to encourage gifted young people to strive for high attainment in scholarship.
8. Experimental projects to incorporate the interdisciplinary problem-solving approach into university programs.
9. High school programs designed to enhance student knowledge of foreign languages and cultures, or of language and communication skills.
10. Outreach programs, through extension or continuing education, to enable Montana citizens in small or remote communities to become acquainted with new technology and its implications for social change.

Build Montana by building

# the state's people

Testimony of Robert McKelvey  
1740 Midline  
Missoula, MT

Part (1)

The Build Montana program, which Gov. Schwinden has proposed as a means to economic redevelopment in this state, contains a gaping omission.

Unlike development efforts in many other states, the Montana program virtually ignores the need to expand job-oriented educational opportunities. Indeed, since the governor's executive budget prescribes substantial cutbacks in the funding of on-going state educational programs, it will actually lead to decreased opportunities for scientific and technological training in the schools, the vo-tech centers, and the colleges and universities.

Not only should we be investing state assets in Montana business; even more, we should be investing in Montana's future through investing in her people.

The tie between economic development and education is basic. In his State-of-the-State message in Denver earlier this year, Colorado Gov. Dick Lamm put the case this way:

"The economy of tomorrow will be vastly different from the economy of today; many jobs of tomorrow will be vastly different from jobs of today.... There is a new

## Reader comment

raw material in the industrial order, one that is taking precedence over coal and iron ore. That raw material is education. It is knowledge. It is talent. It is skills. In a real sense, the education of today is the economy of tomorrow. And government, through education, helps provide that raw material for tomorrow."

Furthermore, said Gov. Lamm, "The workers of the future will have to be skilled, educated workers, not just a pair of ready hands. We must get our people trained and ready for the industries of tomorrow."

Sen. Max Baucus, in his radio response to President Reagan on Jan. 22, said it this way:

"As we invest in machines, we should invest in people, in ideas, in our future. We should tap every ounce of creativity. Today there are a million unfilled jobs, requiring special skills. Business and government should work together, to train our people to fill these jobs. We must make a massive investment in our young people. We must renew our commitment to education."

At issue here is not only the training of a scientific and managerial elite but, in the words of the National Science Board's Commission on Precollege Education in Mathematics, Science, and Technology, a "...widen(ing) of the range of high-quality educational offerings...at all grade levels, so that more students would be prepared for, and thus have greater options to choose among technically-oriented careers and professions; and an increase in the general mathematics, science and technology literacy of all citizens for life, work and full participation in the society of the future."

As Lester Thurow, the noted economist and former Montanan said in an address at the University of Montana last year.

"Clearly it is going to take more than extra investment to solve America's productivity problems. The American economy desperately needs skilled workers.... After the Sputnik shock in 1957, the United States embarked on a major program to improve human skills; a similar effort will have to be made in the 1980s."

Thurow observed that "other countries have elaborate systems for training skilled blue-collar workers. We have none." An article in the Jan. 21 Science magazine, by the vice president of the International University of Japan, states:

# Missoulian

# Opinion

Missoula, Montana, Tuesday, February 15, 1983

"In the process of industrialization and modernization, Japan imported many new technologies in a wide variety of fields and at the same time made great efforts to improve these technologies and adapt them to local conditions. The success of these efforts depended on many factors, and most important of which were the education of the general population, and government initiative and support."

What is the state of American science and technology education? The National Science Board's commission puts it bluntly:

"We appear to be raising a generation of Americans, many of whom lack the understanding and skills necessary to participate fully in the technological world in which they live and work.... The current and increasing shortage of citizens adequately prepared by their education to take on the tasks needed for the development of our economy, our culture, and our security is rightly called a crisis...."

It documents its statements with detailed statistical evidence, much of which has been described in the press: appalling growth in the need for remedial mathematics in the colleges and universities (currently some 25 percent of all college math is remedial!), a shortage of qualified high school physics and math teachers, technical jobs going begging for lack of trained workers to fill them.

Unfortunately, the situation in Montana is not very different from that in the country at large.

If there is to be a national awakening and response, its pattern will not be that of the post-Sputnik era. Then, the national government took the lead. This time the initiative is falling to the states.

And some states are far ahead of others in what they have done and are prepared to do. North Carolina, often cited for the success of its Research Triangle, spent many years preparing the climate that eventually brought that success. One prominent means they used was building an educational system that now is widely recognized for quality. The North Carolina High School of the Sciences, and the High School of the Arts, are places where bright kids from all over the state can receive superior schooling. These have set a tone of quality for the entire system. There are community colleges within 25 miles of 98 percent of the population, and over 300 high schools offering vocational education programs to all North Carolinians.

In California the state legislature put in place in 1982-83 an agenda for education and training in the 1980s. Called the "Investment in People Program," it was designed to "put California in the forefront of states promoting technological literacy, effective job training for the jobs of the future, and engineering education."

The program includes targeted investment in the schools, the community colleges, the universities, in the retraining of the unemployed, and in apprenticeship training in California industry or through the California Conservation Corps.

The investment, scaled down to Montana's population, would amount to some \$2 million annually expended in our state. In putting this ambitious program into place, California legislative leaders asserted that "California must become a learning society, in which citizens engage in a continual process of learning and relearning throughout

The Jan. 7 Denver Post carried an article describing the "very aggressive" efforts of the larger number of states who are now in the contest for industrial development, especially in high-tech fields. Strategies differ, of course, but the effort is intense in a number of states. Those frequently mentioned include Arizona, Wyoming, Oregon, Minnesota, Florida and Texas.

Colorado's state treasurer, Roy Romer, is quoted as saying of his state's strategy,

"By virtue of our geographic location, our climate, our quality of life, as well as amenities like our educational system, recreation, and the open nature of Colorado's social and political community, we've been able to go after high-tech competitively and get them to locate here."

Other states, such as Oregon, emphasize the "meshing of high tech needs with university training," and rely on the leverage of existing industry to competitive advantage. Oregon's industry already has contributed \$500,000, matched by the state, to promote research in Oregon's universities.

And what of Montana? What could we do, and what should we do? I have no detailed blueprint to offer, only some broad guidelines.

1. Montana should adopt the principle of "investing in people" as its primary strategy in economic development. Along with Oregon and Minnesota, Montana should cultivate — and deserve — the reputation for being a place with a highly-motivated, intelligent, and versatile work force; where people not only are prepared to do an honest day's work, but have the skills and education to cope with new responsibilities.

2. Montana state government should take the lead in mobilizing ideas — from business, the labor movement, the schools, the universities — to work out what will be Montana's own unique approach to a people-oriented development program.

Maybe a way could be found to allow unemployed young people to go back to school — perhaps with a waiver of tuition or other support — to the vo-tech centers, to community colleges, and to universities, in order to train themselves for new careers.

Maybe an opportunity could be created for gifted high school juniors and seniors to attend our own version of a High School of Arts and Sciences, to experience the intense intellectual stimulation of being part of a community of ambitious dedicated young professionals from all over the state.

Maybe we can find ways in which our fine high school math and science teachers can be given opportunities to learn the newest ideas in science and technology.

We should find a "Montana way" to provide opportunities for workers in the mills and mines to advance themselves, and be prepared for the new kinds of work in the world of tomorrow.

3. Montana citizens, and the Legislature in particular, must begin by setting priorities. The cutbacks in funding for the schools, the vo-tech centers, the colleges and universities represents those institutions' margin for flexibility and for innovations. Plainly, there can be no Montana People Development Program without a fundamental reordering of priorities by state government.

I hope that the Montana Legislature will see this, will carefully evaluate its options, and will do what needs to be done. Robert McKelvey, 1740 Madeline Ave., Missoula.

## BUILD MONTANA THROUGH COMPUTER TECHNOLOGY

The program of Building Montana Through Computer Technology is based on a cooperative plan which would bring all those agencies, businesses, educators, and other interested parties together to deliver needed computer education training programs to all segments of Montana population. By doing so, we will develop a computer literate citizenry and publicize to the entire country Montana's interest in this most important technology.

Since computers and communication will become the industry of the future with 80 percent of the population of the United States involved in an occupation related to computers by the 1990's, such a program would put the country on notice that Montana has a technology literate work force. This will make our state an attractive site for the electronic industries that will be the fastest growing companies of the next 20 years. The program to Build Montana through Computer Technology would be a part of the larger Council in the Labor Force Education project. The activities of the program would serve all citizens in Montana and would be directed from five Computer Education Training Centers.

### Computer Education Training Centers (CETC)

Five centers would be established around Montana. These centers would provide inservice programs for teachers, software collection sites for teacher evaluation, assistance to districts to develop quality computer programs, and assistance to the Small Business and Community Training programs. The centers would work closely with qualified staff in the University System, the Office of Public Instruction, and those teachers already designated as Regional Computer Consultants.

Computer Education services to small business and the agricultural community would be coordinated through the Business and Management Center, a project which is in the Build Montana Program, and the Agricultural Extension Service utilizing the AGNET system.

There is a great need to make small business persons better managers and decision makers. This will make them more efficient and productive. The need to upgrade the efficiency and productivity of farm and ranch management is paramount. There is a tremendous interest in learning how to incorporate the computer into agri-business. This is demonstrated by the number of farmers and ranchers who attend local community education programs in computer education.

This portion of the project should also involve the CETC staff, local community development councils, the Small Business Administration, the Montana Chamber of Commerce and local Chambers, the Department of Agriculture, and various Agri-business groups.

Finally, there is a great need to provide local computer education programs for all citizens in Montana. Local Community Training programs might best be delivered by teachers in the public schools. The CETC staff working in conjunction with local school personnel can establish programs that will train all Montana citizens to be computer literate.

## MONTANA IS A NATIONAL LEADER IN COMPUTER EDUCATION

- (1) Sue Dolezal - Stevensville High School - National Award as "Technology Using Educator of the Year" - Electronic Learning Magazine (ELM)
- (2) Mike Myrhow - Jefferson City High School - Boulder  
Barry Pollington - Highwood High School - Highwood  
--Both received Honorable Mention awards in the ELM Technology Using Educator of the Year Award Program.
- (3) Plains High School - Plains, Montana - chosen as one of five districts in the United States to be feature in Project BEST (Basic Educational Skills through Technology) national telecast, "Schools and the New Technology - The Getting Started Process."
- (4) Shirley Torgerson - Paxson Elementary School - Missoula - Shirley's class won second prize in the National Young Peoples LOGO Association contest. Computer programs developed by the students were submitted in this national contest. Shirley's class won an Atari computer.
- (5) Bill Chalgren - Libby High School - Libby - Bill's Northwest Computer Network was featured in the December 1982 issue of Electronic Learning Magazine as a first in the country where several schools linked computers together for sharing information.
- (6) Carl Fox - Bridger High School - Bridger - Carl has developed a computer program that can be used by small schools to manage all the fiscal accounting records. He has been featured in national publications for his program.
- (7) Harlem Elementary School - Harlem - Tom Hoyer, elementary principal has developed a unique plan for developing community awareness of computer education. An article in the program appeared in the February 1983 issue of The Arithmetic Teacher, a publication of the National Council of Teachers of Mathematics. Since its release, the district has received several inquiries from around the United States regarding the program.
- (8) Bill Stannard - Eastern Montana College and Montana Council of Teachers of Mathematics - The leadership of Dr. Stannard and the MCTM has been recognized by the National Science Foundation as an example of statewide cooperative efforts. In the past four years, five grants have been funded in Montana to assist teachers and schools in computer education.

- (9) The Montana Task Force in Computer Education is one of the first in the country to develop coordinated statewide plans to assist teachers and districts to implement computer education programs.
- a. Handbook in Computer Education
  - b. Statewide Inservice Project
  - c. Change in Teacher Certification Standards to include computer education in pre-service training.
- (10) Montana's Task Force work has been publicized in such national publications as:
- InfoWorld
  - Educational Computer
  - Technological Horizons in Education Journal
  - Soft Talk
  - Classroom Computer News
  - Electronic Learning Magazine
  - National Council of Supervisors of Mathematics Journal
  - National Council of Teachers of Mathematics Journal
  - The Computing Teacher
  - Educational Technology
- (11) Montana will be featured in Electronic Learning Magazine in May as "A State To Watch" in educational computing.
- (12) Montana was chosen as one of seven states to be part of 1983 project SLATE (State Leadership Assistance in Technology in Education). A two day workshop put on by staff from Washington, D.C. assists cooperating agencies in Montana to develop means of utilizing new technology in education, business and government, as well as providing leadership to the citizens of Montana.
- (13) Office of Public Instruction has organized a program linking 20 sites throughout the state with electronic mail and exchange of information via Special NET. Schools can be linked in the state, with the State office, and with 600 sites throughout the country.
- (14) As a result of previous National Science Foundation projects and leadership of the state office to develop cooperative efforts in computer education there are 20-25 qualified and trained educators who can provide excellent staff development, consultive assistance to schools to develop school district computer education programs and local community education programs. They could also coordinate training for small business and agricultural interests to implement computer technology as a management tool.

## COMPUTERS IN MONTANA SCHOOLS

### The Crises

1978                87 computers in schools  
1981-82            582 computers in 210 schools  
1982-83            1746 computers in 538 schools

70% of Montana's schools have a computer.

96% of Montana's elementary and secondary students are in a school where they have access to a computer.

In 1982-83 the computer/student ratio is 1/85.

In 1983-84 the computer/student ratio will be 1/60 - 1/70 if school projections for purchase hold true.

There are approximately 11,000 teachers in Montana.

In the summer of 1982, 20 computer education courses or workshops were held in local districts or on college campuses.

Average attendance, 25 each                 $20 \times 25 = 500$  teachers

During 1982-83 school year, approximately 20 courses were held.

Average attendance, 20 each                 $20 \times 20 = 400$  teachers

During summer of 1983, 40 to 50 courses are expected to be held.

Average attendance, 20-25 each,                approximately 900 teachers

If we could have 30-40 courses/year with an average attendance of 20-25 each we could impact approximately 800 teachers/year.

Given the present conditions and resources, it would be possible to train less than 2000 teachers/year.

It would take more than five years to offer Montana educators the lowest level of instruction of computer education.

In contrast, over 400 elementary and secondary students attended computer camps in Montana last summer.

# WOMEN'S LOBBYIST FUND

Box 1099  
Helena, MT 59624  
449-7917



Testimony HBI by Celinda Lake March 8, 1983

HBI is an intricate part of the implementation of the economic development program and the I95 initiative which has been passed before this committee. That package made important statements about what kind of economic development Montanans wanted and established mechanisms for continuing input and feedback by Montanans on the direction of their state's economy. We believe that HBI should contain those same provisions and mechanisms.

Toward that end we support an amendment to HBI which - for all programs authorized in HBI - would give preference to those businesses meeting the criteria previously stipulated in HB100 for the coal trust monies. We also believe that the Economic Development Council like the Economic Development Board should represent the diversity and breadth of Montana's population. We would thus support an amendment to specify the composition of the Council as the House did with the Economic Development Board.

Turning to specific appropriations within HBI, we feel that the role of women in Montana's economy needs to be more explicitly recognized. From our frontier

EXHIBIT H-1

Kathy A. van Hook  
President

Sib Clack  
Vice President

Connie Flaherty-Erickson  
Treasurer

Celinda C. Lake  
Lobbyist

Stacy A. Flaherty  
Lobbyist



tradition women have been full partners in building this state, but we need to recognize that often women bring a different background and set of circumstances to their participation in Montana's economy.

To begin with we are specifically concerned with the job training appropriation. Realistically, women can rarely participate in job training without day care assistance. Day care assistance at the state level has disappeared and federal day care assistance has been severely cut. For that reason we would ask this committee to include direction in HB 1 that some of the job training funds may also be used by participants to defray child care expenses. In our discussions with the State Labor and Employment Department, we understand that they would be willing to implement this provision and include this in their regulations.

Secondly, we are also interested in the appropriation for the Business Development and Assistance Program. This appropriation would provide for technical assistance to management. In Montana businesses and manufacturing firms owned and operated by women are rapidly growing. These businesses like all others need general technical assistance. However, businesses owned and operated by women also face some unique problems, circumstances, and reception by the public and financial community. Recognizing these unique needs, we would ask this

# WOMEN'S LOBBYIST FUND

Box 1099  
Helena, MT 59624  
449-7917



(HBI) -2-

Committee to amend HBI to include language directing the Department of Commerce to use some of the technical assistance appropriation to develop programs designed to meet the unique and specific problems of businesses owned and operated by women. From discussions with the Department we understand that at various times the Department of Commerce has already discussed developing such programs. This year the Women's Lobbyist Fund conducted a brief statewide study of businesses owned and operated by women in Montana with special emphasis on the manufacturing sector. In that study we were able to broadly identify some special needs of such businesses which women owners felt were unique or accentuated for their businesses. For example, because of credit discrimination and often nontraditional previous business experience, a significant portion of women owners mentioned that they would have used technical assistance in finance designed for their unique experience and backgrounds. Because women's business networks are often different from their male counterparts, several female owners also mentioned the need for technical assistance

Kathy A. van Hook  
President

Sib Clack  
Vice President

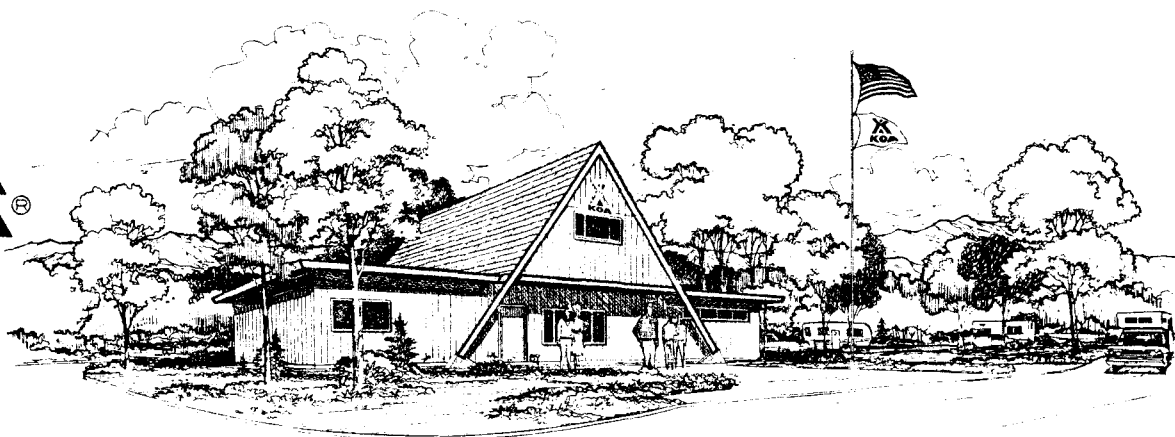
Connie Flaherty-Erickson  
Treasurer

Celinda C. Lake  
Lobbyist

Stacy A. Flaherty  
Lobbyist

in planning future goals and opportunities for their businesses. These needs are often not met by traditional technical assistance packages.

It may be argued that the amendments we have proposed are unnecessary and their goals would be met in the course of events. However, this committee has recognized before the desirability of giving clear direction about the kind of economic development we desire. The economic development package in fact is an important and innovative statement of public policy about economic development in Montana and in that context we feel that these amendments are important.



ELMER  
AND  
MARGIE  
FRAME  
(YOUR  
HOSTS)  
549-0881

**Missoula**  
**KOA**

*in  
Association  
with*

**El-Mar**  
**Trailer Village**

March 8, 1983

PHONE (406) 549-0881  
3695 TINA AVENUE  
MISSOULA, MONTANA 59801

Select Committee on Economic Development  
John Vincent, Chairman  
Montana State Capitol Building  
Helena, MT 59601

Mr. Chairman and Members of the Committee:

My name is Elmer Frame and I represent Campground Owners of Montana. We support H.B. 1 and respectfully request that you recommend adoption of this legislation.

I particularly ask that you maintain the proposed funding level for travel and promotion. Tourists bring new dollars to Montana and these visitors buy our beef, our wheat, and many other Montana-grown products. They help maintain our roads through gasoline taxes, and do not impact our schools.

Is is not often we have a chance to sell our valuable assets, yet still have them to sell again and again. I refer to the natural beauty which attracts tourists if adequately promoted. Once in Montana they will return, but we must spend some promotion dollars to get that first visit.

We operate a small retail store on our campground and accidentally found out about a Missoula business that makes and sells huckleberry chocolates. The product is good and attractively packaged. It sells, but we discovered it by accident. Are you as members of this committee familiar with Big Sky Cookies, Clays in Calico, Lollipop Shoppe, Big Sky Magic, and many other Montana firms who employ Montanans and sell their products to tourists?

( OVER )

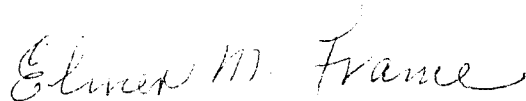
EXHIBIT I

One of the budget items in H.B. 1 will fund promotion of Montana Products. The Department of Commerce wants to develop a list of Montana Products and make this list available to retail outlets. This will help the retailer, the manufacturer, and the consumer.

We see products labeled Made in Korea, Made in Japan, Made in U.S.A. Let's design a logo that will make Montana-made products instantly recognizable.

The "Build Montana Program" has been well prepared, and it deserves, in fact it demands, your support.

Respectfully submitted,

A handwritten signature in cursive script that reads "Elmer M. Frame". The signature is written in dark ink and is positioned above the typed name.

Elmer M. Frame  
Campground Owners of Montana

THE MANURE WHICH GROWS THE JOBS, TAX REVENUES & SMALL BUSINESS DOLLARS  
IN THE 'BUILD MONTANA' GARDEN IS CAPITAL -- AND LOTS OF IT

Why Montana Needs To Go Far Beyond HB 1

Mr. Chairman and Members of the Committee:

The people of Montana last fall passed an initiative aimed at bolstering economic development and investment of capital in the state's business sector. I daresay they had little real idea just what state programs aimed at sparking economic activity actually would result from that initiative, but their basic message was clear: They wanted jobs and action for the business community!

And so, Mr. Chairman, while the Montana Petroleum Association supports the thrust of the Build Montana program, partially embodied in HB 1, we all must realize that if we're not going to do anything more bold than simply increase the size of government in Montana--already the largest single income-providing sector in the Big Sky Country--then we're not really being good stewards in spending that coal tax interest earmarked in Initiative 95. With just government programs, our efforts could be akin to filling the Olympic-size swimming pool with a shot glass.

We all agree that small businesses are the key operating within Montana's five basic industries--agriculture, mining, timbering, oil/gas and tourism. Incentives for the infusion of investment dollars in these five pillars are essential to the success of Build Montana. In terms of wide-spread impact, oil and gas activity today offers probably Montana's best economic hope if incentive and competitive spirit become part of our language.

Let me summarize the highlights we need to consider:

- \* The oil/gas business in Montana essentially is small business. Most of the wildcat discoveries are made by independents, and it's the small state-based operators who put together the drilling investment deals involving big out-of-state dollars from places like Denver and Houston.
- \* At least 90 cents out of every exploration dollar in Montana comes from out-of-state. That's money for leasing, seismigraphic land work, geological research, drilling and restoration. It's one of Montana's most successful methods of building its capital base.
- \* With oil prices and demand down and Montana's geological prospects generally not regarded as good as those of some of her neighbors, our

state is not as successful as it could and should be in attracting capital. Drilling activity in Montana has declined more sharply than in neighboring states and nationally, with our state's 1982 average active rig count only 44.5% of its 1981 level compared to 58.5% for North Dakota, 74.6% for Wyoming and 78.2% for the nation.

\* More than 2,500 petroleum industry jobs fell by the wayside in Montana from the 1981 peak to the middle of 1982. Yet, 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, which translates to another 1,300 primary jobs alone just to drill plus another estimated 200 back-up jobs in communities and an additional 42 full-time employees from well completions historically resulting.

\* Montana's total direct taxes on oil and gas production, particularly in some counties with higher mill levies, do not make it possible for the state to be competitive considering the economy, other states' tax rates and geological differences. Montana really needs lower tax rates than her more successful sister states.

\* Talking about Fortune 500 profit-loss sheets of some of the industry's larger companies really has nothing to do with what Montana needs to be doing to jostle elbows with its sister states in going after limited available exploration dollars. We're not talking about anybody's ability to pay. We're not talking about some kind of punitive tax program aimed at big corporations. We're talking about Montana being competitive.

\* The Build Montana program has not addressed the energy production sector to date in any way, and it can do so most effectively by insuring that no new direct taxes above the current level of assessment be allowed to go on if competition is to be encouraged. Holding the oil severance tax at 5%, for example, would mean the state would relinquish \$13.13 million in the next biennium (at \$25 a barrel if 30 million barrels annual production continues), but the long-term potential would produce so much more in jobs, tax revenues and spin-off dollars to communities.

\* The more holes drilled equal more producing wells equal more production equal more tax dollars for counties (net proceeds) and the state (severance). Production and revenues cannot do anything but decline if new activity in 1983, 1984 and beyond does not replace depleting reserves.

\* The lower the possible rate of return (with taxes being a key cost factor), the sooner small and/or marginal wells will become uneconomical and be shut in. Everyone loses when wells are shut in prematurely, and in the process we do not make the best use of our energy resources when we have to leave recoverable oil or gas in the ground.

\* Keeping drilling and production up in Montana is key to education and the state school foundation program, which benefits from federal and state oil and gas leasing programs. In Fiscal Year 1981, the state school trust lands royalties, bonuses, rentals and penalties collections on oil and gas poured over \$48.3 million directly into the education coffer. Already indicative of the trend, the same FY 1982 flow had dropped to under \$28 million, and dismal state lease sales since the middle of 1982 should prepare us for an even more dismal report when FY 1983 results are in.

\* Montana's real ace-in-the-hole is her Western Montana Overthrust and Disturbed Belt area because it has the geological potential with a good oil or gas find to help state and county revenues dramatically. Although no one knows for sure until a drill sinks a hole, seismic data amassed to date suggest some tremendous formations capable of holding vast reserves. The challenge is for Montana to get some of those limited drilling budget monies committed to our Overthrust sooner rather than later, considering the deep and expensive drilling projects required and the fact our state has no Overthrust track record yet. One only needs to look at examples of discoveries in other sections of the Overthrust to see possibilities of what could happen in Montana.

+ In Utah's Anschutz Ranch East field, 14 wells produce 20,000 barrels of oil daily, compared, for example, to all of Richland County's 1981 average daily output of only a little over 15,000 barrels of oil. At \$27 a barrel, if that Utah find were in Flathead County, for example, at today's severance and county mill levies, in one year Montana would collect \$9.86 million and Flathead County would get \$22.97 million.



+ In the Whitney Canyon field near Evanston, Wyo., wells are averaging between 10 and 20 million cubic feet of gas daily, with one well pouring out 60 million CF daily and capable of much more. If you figured the average daily production of one of those wells at 15 million CF, its annual production would be beat in Montana in 1981 by the total gas production from all wells in only Blaine, Toole, Phillips and Hill counties.

\* Montana is finding out it really is not wise to rely too heavily on any one industry in its tax and revenue structure, yet giving good tax incentives for the development of investment capital certainly is going to make the most dramatic difference in the program to build Montana. Balancing the next biennium's budget is a sensitive challenge, to be sure, yet the role of genuinely taking care of Montana's people and their needs means we need to look far beyond the next few tomorrows and make an investment in the more-distant future.

\* Nothing is poised on Montana's horizon, in this legislative session or otherwise, which has the potential to do for the state's economic future what encouraged oil and gas exploration and production can muster. Our current efforts to point Montana in the right direction must be more than a flurry of words and a handful of gestures to a concept. The strides within state government will work if we couple them with sincere steps to draw private sector investment capital to Montana's marketplace.

We appreciate this opportunity to emphasize these Build Montana points, Mr. Chairman.

Carl Rieckmann

Associate Director

Montana Petroleum Association

A division of Rocky Mountain Oil and Gas Association

For the Select Committee on Economic Development

March 8, 1983

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE: MY NAME IS JERRY OVERMIER, FROM FIRST BANK HELENA.

I'M HERE AS AN EMPLOYER WHO THINKS MONTANA NEEDS A STATE LABOR TRAINING PROGRAM SUCH AS THE ONE PROPOSED UNDER SECTION XV OF BUILD MONTANA BECAUSE ITS GOOD FOR BUSINESS.

MONTANA BUSINESSES WANT TO HIRE MONTANANS, BUT MANY OF MONTANA'S PEOPLE ARE UNEMPLOYED BECAUSE THEIR SKILLS ARE OBSOLETE FOR TODAY'S HIGH TECH WORLD OF BUSINESS. THESE PEOPLE NEED TO GO BACK TO SCHOOL IN ORDER TO SUCCESSFULLY COMPETE FOR A JOB.

WHEN YOU HIRE AN UNTRAINED PERSON, OPERATING COSTS GO UP; PRODUCTIVITY GOES DOWN AND BUSINESS GETS HURT. SO DOES THE EMPLOYEE. THE LONG RANGE IMPACT IS THAT MONTANA'S UNEMPLOYMENT NUMBERS STAY HIGH AND SO DO UNEMPLOYMENT TAXES. IF WE CAN TRAIN THE UNEMPLOYED AND GET THEM BACK TO WORK, IT SAVES BUSINESS MONEY.

BUSINESSES WHO WANT TO EXPAND NEED TRAINED WORKERS. BUSINESSES WHO WANT TO COME TO MONTANA NEED TRAINED WORKERS.

AS YOU KNOW, THESE ARE TOUGH ECONOMIC TIMES AND THE COSTS OF RECRUITMENT AND TRAINING THAT BUSINESSES HAVE TO SPEND CAN MAKE THE DIFFERENCE BETWEEN SUCCESS AND BUSINESS FAILURE. THIS PROGRAM WILL HELP BUSINESS STAY ALIVE.

MY SUPPORT IN THE NEED FOR TRAINED WORKERS GOES BACK TO 1979 WHEN THE FIRST BANK STARTED HIRING FEDERALLY TRAINED EMPLOYEES. WE HAVE HAD ENORMOUS SUCCESS WITH THESE TRAINEES AND THEY HAVE BECOME SOME OF OUR MOST PRODUCTIVE WORKERS. WE CURRENTLY HAVE SEVEN TRAINEES

ON BOARD, THREE FROM HIGH SCHOOL DISTRIBUTIVE EDUCATION PROGRAMS AND FOUR FROM CEP. ALL OF THE TRAINEES ARE GOOD EMPLOYEES - AND THE COST OF OUR TRAINING THEM IS MINIMAL.

BUT THE TRAINING PROGRAMS THAT EXIST LEAVE OUT THE MAJORITY OF THE UNEMPLOYED EITHER BECAUSE THEY ARE NOT ELIGIBLE FOR FEDERAL TRAINING PROGRAMS OR BECAUSE THERE ISN'T ENOUGH TRAINING MONEY TO GO AROUND.

THIS STATE LABOR TRAINING PROGRAM WILL BRING MORE FEDERAL MONEY INTO THE STATE AND SPEND IT WHERE ITS NEEDED -- ON JOBS FOR MONTANANS.

THIS PROGRAM INCORPORATES THE TWO ESSENTIAL ELEMENTS NEEDED TO GET MONTANANS INTO MONTANA JOBS. FIRST, IT WORKS DIRECTLY WITH EMPLOYERS WHO ARE HIRING TO GIVE THEM WORKERS TRAINED IN EXACTLY WHAT THEY NEED. I SUPPORT THAT. SECOND, IT GIVES TRAINING TO DISPLACED WORKERS AS WELL AS OTHERS WHOM THE EMPLOYER SELECTS. I AM ALSO IN SUPPORT OF THAT TOO.

AS A BUSINESSMAN, I AM FULLY AWARE THAT YOU HAVE TO MAKE CHOICES ABOUT THE LIMITED AMOUNT OF REVENUE YOU HAVE TO SPEND. I RECOMMEND THAT YOU INVEST IN THIS PROGRAM BECAUSE IT HELPS BUSINESS -- WHO WILL PAY TAXES AND INCREASE REVENUE: AND IT HELPS THE UNEMPLOYED GET JOBS SO THEY CAN PAY TAXES ON THEIR INCOME AND RAISE REVENUE. YOU GET ALOT FOR THIS MONEY -- ITS A GOOD INVESTMENT FOR MONTANA

Testimony on House Bill 1

before

Montana Legislature

by

Martin A White, President

Western Energy Company

107 E. Granite

Butte, Montana

March 1983

I am here to testify in support of House Bill 1 and, specifically, to address the need for a permanent Science and Technology Board.

The quality of higher education in Montana is excellent. This can be represented by the high placement of our graduates in fields of engineering, science, and technology. In 1982, in spite of a depressed economy in Montana and the nation, Montana Tech placed 92.6% of its mining engineering, petroleum engineering, etc. graduates. Montana State University placed 89.6% of its engineering, science and technology graduates. The University of Montana placed 94% of its science and technology graduates in 1981 which are the last available figures. However, it should be noted that in the case of Montana Tech (which I'm sure is not unique) 75.2% of those students were placed outside the State of Montana. These young Montana raised, highly educated people are probably the greatest loss our State experiences. They leave Montana to

become doctors, scientists, engineers, and build the economies of other states. Montana must make a commitment to take advantage of the tremendous University System we have, the fine, young people we have and the resources we have to build the economy of the State.

In the area of Utility Energy, Montana has one of the best resource bases in the United States. If Montana were a nation, we could have the fourth largest coal reserve in the world. We are all aware of the many streams and rivers and our Big Sky and the winds of Montana, all of which represent a tremendous resource. However, the potential of that resource cannot be realized without attention to research. Mike Mansfield realized that when he initiated the development of the magnetohydraulics process of converting coal to usable energy. He made sure the Component Development Integration Facility was located in Montana. The MHD process is the only new process being considered today that improves the efficiency of combusting coal and it has the potential to improve that efficiency by 50%. That research has already created a couple hundred jobs in Montana. There are other areas where additional research can provide employment and other benefits to the State of Montana.

In the area of conservation, where the residential sector has made strides in increasing the efficiency of energy use, the commercial and small industries sectors remain behind in the implementation of cost effective conservation.

Utility involvement in various programs such as leasing and shared savings conservation offers a great potential for increasing the efficiency of energy use and aiding the rate payers of Montana to keep their costs at a minimum. Every dollar we can save the rate payer of Montana is a dollar that can potentially be invested elsewhere.

Additional research is needed in the cost effective retrofit for conservation in older buildings. At the present rate of replacement, many of the buildings in existence today will remain in the housing stock well into the 21st century. Refining the technology necessary to retrofit these structures in a cost effective manner will benefit the residents of the State and will provide possible export oriented service industries.

Waste Heat Utilization      The presence of large producers of waste heat in the State, the Colstrip Power Plants 1, 2, 3, & 4 and the Corette Plant make the concept of utilization of this energy to attract industries appear viable. Greenhouses for producing food or reclamation species and food drying facilities could be developed around waste heat from power plants or other high energy use areas. This could act as a powerful incentive for industries to locate near power plant production facilities. In addition, technologies for siting future power production facilities near population centers so the waste heat could be efficiently utilized has the potential to benefit the utility rate payer and the citizens of the State. The renewable energy

resources, such as wind and sun, also have great potential. Although there are large amounts being spent on research all over America, Montana can still benefit from investment in research in these areas. Let me give you an example of how a few research dollars have benefited the State. In 1979, Montana Power Company invested \$40,000 in building a wind generator near Livingston, Montana. That project kindled an interest in the Livingston area that has resulted in the construction of a wind farm where the investment presently exceeds \$250,000 and there are five permanent jobs in the Livingston community based on that wind farm. In addition, several large makers of wind machines are looking at the Livingston area for possible wind farm complexes' along with the manufacturing facilities needed to support the effort. This could result in a multimillion dollar investment and the employment of hundreds of persons. So for an investment of \$40,000 in research, Montana now has five new permanent jobs and the tax on the facilities. This is the kind of payback that is potentially possible.

The State of Montana has many geothermal potentials of the low-grade variety that could be developed for heating residences and businesses. This would best be done by using the new generation of water to air/water heat pumps that operate with greater reliability and efficiency. Additional research and field work is needed to assess this potential.

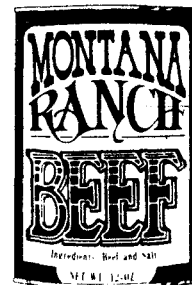
Another area that may have potential is utilization of the sludge and ash that results from the combustion of coal for power generation and the cleaning up of the stack gases. The utilization of these two by-products in building materials and roadways is feasible, but how many other potential uses are there? Another example is where Montana Power and the University professors working together to develop automation and control of The Montana Power Company system have developed expertise in this field which makes them unique. Montana Power has recognized this and formed a subsidiary company called TETRAGENICS to perform an engineering service nationally and internationally in this field.

In summary, I would like to say that Montana must take advantage of the great talents it has in its University System, the people and industries in the State and its great resource base. Given the right business climate and incentive, Montana can capitalize on these assets to build a better future for all its citizens. The creation of a permanent Board on Science and Technology is a great step towards building Montana. I would ask the Legislature to vote yes for this piece of legislation.



# MONTANA RANCH BEEF

Gilt Edge Route  
LEWISTOWN, MONTANA 59457  
406-538-9805



## TESTIMONY

Prepared by

Yvonne B. Snider

Gilt Edge Route--Lewistown, Mt.

For

The Appropriations Committee

On HB#1

March 8, 1983

I am Yvonne Snider from near Lewistown in Fergus County. In addition to being a cattle rancher, I am the President and Business Manager of Montana Ranch Products, a corporation that processes and markets canned beef products. Our products are sold through the grocery supermarkets in Montana and surrounding states, through many gourmet and specialty markets, and nationwide by mail-order. Our company was established by 7 ranch women four and a half years ago in an attempt to find a new market for Montana's best and most abundant raw material--beef.

I firmly believe in the need for the economic development programs that are listed in House Bill#1, but I've come here tonight to ask for your support of two of those programs in particular--the Business Development Assistance and the Product Promotion and Export Assistance Programs. I understand the intense financial pressures that are being put on this legislature and the need to carefully scrutinize all requests for funding, but I firmly believe that these programs are badly needed if we are going to develop the economic potential of our state.

My company has just recently applied for and been awarded one of the \$5000 Technical Assistance Grants that are presently available through the Department of Commerce. This grant will be used for new product development which involves, in addition to the product formulation by technicians in a food laboratory, all the necessary steps to introduce the new products on the market. Our company will not actually receive any of the grant money, instead we will be putting some of our money with the grant money to accomplish our new product goals--but the money

will be generating employment and income for many other Montana businesses before our new products ever reach the market. For example, the graphic art work for the labels will be done by Delgato & Delgato of Billings, the labels will be printed by Artcraft Printers of Billings, the cartons will be made by Montana Container Corporation of Bozeman, the Montana produced beef will be purchased from Artic Meats in Kalispell, many of the other ingredients will be ordered from Gamble-Robinson in Great Falls, and all of these products will be shipped on Montana's common carriers to the Truzzolino plant in Butte where our processing is done. The promotional material will be printed by Central Montana Publishing in Lewistown.

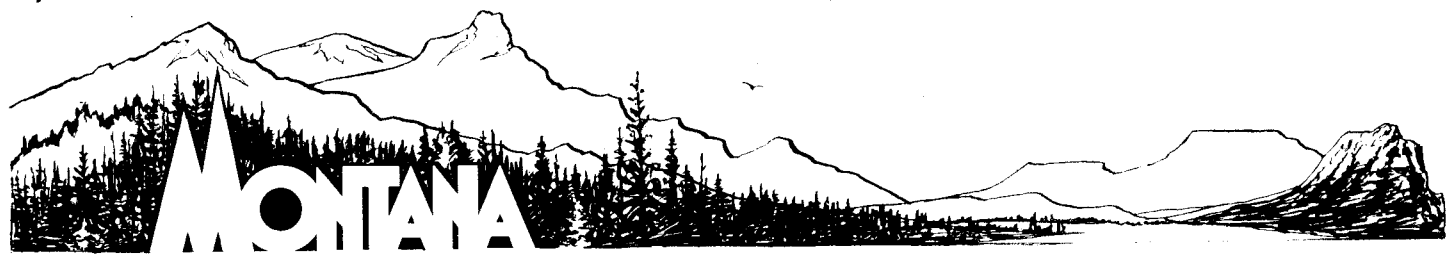
My point is that the money spent on Business Development and Technical Assistance Grants is actually seed money, and like a healthy seed it will germinate, grow and continue to spread more seeds throughout the state's economy, generating tax revenue in the process.

When we consider the financial needs of Montana's small businesses I think it is necessary to differentiate between the needs of a retail merchant who only plans to market in his or her own community, and the needs and potential of a small manufacturer who is struggling to introduce an innovative new item or product in a statewide, or national, or international market. Because many of these small manufacturers are innovators with original ideas, designs, or concepts, because they haven't yet become established in the marketplace, or because they haven't had time to turn a profit, they may not be considered credit worthy by bankers either before or after coal-severance tax loans become available. And yet these manufacturers are deserving of our state's support because they are vital to its future.

We must begin to encourage the manufacture and processing of our abundant raw materials within our boundaries--our agriculture products, our wood products, our natural fibers and our minerals--if we are going to establish a solid economic foundation that will also preserve our lifestyle and our environment. But we must recognize that any manufacturer who decides to establish his business in Montana faces some formidable barriers to success. Transportation costs, inaccessability to major metropolitan markets, lack of available expertise in establishing export markets, lack of scientific and technical support systems, and restrictive and expensive environmental laws all create very real financial hurdles. By providing the funding for Business Development Programs and for Product Promotion and Export Assistance the state can counteract these handicaps and encourage the establishment and expansion of many small industries.

I urge you to support the funding for these very important economic development programs. I would like to remind you that many of our state's successful cattlemen had to have a leg-up to the saddle when they were small. These programs can be just that-- a leg-up to success--for many of our state's small industries. By contributing to their success, this funding will be contributing significantly to Montana's future economic strength and stability.

Thankyou for giving me the time to express my views.



ECONOMIC DEVELOPMENT ASSOCIATION  
Post Office Box 1093 • Helena, Montana 59624 • March 8, 1983

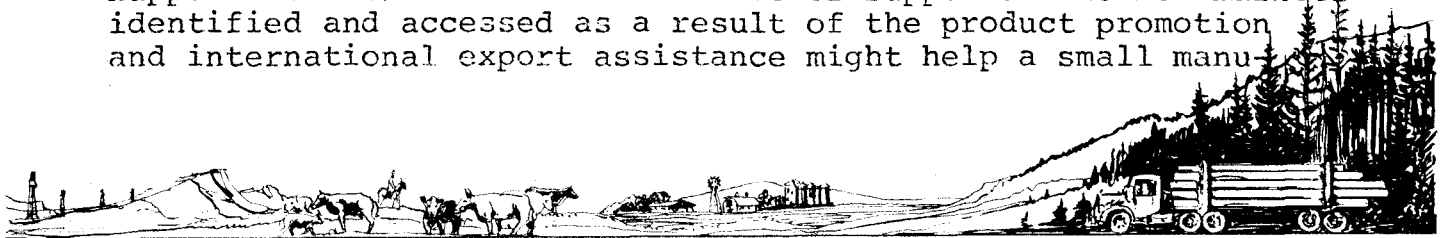
### TESTIMONY IN SUPPORT OF H.B. 1

The first time I appeared before this committee I pointed out that economic development does not take place in "Montana", but in Troy or Ekalaka or Fergus County or in some other specific political subdivision of the state. That is where economic development plans must be made, public and private resources identified and mobilized, and where individuals and firms ultimately make the decision to invest their time and money in creating or sustaining jobs for Montanans.

Unfortunately the technical and financial capabilities to carry out comprehensive economic development programs presently exist in a relatively few communities across the state, and even in those areas they are generally inadequate to meet the demand. When the Department of Commerce was established by the 47th Legislature, high expectations were raised. It appeared that at last the state had made a strong commitment to economic development instead of just to economic regulation. Private businesses, concerned citizen groups, and local governments alike responded with enthusiasm, calling upon Commerce for strong support of important local efforts.

The existing staff and management of Commerce has tried hard to render the services sought of them, but the department lacks both the financial and technical resources to do so at an acceptable level. House Bill 1 would help remedy this problem. It would give Commerce (and the Department of Labor) adequate resources to meet at least the most urgent needs that confront them -- assisting and complementing on-going local efforts and helping to develop similar capabilities in communities which desire and need, but now lack, them.

In many ways the funds made available through H.B. 1 would be the "but for" monies in the state's economic development effort. They would not supplant existing resources, and they would constitute only a small portion of the total costs of development (the remainder of which would still be borne by the private sector). They would fill in the critical gaps, however, and make possible the development that would not happen "but for" this small measure of support. The new markets identified and accessed as a result of the product promotion and international export assistance might help a small manu-




*factura*

to survive. The business location promotion could attract a new firm to a community hardhit by an industry shutdown or extended layoff. The travel and tourism promotion could help facility and attraction operators get to markets that they might never reach otherwise. The technical assistance provided to an entrepreneur that helped him/her solve a management, marketing, financing, or production problem might resolve a situation that is strangling company growth. The support of special projects conducted by local economic development groups might lead to innovative and successful solutions of particular problems blocking development. The company-specific employee training program that could be offered might be the critical factor that led an industry to locate in Montana, or that resulted in Montanans getting jobs that might otherwise have gone to non-residents.

These programs do not represent simple fund outflows. Rather, they are investments in the state's economic future, and if they are successfully run, they should turn a profit many times over -- in increased tax bases and revenues, expanded job opportunities, and community economic diversification and stabilization.

On behalf of the Montana Economic Development Asssocation, I urge you to support the full funding of House Bill 1.

Meanwhile, if you have any questions or desire further information, please do not hesitate to call upon me.

  
Carol Daly  
President

TESTIMONY HBI  
COMMUNITY DEVELOPMENT INFORMATION STUDY

As a representative from the Butte-Silver Bow Government, I would like to make it very clear that Butte-Silver Bow supports the "Build Montana Program." Economic Development has taken on a particular urgency in Butte over the past year and I believe that much of this same urgency is reflected throughout Montana. All of us have come to realize how essential economic development is in providing jobs and supporting a tax base that allows us to live the "good life." While any community is certainly most interested in their own needs and doing something to correct their immediate problems, we all must accept that aiding in the overall development of Montana is good for individual communities. Therefore, what builds one section of Montana also builds another.

In this legislative session there has been much discussion concerning the adverse economic conditions currently plaguing Montana's local governments. In particular, this discussion has centered around eroding tax bases. In one sense, the tax base erosion is simply a reflection of deteriorating infrastructures. Therefore, it is logical to conclude that the declining financial conditions of cities and towns emphasizes the need for an increased capacity to efficiently achieve infrastructure improvements.

In order for economic development to take place in a community, it must first have in place the components that allow for a particular project to function. These components are commonly referred to as infrastructure. Some of the more common infrastructure improvements include water and sewer systems. For instance, a particular industrial use may require an on site treatment plant or lines connecting it to existing services. Access development may be essential to another project as may be the installation of railroad spurs. Whether or not fire protection is available to a site could also

be a determining factor in site selection. Infrastructure should not be limited to the development of raw land. A majority of our cities and towns have in place improvements which will not adequately address development due to obsolescence or under developed infrastructure components.

The capabilities of Montana's cities and towns to assess their infrastructure needs ranges from none in smaller communities to good in the largest cities. However even in cities with professional staff's infrastructure review and assessment must compete with dozens of other daily activities. We see this program as providing an invaluable resource to augment the capabilities of the large cities and a starting point for the smaller cities and towns.

Once the infrastructure needs are identified, a community must be able to turn to competent personnel for technical assistance in securing the necessary funds to fill financing gaps. The costs of installing infrastructure are usually very high and without aid a community more than likely cannot even attempt their installation, thus economic development is thwarted. Any economic development program Montana creates will certainly have to address the construction of required infrastructure, for without these improvements, it would be unreasonable to believe that economic development could take place.

Butte-Silver Bow Government

Judith Tilman  
Community Development Dept.



Ladies and Gentlemen:

My name is Bill Kuehn, I am President of the Associated Chambers of Commerce of Flathead Valley which represents Kalispell, Whitefish, Columbia Falls, Big Fork, Lakeside and Polson.

I am also President of the Whitefish Area Chamber of Commerce.

I am also on the Board of Directors of the Flathead Small Industries Development Council.

I know you are very busy so I will not take alot of your time.

Tourism is the third largest industry in the State of Montana, generating one billion dollars in business., and also generates approximately 24,000 full time jobs.

It is larger than mining, timber and manufacturing.

In 1981-82 the State of Montana spent approximately \$700,000 on tourism. Montana ranks 46 in the United States in travel promotion. To put this in perspective, the State of Rhode Island, which you could probably put in the Flathead Valley spent more money on tourism than did Montana.

The Island of Guam in the South Pacific spends more on Tourism than Montana.

The Chamber of Commerce of Jackson Hole, Wyoming has a annual budget \$700,000.00, of which \$300,000.00 goes for Out of State Promotion.

I would like to point out, of the one billion dollars generated by Tourism, \$400,000.00 represented business generated by Montanians traveling in the State of Montana and \$600,000,000.00 from out of state.

The Governor's Conference on Small Business of which I was a delegate recommended tripling our present budget for Tourism.

Tourism is a clean industry. People come to visit our beautiful state, do not pollute the enviroment, and spend their money and leave with fond memories.

We do not expect the State to do it all by themselves. In 1982, in the Flathead Valley alone, Big Mountain had an advertising and promotion budget of \$100,000.00 Plus. The Whitefish Resort Association, a part of the Whitefish Chamber, Big Mtn and Associated Chambers of the Flathead Valley spent another \$45,000.00 on Tourism.

The Associated Chambers of Flathead Valley in conjunction with Northwest Montana Human Resources also produced a brochure "The Beautiful Flathead Valley, A Land For All Seasons".

They are being sent out every time we at the Chambers receive an inquiry about Montana. We also take them to Ské Shows etc throughout the Northwest and Midwest.

There is a supply of these in the Dept. of Commerce and are sent out by the State when they receive inquiries.

Locally, we do not have the finances, or staff to promote the State on a national level, we need your help.

The Associated Chambers of Commerce of Flathead Valley have put together a beautiful color cassette tape to be played on any video equipment, of the Flathead Valley. We send copies all over the country on request on VHS or Beta. We are presently adding sound tracks in German and Japanese and copies will be sent to these countries to encourage international visitors to Montana.

At the present time we are working on projects to develop Montana as the "Gateway to the 1988 Olympics in Calgary". I may add that the Olympic Committee in Calgary endorses this. We cannot promote until the 1984 Olympics are history, but we must start planning and preparing now. This is a golden opportunity for the State of Montana to expand Tourism.

We in the trenches are working very hard promoting Montana as a year around vacation land, but you are the ones that must make it work.

The Tourism Section, in the Dept of Commerce, under the direction of John Wilson has done an excellent job, but he and his staff can do only so much with limited resources.

I urge you on behalf of the Associated Chambers of Commerce of Flathead Valley to fully fund the requested amount for Travel and Tourism Promotion under House Bill #1. I don't think there is an other portion of the budget that will give a greater return on the investment.

I might add, that I strongly support all funds requested under House Bill #1. Heavily involved in Small Business and Economic Development in Montana, the funds requested are desperately needed to give us the opportunity to assist existing companies and encourage clean, small, light industry to come to Montana and create many jobs.

If you have any questions I will try and answer them, if not, I appreciate the opportunity to be here tonight.

Thank you.

XXXX  
~~XXXXXXXXXX~~

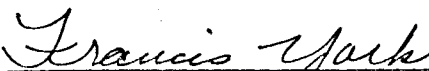
Bill Kuehn

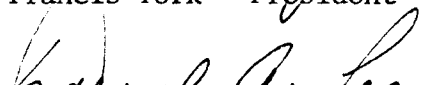


TO WHOM IT MAY CONCERN

The Butte Chamber of Commerce, Butte Montana, at a regularly scheduled meeting of the Board of Directors on March 4, 1983, expressed the following approval of House Bill #1 as it related to Tourism.

" We fully endorse and support the proposed budget for promoting tourism in the state of Montana. We want to specifically recommend that a Matching Fund be established and administered by the State Department of Tourism which can be matched by each of the six regions of the State. We would recommend that that figure be in the range of \$30,000 to \$40,000 per region and be matched by advertising, and other sources."

  
Francis York - President

  
Darryl A. Lee - Exec. Dir.

Statement made at the "Build Montana" legislature hearing  
before the Select Committee on Economic Development and the  
Appropriation Committee at Helena, Montana

March 8, 1983

My name is Ed Bingler. I'm Director of the Montana Bureau of Mines and Geology at Montana Tech. My comments this evening are made on behalf of Dr. Fred DeMoney, President of Montana Tech who is unable to be here because of a prior commitment.

The Administration's economic development program to "Build Montana" is a far-reaching, comprehensive, and diversified response to a clear call from the people who are concerned about the states' economic future. The fifteen proposed elements of the program together represent a prudent and studied approach to all aspects of economic development favored by Montanans.

I was privileged to serve on the Temporary Committee to create a Council on Science and Technology, and became convinced during the course of that groups deliberation that this Council, if approved and funded by the Legislature, will serve a much needed organizing, coordinating and mobilization function for strengthening the research and development framework in Montana. The critical role of this Council will be to stimulate and support technological innovation by bringing together the existing strength of government, accademic, and industry research and development capabilities.

The significant responsibilities of the Council on Science and Technology are set forth in detail in the Build Montana program statement. Among these, the setting of scientific and engineering research priorities in support of economic development, the formulation of strategies to obtain public and private

funding for Council projects and the implementation of technology transfer from research and development projects are critically important for strengthening Montana's economic base.

The state's well being and tens of thousands of jobs for our citizens are dependent on maintaining technological strength in our main business framework which is based on agriculture, mining, forest products, transportation and tourism. All are important and will prosper through the Build Montana program, but as a geologist and a representative of the state's lead institution of higher education in mineral technology, I see significant opportunities for a Council on Science and Technology to stimulate technological improvement in our mineral economy.

Montana's mineral industry is based on discovery and production of many different commodities such as industrial minerals, precious and base metals, coal, and oil and gas. The success and strength of this multi-billion dollar industry --- success that generates new jobs and creates new wealth --- depends upon the application of complex industrial technology in exploration, extraction, raw-material conversion and product transport. The broadly-based and multi-faceted mineral industry affords many opportunities for innovation, development of new concepts, and the transfer of applied research to technological growth. The industry as a whole has a long history of supporting research and development, both in their own laboratories and through the research arms of higher education. Examples of successful technology development and application include the identification of new metalliferous ore environments and the discovery of new deposits, the development of mineral floatation technology which revolutionized beneficiation, the evolution of continuous mining equipment, the development of secondary and tertiary petroleum recovery techniques and the process technology of coal liquefaction to name a few. Much of this technology

development required, and could not have been successful without major commitment of capital and continuing programs of applied research that are far beyond Montana's current research and development framework. Cooperative efforts such as the proposed Council on Science and Technology that address specific needs or potential industrial breakthroughs, offer the maximum chance for successful technology development and future economic benefit to the state.

I urge you to provide the modest funding required to create the Council on Science and Technology. The Council will build on the state's current research and development base, will augment the resources of the University System, and will provide the necessary measures to stimulate cooperative technology development between the public and private sector. The result will be a stronger, more technologically sophisticated economic base that ultimately benefits all Montanans.

Testimony on HB-1  
by  
John W. Jutila  
Vice President for Research  
Montana State University

I am here to testify in support of HB-1, a bill that provides for the funding of the Montana Economic Development fund and, under that program, the support of economic development programs in the Department of Commerce and the Department of Labor.

Nearly a year ago, the Montana Economic Development Project was initiated as a cooperative effort of government, business, labor and the University system. Its deliberations involved representatives of all these forces of society and set the stage for a partnership in economic development and a response to the mandate given by the people's response to I-95.

HB-1 will help cement the partnership by providing support for the financial, educational, research and administrative programs that will become part of a State economic development plan. The role of each partner in the economic development plan has been recognized in the development of several programs and councils and committees which will address specific areas of the economic development plan. Government, labor and industry have a recognized role that will not be addressed here. Not so well understood is the role of the University system in economic development and I wish to address that briefly here.

The role of the University system is crucial to the long-range goals of the plan. The University system will provide the necessary skills and education to Montana men and women so that they are better prepared to cope with and solve problems associated with economic development.

The University system will serve as a source of technical expertise and unique scientific resources that will support the involvement and productivity of the business community, provide life-long educational services to its work force and offer a wealth of facts and figures for better decisions for both the short and long-terms.



Finally a very significant responsibility of the University system will be to commit a significant portion of its research effort to support economic development. Please remember that technological change has been the primary source of economic growth in this country. Countries that have devoted a substantial portion of their national budget to research and development have higher levels of productivity and greater competitiveness in the business world. Firms that have invested heavily in R&D and carrying it forward into commercial products have been shown to have about twice the productivity rate, three times the growth rate, nine times the employment growth, and one-sixth the price increases as firms with relatively low investment in these activities.

The University system, the primary source of scientific and technical expertise in the State of Montana, has the capability to respond and is prepared to contribute to the R&D plan especially in the high tech areas associated with agricultural processing, forestry products, biotechnology and engineering.

WITNESS STATEMENT

SECRET COMMITTEE

Name DICK BOURKE Committee On ON ECON DEV.  
 Address Box 916 Date \_\_\_\_\_  
 Representing DAV. CREDIT WRP. OF MT. Support X  
 Bill No. HB 1 Oppose \_\_\_\_\_  
 Amend \_\_\_\_\_

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1.

This is the first time since I have been around

2.

Montana (1970) that the state has seriously underserved  
 an adequate level of funding for economic development.

3.

We in Montana must rid our provincial shells and  
 work hard for economic growth. Without it we will

4.

slowly become stagnant and the vitality we enjoy  
 today may fade away.

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

EXHIBIT U

WITNESS STATEMENT

Name JOHN A. COZBY Committee On \_\_\_\_\_  
Address ANACONDA, MT Date MAR. 8, 1983  
Representing SELF & COZBY ENTERPRISES Support ✓  
Bill No. HB 1 Oppose \_\_\_\_\_  
Amend \_\_\_\_\_

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments: SCIENCE & TECHNOLOGY - INNOVATION

1. SUPPORT INCENTIVES TOWARD ECONOMIC DEVELOPMENT  
AVOID ELEMENTS THAT ARE DIS-INCENTIVE, COUNTER PRODUCTIVE
  2. SUPPORT SMALL BUSINESS  
INTERESTS.
  3. CONSIDER:  
WILL & AMBITION & CREATIVITY  
ALONG WITH INTELLECTUAL APPROACH
  4. SUPPORT BUSINESSES WHICH  
WILL PRODUCE MORE AND  
BETTER JOBS.
- SUPPORT MANUFACTURING

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

## WITNESS STATEMENT

Name Clint Grimes Committee On Select Com.  
 Address 7132 Canyon Ferry Rd. Date Mar 8 1983  
 Representing Holme Mountain Consultants Support ☒  
 Bill No. HB 1 Oppose ☐  
 Amend ☐

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## Comments:

1. My economic studies show that the new industrial revolution <sup>often</sup> called the information revolution is beginning in Montana. Build
2. Montana can give a signal and, if funded, a reality that Montana is a good
3. place to start a firm. Growth in these new sectors is enormous in terms of
4. rate e.g. Electronics 300% since 1976  
 Museums 300% " "  
 specialized motor vehicle 1000% " "  
 Banking + Brokerage 250% " "

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

EXHIBIT W



**central montana publishing**

521 West Main • Lewistown, Mont. 59457 • (406)538-3401

March 6, 1983

Rep. John Vincent, Chairman  
Select Committee on Economic Development  
State Capitol  
Helena, MT 59620

Dear Rep. Vincent:

This letter and the enclosed editorial from the Lewistown News-Argus dated March 6, 1983, are to express the support of myself and our newspaper for House Bill 1.

May I please have this letter and the editorial included in the record for your hearing on House Bill 1 that will be held on Tuesday, March 8.

Respectfully yours

A handwritten signature in cursive script that reads 'Ken Byerly'.

Ken Byerly, Publisher

March 6, 1983

# **E** - Our opinion **EDITORIALS**

## **A BRIGHTER FUTURE FOR ALL MONTANANS**

The "Build Montana" measure on which a hearing will be held Tuesday night by the Select Committee on Economic Development, and chaired by Rep. Jim Vincent, is called House Bill 1.

The "number 1" is appropriate as the measure, if approved by the Legislature and signed by the Governor, could be a number 1 factor in the years ahead to help Montana and all Montanans.

Gov. Ted Schwinden stuck his political neck out in advocating the program, but it is not just a proposal by the Democratic party by any manner or means.

It is the result of hard work, input, thought and planning by scores of men and women from both major political parties and from all walks of life — farmers, industry, Main Street, banking, university and college faculties, retailers, wholesalers, ranchers, transportation, mining and all down the line.

These men and women have put together a proposal that now emerges as House Bill 1.

It is designed to attract sensible new development to Montana that will create much-needed new jobs and opportunities for Montanans, and generate new tax sources for our towns, cities, schools, University system, counties and the state.

It is designed too to help Montanans develop successfully sound ideas they have on projects that will also create new jobs and additional tax revenues.

This includes assisting established industries and other activities in Montana to expand in our state.

All this is in accord with the I-95 measure that was approved overwhelming by 71 percent of Montana's voters in last fall's November election.

I-95, it will be remembered, calls for assigning a percent of the coal tax revenue to such new development in the Treasure State.

It also says that the Legislature shall allocate money for this economic development, which is a purpose of House Bill 1.

Leaders from both major political parties have talked for decades now about such a program to create needed new jobs and opportunities for

at long last the opportunity that can mean so much to so many in Montana.

A seven-man board, appointed by the Governor, will administer the program. It will consist of one each from our financial institutions, agriculture, small business, organized labor, the general public and two at large.

An important facet of the program is the fact that all money for loans must go through banks and other private financial institutions. They will be assuming part of the risk, so will not approve loans that they feel are unsound.

This will be a strong factor in eliminating political pressure, favoritism and boondoggling in approving the loans. This is important.

Now money!

House Bill 1 calls for an appropriation of \$10,217,202 for the biennium.

This is a lot of money, and especially so in these difficult times when every dollar appropriated must be assigned and spent with great care.

But as every farmer, rancher and businessman knows, you must spend some money wisely if you hope to make money.

This is the principle on which the \$10 million appropriation for the "Build Montana" program would be made.

The money would be repaid many, many times over in the years ahead in more and larger paychecks for Montanans, and increased tax revenues for our schools and units of government.

In a way, it is like a young couple starting off. They could spend every dollar they take in, but if they save and invest for future, there will be so much more money and security for them in the years ahead.

So House Bill 1, if approved and administered properly, can mean so much more for Montana and all Montanans in the long run.

So here is a strong vote for House Bill 1.

It is our hope that the measure is approved, the "Build Montana" program established, and that it will be given the opportunity to build a brighter, more prosperous and even happier future for Montana and all Montanans.

# EMPLOYMENT TRENDS BY INDUSTRY GROUPS

SOURCE - DEPT. OF LABOR & INDUSTRY

*Non-Agriculture wages & salary employment*

EMPLOYMENT IN THOUSANDS

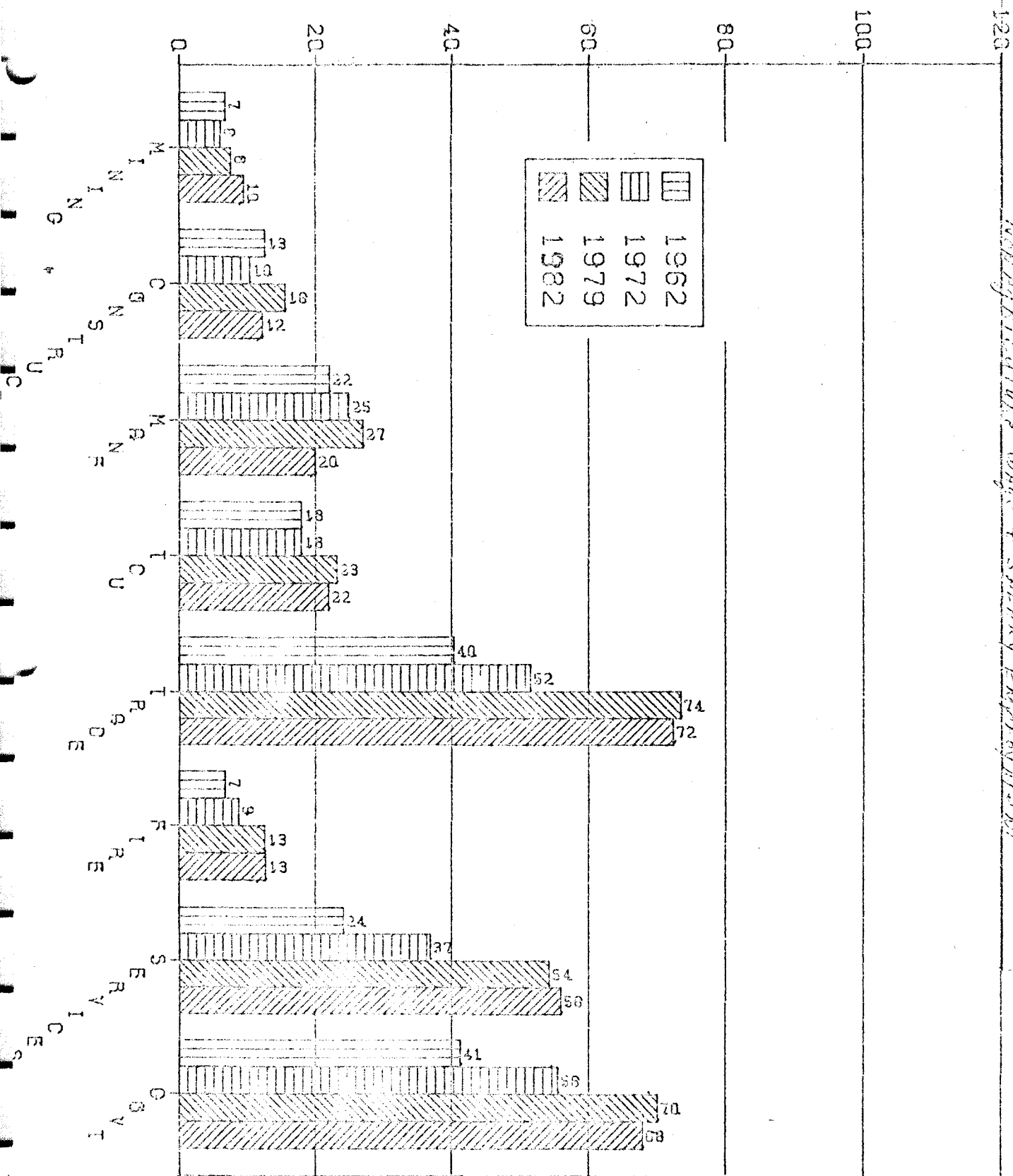


Exhibit 9



TO: REP. JOHN VINCENT, CHAIR, AND MEMBERS:  
SELECT COMMITTEE ON ECONOMIC DEVELOPMENT

RE: HB 1 TO ALLOCATE COAL TAX  
MONEY TO IN-STATE BUSINESS

One real problem with HB 1 is that it contains all the necessary ingredients for development of certain new monopolies within the state. It provides for indirect subsidies to politically approved businesses, for state-funded promotional activities, and for state regulation of beneficiaries. It even entails building new boards and oversight committees. All of these things will provide state government with new handles on local business activities, and lower the life-chances of businesses which try to remain independent.

Another problem is that there are no defensible means of determining what businesses are "in-state" and which are not. This is crucial to HB 1, which seeks to identify and assist the needy among the former. But I manufacture display racks for Big Sky Magic, and my business is conducted entirely within the state--or is it? The post cards which these racks display are mostly printed in New Jersey and California, though some are done in Helena. One of the major wood products I use comes from Manitoba, the varnish that goes on it comes out of any number of industrial states, while the photographic film used for the cards is made in New York and Germany, and we buy slides from free-lancers who live all over the United States.

I also own stocks in various companies, some of which do business in Montana, some of which do not. How locally owned are they? What about Montana companies with out-of-state owners? Furthermore, our 1973 Constitution doesn't even define Montana's boundaries. If we cannot determine our boundaries either geographically or economically, then how can "appropriate" recipients of coal-tax investments be chosen?

For your perusal, I've prepared a package of samples of tourist items published by Big Sky Magic. Without any government help, this small business has published over 300 different post cards, and sells about three quarters of a million of them annually, through nearly 650 retail outlets spread all over Montana. It makes advertising post cards, menus, brochures, and placemats, as

well, for clients who want them. Big Sky Magic is just one of several private companies which are in the business of promoting Montana with materials like these, and the competition has kept prices down and quality up, while matching supply with demand.

My closing questions are (1) Why risk mismatching these variables, by artificially jacking up the tourist industry? (2) Why encourage the development of high-priced, low-quality products that regulated, monopolistic enterprises are so prone to produce? (3) In sum, why involve state government in the one consistently bright, unassisted and unregulated sector of Montana's economy?

Sincerely,



Mary B. Hamilton  
P.O. Box 50  
Helmville, Mt. 59843

Sunday, February 20, 1983

Great Falls Tribune 3-D

# Montana: 'naturally inviting'

## Tribune Capitol Bureau

HELENA — State government is launching its tourism promotion efforts with two 32-page guides promoting Montana as a "naturally inviting" place to vacation.

The Commerce Department's Travel Promotion Bureau has published 250,000 copies of each booklet to send to persons who respond to various advertisements and the annual invite-a-friend-to-Montana program.

One of the bureau's publications is the 1983 accommodations guide, which lists Montana's hotels, motels, private and public campgrounds and resorts.

The department sold advertising

in the publication this year so it paid for itself, according to Lynn Albright of the bureau.

The other publication is a slick, magazine-style vacation and information guide with color pictures throughout. Many of the photographs were taken by Harley Hettick, one of the state's premier photojournalists.

The cover features some outfitters cooking thick, juicy steaks on a grill at the Lone Mountain Guest Ranch at Big Sky.

Albright said the state will run Montana vacation ads in various national and regional magazines, including Better Homes and Garden, Sunset, Fly Fisherman and Travel and Leisure.

In addition, Montana again will join forces with Wyoming and Glacier, Yellowstone and Grand Teton National parks for cooperative promotional ads in some magazines.

The third main component of Montana's travel promotion program is the invite-a-friend-to-Montana program with advertisements featuring Gov. Ted Schwinden. Persons can send in the names of out-of-state friends and relatives, and the state will mail the booklets to them.

Last year, Montana received 120,000 tourism inquiries and is hoping for 140,000 this year, she said.

Publications also will be available through local and state chambers of commerce.

TO: REP. JOHN VINCENT, CHAIR, AND MEMBERS:  
SELECT COMMITTEE ON ECONOMIC DEVELOPMENT

RE: HB 1 TO ALLOCATE COAL TAX  
MONEY TO IN-STATE BUSINESS

Mr. Chairman, Committee members:

My name is Larry Dodge, and I'm here to speak for myself, against the implementation of Initiative 95, by means of HB 1 or any other legislation.

Many Montana legislators no doubt feel compelled to implement Initiative 95 by some means or another, because so many people voted for it. I just hope that whatever attempt is made to accomodate that apparent mandate doesn't overlook the fact that large majorities, even consensus votes of 100%, can still be wrong. It is never right to rob Peter to pay Paul, even if Peter may be better off than Paul. So the fact that 70% of Montana's voters agreed to use coal severance tax money to "build" locally owned enterprises only shows the basic fallacy of using democracy to make moral choices.

Even if the vote reflects the uncanny ability of some politicians to generate widespread public concern with Montana's small-business economy, that concern is morally irrelevant: the ends still don't justify the means. Besides, such concern is factually inappropriate--small business in Montana is not in dire straits, and never asked for the welfare that I-95 would impose on it.

Aside from morals, I-95, however it might be implemented, would be impractical and dangerous. It would be impractical because basing any sort of public funding upon the marketplace viability of such heavily politicized activities as energy resource development is a big gamble. Whatever is funded must then share the precarious roller-coaster of fortune in price, profit, and loss that goes with such businesses. ONE change in world trade relationships, OPEC prices, pollution regulations, or public land policy can mean feast or famine in energy mining.

The danger to Montana, of course, is that once started into the business of providing subsidy from severance taxes, a bust in energy means a bust in tax revenues--something already underway--and the state would have few choices: (1) to pull the rug from under its building projects, letting them die expensive deaths; (2) to try digging the money out of other taxpayers or some healthier sector of the economy in order to continue "building"; or (3) to make con-

cessions and sweetheart deals with coal companies to keep them busy strip-mining southeastern Montana, whether or not it makes economic or environmental sense.

Finally, as a small businessman in this state, I object on selfish and philosophical grounds. The selection of who gets "helped" and what happens thereafter promises to be one of the ugliest chapters in Montana's political and economic history, only too reminiscent of the tragic demise of the family farm, by approximately the same process, as follows:

As with every divvy of a public treasury, it will become irrational not to get on the dole. Special-interest competition will determine winners and losers, and provide a constant supply of new applicants for business welfare. The ongoing object will be to prove one's business "eligible", according to whatever "criteria" are adopted or, failing that, to modify one's enterprise until it does fit. Politically "acceptable" kinds of businesses which can tolerate or thrive upon government regulation will prosper, while all others must operate at a financial disadvantage.

Inevitably, the only way for politicians and bureaucrats to keep initially disenfranchised interests from showing their dissatisfaction at the polls will be to enlarge the criteria for eligibility, until everyone can get a piece of the coal-tax action. The ugly part is that it is only walking distance from that point to runaway taxation and borrowing, a perpetually unbalanced budget, and the booms and busts that end up being used to justify full Fascism--and I don't need it. I want to compete in a free market, where quality, not political pull, determines the success or failure not only of my business, but everyone else's.

Thank you:

A handwritten signature in cursive script that reads "Larry Dodge". The signature is fluid and stylized, with the first letters of "Larry" and "Dodge" being prominent.

Larry Dodge, owner  
Big Sky Magic Enterprises  
Box 60  
Helmville, Montana 59843

TO: REP. JOHN VINCENT, CHAIR, AND MEMBERS:  
SELECT COMMITTEE ON ECONOMIC DEVELOPMENT

RE: HB 1 TO ALLOCATE COAL TAX  
MONEY TO IN-STATE BUSINESS

Mr. Chairman, Committee members:

I would like to present a few short arguments against HB 1:

First, every reduction in the price of energy sources such as coal and oil only increases and stretches the disposable income that tourists need in order to come visit Montana. At the same time, declining production and prices of these same energy resources reduce severance tax revenues to the state.

It therefore makes little sense to allocate these scant and elusive tax dollars to the promotion of tourism--an industry which is very likely to prosper precisely because of lowered energy prices.

It is also ironic to let the promotion of Montana's environmental beauty become even partly dependent upon the environmental ravage that coal strip-mining necessarily entails.

An even greater irony is built into any intention to aid and abet development of "renewable resource" alternative energy with coal-tax money. Such legislation would not only force coal companies to finance their own competition, but would give renewable-resource energy developers a vested interest in the continuation and expansion of strip mining.

*Jamy Dodge*