

MINUTES OF THE MEETING  
TAXATION COMMITTEE  
MONTANA STATE  
HOUSE OF REPRESENTATIVES

February 15, 1985

The twenty-seventh meeting of the Taxation Committee was called to order in room 312-1 of the state capitol at 8:04 a.m. by Chairman Gerry Devlin.

ROLL CALL: All members were present as were Dave Bohyer, Researcher for the Legislative Council, and Alice Omang, secretary.

CONSIDERATION OF HOUSE BILL 701: Representative Fritz from Missoula, stated that this bill would allow the payment of inheritance and estate taxes by the transfer to the state objects of unique, historical or artistic interest and easements or other recognized interests in land. He indicated that this bill came about because of the death of the heir of the Marcus Daly property near Hamilton. He also distributed to the committee Exhibit 1, which are some proposed amendments to the bill, and Exhibit 2, which is a proposed statement of intent.

PROPONENTS: Representative Swift, District 64, said that he would support this bill with the proposed amendments.

Representative Thoft, District 63, gave a statement in support of this bill with the proposed amendments.

Senator Severson, District 32, stated that he rose in cautious support of this bill as he wanted to make sure that they are doing the right thing for the people in the Bitterroot.

Fritz Tossberg, County Commissioner of Ravalli County, noted that this site has been of a great deal of interest and even mystery not only to the people in that area but to the people of Montana. He informed the committee that the house has been vacant for forty years and there are very few who have had the opportunity to see it.

Jim Flynn, representing the Department of Fish, Wildlife, and Parks, gave a statement in support of this bill. See Exhibit 3.

Hank Williams, County Commissioner of Ravalli County, informed the committee that there was a very active group of people in the county that are in support of this bill.

Taxation Committee  
February 15, 1985  
Page Two

Robert Archibald, Director of the Montana Historical Society, displayed a set of photographs of the old Daly mansion and explained why he was so interested in obtaining this property for its historical value.

John LaFaver, Director of the Department of Revenue, said that they were in cautious support of this bill also and explained that there would be a sizable inheritance tax that will come due on this estate and the department would work very hard to insure that the state will receive at least in value what would be due in inheritance tax.

Brenda Schye, representing the Montana Arts Advocacy, gave a statement in support of this bill.

Bonnie Evans from Victor, Montana, said that the historical society there was in strong support of this bill and urged the committee to pass it.

Steve Brown, representing himself, stated that he felt that this estate was a historical and cultural resource and he would offer some volunteer time to attempt to secure some private matching money for this effort.

Ron Waterman, Helena, representing himself, gave a statement in support of this bill.

Robert Minto, Missoula, said that he and his partners were involved in the inheritance of the estate and that the tax that will be due would qualify for a deferred payment as it was operated as a closely held business family farm.

There were no further proponents.

OPPONENTS: There were none.

QUESTIONS ON HOUSE BILL 701: Representative Sands asked why the heirs just did not pay their taxes and then the state could appropriate the money to purchase it.

Mr. LaFaver replied that the heirs see ways through the federal tax laws, by making a contribution in-kind, that they could be benefited and perhaps the state can be benefited.

Taxation Committee  
February 15, 1985  
Page Three

Representative Sands asked how the heirs would benefit.

Mr. Minto replied that the countess was involved in community development in Hamilton and he thought that the executors of the estate looked more at what they could do for Ravali County and the state than what it is going to do for the estate itself.

Chairman Devlin asked if there were any lineal descendants.

Mr. Minto replied that there is a stepson and whether or not the courts will determine him to be a lineal descendant is still an open question.

Chairman Devlin asked Mr. Flynn if the department would allow hunting in that area if they obtained this property.

Mr. Flynn responded that they do normally presume hunting as one of the wildlife management schemes so he would assume that that would definitely take place.

Representative Ellison asked what the bottom line is going to be financially.

Mr. LaFaver answered that they spoke in very general terms regarding the fiscal note as there was a lot of information that they need to know simply to find out what the tax liability is. He explained in very rough terms that there could be \$1 to \$2 million in inheritance tax.

Representative Patterson asked if they knew the assessed value of that estate.

Mr. Tossberg replied that he thought the total taxes on the entire estate run around \$30,000.00 a year.

There were no further questions.

Representative Fritz stated that this is an enabling act and they have to be very careful and very cautious when they assess the impact of this bill.

The hearing on this bill was closed.

Taxation Committee  
February 15, 1985  
Page Four

CONSIDERATION OF HOUSE BILL 636: Representative Abrams, District 24, offered amendments to this bill. See Exhibit 4. He explained this bill was to reduce the tax rate on petroleum that was produced by tertiary recovery methods and said this was essential to the continued growth and production of petroleum resources in this state.

Representative Hart, District 23, Glendive, gave a statement in support of this bill.

Tucker Hill, Director of Project 85, which is a group of 80 oil and gas operators and other interested individuals, offered testimony in support of this bill. See Exhibit 5. He also offered testimony from other oil companies. See Exhibits 6, 7, 8, 9 and 10.

Jerome Anderson, representing the Shell Western E. & P. Inc., offered testimony in support of this bill. He distributed to the committee Exhibit 11.

George Keys, Production Manager for the Rocky Mountain Division of Shell Western E. & P., Inc., gave a statement in support of this bill. See Exhibit 12.

Lorraine Gillies, representing the Montana Farm Bureau Federation, said they support this bill. See Exhibit 13.

Alice Anderson (?), a member of the Chamber of Commerce, stated that they were in support of this bill.

Senator Tveit, District 11, stated that the tertiary method is an expensive method and the amount of oil that is still in the ground can be recovered and he would support this bill.

Mr. Boedecker, representing Glendive Forward, the Wibaux Chamber of Commerce and People for Economic Progress, offered testimony in support of this bill. See Exhibit 14.

John Rafelberg, Wolf Point, Montana, said that when oil fields are getting in the shape they are, they should develop the oil that is down there and keep pumping it out.

Jim Stanton, Superintendent of Schools in Baker, said that the school system was in support of this bill.

Taxation Committee  
February 15, 1985  
Page Five

Jim Anderson, Baker, said that in eastern Montana, oil is very important to them and he urged the committee to pass this bill.

John LaFaver, Director of the Department of Revenue, said that they support this bill with certain amendments. He explained that if the sizable costs could be amortized over ten years, then the impact on local schools and counties would be softened.

Jim Oppedahl, from the Office of Budget and Program Planning, shared some of the background information on this tertiary recovery method in the United States. He handed out Exhibit 15 to the committee.

Mike Stephen, representing the Montana Oil, Gas and Coal Company, stated that this bill primarily affects four counties, but the committee should envision how this could affect other counties.

Jerome Anderson pointed out to the committee that the amendments that Mr. Oppedahl presented were amendments that were worked out between him on behalf of Shell Oil Company and Mr. Oppedahl; and the oil companies agree with the amendments.

Delane Beach, County Commissioner from Fallon County, said that their county was most affected by this, but he speaks for all four counties and they support this bill.

Ed McCaffree, County Commissioner, Forsyth, gave a statement in support of this bill.

John Shontz, from Sidney, gave a statement in support of this bill.

Representative Switzer, District 28, indicated that he was a proponent of this bill.

Representative Gilbert, District 22, wanted to go on record as being in support of this bill.

Chairman Devlin indicated that he was a proponent on this bill also, as was Representative Asay and Representative Hanson.

Taxation Committee  
February 15, 1985  
Page Six

There were no further proponents.

OPPONENTS: There were none.

QUESTIONS ON HOUSE BILL 636: Representative Raney asked if oil production will go up or down without this bill.

Mr. Hill responded that Shell Oil Company has made a decision that the project depends on this incentive and, in that case, he would see oil production going down.

Representative Ellison asked if the incentive of 2½% would make recovery feasible for up to 40 years or at what point would it not be feasible.

Mr. Keys replied that it takes big dollars up front to start this and once the money has been spent, they are locked in and that is why they are trying to get as many assurances as possible about these unknowns.

Representative Ream asked if during periods of increasing production, does the revenue go to the local communities.

Mr. Keys responded that in 1979, a bill provided for impact money for the local communities on increased production.

Representative Ream asked if this would apply to tertiary treatment.

Mr. Keys answered that this is certainly something that the committee might want to consider as there are some local impacts even under a ten-year amortization, but he did not believe that the original intent of the bill would allow that increased production and incentive to go to the local areas.

Representative Sands asked about the tax rates in other states compared to Montana.

Mr. Anderson responded that the Idaho tax is 2% of value, North Dakota is 13½% of gross value and 5% of the stripper wells and Wyoming is 4 to 6% of gross value. He explained

Taxation Committee  
February 15, 1985  
Page Seven

that there is more than just the severance tax involved in taxation in Montana and that it is difficult to just look at these figures and make a comparison.

Representative Ellison asked about the other methods of recovery.

Mr. Keys replied that they do not contemplate using any of them in Montana.

Representative Cohen asked about the fiscal note.

Mr. Oppedahl replied that they are plowing new ground in terms of applying this technique in Montana. He explained that the only major project in Montana is the Belle Creek area and they anticipate that they can recover around 100 million barrels if it was successful.

Representative Cohen pursued some other questions on the fiscal note.

Mr. Anderson replied that the fiscal note shows that the taxes will be collected at 2½% and taxes collected at 5% and the difference is \$56 million, but they have to understand, that if they do not get the tax incentive, this project is not going and with the project going, they are going to increase their tax collection by \$56 million.

There were some further questions concerning the price of oil going up or down.

There were no further questions.

Representative Abrams closed by saying would they sooner have 5% of nothing or 2½% of the incremental oil.

The hearing on this bill was closed.

CONSIDERATION OF HOUSE BILL 704: Representative Marks, District 75, said that this bill allows the taxing jurisdiction to levy the tax on the unprotested amount of the taxable valuation and any settlement in the protested tax will provide a reduction in the taxes for subsequent

Taxation Committee  
February 15, 1985  
Page Eight

years. He explained that the power lines are going through for Colstrip 3 and 4 and cited the many problems that this is causing in some of the counties because of protested taxes.

Bob Laumeyer, Superintendent of Boulder High School and Boulder Elementary School, indicated that 50% of his taxable value is now under protest and he gave statistics showing how this affected the school district.

Tom Cotton, representing Deer Lodge School District #1, gave a statement in support of this bill. See Exhibit 16.

Bill Anderson, representing the Office of Public Instruction, gave some reasons as to why it is far more important that this bill pass than it has ever been.

Susan Miller, Jefferson County treasurer, Boulder, said in the situation they are in now, there is no way that they are going to generate the revenue they need to and they are going to be running in the red and probably defunct, if this does not get squared away.

Wayne Buchanan, representing the Montana School Boards Association, said that they supported this bill for all the reasons given.

Bob Johnson, Powell County Superintendent of Schools, stated that the taxable value of the school district in Garrison increased by 88% as result of the tax that was assessed on the power line and in their general fund, they are going to be short almost \$5,000.00 and this is a lot of money to the people in this community.

Tom Marvin, commissioner from Mineral County, explained what the situation was in Powell County and said he did not know if they were going to survive it.

Jess Long, representing the School Administrators of Montana, gave a statement in support of this bill.

Floyd Larkin, Superintendent of Powell County High School, offered testimony in favor of this bill. See Exhibit 17.

Taxation Committee  
February 15, 1985  
Page Nine

Todd Hudak, representing the Montana Association of Counties, said that in any county, where taxes are protested, they are in a very vulnerable position.

Greg Groepper, representing the Department of Revenue, said that they support the concept in this bill and indicated they would be working with Representative Marks on a minor amendment concerning the certification process.

Representative Asay indicated that he would support this bill.

There were no further proponents.

OPPONENTS: Dennis Burr, representing the Montana Taxpayers' Association, said that he hoped they will do something to help the counties that are caught in this situation, but he wondered if this was the correct vehicle to use to correct the situation. He indicated that he did not think there was anything in the bill that required taxes to be lowered if the conflict was finally resolved in favor of the taxing jurisdiction and there was nothing that would indicate that the budgets would be reduced.

There were no further opponents.

QUESTIONS ON HOUSE BILL 704: Representative Sands asked when the problem with the protested taxes was going to be resolved.

Representative Marks responded that he did not know - there are about eight parts to that case and one of the eight parts was dismissed about ten days ago.

Representative Ellison asked if the interest on those contested taxes would be enough to discourage people from filing suits.

Representative Marks replied that it would prohibit that and he did not think there would be an incentive for them to do this.

Representative Asay asked about the question of constitutionality.

Taxation Committee  
February 15, 1985  
Page Ten

Representative Marks said he took this question to the Legislative Council and they thought the purpose of that was to prohibit a local jurisdiction from modifying values on properties and he did not feel that this bill would have that problem.

Mr. Groepper responded that in his judgment when you look at taxable values, that includes the adjudication process and they are not necessarily changing a value, they are just using a different figure in the budgeting process to account for the fact that this money is under protest. He said he would have to agree with Representative Marks and he does not see a constitutional problem.

There were no further questions.

Representative Marks asked the committee to change from the second Monday to the first Monday on this bill and recommended that they pass this bill.

The hearing on this bill was closed.

ADJOURNMENT: There being no further business, the meeting adjourned at 11:30 a.m.

  
GERRY DEVLIN, Chairman

  
Alice Omang, Secretary

# DAILY ROLL CALL

HOUSE TAXATION

COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date February 15, 1985

NAME	PRESENT	ABSENT	EXCUSED
DEVLIN, GERRY, Chrm.	X		
WILLIAMS, MEL, V. Chrm.			X
ABRAMS, HUGH	X		
ASAY, TOM	X		
COHEN, BEN	X		
ELLISON, ORVAL	X		
GILBERT, BOB	X		
HANSON, MARIAN	X		
HARRINGTON, DAN	X		
HARP, JOHN	X		
IVERSON, DENNIS	X		
KEENAN, NANCY	X		
KOEHNKE, FRANCIS	X		
PATTERSON, JOHN	X		
RANEY, BOB	X		
REAM, BOB	X		
SANDS, JACK	X		
SCHYE, TED	X		
SWITZER, DEAN	X		
ZABROCKI, CARL	X		

## VISITORS' REGISTER

TAXATION

COMMITTEE

BILL NO. HOUSE BILL 701DATE February 15, 1985SPONSOR REPRESENTATIVE FRITZ

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
BRENDA SCHYE	MONT. ARTS Advocacy	X	
Bernie Swift	Donnell - in Dist 64	X	
Tracy Rossberg	HAMILTON MT	X	
John Latoren	"	X	
James Burkhead	Helena	X	
Brian Culhili	Helena	X	
Ronald J. Watterman	Helena	✓	
Steve Brown	Helena	X	
BONNIE EVANS.	Victor	X	
Ed Williams	Donnell	X	
John W. ...	Helena	X	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## VISITORS' REGISTER

TAXATION

COMMITTEE

BILL NO. HOUSE BILL 704

DATE February 15, 1985

SPONSOR REPRESENTATIVE MARKS

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
SUSAN M Miller	Jefferson Co. Boulder	✓	
Jesse Munro	DOR	✓	
Robert Johnston	Powell County Suppt	✓	
Tom Calk	District # 1 Mt	✓	
Floyd Larkin	P.C.H.S. - Deerfield	✓	
John W. Long	S.A.M	✓	
Bruce A. Kuehler	Glendale Towner	✓	
Dennis Burro	MONTAX, CLANCY		✓
Edo Hudak	MONT. HIGHL. COUNCIL		
Bob Laumeyer	Boulder Pub. Sch.	✓	
Robert Muth	Wash. Ther. & Hous	✓	
Tom Maryn	Musical Co.	✓	
Wayne Buchanan	MSBA Helena	✓	
Bill Anderson	Helena OPI	✓	

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## VISITORS' REGISTER

TAXATION

COMMITTEE

BILL NO. HOUSE BILL 636

DATE February 15, 1985

SPONSOR REPRESENTATIVE ABRAMS

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
John Augustine Conoco	Denver Colo	✓	<del>✓</del>
D Van De Waeff	Helena	✓	
J.T. PETRIK	Sidney MT Sidney Chamber of Com	✓	
Jim STANTON	BAKER SCHOOLS	✓	
Rich Marble	Helena MT	✓	
Lorraine Gibbs	Philipsburg	✓	
Douglas D. Friesz	Glennville MT		
Ed Williams	Hamilton	✓	
George Johnson	Helena	✓	
Norm Anderson	Belling	✓	
Trish Neil	Helena	✓	
John HAFNER	"	✓	
Marge Hart	Blender	✓	
Mike Macione	Helena - WETA	✓	
F.H. Duck Boles	HELENA MT CHAMBER	✓	
Gary Lang	Baker, MT. Fallon CT	✓	
Delane Beach	" " " "	✓	
William Daffield	" " " "	✓	
Jim Mockler	Helena	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## VISITORS' REGISTER

COMMITTEE

DATE \_\_\_\_\_

SPONSOR \_\_\_\_\_

[illegible]

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Exhibit 1  
HB 701  
2/15/85  
Fritz

House Bill 701 Amendments

1. Page 5, line 1.  
Following: "revenue"  
Insert: "and the legislative finance committee"
2. Page 5.  
Following: line 7  
Insert: "Section 6. Formation of local advisory committee. If a site is acquired by the state under [this act] , then an advisory committee must be formed by the receiving entity to advise the receiving entity on future uses of the site. The committee must be composed of local legislators, an appointee of the county commissioners of the county in which the site is located, and others which may be appointed by the receiving entity."  
Renumber: subsequent sections

# STANDING COMMITTEE REPORT

March 15

19 85

MR. **SPEAKER:** .....

We, your committee on **TAXATION** .....

having had under consideration **SENATE** ..... Bill No. **99** .....

**third** ..... reading copy ( **blue** )  
color

AN ACT TO LIMIT TO THE IMMEDIATELY PREVIOUS YEAR ANY BACK TAXES OR  
FEES OWED ON A MOTOR VEHICLE NOT REGISTERED OR OPERATED, REGARDLESS  
OF THE PERIOD ELAPSED SINCE THE PREVIOUS REGISTRATION;

Respectfully report as follows: That **SENATE** ..... Bill No. **99** .....

BE CONCURRED IN

~~DO PASS~~

# STANDING COMMITTEE REPORT

March 15, 1985

MR. **SPEAKER:**

We, your committee on **TAXATION**

having had under consideration **SENATE** Bill No. **41**

third reading copy ( blue )  
color

**AN ACT TO CLARIFY THE DISTRIBUTION OF INCOME AND EARNING  
FROM COAL SEVERANCE TAX FUNDS BY PROVIDING THAT THOSE FUNDS  
MAY NOT BE INCLUDED IN THE IN-STATE INVESTMENT FUND;**

Respectfully report as follows: That **SENATE** Bill No. **41**

**Be amended as follows:**

**1. Page 2, line 17.  
Following: line 16  
Delete: "TAX"**

**AND AS AMENDED,  
BE CONCURRED IN**

**~~DO PASS~~**

# STANDING COMMITTEE REPORT

March 15, 19 85

MR. SPEAKER:

We, your committee on TAXATION

having had under consideration SENATE Bill No. 43

third reading copy ( blue )  
color

AN ACT TO INCLUDE IN MONTANA ADJUSTED GROSS INCOME THE PORTION OF  
SMALL BUSINESS CORPORATION INCOME WHICH ESCAPES STATE TAX;

Respectfully report as follows: That SENATE Bill No. 43

WE CONCURRED IN

~~DO PASS~~

# STANDING COMMITTEE REPORT

March 15

19 35

MR. **SPEAKER:**

We, your committee on **TAXATION**

having had under consideration **SENATE** Bill No. **44**

**third** reading copy ( **blue** )  
color

**INCOME TAX: NONRESIDENT INTEREST ON INSTALLMENT SALE OF BUSINESS  
PROPERTY;**

Respectfully report as follows: That **SENATE** Bill No. **44**

**WITHOUT RECOMMENDATION**

~~DO NOT CONCURRENCE~~

~~DO PASS~~

# ROLL CALL VOTE

HOUSE COMMITTEE TAXATION

DATE March 15, 1985 BILL NO. SB 44 TIME 10:55

NAME	AYE	NAY
DEVLIN, GERRY, Chrm.	X	
WILLIAMS, MEL, V.Chrm.		X
ABRAMS, HUGH		X
ASAY, TOM	X	
COHEN, BEN		X
ELLISON, ORVAL	X	
GILBERT, BOB	X	
HANSON, MARIAN	X	
HARRINGTON, DAN		X
HARP, JOHN		
IVERSON, DENNIS	X	
KEENAN, NANCY		X
KOEHNKE, FRANCIS	X	
PATTERSON, JOHN		
RANEY, BOB		X
REAM, BOB		X
SANDS, JACK	X	
SCHYE, TED		X
SWITZER, DEAN	X	
ZABROCKI, CARL		X

Secretary Alice Omang

Chairman Gerry Devlin

Motion: NOT BE CONCURRED IN - Switzer

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Exhibit  
March 5  
SB33

PROPOSED AMENDMENTS  
Senate Bill 33  
Third Reading (Blue) Copy

1. Title, line 14.

Following: "LAND"

Insert: "AND TIMBERLAND"

2. Title, line 16.

Following: "MCA;"

Insert: "REPEALING SECTIONS 42.20.113 THROUGH 42.20.116 OF  
THE ADMINISTRATIVE RULES OF MONTANA;"

3. Title, line 16.

Following: "PROVIDING"

Strike: "A DELAYED"

Insert: "AN IMMEDIATE"

4. Title, line 17.

Following: "DATE"

Insert: "AND AN APPLICABILITY DATE"

2. Page 4, line 5.

Following: "(4)"

Insert: "For the revaluation cycle beginning January 1,  
1986,"

3. Page 4, lines 5 and 6.

Following: "(4)" on line 5

Strike: "(a) Except as provided in subsections (4)(b) and  
(4)(c),"

4. Page 4, line 6.

Following: "shall"

Insert: "(a):"

4. Page 4, lines 8 and 9.

Following: "1984," on line 8

Strike: "for the revaluation cycle beginning January 1,  
1986."

(b) Irrigated"

Insert: "except that irrigated"

5. Page 4, line 11.

Following: line 10

Strike: "TAKE"

Insert: "be revised, taking"

6. Page 4.

Strike: lines 14 through 17 in their entirety

Following: line 17

Insert: "(b) for the appraisal of timberlands, adopt new rules which shall contain the same provisions as were contained in sections 42.20.111, 42.20.112, and 42.20.121 through 42.20.132, ARM, as those sections read on May 12, 1983.

NEW SECTION. Section 2. Repealer. Rules 42.20.113 through 42.20.116, Administrative Rules of Montana, are repealed."

Renumber: subsequent section

7. Page 4, line 18.

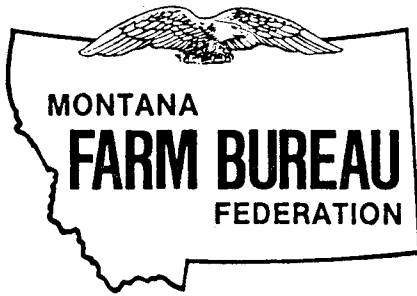
Following: "date"

Insert: "-- applicability date"

8. Page 4, line 19.

Following: "effective"

Insert: "on passage and approval and applies to taxable years beginning on and after"



502 South 19th

Bozeman, Montana 59715  
Phone (406) 587-3153

TESTIMONY BY: Pat Underwood

BILL # SB -33 DATE March 15, 1985

SUPPORT XX OPPOSE

This bill is the result of two years of long and hard work by a lot of people both in and out of the legislature. The Montana Farm Bureau has been involved in this process since April of 1982. We believe this bill gives agriculture the protection it needs to be taxed fairly. We recommend a "Do Pass".

Patricia R. Underwood  
SIGNED

Exhibit 2  
March 15  
SB 41

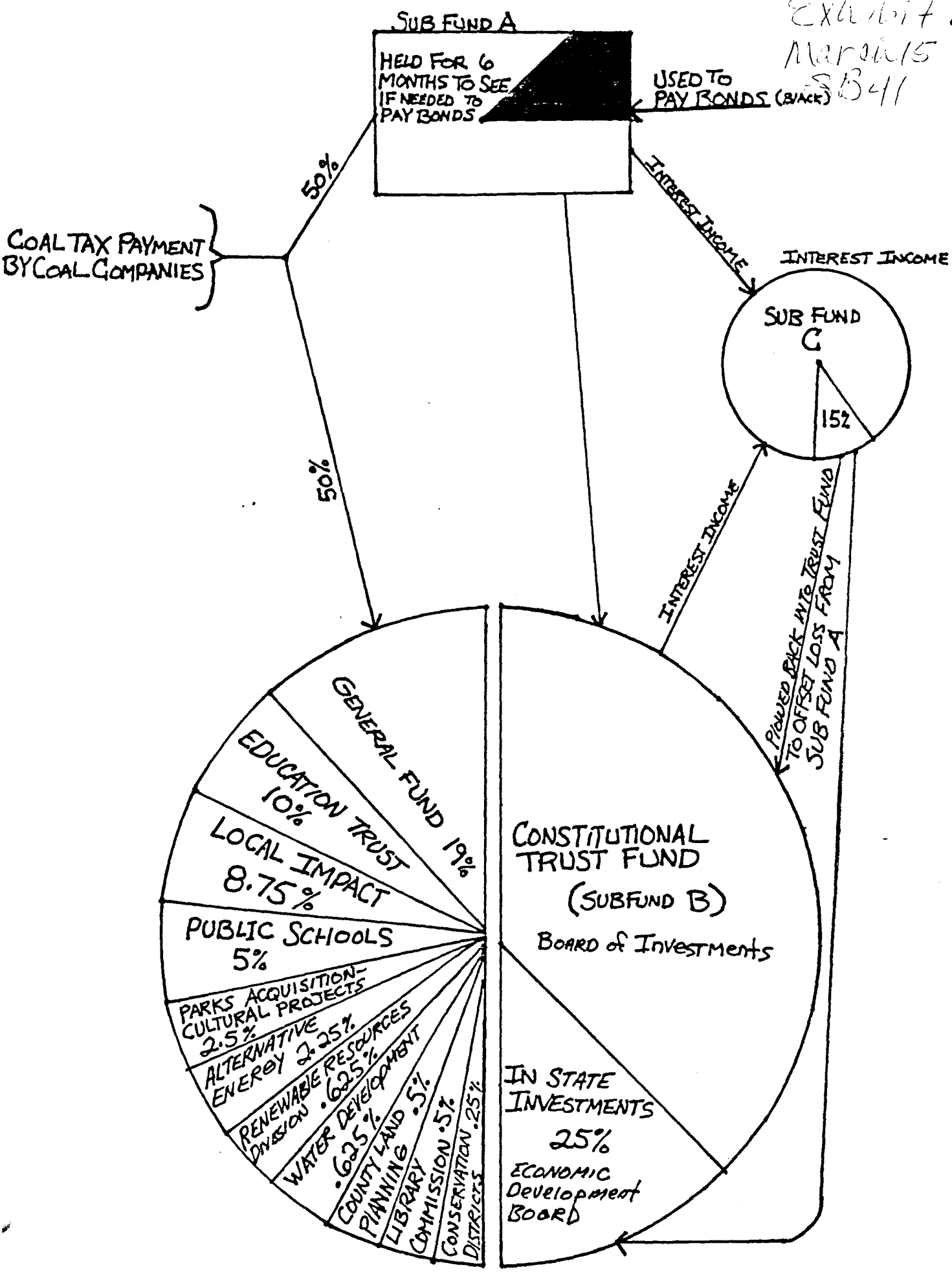


Exhibit 4  
March 15, 1985  
SB 44

42.16.1114

DEPARTMENT OF REVENUE

(2) Income from intangible personal property is earned in connection with a business, trade, profession, or occupation carried on in this state if the intangible personal property is employed as capital in this state or if the possession and control of the property has been localized in connection with the business, trade, or occupation carried on in this state so as to become an asset thereof.

(3) Interest income received by a nonresident or an installment transaction arising from the sale of real or tangible business property located in Montana shall be deemed to be income from sources within Montana, unless the item is properly excludable from federal gross income. (History: Sec. 15-30-305 MCA; IMP, Sec. 15-30-131 MCA; Eff. 11/3/75; AMD, 1983 MAR p. 1357, Eff. 9/30/83.)

42.16.1114 INCOME FROM TANGIBLE PERSONAL PROPERTY (1) A nonresident's income from tangible property is allocable to Montana to the extent the property is utilized in this state.

(2) Interest received on deferred payments of the selling price of property situated in Montana is allocable to the state of the nonresident's commercial domicile. (History: Sec. 15-30-305 MCA; IMP, Sec. 15-30-131 MCA; Eff. 12/31/72; AMD, 1982 MAR, p. 14, Eff. 1/15/82.)

42.16.1115 INCOME ATTRIBUTABLE TO MULTISTATE ACTIVITIES

(1) If a nonresident's income is derived from a business, trade, profession, or occupation carried on both within and without Montana, the income (or loss) reasonably attributable to that portion of the business, trade, profession, or occupation carried on in this state or to services rendered within this state is included in Montana adjusted gross income.

(2) The allocation and apportionment of such income or loss shall be made according to the provisions of ARM 42.16.1117 and 42.16.1201 through 42.16.1229. (History: Sec. 15-30-305 MCA; IMP, Sec. 15-30-131 MCA; Eff. 12/31/72; AMD, Eff. 10/5/74; AMD, Eff. 11/3/75; AMD, 1982 MAR, p. 14, Eff. 1/15/82; AMD, 1982 MAR, p. 2102, Eff. 11/25/82.)

42.16.1116 SEPARATE ACCOUNTING METHODS (Is Hereby Repealed.) (History: Sec. 15-30-305 MCA; IMP, Sec. 15-30-131 MCA; Eff. 12/31/72; AMD, 1982 MAR, p. 14, Eff. 1/15/82; REP, 1982 MAR, p. 2101, Eff. 11/25/82.)

42.16.1117 APPORTIONMENT OF MULTISTATE INCOME (1) If the business, trade, profession, or occupation carried on within Montana is an integral part of a unitary business carried on within and without the state, the income attributable to Montana must be determined by apportioning the total income from the business, trade, profession, or occupation by the percentage derived from averaging the factors of sales, payroll, and property.

Exhibit 2  
HB 701  
2/15/85  
Fritz

49th Legislature

LC 1561

STATEMENT OF INTENT

\_\_\_\_\_ BILL NO. \_\_\_\_\_

Section 6 gives the department of revenue authority to adopt rules for the administration of this bill. It is contemplated that such rules, if adopted, should address the following:

(1) the type of artistic and historic objects and sites that will qualify as in-kind payment;

(2) the types of interests in real property that will qualify as in-kind payment;

(3) the standards and procedures for approval of the in-kind payment;

(4) any documentation necessary to establish the value of the in-kind payment; and

(5) other rules necessary to clarify the terms in this bill and ensure that the objects, buildings, and interests that are received by the state are of unique and significant value in light of the revenue expended by the state and local government.

Exhibit 3  
HB 701  
2/15/85  
Flynn, Jim

HOUSE BILL 701

Testimony presented by Jim Flynn, Department of Fish, Wildlife and Parks

February 15, 1985

The Department supports House Bill 701 because it presents an opportunity--in some cases, perhaps the only opportunity--to protect and preserve the best of Montana's natural and cultural heritage.

The Department is prepared to accept the role prescribed for it by this legislation. We look forward to testing its viability through demonstration projects which qualify.

Of particular and immediate interest to the Department is the foothills portion of the Bitterroot Stock Farm near Hamilton. This property provides winter range for approximately 700 elk. If the Department could acquire control of this property through the mechanisms provided by House Bill 701, we could more effectively manage this herd for the benefit of sportsmen and at the same time alleviate the problems it now causes on ranches which border the stock farm. The present situation is beyond our control to manage because not allowing hunting on the stock farm provides sanctuary for the elk. These animals cannot be harvested during the hunting season and later range onto neighboring properties and there compete with domestic livestock for the feed which is available.

In summary, Mr. Chairman, this bill offers a unique opportunity to explore new ways to preserve Montana's treasured assets. Passage of the bill would not automatically convey property to the State. It would instead permit a dialogue with the heirs which, if successful, would allow such conveyance. We urge your favorable consideration of House Bill 701.

Thank you.

Exhibit 4  
HB 636  
2/15/85  
Fitz Abhams

49th Legislature

LC 0631/01

HOUSE BILL NO. 636

INTRODUCED BY \_\_\_\_\_

A BILL FOR AN ACT ENTITLED: "AN ACT TO REDUCE THE TAX RATE ON PETROLEUM PRODUCED BY TERTIARY RECOVERY METHODS FROM 5 PERCENT TO 2.5 PERCENT; ALLOWING REQUIRING AMORTIZATION OVER 10 YEARS OF THE DEDUCTION FOR THE COSTS OF CARBON--DIOXIDE NECESSARY CHEMICAL SUPPLIES USED IN APPROVED TERTIARY RECOVERY PROJECTS; AMENDING SECTIONS 15-23-603 AND 15-36-101, MCA; AND PROVIDING AN EFFECTIVE DATE."

WHEREAS, the Legislature recognizes that it is essential to the continued growth in production and development of the petroleum resources of this state and to the continued prosperity and welfare of the people of this state that tertiary recovery operations be encouraged; and

WHEREAS, the Legislature further recognizes that tertiary recovery methods are experimental and more costly than traditional enhanced recovery operations, thus preventing recovery of oil in many fields because of economic infeasibility.

THEREFORE, it is the policy of the Legislature to provide an economic incentive to petroleum producers who invest in tertiary recovery projects enhancing Montana's crude oil production to the ultimate benefit of the state.

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

Section 1. Section 15-36-101, MCA, is amended to read:

"15-36-101. Definitions and rate of tax. (1) Every person engaging in or carrying on the business of producing petroleum, other mineral or crude oil, or natural gas within this state or engaging in or carrying on the business of owning, controlling, managing, leasing, or operating within this state any well or wells from which any merchantable or marketable petroleum, other mineral or crude oil, or natural gas is extracted or produced sufficient in quantity to justify the marketing of the same must, except as provided in 15-36-121, each year when engaged in or carrying on any such business in this state pay to the department of revenue for the

exclusive use and benefit of the state of Montana a severance tax computed at the following rates:

(a) except as provided in subsections (1)(b) and (1)(c), 5% of the total gross value of all the petroleum and other mineral or crude oil produced by such person from each lease or unit on or after April 1, 1981, and on or before March 31, 1983; 6% of the total gross value of all the petroleum and other mineral or crude oil produced by such person from each lease or unit on or after April 1, 1983, and on or before March 31, 1985; and 5% of the total gross value of all the petroleum and other mineral or crude oil produced by such person from each lease or unit thereafter; but in determining the amount of such tax there shall be excluded from consideration all petroleum or other crude or mineral oil produced and used by such person during such year in connection with his operations in prospecting for, developing, and producing such petroleum or crude or mineral oil;

(b) 2.65% of the total gross value of natural gas produced from each lease or unit; but in determining the amount of such tax there shall be excluded from consideration all gas produced and used by such person during such year in connection with his operations in prospecting for, developing, and producing such gas or petroleum or crude or mineral oil; and there shall also be excluded from consideration all gas recycled or reinjected into the ground; and all carbon dioxide gas USED IN AN APPROVED TERTIARY RECOVERY PROJECT;

(c) 2.5% of the total gross value of the incremental petroleum and other mineral or crude oil produced from each lease or unit in a tertiary recovery project after [the effective date of this act]. For purposes of this section, a tertiary recovery project must meet the following requirements:

(i) the project must be approved as a tertiary recovery project by the board of oil and gas conservation. Such approval may be extended only after notice and hearing as provided in 82-11-141.

(ii) the property to be affected by the project must be adequately delineated according to the

specifications required by the board of oil and gas conservation; and

(iii) the project must involve the application of one or more tertiary recovery methods that can reasonably be expected to result in an increase, determined by the board of oil and gas conservation to be significant in light of all the facts and circumstances, in the amount of crude oil which may potentially be recovered. For the purpose of this section, tertiary recovery methods include but are not limited to:

(A) miscible fluid displacement;  
(B) steam drive injection;  
(C) micellar/emulsion flooding;  
(D) in situ combustion;  
(E) polymer augmented water flooding;  
(F) cyclic steam injection;  
(G) alkaline or caustic flooding;  
(H) carbon dioxide water flooding;  
(I) immiscible carbon dioxide displacement;  
(J) any other method approved by the board of oil and gas conservation as a tertiary recovery method.

(d) For purposes of this section, the term "incremental petroleum and other mineral or crude oil" means the amount of oil, as determined by the board of oil and gas conservation, to be in excess of what would have been produced by primary and secondary methods. THE DETERMINATION ARRIVED AT BY THE BOARD SHALL BE MADE ONLY AFTER NOTICE AND HEARING AND SHALL SPECIFY THROUGH THE LIFE OF A TERTIARY PROJECT, CALENDAR YEAR BY CALENDAR YEAR, THE COMBINED AMOUNT OF PRIMARY AND SECONDARY PRODUCTION THAT MUST BE USED TO ESTABLISH THE INCREMENTAL PRODUCTION FROM EACH LEASE OR UNIT IN A TERTIARY RECOVERY PROJECT.

(2) Nothing in this part may be construed as requiring laborers or employees hired or employed by any person to drill any oil well or to work in or about any oil well or prospect or explore for or do any work for the purpose of developing any petroleum or other mineral or crude oil to pay such severance tax, nor may any work done or the drilling of any well or wells for the purpose of prospecting or exploring for petroleum or other mineral or crude oils or for the purpose of developing same be considered to be the engaging in or carrying on of any such business. If, in the doing of any such work, in the drilling of any oil well, or in such prospecting, exploring, or development work, any merchantable or marketable petroleum or other mineral or crude oil in excess of the quantity required by such person for carrying on such operation is produced sufficient in quantity to justify the marketing of the same, such work, drilling, prospecting, exploring, or development

work is considered to be the engaging in and carrying on of such business within this state within the meaning of this section.

(3) Every person required to pay such tax hereunder shall pay the same in full for his own account and for the account of each of the other owner or owners of the gross proceeds in value or in kind of all the marketable petroleum or other mineral or crude oil or natural gas extracted and produced, including owner or owners of working interest, royalty interest, overriding royalty interest, carried working interest, net proceeds interest, production payments, and all other interest or interests owned or carved out of the total gross proceeds in value or in kind of such extracted marketable petroleum or other mineral or crude oil or natural gas, except that any of the aforesaid interests that are owned by the federal, state, county, or municipal governments shall be exempt from taxation under this chapter. Unless otherwise provided in a contract or lease, the pro rata share of any royalty owner or owners will be deducted from any settlements under said lease or leases or division of proceeds orders or other contracts."

Section 2. Section 15-23-603, MCA, is amended to read:

"15-23-603. Net proceeds -- how computed. (1) The department of revenue shall calculate and compute from the returns the gross sales proceeds of the product yielded from such well for the year covered by the statement and shall calculate the net proceeds of the well yielded to the producer, which net proceeds shall be determined by subtracting from the gross sales proceeds thereof the following:

(a) all royalty paid in cash by the operator or producer and the gross value of all royalty apportioned in kind by the operator or producer that shall be determined by using as the value of a barrel of oil or a cubic foot of gas the average selling price for the calendar year of a barrel of oil or a cubic foot of gas from the well out of which the royalty was paid;

(b) all moneys expended for necessary labor, and machinery, and supplies needed and used in the operation and development;

(c) except as provided in subsection (3), all moneys expended for necessary supplies needed and used in the operation and development;

~~(c)~~(d) all moneys expended for improvements, repairs, and betterments necessary in and about the working of the well;

~~(d)~~(e) all moneys expended for fire insurance and workers' compensation insurance and for payments by operators to welfare and retirement funds when

provided for in wage contracts between operators and employees;

(f) 70% of the amount paid or withheld in satisfaction of liability for excise taxes imposed by the U.S. government on the production, sale, or removal of the natural gas, petroleum, or other crude or mineral oil yielded from such well, other than the amount of such taxes paid by or withheld from each royalty owner.

(2) No moneys invested in the well and improvements during any year except the year for which such statement is made may be included in such expenditures, except as provided in 15-23-604, and such expenditures may not include the salaries or any portion thereof of any person or officer not actually engaged in the working of the well or superintending the management thereof.

(3) In calculating the deduction for moneys expended for carbon-dioxide NECESSARY CHEMICAL SUPPLIES needed and used in a tertiary recovery project approved by the board of oil and gas conservation, as provided in 15-36-101, the department shall allow--10% of such moneys expended--each year for--a period of--10 years REQUIRE THAT THE NECESSARY CHEMICAL SUPPLIES, WHICH INCLUDE BUT ARE NOT LIMITED TO CARBON DIOXIDE SUPPLIES, BE AMORTIZED OVER A 10-YEAR PERIOD, beginning with the year in which the moneys were expended."

NEW SECTION. Section 3. Extension of authority. Any existing authority of the board of oil and gas conservation or the department of revenue to make rules on the subject of the provisions of this act is extended to the provisions of this act.

NEW SECTION. Section 4. Effective date. This act is effective July 1, 1985.

-END-

Exh. b. 15  
HB 636  
2/15/85  
Tucker Hill

MR. CHAIRMAN, MEMBERS OF THE HOUSE TAXATION COMMITTEE:

MY NAME IS TUCKER HILL. I AM THE DIRECTOR OF PROJECT 85; PROJECT 85 IS A GROUP OF 80 OIL AND GAS OPERATORS AND OTHER INTERESTED INDIVIDUALS AND GROUPS WHICH HAVE FORMED TOGETHER TO SUPPORT THREE BILLS WHICH IN OUR OPINION WILL GREATLY IMPROVE THE INVESTMENT ENVIRONMENT FOR OIL AND GAS EXPLORATION AND PRODUCTION IN MONTANA. TODAY, THE FIRST OF THOSE THREE BILLS, HOUSE BILL 636 IS BEING HEARD IN COMMITTEE. ON BEHALF OF PROJECT 85, I WISH TO STATE OUR TOTAL SUPPORT FOR THIS LEGISLATION.

PASSAGE OF HB 636 WILL CAUSE ADDITIONAL OIL TO BE PRODUCED IN MONTANA. OIL PRODUCTION IN MONTANA PEAKED IN 1968 AT 48.5 MILLION BARRELS A YEAR; SINCE THAT YEAR PRODUCTION HAS BEEN GENERALLY DECLINING TO ITS PRESENT YEARLY LEVEL OF ABOUT 29 MILLION BARRELS. AT THE LEAST, HOUSE BILL 636 WILL SLOW THE DECLINE OF OIL PRODUCTION IN OUR STATE. BUT ITS BENEFITS ARE EXTENSIVE AND VERY IMPORTANT TO OUR FUTURE.

HOUSE BILL 636 PROVIDES A SEVERANCE TAX REDUCTION FOR OIL PRODUCED BY TERTIARY METHODS. I WANT TO EMPHASIZE THAT THE TAX REDUCTION FROM 5% TO 2.5% APPLIES ONLY TO THE ADDITIONAL OIL PRODUCED BY TERTIARY METHODS. TERTIARY METHODS IS A TECHNICAL TERM WHICH DESCRIBES ONE OF SEVERAL WAYS TO PRODUCE OIL FROM OLDER FIELDS WHICH ARE ABOUT TO STOP PRODUCING. THE FEDERAL GOVERNMENT RECOGNIZES TERTIARY PRODUCTION METHODS FOR A REDUCTION WHEN DETERMINING WINDFALL PROFITS TAXES. THE FEDERAL DEFINITION OF TERTIARY PRODUCTION HAS BEEN USED IN HB 636.

IT IS IMPORTANT TO STATE THAT TERTIARY, OR THIRD-LEVEL, PRODUCTION METHODS ARE EXPENSIVE AND RISKY VENTURES. IT IS UNLIKELY THAT MAJOR THIRD LEVEL PRODUCTION PROGRAMS WILL BE INITIATED IN MONTANA UNLESS THIS TAX INCENTIVE IS APPROVED.

WHAT WILL PASSAGE OF HOUSE BILL 636 DO FOR MONTANA:

1. IT MAY WELL SET THE STAGE FOR INVESTMENTS EXCEEDING \$1 BILLION TO BE MADE IN CERTAIN AREAS IN EASTERN MONTANA.

2. IT COULD CAUSE AN ADDITIONAL 100 MILLION BARRELS OF OIL TO BE PRODUCED.

3. IT COULD EXTEND THE LIFE OF SOME EASTERN MONTANA OIL FIELDS FOR UP TO 50 YEARS WHICH WILL MEAN 50 YEARS OF OIL AS AN IMPORTANT PROPERTY AND SEVERANCE TAX PAYER IN THE EASTERN END OF MONTANA.

4. IT COULD CREATE STABLE JOBS IN EASTERN MONTANA COMMUNITIES WHERE THEY ARE DESPERATELY NEEDED.

HOUSE BILL 636 ENJOYS THE SUPPORT OF THE ENTIRE OIL AND GAS INDUSTRY IN MONTANA, BUT IT ALSO HAS THE SUPPORT OF MANY OTHER INDIVIDUALS AND GROUPS. I HAVE SUPPLIED THE COMMITTEE COPIES OF LETTERS FROM SEVERAL PETROLEUM COMPANIES SUPPORTING THIS LEGISLATION. HOUSE BILL 636 HAS THE TOTAL SUPPORT OF THE MONTANA PETROLEUM ASSOCIATION. SEVERAL SUPPORTERS OF HOUSE BILL 636 WOULD NOW LIKE TO DESCRIBE SPECIFICALLY WHY THEY WANT HOUSE BILL 636 TO PASS.

Aikins Drilling Co.  
Amoco Production Co.  
ARCO Exploration Co.  
BWAB Inc.  
Balcron Oil Co.  
Beren Corp.  
C. Brewer Inc.  
CENEX  
Champlin Petroleum Co.  
Chevron USA Inc.  
Church, Harris, Johnson & Williams  
Cities Service Oil & Gas Corp.  
Citizens Bank of Montana  
Clark Bros. Contractors  
Conoco Inc.  
Consolidated Oil & Gas, Inc.  
Cotton Petroleum Corp.  
Croft Petroleum Co.  
Crowley, Haughey, Hanson,  
Toole and Dietrich  
D.A.S. Resource Ventures Inc.  
Deister, Ward & Witcher, Inc.  
E-Line Oil Field Services  
Elenburg Exploration Co. Inc.  
Energy Reserves Group  
Exxon Co. USA  
Fox Oil Co.  
Fuel Resources Development Co.  
Gary Williams Oil Producer Inc.  
Getter Trucking, Inc.  
Getty Oil Co.  
Grace Petroleum Corp.  
Hancock, Warren J. Operator  
Hannah Drilling Co.  
Hawley & Desimon, Inc.  
Heringer, Charles Jr.  
Hi-Line Trucking, Inc.  
Huckabay, E. Doyle Ltd.  
Kennecott Minerals Co.  
LYTM Co. Inc.

Ladd Petroleum Corp.  
Livingston & Courdin Exploration, Inc.  
Lynes, Inc.  
Midlands Energy Co.  
Milestone Petroleum Inc.  
Montana Dakota Utilities Co.  
Montana Eskimo Pet. Inc.  
Montana Oil Well Cementers, Inc.  
Mountain & Plains Oil Co.  
Murphy Oil USA, Inc.  
NRG Co., The  
Nance Petroleum Corp.  
Narco-Montana Power  
Okerman, Mike  
O'Toole, Loren  
Petrocarbons, Ltd.  
Phillips Petroleum Co.  
Post Rock Oil Co.  
Prairie Wireline Services  
Quadra Oil & Gas, Inc.  
Red River Royalty Corp.  
Schaenen, David  
Selah Land Co.  
Shell Western E & P Inc.  
Soap Creek Associates, Inc.  
Sohio Petroleum Co.  
Southland Royalty Co.  
Sun Co. Inc.  
Superior Oil Co.  
T Bar S, Inc.  
Texaco USA  
Texas Oil & Gas Corp.  
Torgerson, Ronald K.  
Tricentrol  
True Oil Co.  
Vaughey & Vaughey  
Vesta, Inc.  
Watkins Engineering & Assoc.  
Williams, Langdon G.  
Zeno Inc.

Santa Fe Energy Company

Exhibit 6  
HB 636  
2/15/85



Tucker Hill

C. Ed Hall  
Director-Public Affairs

February 11, 1985

D. Van De Graaff  
Montana Petroleum Association  
2030 11th Avenue, Suite 23  
Helena, Montana 59601

Dear Van,

This letter is to advise you of Santa Fe Energy Company's support of Montana's HB 636.

Our Company was recently listed by The Oil Daily as one of the Country's largest independent petroleum producers. Also, a study of 30 large energy companies conducted by a major financial institution revealed that for the period 1978-83 Santa Fe Energy ranked from second to sixth in various categories related to either increasing or replacing reserves. This record is due in large part to our utilizing the latest technologies to extract additional oil from existing fields.

As examples of the importance of enhanced oil recovery (EOR) or tertiary recovery techniques to the oil and gas industry as well as to lessors such as a state, I submit the following:

- (1) Almost 40 percent of Santa Fe's reserves added in 1983 were the result of EOR techniques.
- (2) In 1974, we estimated proved reserves in five California oil fields at 51 million oil equivalent barrels. During the next 10 years we produced 105 million barrels with 1984 proved reserves estimated at 85 million oil equivalent barrels - from those same five fields.

Santa Fe Energy Company  
Executive Office  
Suite 1000  
1616 South Voss Road  
Houston, TX 77057-2696  
713/783-2401



A Santa Fe Industries Company

- (3) Finally, in the Wasson field of West Texas, we are partners in a major tertiary recovery project utilizing carbon dioxide injection. We anticipate results beginning in late 1985 and should experience a production increase of some 35% within the next few years.

Santa Fe is not a major operator in Montana at this point with current daily oil production of approximately 500 barrels. We do however hold undeveloped leases in Montana and will be drilling wells in 1985.

Santa Fe is the operator of the Nisku Unit in Sheridan County Montana which we understand is the first carbon dioxide project in the state. Though our production from primary and secondary techniques on this lease was indeed minimal, we decided to use the field as a pilot project for carbon dioxide injection and the production virtually doubled. We have other leases in the State of Montana that could become candidates for tertiary recovery techniques.

Our nation's energy security depends in large part on technology that will recover oil from older existing fields. We at Santa Fe Energy encourage members of the Montana legislature to lead the way by creating an environment where enhanced recovery is encouraged for the overall benefit of the citizens of Montana.

Sincerely,

A handwritten signature in dark ink, appearing to be 'Ed' with a horizontal line underneath.

C. Ed Hall

/ld

Santa Fe Energy Company

Exhibit 5  
HB 636  
2/15/85



Tucker Hill

C. Ed Hall  
Director-Public Affairs

February 11, 1985

D. Van De Graaff  
Montana Petroleum Association  
2030 11th Avenue, Suite 23  
Helena, Montana 59601

Dear Van,

This letter is to advise you of Santa Fe Energy Company's support of Montana's HB 636.

Our Company was recently listed by The Oil Daily as one of the Country's largest independent petroleum producers. Also, a study of 30 large energy companies conducted by a major financial institution revealed that for the period 1978-83 Santa Fe Energy ranked from second to sixth in various categories related to either increasing or replacing reserves. This record is due in large part to our utilizing the latest technologies to extract additional oil from existing fields.

As examples of the importance of enhanced oil recovery (EOR) or tertiary recovery techniques to the oil and gas industry as well as to lessors such as a state, I submit the following:

- (1) Almost 40 percent of Santa Fe's reserves added in 1983 were the result of EOR techniques.
- (2) In 1974, we estimated proved reserves in five California oil fields at 51 million oil equivalent barrels. During the next 10 years we produced 105 million barrels with 1984 proved reserves estimated at 85 million oil equivalent barrels - from those same five fields.

Santa Fe Energy Company  
Executive Office  
Suite 1000  
1616 South Voss Road  
Houston, TX 77057-2696  
713/783-2401



- (3) Finally, in the Wasson field of West Texas, we are partners in a major tertiary recovery project utilizing carbon dioxide injection. We anticipate results beginning in late 1985 and should experience a production increase of some 35% within the next few years.

Santa Fe is not a major operator in Montana at this point with current daily oil production of approximately 500 barrels. We do however hold undeveloped leases in Montana and will be drilling wells in 1985.

Santa Fe is the operator of the Nisku Unit in Sheridan County Montana which we understand is the first carbon dioxide project in the state. Though our production from primary and secondary techniques on this lease was indeed minimal, we decided to use the field as a pilot project for carbon dioxide injection and the production virtually doubled. We have other leases in the State of Montana that could become candidates for tertiary recovery techniques.

Our nation's energy security depends in large part on technology that will recover oil from older existing fields. We at Santa Fe Energy encourage members of the Montana legislature to lead the way by creating an environment where enhanced recovery is encouraged for the overall benefit of the citizens of Montana.

Sincerely,

A handwritten signature in dark ink, appearing to be 'Ed' with a horizontal line underneath.

C. Ed Hall

/ld



# CELSIUS ENERGY COMPANY

78 SOUTH STATE STREET - P. O. BOX 11070 - SALT LAKE CITY, UTAH 84147 - (801) 530-2648

Exhibit 7  
HB 636  
2/15/85

Tucker Hill

RULAND J. GILL, JR.  
MANAGING ATTORNEY

February 13, 1985

Montana Petroleum Association  
2030 11th Avenue, Suite 23  
Helena, MT 59601

Attention: Darwin VanDeGraaff

Gentlemen:

RE: HB 636 - Tertiary Oil Recovery Bill

Celsius Energy and its affiliate corporations, Wexpro Company and Mountain Fuel Supply Company, are active oil and gas producers in Montana. We believe the captioned Bill will foster production of hydrocarbons in our operations. It will encourage initial drilling because it reduces the break-even point necessary for some marginal drilling into retrograde condensate reservoirs. Existing field production will be increased because lower levels of production will cover the lower tax rate of 2.5%, and still leave enough to pay operating costs.

From an analysis of our current and pending operations, it appears that we would be encouraged from the decreased tax to spend an additional \$827,000 in 1985 on tertiary recovery facilities for existing wells and possibly more in future years. The tax reduction would also result in our drilling one additional 1985 well which would otherwise not be approved for drilling because of marginal economics.

We encourage the passage of HB 636.

Very truly yours,

ckb

Exhibit 8  
HB 636  
2/15/85  
Tucker Hill



# POST ROCK OIL COMPANY

February 8, 1985

PROJECT 85  
P.O. Box 923  
Helena, MT 59624

ATTN: Tucker Hill

RE: HB 636

Mr. Chairman & Members of the House Taxation Committee:

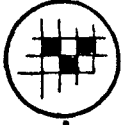
I read with interest a copy of the proposed House Bill 636 regarding the incentive to produce oil by tertiary methods. I heartily support your efforts with HB 636 and hope you will recognize this letter as confirmation of my support. The incentive is much needed in our industry at present.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Henry Erbebo".

Henry Erbebo  
President  
POST ROCK OIL COMPANY

HE/mh  
cc Rep. Jack Sands  
c/o Capitol Station  
Helena, MT 59620



**Gary-Williams Oil Producer**

115 Inverness Drive East • Englewood, Colorado 80112-5116 • (303) 799-3800

Exhibit 9  
HB 636  
2/15/85  
Tucker Hill

February 8, 1985

Mr. Tucker Hill  
Director  
The Oil & Gas Industry Working for  
Montanans  
P.O. Box 923  
Helena, Montana 59624

Dear Tucker:

Gary-Williams Oil Producer would like to go on public record as being in support of Montana House Bill No. 636 as currently written.

Very truly yours,

GARY-WILLIAMS OIL PRODUCER

Bruce Richards  
Director of Administration

BR/skb

cc: Ronald Williams  
Frank Farnham

(S)

FARMERS UNION CENTRAL EXCHANGE, INC.

February 8, 1985

Representative Gerry Devlin  
Chairman  
House Taxation Committee  
Capitol Station  
Helena, Montana 59620



Where the customer is the company

1601 Lewis Ave • Post Office Box 21479  
Billings, Mont. 59104 • (406) 245-4747

RE: House Bill 636  
Reduced Tax Rate on  
Tertiary Production

Dear Mr. Chairman and Committee Members:

CENEX is an independent oil producer with a 40 year history of operations in the State of Montana. Our only exploration and production office is located in Billings where we employ a staff of approximately 85 people. CENEX is the 8th largest oil producer in the State of Montana and is continually engaged in the business of drilling for and producing oil and gas reserves. Our production staff is committed to the economic recovery of the ultimate barrel in every reservoir we operate.

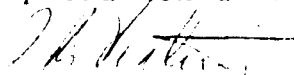
In the past, we have participated in a limited number of tertiary recovery programs and we are the operator of one such project in Wyoming. As our producing areas become older and reservoirs depleted, more and more attention is being given to enhanced recovery methods. High operating costs, including taxes, of these projects necessitate severe economic scrutiny before investments can be risked.

You may be interested to know that the oil reserves of our nation are continuing to decline and, in spite of record drilling numbers during the past five years, this depletion has not been halted. New engineering techniques and tertiary programs will be required to bolster our national reserves. Latest figures indicate that the average producing well in our country yields 14 barrels of oil per day. More than 600,000 wells provide our present national daily rate of approximately 8.5 million barrels of oil. Enhanced capabilities become very significant considering this small yield per well.

In view of the above, CENEX vigorously supports House Bill 636 and respectfully urges your favorable consideration and adoption in order to encourage additional oil recoveries in the State of Montana.

Thank you.

Sincerely,  
Exploration & Production

  
J. R. Keating  
General Manager

Exhib. T 10  
HB 636  
2/15/85  
Tucker Hill

10

Exhibit 11  
HB 636  
2/15/85

BACKGROUND INFORMATION:

INCREASING MONTANA'S OIL PRODUCTION  
BY  
ENCOURAGING ENHANCED RECOVERY PROJECTS

POTENTIAL IMPACTS  
OF PROPOSED CARBON DIOXIDE PROJECT  
IN EASTERN MONTANA'S CEDAR CREEK ANTICLINE

February 4, 1985

# New Fizz for Old Fields



Exhibit 12  
2/15/85  
HB 636  
Keys

TESTIMONY OF G. W. KEYS  
TAX COMMITTEE - HOUSE OF REPRESENTATIVES  
February 15, 1985

I am George W. Keys, manager of production administration for the Rocky Mountain Division of Shell Western E&P Inc. I am here today to speak in favor of House Bill 636, a proposal to encourage increased oil production in Montana by tertiary production methods.

Montana's oil industry is important to the state's economic well being. Montana ranks thirteenth in production among the oil and gas producing states. In 1983, oil and gas produced in Montana provided more than \$44 million in revenue to the state from severance taxes and more than \$100 million in royalty income to mineral owners. County Net Proceeds taxes were more than \$75 million in 1982. More than 8,000 Montanans are employed in the oil and gas industry.

However, Montana's oil and gas production is declining, and the income generated by that oil and gas also is declining. In 1968, the peak year for production in the state, 48.5 million barrels of oil were produced. In 1983, oil production had dropped to 29.3 million barrels. It will continue to decline because few new oil fields are being discovered.

In our own oil fields at the Cedar Creek Anticline in eastern Montana, we expect oil production to decline about 50 percent in the next ten years. These oil fields represent about 25 percent of Montana's total oil production. My company currently represents about \$60 million in economic impact annually in state severance taxes, local county Net Proceeds and property taxes, royalties, payrolls and purchases from Montana suppliers. Unless action is taken to increase oil production, that impact of about \$60 million will be reduced by half by the mid-1990s.

The State of Montana and the oil industry face a crisis in energy production and revenue. However, we can work together as partners to minimize the effects of this crisis.

The oil industry is capable of producing more oil from existing fields through relatively new tertiary production methods. For the most part, these methods are experimental and very costly compared to more normal production methods. They require big investments at the beginning of the project and have much longer payout times than other production methods.

The federal government has recognized these factors by providing tax reductions on oil produced by tertiary methods. Several states also have passed laws in recent years to provide tax incentives to increase oil production and continue oil industry investment.

12 of 13

Montana can do the same by passing H.B. 636. The bill provides that additional oil produced by these more expensive methods (that is, the amount of oil beyond that which is produced by secondary recovery processes) would be taxed at a rate of 2 1/2 percent over the life of the project, or one-half the currently legislated rate (effective April 1985). The amount of oil that would have been recovered under secondary recovery processes would continue to be taxed at the currently legislated severance tax rate. It also mitigates negative impacts on Net Proceeds taxes at the county level from the large startup costs in the first few years of a project. It does this by the amortization of the cost of purchased carbon dioxide (CO<sub>2</sub>) over 10 years.

#### CEDAR CREEK ANTICLINE PROJECT DESCRIPTION

We anticipate producing about 300 million barrels of oil in the Cedar Creek Anticline in eastern Montana using primary production and waterflood methods currently in use. We anticipate that flooding the oil fields with carbon dioxide will recover up to another 100 million barrels of oil. This is oil that would otherwise be left underground and could not be produced under current production methods.

Preliminary evaluation of the feasibility of using carbon dioxide to increase oil production at the Cedar Creek Anticline was completed in 1984. A pilot test to provide on-site research and analysis of carbon dioxide flooding in the Anticline was conducted by Shell Western in its South Pine Unit in Wibaux County. Pilot operations involving three wells begin in February 1984. Carbon dioxide was injected during August-October 1984. Shell Western then began waterflooding to produce all of the oil generated in the reservoir by the carbon dioxide. Completion of pilot operations is expected in the next few weeks.

Engineering research and evaluation of data acquired during pilot operations is expected to be completed by about May 1985. This evaluation will help Shell Western to determine whether the project is technically feasible. It will provide data that can be used to make more accurate predictions about oil recovery using the carbon dioxide injection process.

Shell Western E&P plans to have completed its evaluation of potential sources for carbon dioxide by mid-year. Two major sources are being considered at this time. Although the exact cost is still unknown, we know that it will be very expensive.

Shell Western expects to have all of the information it needs to make a final decision about whether to go ahead with the full-scale carbon dioxide project in Montana sometime in the second half of 1985.

## ECONOMICS

From a financial and technical standpoint, the oil industry views carbon dioxide projects as high-risk, economically marginal ventures. They are very expensive, requiring huge front-end expenditures. Operating expenses are significantly greater than for waterflood projects. Payout time is about 10 years or more -- about twice waterflood project payout. And CO<sub>2</sub> is still an emerging technology.

We've made our preliminary projections of the Cedar Creek Anticline project's economics based on the best knowledge we had at the time. These are based on constant 1984 dollars, with no inflation included and constant oil prices.

Under current conditions with reasonable projections of the key factors necessary for a successful project, we believe the project is only marginal. We have to be very optimistic about one or more of these factors and the future economic environment for the project to be economically justified compared to other investment opportunities by the company.

The key factors are total oil recovered, carbon dioxide source and cost, price of oil, and tax level. I mentioned that we expect total oil recovery to be up to as much as 100 million barrels. It could be more or less. We do have some flexibility on this factor, but a large minimum oil reserve is necessary.

I've mentioned that carbon dioxide is still an unknown as far as the source and the cost. Future oil price also is a major unknown, but we must plan for a real growth in the price of oil to make the project economical. That is, the price of oil must increase faster than the inflation rate. Oil has been declining rapidly in price in recent months and is now about \$25 per barrel. This is certainly going to have a negative influence on our management's decision about this project.

Tax treatment is the other main factor that will affect our decision on the project. The federal government's reduction in windfall profits tax on tertiary oil production is significant. But this benefit is diminished under current oil price trends. Other states have provided severance tax reductions to increase oil production. Louisiana, Mississippi and Kansas have tax incentives laws in effect, and similar laws are being considered now in Wyoming, New Mexico and Texas, in addition to Montana.

## CONCLUSIONS

H.B. 636 is designed to provide economic incentive to the oil industry to produce more oil in Montana. It also will prevent significant adverse effects on state or local revenues.

The benefit of this bill to the oil industry depends on results. The amount of the benefit depends on the amount of additional oil produced. Other incentives could be designed to give more benefit up front, and frankly, these would be more desirable from industry's standpoint.

But this bill has been designed so that both the state and the oil industry will share in the revenues from additional production. Also, state and local governments will not have significant adverse impacts.

Let me repeat that this project is risky. We need all of the encouragement we can get to help reduce the investment risk of the project. We need the tax incentive provided in this bill.

While some inflation in oil prices is probable, the costs of this type of project (particularly the carbon dioxide costs) also will inflate, thus reducing much of the benefit of a normal oil price increase. Some oil price increase is necessary to make the projects viable.

The time for a decision is now. Our Cedar Creek Anticline project must be started soon if it is to be done. We cannot do the project later because of technical and economic reasons.

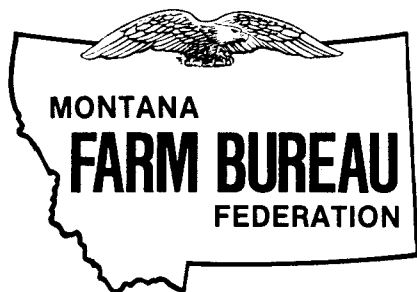
Government and industry can work together on this project for the good of all. A reduction in the severance tax on this additional oil production will result in many benefits for Montanans:

- o Specifically, CO<sub>2</sub> flooding would extend the producing life of Cedar Creek Anticline reservoirs by about 50 years and result in a peak incremental production of about 10,000 barrels per day.
- o Capital investment by industry for this project alone would be about \$225 million. Operating expenses over the life of the project are estimated to be an additional \$1.1 billion, including more than \$500 million for purchased CO<sub>2</sub>.\*
- o The State of Montana would receive about \$60 million additional severance tax income from CO<sub>2</sub> incremental production (based on 2.5% incremental oil severance tax rate).\*
- o An estimated \$135 million in additional net proceeds taxes would be paid to eastern Montana counties from CO<sub>2</sub> projects in the Cedar Creek Anticline (based on current mill levies).\*

Your favorable decision on this bill will bring Shell Western one step closer to making the decision that will result in significant new investments in eastern Montana within a few years to increase oil production.

Thank you for considering our viewpoints.

\*Based on 1984 dollars and crude price of \$27.94



502 South 19th

Bozeman, Montana 59715

Phone (406) 587-3153

TESTIMONY BY: Lorraine Gillies

BILL # HB 636 DATE 2/15/85

SUPPORT XXXX OPPOSE

*Exhibit 13  
HB 636  
Gillies  
2/15/85*

Mr. Chairman, Members of the Committee:

For the record, I'm Lorraine Gillies, Representing Montana Farm Bureau Federation.

We support HB636 to reduce the tax rate on petroleum produced by tertiary methods of recovery. This reduction will encourage production and further advance Montana's energy industries.

We urge the Committee to recommend a due pass on this bill.

Thank you.

SIGNED

*Lorraine Gillies*

# Glendive **Forward** Of Montana

Exhibit 14  
HB 636  
2/15/85  
Boedecker

## HOUSE BILL 636

Dear Mr. Chairman:

Glendive Forward wishes to state its position as a proponent to House Bill 636. It is Glendive Forward's firm desire that this piece of legislation be passed as drafted for the following reasons:

1) It will create an opportunity for CO2 and other tertiary recovery methodology which to date have been absent in the state of Montana.

2) It will create a substained economic base in regards to oil recovery in that without tertiary recovery a substantial amount of oil fields in the state of Montana will be abandoned, thus creating substantial loss of revenue to the state and critically affecting the employment base in those counties where oil and gas activity is present.

3) The legislation would enable Shell Oil Company to move ahead with their CO2 project along the Cedar Creek Anticline thus improving the economic base of the four (4) counties which are affected by this project and creating an additional revenue stream into the state of Montana for an additional potential 50 years which would not happen unless Shell proceeds with the tertiary recovery program.

4) This legislation will also indicate to the oil and gas industry that Montana is willing to cooperate with this industry in regards to enhancing the revenues as well as creating opportu-

ities for the industry to recover additional reserves which otherwise would be left in the ground.

5) Montana's oil production has been constantly following a downward curve since its peak in 1968 of 48.5 million barrels of oil to an estimated 29 million barrels of oil in 1983. Without tertiary recovery this downward decline will not stop.

A) For an example, in CO2 recovery of the Cedar Creek Anticline, could recover an additional 100 million barrels of oil that would not be recovered under the present secondary recovery method.

B) Because of the capital investment and high risk associated with CO2 recovery, without tax incentive the companies would not be able to initiate said programs especially with the declining market value of crude oil which we all know from its peak in 1981 of approximately \$40 a barrel to the present price which now lingers around \$27 a barrel.

6) Through this legislation the state can help itself in issuing continuing energy supply and revenue by providing the necessary tax incentives now to encourage the industry to make these substantial capital commitments.

A) An example is that it is projected that the Shell CO2 recovery project will cost in excess of \$1 billion. If you could just imagine what a bright hope an economically depressed area that we in eastern Montana are in, that this project holds for us is hard to express.

In closing, it is our fervent hope that the Montana Legislature and more specifically, your House Taxation Committee, perceives this

great opportunity and votes in favor of enacting this proposed legislation as presented.

Exhibit 15  
HB 636  
2/15/85

TABLE 1  
TAXABLE VALUE IN FALLON COUNTY DUE TO SHELL

Year	Waterflood (millions)	CO2: 1 year (millions)	CO2: 10 year (millions)
1984	84.7	CO2 Injection begins in 1987	
1985	78.1		
1986	71.0		
1987	64.3	45.0	45.0
1988	58.1	14.9	50.6
1989	51.2	8.5	39.9
1990	44.7	10.8	37.2
1991	38.8	21.8	41.4
1992	35.6	30.0	44.8
1993	32.1	44.9	53.6
1994	28.4	47.2	51.1
1995	24.2	51.1	49.6
1996	20.9	48.5	43.0

Average from 1987 to 1996:

39.83	32.27	45.62
-------	-------	-------

TABLE 2  
TAXABLE VALUE OF FALLON COUNTY

Year	Waterflood (millions)	CO2: 1 Year (millions)	CO2: 10 Year (millions)
1984	115.7 (actual)	CO2 Injection begins in 1987	
1985	109.1		
1986	102.0		
1987	95.3	76.0	76.0
1988	89.1	45.9	81.6
1989	82.2	39.5	70.9
1990	75.7	41.8	68.2
1991	69.8	52.8	72.4
1992	66.6	61.0	75.8
1993	63.1	75.9	84.6
1994	59.4	78.2	82.1
1995	55.2	82.1	80.6
1996	51.9	79.5	74.0

1987-1996 Average

70.83	63.27	76.62
-------	-------	-------

TABLE 3  
MILL LEVY IN FALLON COUNTY

Year	Waterflood (millions)	CO2: 1 year (millions)	CO2: 10 year (millions)
1984	85.8	CO2 Injection begins in 1987	
1985	91.0		
1986	97.3		
1987	104.1	130.6	130.6
1988	111.4	216.2	121.6
1989	120.7	251.3	140.0
1990	131.1	237.4	145.5
1991	142.2	188.0	137.1
1992	149.0	162.7	130.9
1993	157.3	130.8	117.3
1994	167.1	126.9	120.9
1995	179.8	120.9	123.1
1996	191.2	124.8	134.1

Average from 1987 to 1996:

145.39	168.96	130.11
--------	--------	--------

TABLE 4  
COLLECTIONS FOR STATEWIDE LEVIES  
BASED ON TOTAL TAXABLE VALUE OF FALLON COUNTY  
(University Levy and School Foundation Program)

Year	Waterflood (millions)	CO2: 1 year (millions)	CO2: 10 year (millions)
1984	\$5.900		
1985	5.564		
1986	5.202		
1987	4.860	3.876	3.876
1988	4.544	2.341	4.162
1989	4.192	2.015	3.616
1990	3.861	2.132	3.478
1991	3.560	2.693	3.692
1992	3.397	3.111	3.866
1993	3.218	3.871	4.315
1994	3.029	3.988	4.187
1995	2.815	4.187	4.111
1996	2.647	4.055	3.774

Total from 1987 to 1996:

36.12	32.27	39.08
-------	-------	-------

TABLE 5  
STATE OIL SEVERANCE TAX COLLECTIONS  
UNDER VARIOUS TAX RATES

YEAR	H2O ONLY AT 5%	H2O+CO2 AT 5%	CO2 INCREMENT AT 2.5%	H2O ONLY PLUS AT 5%+2.5%
1984	8.7	8.7		
1985	8.6	8.6		
1986	8.2	8.2		
1987	7.5	6.7		
1988	6.8	6.4		
1989	6.3	7.0	.3	6.6
1990	5.7	7.5	.9	6.6
1991	5.3	8.3	1.5	6.8
1992	4.7	8.5	1.9	6.6
1993	4.1	8.3	2.1	6.2
1994	3.7	8.1	2.2	5.9
1995	3.3	7.9	2.3	5.6
1996	2.9	8.0	2.5	5.4
TOTAL	36.0	63.6	13.7	49.7

# Deer Lodge Elementary Schools

## BOARD OF TRUSTEES

GARY BECK, CHAIRMAN  
LORRIE DUNCAN, VICE-CHAIRMAN  
SANFORD C. PORTER, TRUSTEE  
HERBERT NELSON, TRUSTEE  
KARLA RYDEEN, TRUSTEE  
MAXINE FISKE, CLERK

SCHOOL DISTRICT NO. ONE  
P.O. BOX 630  
DEER LODGE, MONTANA 59722

(406) 846-1553

Exhibit 16  
HB 704  
2/15/85  
Cotton, Tom  
ADMINISTRATION

TOM COTTON, SUPERINTENDENT  
RICHARD NICAISE, PRINCIPAL  
O.D. SPEER SCHOOL  
GRANVILLE STUART SCHOOL  
PATRICK ROGERS, PRINCIPAL  
JUNIOR HIGH SCHOOL

My name is Tom Cotton, representing Deer Lodge School District #1, and I am here to testify in support of House Bill 704. House Bill 704 was introduced to alleviate a problem which arises due to protested taxes. I would like to explain to you the ramifications if this situation is not remedied by legislative action.

Currently, in Powell County, there is 2.5 million dollars in protested taxes involving five firms which contract with the Bonneville Power Authority for usage of their power lines. This protest was not filed until after budgets had been submitted to county commissioners for setting of mill levies on the second Monday of August. As a result, my school district currently faces the loss of the following revenue:

General Fund	124,166
Transportation Fund	13,697
Bus Depreciation Fund	7,145
Debt Service Fund	29,826
Comprehensive Insurance	4,937
	<u>179,771</u>

In addition to the above, the county-wide fund for retirement will also be short revenue.

It is imperative that legislation be enacted to exclude valuation which is being protested in order for political subdivisions to be able to count on revenues needed for operational expenses. If this action is not taken, the result will be that these political entities with large amounts of protested taxes will deplete their operating reserves, which will result in the registering of warrants. This will result in additional expenses being incurred by these political entities.

I would suggest one change in the bill, on page 2, line 6. I suggest that the wording be changes from the second Monday in August to the first Monday in August. The rationale behind this change would be to allow county officials time to adjust figures in completing county and school district budgets. As the second Monday in August is when this must be completed, it would be impossible to complete this task if protests are allowed up to this date.

We would ask that you carefully consider this legislation to allow us to get those funds necessary for our operation.

Thank you,

Tom Cotton

BOARD MEMBERS

Diana J. Solle, Chairperson  
Ronald Gilman, Vice Chairman  
Darlene A. Mannix, Secretary  
Donald J. Beighle  
Rev. Steven C. Carlson  
Jack J. N. Price  
J. Robert Strickland

Violet Mosier, Clerk  
Floyd D. Larkin, Superintendent  
James F. Duggan, Principal



## Powell County High School

709 MISSOURI AVENUE / DEER LODGE, MT 59722  
Telephone 406-846-2757

January 14, 1985

*Exhibit 17*

Education Committee  
Capitol Station  
Helena, MT 59722

RE: HB 704

Sirs:

This type of legislation must be passed to protect affected counties from financial disaster.

The counties have no control over the value established by the State on property tax base.

The protested taxes that are not usable due to court cases leave them no financial alternative.

The Powell County High School District has a current levy assessed of 55.09 mills. With the protested use tax on Bonneville Power Line in this County, we will be short \$137,725.00 in the current budget year. Our General Fund cash reserves are currently set at 22% and if the process continues, we will be out of operating capital sometime early next year.

It has been estimated that Powell County and all the School Districts involved will be short between 8 and 9 hundred thousand dollars. If the case goes through the court systems, the counties involved will not be able to survive financially.

Sincerely

Floyd D. Larkin  
District Superintendent

# POWELL COUNTY LEVIES 1984

## STATE FUNDS:

University Millage 6.00

## SHEEP:

Livestock Commission 30.00  
Bounty 15.00  
Sanitary Board 30.00  
75.00

## ALL OTHER LIVESTOCK:

Livestock Commission 40.00  
Bounty 6.00  
Sanitary Board 30.00  
76.00

## GENERAL FUNDS:

General 27.00  
Bridge 3.00  
Poor- State Assump. 12.00  
County 1.50  
County Agent 2.50  
Weed 1.40  
County Fair 1.00  
County Wide Planning 1.50  
Senior Citizens 1.00  
District Court 4.00  
Airport .50  
55.40

## ROAD:

14.00

## POWELL COUNTY HIGH SCHOOL:

General 23.52  
Transportation .92  
Bus Reserve .37  
Debt Service 4.93  
Comp. Ins. .69  
Retirement 6.18  
County Equalization 17.00  
2/3 Co. Share Transp. 1.48  
55.09

## GENERAL SCHOOL:

County Equalization 28.00  
Retirement 14.23  
42.23

## CITY OF DEER LODGE:

General 64.88  
Comp. Ins. 4.39  
PERS 2.31  
Stddy Comm. 1.00  
71.58

## RODENT CONTROL:

1.50

## SOIL & WATER CONSER.

1.00

PAC: 1355 Head @ .10/head

## REFUSE DISPOSAL DISTRICT:

1.00/mo./unit

## POWELL REFUSE DISTRICT:

\$4.24/mo./unit

RACE TRACK RURAL FIRE DIST: 4.50

DEER LODGE RURAL FIRE DIST: 9.27

## VALLEY FIRE DIST:

2.06

## SCHOOL DISTRICT LEVIES:

No. 1	96.86	27	16.85
11	22.21	29	7.46
15	18.83	33	22.94
20	24.53	11/34	18.80

## TOTAL LEVIES:

1C	327.36	27	189.57
1R	269.58	29	180.18
11	194.93	33	195.66
15	191.55	11/34	191.52
20	197.25		

## POWELL COUNTY HIGH SCHOOL

### Cash Reserves

General	\$241,798.61	(22%)
Transportation	11,700.00	(20%)
Bus	21,310.00	
Retirement	25,047.00	
Comprehensive	3,080.00	
Total	\$302,935.61	

### Loss of Revenue

General Fund	\$ 58,800.00	(23.52 Mt)
All Funds	137,725.00	(55.09 Mi)

WITNESS STATEMENT

Name BETH A. BOEDERKE Committee On THX  
Address P.O. Box 777 Date 2/15/85  
Representing Genuine Toward Support ✓  
Bill No. A.B. 636 Oppose \_\_\_\_\_  
Amend \_\_\_\_\_

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1.

2.

3.

4.

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

WITNESS STATEMENT

Name Brenda Schy Committee On Talation  
 Address North Star Rte, Glasgow Date 2-15-85  
 Representing Montana Arts Advocacy Support X  
 Bill No. HB 701 - Fritz Oppose \_\_\_\_\_  
 Amend \_\_\_\_\_

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

- Comments: Represent the Montana Arts Advocacy, a
1. Cross section of Montanans who are committed to the development of our state's cultural resources.
  2. It is through your actions on such issues that you as a Legislature have many opportunities to affect the quality of life in Montana.
  3. Montana has a rich cultural heritage which is prized greatly by its citizens. Although history itself is nobody's property, many of the objects or properties
  4. that are significant to our state's history are inaccessible to the general public.

We see this bill as an opportunity to make some of these resources available for the benefit of all the people of Montana, for their enjoyment, study, & preservation.

We therefore support this bill, but would prefer to see it have broader application than is allowed by the dates which limit it only to

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

estates of individuals who died in 1984.

WITNESS STATEMENT

Name Robert Johnston Committee On Taxation  
Address Deer Lodge Date 2-15-85  
Representing Lawell County Support ✓  
Bill No. 704 Oppose \_\_\_\_\_  
Amend ✓

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. Amend HB 704 to make the effective date of protested taxes have to be settled before
2. first Monday in August

3.

4.

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