MINUTES OF THE MEETING
TAXATION COMMITTEE

February 19, 1985

The thirty-fourth meeting of the Senate Taxation Committee was called to order by Chairman Thomas E. Towe at 8:05 am in Room 413-415 of the State Capitol.

ROLL CALL: Senators Brown and Lybeck were excuses. Senator Neuman was absent. All other members of the committee were present. Senator Lybeck joined committee at 8:45 am. Senator Brown joined committee at 9:00 am.

CONSIDERATION OF SB 238 and SB 400: Senator Leo Lane, Senate District 38, was recognized as chief sponsor of SB 238. He explained that these two bills deal with exactly the same subject and intent, and thus they should be heard together. He said that he personally supports Senator Yellowtail's bill, SB 400.

Senator Bill Yellowtail, Senate District 50, was then recognized as chief sponsor of SB 400. He explained that the bill deals with tax incentive for gasohol, establishes the ability to export gasohol from Montana, extends the tax incentive for an additional year and puts a cap on the total amount of incentive dollars available. He said that gasohol is the coming thing, as it presents a means of boosting the octane rating of gasoline without use of lead which the federal government may outlaw. He said the benefits to Montana agriculture are obvious.

PROPONENTS FOR SB 238 AND SB 400

Steve Brown, representing PLM Financial Services, Incorporated explained that SB 238 is the next to final version of an industry-government compromise and that SB 400 is the final agreed-upon version. He distributed a fact sheet (Exhibit 1). He pointed out that the bill does not increase the total amount of tax incentive payment, gives an absolute dollar cap. He pointed out the changes from existing law in 3A through 3D of Exhibit 1. Mr. Brown said that there is a question about a dollar cap for any single producer. He siad PLM will bring their facility on line in July of 1987 and there will be competition for the amount of subsidy at that time. His client, he noted, will have a $60 million investment at that time.

Representative Marian Hansen, House District 100, rose to support the bill. She said the dollars invested in the community and the commensurate job spin-off would be beneficial.

Mr. Gary Wicks, Director of the Department of Highways, said they had done a lot of work to be able to support SB 400 when they have not supported any of the other gasohol bills. He said they resist at all turns depletion of the earmarked highway funds as they are

obviously badly needed to build and maintain roads. He said SB 400 has the advantages of maintaining current levels of revenues, clearing up uncertainty in existing law, protecting the earmarked account, helping the producers, and more importantly, allowing exports.

Mr. Woody Shore of the Hardin Area Chamber of Commerce and Agriculture presented Exhibit 2 to the committee and introduced Rick Dorn, Rodney Svee and Rusty Rokita. These gentlemen explained Exhibit 2, prepared by PLM, to the committee. Basically it explains the benefits of the proposed plant to their community and the ability of their community to absorb the major impact of the plant siting.

Lavina Lubinus, representing Women Involved in Farm Economics (WIFE), said they had long supported efforts to expand gasohol production and marketing (Exhibit 3).

Representative Ramona Howe, House District 99, rose in personal support of the bill and also read into the record a letter from the Crow Tribal Chairman (Exhibit 4) which supports the bill.

Mr. Lear Anzinger read a letter from the Big Horn Conservation District supporting the bill (Exhibit 5).

Mr. Art Collins, manager of KYTY Radio, rose in support of the bill.

OPPONENTS

Mr. Bruce Kenya of A.E. Montana said that, while he is a gasohol producer, he is not opposed to the existance or construction of another plant. He said, however, it is important to understand the consequences to the existing industry. He questioned Department of Highways figures saying that the draw down on the subsidy in 1985 would be $1.6 million. Mr. Kenya compared SB 400 to HB 548 saying that the House bill set a cap on the amount each plant could receive to avoid a large plant drawing all the subsidy in the first part of the year. HB 548 has a total cap of $2.8 million. It changes the ethanol and gasohol definitions. It allows payment for wood derived ethanol. He said existing producers are not opposed to increased production, but want careful legislation.

Questions from the committee:

Senator Mazurek asked Mr. Brown to respond to the remarks of Mr. Kenya. Mr. Brown said first it should be noted they would have the production to use additional subsidy. He said they would be agreeable to working out some cap per plant if a large producer could draw a subsidy that was not being used by smaller producers. He said the definition changes could present a problem for federal tax credits and for existing law.

Mr. Garry Wicks was also asked to respond. He said the Governor's position is for a $2.5 million cap annually, and that the Governor would have no objection to a formula for distribution of that amount. He said the points of difference in HB 548 were the increased cap, the extended deadline for subsidy, the cost to the earmarked account of $12 million through that extended time. He said the Department of Highways is asked to improve highways and to pay the subsidies and that both cannot be done. He noted that only 57 percent of the gas tax is currently used to build roads. He submitted two exhibits to the committee to illustrate his discussion (Exhibits 6 and 7).

Senator Eck had Norris Nichols, Administrator of the Motor Fuel Tax Division of the Department of Revenue, explain how the subsidy is paid out. The question of subsidy on exported product is currently in the Attorney General's office. She asked if there were any enforcement problems with the change in the law Mr. Nichols said that SB 400 clarifies the matter sufficiently.

Senator McCallum asked about the demand and market for the product. Mr. Brown said that the Montana production is closest to the Denver market.

Senator Mazurek asked if any was being imported into the state. Mr. Kenya said, no. He said urban markets are the best because the product is handling- and freight-sensitive and best delivered to a large market.

Senator McCallum asked where the product was mixed. Mr. Kenya said it was mixed by the distributor.

In response to questions by Senator Severson, Mr. Kenya said the grade of mixture was done scientifically in the refinery; and that the protein level in the by-product cattle feed was 40 percent on white wheat and 28 percent on barley.

In response to a question by Senator Hirsch, Mr. Kenya said the current product boosts the octane level of gasoline as does lead, but is nonpolluting. He siad Dupont, with a co-solvent they have developed, could use all the ethanol currently in production. He said the fereal government owns huge quantities of grain and that would be a tremendous new revenue source for farm states and at the same time give relief of the farm burden at the federal level.

He noted that the legislative history of the product had seen speedy tax increases that had cut into the subsidy and that the industry could have used those dollars for research and development.

Senator Towe asked more questions about the method of paying out the subsidy.

Senator Eck asked if the by-product market was subsidized as well. Mr. Kenya said, no. He also said the Dupont market would be subsidy independent. He said the by-product replaces a formerly imported product and gives seven and a half full-time new jobs here.

Senator Lane closed on SB 238 saying he supported SB 400 and he wanted protection for the existing small producers as well.

Senator Yellowtail said it was good to have a bright spot for a change. He said he wanted to strike a balance between the subsidy and the highway needs; and also between small and large producers. He said this bill would have large beneficial economic impact and a broad ripple effect.

CONSIDERATION OF SB 309: Senator John Mohar was recognized as chief sponsor of the bill. He presented the committee with a Statement of Intent (Exhibit 8). He said the bill addresses the wood burning pollution problems. He gave the committee supporting material (Exhibit 9) and noted that the bill asks for tax credit and is not a regulatory system. Exhibit 10 discusses the Oregan law and testing procudures.

PROPONENTS

Jim Carlson of the Missoula City/County Health Department said that wood as a residential heating fuel causes air quality problems. He said the decreased pulmonary function of children, older people, and people with other respiratory problems is proven. He said the bill would encourage the use of stoves with low emission rates. He siad the emission rates discussed would be about one-thirtieth that of a normal wood stove. He said these incentives already exist for solar and wind power and should be extended to wood. He said the stoves cost in the range of $1000. He said the low creosote emission also helps with fire safety. He siad this is not a regulatory system, but a incentive system and that the bill is needed.

Mr. Chris Gingerelli, representing the Missoula Citizens Advisory Council on Air Emissions, said the bill is well written, sensible legislative encouragement. She said that more than rhetoric and statistics are needed to get people to change over. She said state revenues would not be significantly affected.

Ms. Harlene Fortune of the Missoula Fireplace, a retail store, said they support the bill. She said the cost of the stove would be from $900 to $1400 and the tax credit would amount to only about $90 to $120.

Mr. Hal Robbins of the Air Quality Bureau said they support the bill and would be available for questions.

Mr. Don Reed of the Montana Environmental Information Center said this is a problem of many western Montana valley towns, not just Missoula.

Mr. Merlin Hickman, a Bozeman stove manufacturer, said they support the bill and that it would help them market their product. He supplied the committee with Exhibit 10.

Mr. James Murr supported the bill as a stove and fuel dealer.

Mr. Lauren Collins discussed an add-on item for an existing stove that would also lawer particulate emissions from stoves.

Ms. Jean Applegate presented written testimoney (Exhibit 11) and a letter from Missoula realtor Don Lambros in support of the bill (Exhibit 12).

OPPONENTS

None were heard.

Chairman Towe delayed questions from the committee and asked Senator Mohar to close.

Senator Mohar said that rule making authority would piggyback on the Oregon testing and certification procedure and asked the committee to again refer to Exhibit 9.

CONSIDERATION OF SB 307: Senator Dave Fuller of Senate District 22 was recognized as chief sponsor of the bill. He said he introduced it because of problems his constituents were having. He said it would standardize the treatment of taxpayers. He submitted technical amendments to the bill (exhibit 13). He said the bill was supported by both the Department of Revenue and by the State Tax Appeals Board.

PROPONENTS

Mr. Bob Raundal of STAB said this area of the law needs clarification and the bill offers real protections for the taxpayer. He said it would help to have an effective date in the bill should any appeals be filed this year.

Mr. Greg Groepper, Adminstrator of the Property Tax Assessment Division of the Department of Revenue, submitted further amendments to the bill (Exhibit 14). He said the bill cleans up a difficult process. He said the roles of both STAB and the county tax appeals boards were clarified by the bill.

OPPONENTS

None were heard.

Senator Fuller closed without comment.

Chairman Towe asked the committee for questions on either SB 307 or SB 309.

Senator Eck asked if add-ons were included in the bill. Mr. Collins said he believed that they were. He explained that pellets are generated from saw mill waste.

Senator Lybeck asked about the price of pellets. Mr. Collins said they retail at $90 for a ton bag which is the equivalent of a cord and a half of wood. He said the price is balanced, but the pellets are cleaner and more convenient to burn.

Senator Hager asked if Montana stoves would have to be tested in Oregon. Senator Mohar said, yes, that we will use the Oregon data, but establish our own rules. The stove manufacturers present said that they already test their stoves in Oregon.

Senator Towe closed the hearing on both bills and adjourned the meeting at 10:02 am.

CHAIRMAN

ROLL CALL

SENATE TAXATION COMMITTEE

49th Legislative Session -- 1985

Date February 19, 1985

Location -- Room 413-415

| Name | Present | Absent | Excused |
|---|---|---|---|
| Senator Brown | 9 00 | | |
| Senator Eck | ✓ | | |
| Senator Goodover | ✓ | | |
| Senator Hager | ✓ | | |
| Senator Halligan | ✓ | | |
| Senator Hirsch | ✓ | | |
| Senator Lybeck | 8:45 | | |
| Senator Mazurek | ✓ | | |
| Senator McCallum | ✓ | | |
| Senator Neuman | | ✓ | |
| Senator Severson | ✓ | | |
| Senator Towe | ✓ | | |

DATE January 19, 1985

COMMITTEE ON Taxation

VISITORS' REGISTER

| NAME | REPRESENTING | BILL # | Check One: Support | Check One: Oppose |
|---|---|---|---|---|
| Brian Kanzler | A.E. Montana | 400 | | ✓ |
| Jean Applegate | Missoulians For Clean Air | SB 309 | ✓ | |
| Art Collins | KYTY Radio | 400 | ✓ | |
| James R. Murr | Triple E Stone & Turf | SB 309 | ✓ | |
| Rusty RoKita | RoKita Associates, Inc. | 400 | ✓ | |
| Woody Shore | Hardin Chamber of Comm. | 400 | ✓ | |
| Ramona E Hoover | Rep. Dist # 99 | 400 | ✓ | |
| Steve Brown | PLM Financial Services | 400 | ✓ | |
| Tim Mincer | North Central Pellet Syst. | SB 309 | ✓ | |
| Barbara J. Ka | KYTY Radio | 400 | ✓ | |
| Chris Gaskell | Missoula Citizens Advisory Council for Air Pollution | 309 | ✓ | |
| Darlene Ford Fortune | Missoula Fireplace 1750 Idaho Missoula | 309 | ✓ | |
| John Fortune | Blaze-King of MT Bozeman | 309 | ✓ | |
| Merle Thacker | Blaze King of Mt. Bozeman | 309 | ✓ | |
| Leland Smith | Smith's Fireplace Helena | 309 | ✓ | |
| Rep. Gay Holliday | | 309 | ✓ | |
| Marian Hanson | Representative #100 | 400 | ✓ | |
| Stacey Wilkes | MDOH | 400 | ✓ | |
| Bob Rundell | State Tax Appeal Board | 307 | ✓ | |
| Lavina Lubinus | LOIFE | 400 | ✓ | |
| DON REED | Montana EIC | 309 | ✓ | |
| Hal Robbins | Dept. Health & Env. Science | 309 | ✓ | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

(Please leave prepared statement with Secretary)

(This sheet to be used by those testifying on a bill.)

NAME: Christine Giniganelli DATE: 2-19-85

ADDRESS: 321 Daly Ave, Missoula, Mt.

PHONE: 721-2205

REPRESENTING WHOM? Missoula Air Pollution Citizen's Advisory Council

APPEARING ON WHICH PROPOSAL: Sen. bill 309 Tax Credits for low Emission devices

DO YOU: SUPPORT? ✓ AMEND? _____ OPPOSE? _____

COMMENT:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

(This sheet to be used by those testifying on a bill.)

NAME: Harlene Fortune DATE: 2-19-85
Missoula Fireplace

ADDRESS: 1750 Idaho ST. Missoula, Mt 59801

PHONE: 406-728-6770

REPRESENTING WHOM? Missoula Fireplace & Masonry Supply

APPEARING ON WHICH PROPOSAL: 307

DO YOU: SUPPORT? ✓ AMEND? _____ OPPOSE? _____

COMMENT: See prepared statement

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.


# Missoula Fireplace & Masonry Supply

1750 IDAHO STREET
MISSOULA, MT 59801

*"A complete line of fireplace goods"*

PHONE 728-6790
AREA CODE 406

February 19, 1984

My husband and I own a small retail business in Missoula. We sell woodburning stoves, wood pellet stoves and Collins Hoppers, an add-on device for existing stoves to burn wood pellets. We also sell the wood pellets which we purchase from a Montana plant in Livingston.

I am speaking in favor of Senate Bill 309. I firmly believe that the passage of this bill will have a very positive effect in helping to clean up many of Montana's air polluted towns and cities.

Our industry is very fortunate, at this time, to have a few very clean burning devices we can offer consumers. We really need an incentive to convince the customer to upgrade his existing stove with a more efficient, clean burning unit. This bill has the potential to help us do so.

Passage of this legislation will help to clean up Montana's air quality without a large drain of the State Treasury. A typical clean burning unit costs approximately $900.00 to $1400.00. The tax credit received by the taxpayer would only be $90.00 to $120.00. The installation cost should be minimal because we feel the majority of the people, who buy these units already heat with wood and have their own chimney system.

These clean burning units are much more affordable and practical than solar and windpower, especially for the people living in Western Montana.

Please give this Senate Bill 309 your careful and affirmative consideration because of its' positive effects on air quality.

Harlene Fortune

(This sheet to be used by those testifying on a bill.)

NAME: Bruce Kania DATE: 2/19/85

ADDRESS: 7250 Camp Cr. Rd., Amsterdam, Mt. 59741

PHONE: 282-7217

REPRESENTING WHOM? A.E. Montana, Inc.

APPEARING ON WHICH PROPOSAL: S.B. 400

DO YOU: SUPPORT? _____ AMEND? ✓ OPPOSE? _____

COMMENT:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

(This sheet to be used by those testifying on a bill.)

NAME: Jean Applegate DATE: 2/19/85

ADDRESS: 137 Cohosset, Missoula, Mt.

PHONE: 251-4846

REPRESENTING WHOM? Missoulians For Clean Air

APPEARING ON WHICH PROPOSAL: SB # 309

DO YOU: SUPPORT? ✓ AMEND? _____ OPPOSE? _____

COMMENT: See attached

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

(This sheet to be used by those testifying on a bill.)

NAME: Merlin Kickman DATE: 2-18-95

ADDRESS: 3739 Bozeman Trail Road Bozeman Mt 59715

PHONE: 586-8883 or 586 8880

REPRESENTING WHOM? Blaze King of Montana Inc.

APPEARING ON WHICH PROPOSAL: SB Bill #309 Low Emission Stoves

DO YOU: SUPPORT? X AMEND? _____ OPPOSE? _____

COMMENT:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

Merlin Hickman
Blaze King of Montana
Bozeman, Mt.

I Our concern

Air quality

Our observations

II What are we doing about it?

Woodcutters has spent thousands of dollars developing a clean burning stove.

Oregon DEQ testing in 1982

Blaze Princess and Jotul Model # ~~201~~ 210

III How can we get more clean burners on the market?

A DEQ survey says:
Appearance and cost main factors influencing sales
Emmission performance ranks low in sales appeal

B Catalytic Stoves have three main selling features

1. 1/3 more heat/ # of wood
2. Fire safety - fewer chimney fires due to hydrocarbons being burned rather than emmited
3. Air quality - combustor made of ceramic coated with paladium is designed to burn the hydrocarbons at low temperatures

C Drawbacks:

1 Cost - $200 - $500 per stove

2 Maintenance
Out of 946 catalytic stoves sold, approximately 25 have had catalysts replaced. nearly all at no cost to consumer.

A tax credit would tip the scale for the consumer considering a catalytic stove versus another model.

FACT SHEET CONCERNING SENTATE BILL 400

1. S.B. 400 does not increase the existing maximum amount of money available for alcohol tax incentive payments under Section 15-70-522, MCA. In fact, S.B. 400 imposes a maximum annual dollar cap of $2.5 million in addition to the "percentage of production" maximums in existing law.

2. S.B. 400 is the product of 4 months of negotiaton between PLM Financial Services, Inc. and the Schwinden Administration concerning alcohol tax incentive payments. S.B. 400 is supported by the Department of Revenue, the Department of Highways and PLM.

3. S.B. 400 makes the following changes in the allocation of alcohol tax incentive payments within the percentage and dollar caps:

(A) Exported alcohol will be eligible for tax incentive payments subject to the "percentage cap" in Section 15-70-522(3) and the absolute "dollar cap" of $2.5 million in Section 15-70-522(4).

(B) The tax incentive payments made to the alcohol producer under Section 15-70-522(2), MCA, will be paid in full and there will be no fifteen cent (15¢) deduction for the gas tax on nonaviation fuels under 15-70-204, MCA. Instead, the Department of Revenue will collect the gas tax on alcohol sold in Montana from the distributor at the time of sale.

(C) The 50 cent per gallon tax incentive payment for alcohol will be extended from April 1, 1986 to April 1, 1987. This change corrects an error in Section 15-70-522 as originally codified.

(D) Only alcohol that has been blended with gasoline to produce gasohol as defined in Section 15-70-201(8) will be eligible for tax incentive payments. This provision clarifies existing law and addresses enforcement concerns of the Department of Revenue.

4. The percentage cap on tax incentive payments for alcohol blended with gasoline to produce gasohol works as follows under S.B. 400. Assuming 450 million gallons of total gasoline and gasohol sold in MOntana and exported alcohol eligible for the tax incentive payments, the applicable "percentage caps" under Section 15-70-222(3), MCA, are:



Exhibit 1 -- SB 400
February 19, 1985

(A) Tax incentive payments will be reduced from 50¢ to 30¢ per gallon of alcohol when the amount of gasoline and gasohol sold in Montana and exported alcohol eligible for tax incentive payments comprises 11% or more of production. Eleven percent of 450 million gallons equals 49.5 million gallons of gasohol. Tax incentive payments of 50¢ per gallon on 4.95 million gallons of alcohol would total $2.475 million.

(B) Tax incentive payments will be 30¢ per gallon of alcohol if the total gasoline and gasohol sold in Montana and exported alcohol eligible for tax incentive payments is 11% or more but less than 18% of total production. Eighteen percent of 450 million gallons equals 81 million gallons of gasohol. Tax incentive payments of 30¢ per gallon on 8.1 million gallons of alcohol would total $2.43 million.

(C) Tax incentive payments for alcohol expire April 1, 1989 and could terminate sooner if the amount of gasoline and gasohol sold in Montana and exported alcohol eligible for tax incentive payments comprises 18% or more of total production for 2 consecutive quarters.

## BENEFITS TO MONTANA STATE

| | |
|---|---|
| **Employment:** | 60 to 65 full-time employees<br>Average 90 construction employees; peak 115. |
| **Payroll:** | Annual payroll including fringes, $1.4 million.<br>Construction payroll, over two years, $5.5 million. |
| **State Coal Severance Tax:** | $550,000 per annum on 150,000 tons coal |
| **State Personal Income Tax:** | Includes multiplier of 2.32 (estimate provided by Montana Department of Administration) - $340,000 in the first year end escalates by 6% per year for full time employees (assume the taxpayer is in the 10% bracket).<br><br>Construction multiplier is 1.75 - $500,000 per year for two year construction time. |
| **State Business Income Tax:** | Taxes will be paid by all suppliers of additional materials (including coal). Additional tax will be paid by farmers and growers for increased profits due to lower transportation costs of barley. |
| **State Ad-Valorem Tax:** | 2/10 of a mill per kilowatthour generated, or $210,000. |
| **Industrial Facility Taxes:** | $560,000 ($70,000 for first three years). |
| **Other Benefits:** | Usage of 5.25 million bushels of barley, or close to 10% of annual crop.<br><br>Use of alcohol instead of lead as an octane enhancer will be a non-pollutant from automobile engines. |

**Total Montana State Financial Benefits:**

| | |
|---|---|
| From Coal Severence: | $16,500,000 |
| From Personal Income Taxes: | 26,500,000 |
| From Ad-Valorem Taxes: | 6,300,000 |
| From Facility Taxes: | 15,300,000 |
| Total Over 30 Years | $64,600,000 |

## PROJECT DESCRIPTION

| | |
|---|---|
| **Project Name:** | Bighorn Energy Partners |
| **Project Location:** | Hardin, Montana |
| **Products:** | - 10 million gallons per year anhydrous ethyl alcohol |
| | - 50,000 tons per year Distillers Dried Grains and Solubles (DDGS), a high-protein livestock feed |
| | - 10,000 tons per year raw carbon dioxide gas |
| | - 15,000 kilowatts electricity |
| **Feedstocks:** | 5.25 million bushels barley<br>150,000 tons coal<br>Chemicals and water |
| **Markets:** | Ethanol - Montana, Wyoming, Colorado, Washington<br>DDGS - Montana, Wyoming, Washington, Japan<br>Carbon Dioxide - Montana |
| **Capital Investment:** | $55 million |
| **Employment:** | 60 to 65 full-time employees<br>Average 90 construction employees; peak 115 |
| **Construction Time:** | Two years |


# Hardin Area Chamber of Commerce and Agriculture, Inc.

Route 1 - Box 1206A (406)665-1672 Hardin, Montana 59034


Woody Shore, Director and Immediate Past President of the Hardin Area Chamber of Commerce and Agriculture.

Rick Dorn, member of the Hardin Area Chamber of Commerce and Agriculture and area farmer/realtor.

Rodney Svee, member of the Hardin Area Chamber of Commerce and Agriculture and Superintendent of School District 1-17H.

Rusty Rokita, member of the Hardin Area Chamber of Commerce and Agriculture and President of Rokita Associates, a technical consulting firm.

Exhibit 2 -- SB 400
February 19, 1985

# BENEFITS TO LOCAL AREA

## 1. CONSTRUCTION PHASE

- 90 Employes Average
  - ★ 115 Peak Employment
- Payroll
  - ★ $5.5 Million

## 2. EMPLOYMENT

- 60 to 65 Permanent Employees
  - ★ 85% Drawn From Local Labor Pool
  - ★ $1.4 Million Annual Payroll, including benefits

## 3. COAL

- Projected Usage
  - ★ 150,000 Tons Annually
  - ★ 4 Mines Currently Producing in Area

## 4. BARLEY

- 5.25 Million Bushel Requirement Projected
  - ★ 875,700 Bushels Produced in Big Horn County — 1983

# TOTAL BARLEY PRODUCTION

## South-Central Montana

| SOUTH-CENTRAL COUNTIES | TOTAL PRODUCTION IN BUSHELS |
|---|---|
| Big Horn | 875,700 |
| Carbon | 706,700 |
| Park | 656,700 |
| Stillwater | 856,900 |
| Sweet Grass | 187,000 |
| Treasure | 158,200 |
| Yellowstone | 1,371,600 |
| TOTAL PRODUCED | 4,812,800 |
| Projected Requirements | 5,250,000 |
| 1983 Production | 4,812,800 |
| | 437,200 |

Statistics: 1984 Montana Agricultural Statistics

# BENEFITS TO STATE OF MONTANA

## 1. Taxes

- Coal Severance Tax
  - ★ $550,000 Per Annum
  - ★ 150,000 Tons of Coal
- Personal Income Tax
  - ★ Construction Phase
    $500,000 Per Year
  - ★ Permanent Employees
    $340,000 Per Year
- Business Income Tax
  - ★ All Suppliers Will Be Taxed
- Ad-Valorem Tax
  - ★ $210,000 Per Annum
    Tax on Co-Generation
- Industrial Facility Taxes
  - ★ $560,000
    $70,000 First Three Years

## 2. 30 Year Life Expectency

- $16,500,000; Coal Severance
- $26,500,000; Personal Income
- $6,300,000; Ad Valorem
- $15,300,000; Facility
- Total Tax Benefit; $64,600,000

# MUNICIPAL SERVICES

## 1. Utilities

- Montana Power
  - ★ Unlimited Resource If Needed
  - ★ 5,000 KW Capacity
- Natural Gas
  - ★ Amounts Available Depending on Customer Classification

## 2. Sanitation

- Oxidation Ditch
  - ★ 1,000,000 Gallons Per Day

## 3. Water

- Big Horn River
  - ★ 2,000,000 Gallons Per Day
  - ★ 1,000,000 Gallons Storage Capacity

## 4. Health Facilities

- 18 Bed Hospital
- Nursing/Retirement Center
  - ★ 70 Nursing Home Beds
  - ★ 20 Apartments
- Medical Staff
  - ★ 4 Physicians
  - ★ 1 Physicians Assistant
  - ★ 2 Physical Therapists
  - ★ 2 Dentists
  - ★ 1 Optometrist
  - ★ 1 Chiropracter

## 5. Law Enforcement

- Consolidated Form

## 6. Fire

- Volunteer

20 Members

## 7. Education

- Public Schools
  - ★ 2 Elementary, 1 Jr. High, 1 Sr. High

2-19-85

S.B 400.

Mr Chairman and members of the committee
For the record my name is Lavina Lubinus
representing Women Involved in Farm Economics
We would like to go on record a supporter
HB 400.
WIFE has been actively supporting and promoting the products of Oilseeds for 6 years as a way to use the surplus commodities in our state. This tax incentive will be a boost to our on farm plants and the larger plants that are being planned for Montana. This will not only help our Agriculture producers but the communities we live in.
We urge your support of SB 400

Lavina Lubinus
1501 Chestnut, Helena
Women Involved in Farm Economics
SB 400
Support

Exhibit 3 -- SB 400
February 19, 1985

# CROW TRIBAL COUNCIL

Crow Country

February 15,1985

**To:** Senator Bill Yellowtail
Representative Ramona Howe
Representative Marion Hanson
and
Senator Tom Towe, Chairman, Senate Taxation Committee
Members of the Taxation Committee

**Reference:** Extension of legislation related to Alcohol Production Incentives

This letter is to confirm that the Crow Tribal Administration is in full support of the continuance of alcohol production tax incentives to commercial facilities that convert grain products into alcohol. Specifically, we support the construction of the proposed Alcohol Plant near Hardin.

As you may be aware, unemployment on the Crow Reservation last year was certified at 68.8% and more than 70% of our families earn less than $5,000 per year. We feel the proposed Alcohol Plant will not only generate needed jobs, but also contribute to the stability of agriculture in our area. In addition, we support the project because it offers a very effective use of renewable resources and provides the kind of energy independence consistent with tribal, state and national goals. And, of course, the diversification of industry and development of secondary jobs and markets lends additional credence to the project.

Thank you for considering our position. We hope the Montana Legislature shares our concerns and authorizes appropriate legislation to make the Hardin Alcohol Project and others in the State more feasible.

Sincerely,

Donald A. Stewart Sr.
Crow Tribal Chairman

Exhibit 4 -- SB 400
February 19, 1985

BIG HORN CONSERVATION DISTRICT

HARDIN, MONTANA 59034 PHONE 406-665-3440

February 15, 1985

Senator William P. Yellowtail, Jr.
Capitol Station
Helena, MT 59620

Dear Senator Yellowtail:

At our regular February meeting, the supervisors of the Big Horn Conservation District discussed the proposed ethanol plant to be constructed near Hardin. It is the opinion of the board that this is a vitally needed financial shot in the arm for Big Horn County and especially for the lagging farm economy here.

We feel that it is necessary that we as farmers, businessmen and citizens of Big Horn County take every opportunity to promote an industry that has the potential to involve all persons of the area.

This proposed ethanol plan has our support, and we are requesting that you include our support with the others from this area in working toward securing the necessary assistance for the plant.

Sincerely,

Supervisors
BIG HORN CONSERVATION DISTRICT

Exhibit 5 -- SB 400
February 19, 1985

# DEPARTMENT OF HIGHWAYS

TED SCHWINDEN, GOVERNOR

2701 PROSPECT

STATE OF MONTANA

HELENA, MONTANA 59620

MEMORANDUM:

TO: Representative Gerry Devlin, Chairman
House Taxation Committee

FROM: Gary J. Wicks, Director
Department of Highways

Larry Fasbender, Director
Department of Natural Resources & Conservation

John D. LaFaver, Director
Department of Revenue

RE: Alcohol Incentives and Grants

DATE: February 1, 1985

During the recent hearing on House Bill 311 you requested that information regarding the present gasohol subsidy program be provided to the Committee.

The following table outlines the amounts of incentives, grants and loans made from various state programs to various individuals in Montana since the inception of the gasohol program. The figures do not include the amounts these individuals may have received from the federal government under various federal programs noted below.

| FY | DNRC Grants | DNRC Loans | D/Agric. Grants | DOR Highway Ear. Funds | Total |
|---|---|---|---|---|---|
| 80 | $ 44,762 | -0- | $195,501 | $ 3,115 | $ 243,378 |
| 81 | 455,814 | -0- | 164,394 | 12,704 | 632,912 |
| 82 | 70,098 | -0- | 112,000 | 267,780 | 449,878 |
| 83 | 69,162 | 392,650 | 198,858 | 933,283 | 1,593,953 |
| 84 | 303,440 | -0- | -0- | 582,786 | 886,226 |
| 85* | -0- | 299,700 | -0- | 803,507 | 1,103,207 |
| | $943,276 | $692,350 | $670,753 | $2,603,175 | $4,909,554 |

*Fiscal 1985 is as of 12/31/84.

Of the above amounts, the DNRC loans and a portion of reimbursable grants may be recovered. The Department of Revenue figure represents what the impact to date has been on the Highway Earmarked fund.

Exhibit 6 -- SB 400
February 19, 1985

In addition to the state programs noted above, the state also provides a 'new industry' property tax credit under Class V property which allows ethanol producers to pay 3% on their property for the first three years of production rather than 8.5% or 11% for other Class V property categories.

There are several subsidy programs at the federal level that individuals may also make use of. For example, there presently is a 60¢ a gallon federal subsidy on alcohol blended with gasoline. Also, federal tax laws allow income tax credits of up to 50¢ a gallon for alcohol producers, and an additional 10% energy investment tax credit on top of the standard investment tax credit. There are also programs available through the Departments of Energy and Agriculture similar to the DNRC Alternative Energy grant and loan program for eligible alcohol producers.

It should also be pointed out that only Montana, Idaho and Utah have 'home grown' restrictions in the incentive statutes. Therefore, any alcohol exported to other states also receives the alcohol incentives existent in those states.

The Department of Revenue fiscal 1984 figure is relatively low due to production problems that occurred at the two existing plants during 1984. The fiscal 1985 figure represents the first six months of the year, and is more reflective of the impact on the highway fund.

If you need any additional information, please contact us.

GJW:WSG:mb:5/1

cc: House Taxation Committee Members

# GAS TAX DISTRIBUTION

F.Y. 84 TOTAL GALLONS SOLD = 432,068,099
TOTAL YIELD AT $.15 = $64,810,215
GAS TAX OF $.01 = $ 4,320,681

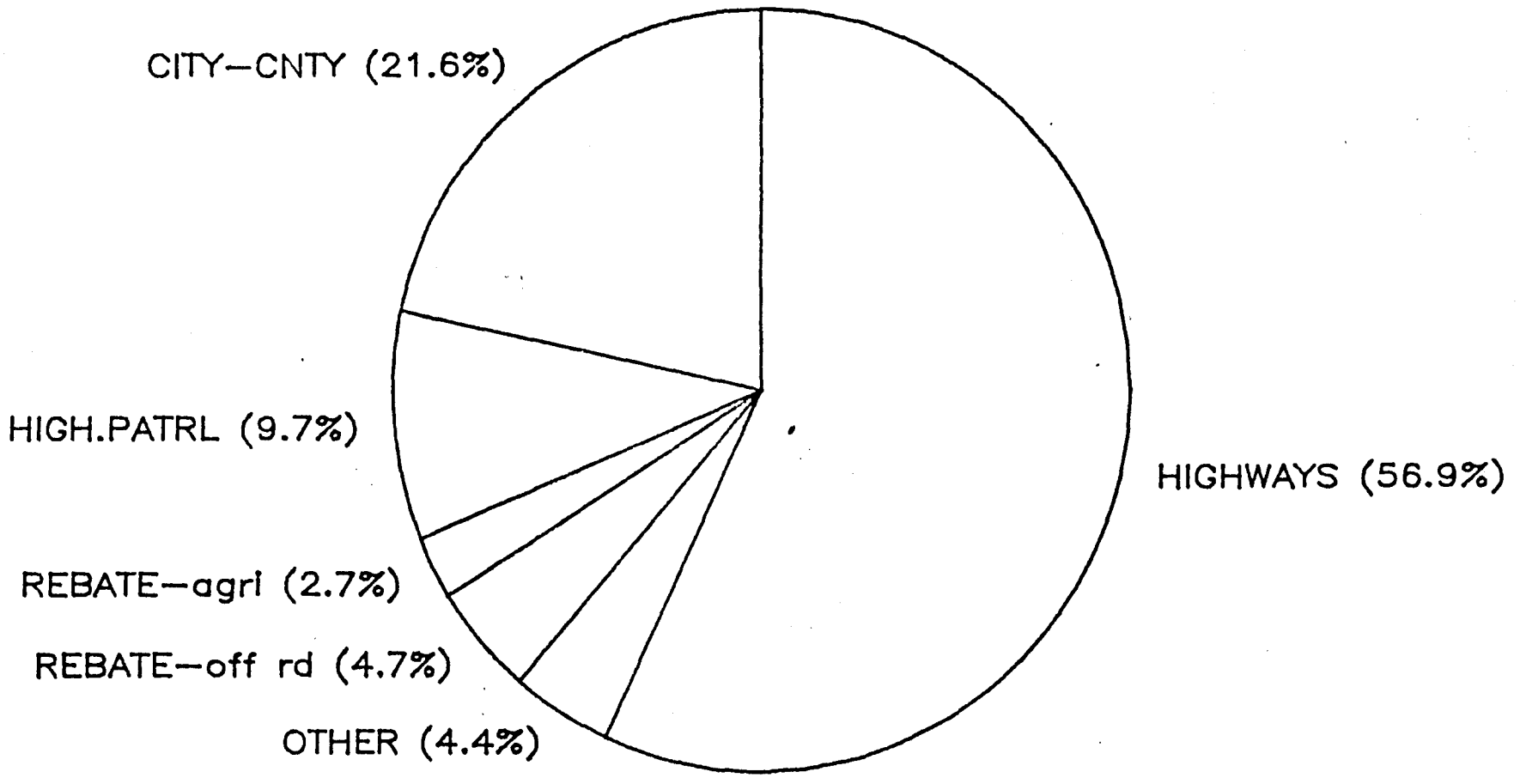


Exhibit 7 - SB400

| | |
|---|---|
| Shrinkage Allow. | .8% |
| Gasohol | 1.0% |
| Motor Boats | .8% |
| Snowmobiles | .5% |
| Commerce | .2% |
| Revenue | 1.1% |

Prepared By: Department of Highways
Controlled Services Division

Exhibit 7 -- SB 400
February 19, 1985

49th Legislature LC 763

STATEMENT OF INTENT

A statement of intent is required for this bill because section 3 grants rulemaking authority to the department of health and environmental sciences to promulgate rules establishing emission testing and emission certification standards for low emission wood or biomass combustion devices and listing such devices that are certified.

It is the intent of the legislature that the department review and incorporate into its rules, as appropriate, the testing criteria and procedures for wood stove certification contained in sections 340-21-100 through 340-21-190 of the Oregon Administrative Rules. None of the rules adopted by the department to implement this bill may regulate the use of wood stoves. The rules may only address certification procedures for determining qualification for a tax credit for the installation of low emission wood or biomass combustion devices.

Exhibit 8 -- SB 309
February 19, 1985

Department of Environmental Quality

WOODSTOVE CERTIFICATION PROGRAM

Steps Toward Certifying a Stove In Oregon

## I. LAB ACCREDITATION

Before any stove models can be tested, laboratories have to be accredited by the DEQ; it takes about a month to get a laboratory accredited.

A. Labs must apply for accreditation, and document they meet the accreditation criteria:

- Cannot be financially dependent on any woodstove business;
- Must follow generally accepted professional practices;
- Lab staff must be trained and then tested for competency yearly;
- Lab must be equipped properly;
- Must keep complete and accessible records;
- Must have equipment, training records, testing data, etc. available for DEQ inspection;
- Must maintain a quality control system;
- Must have an emissions and efficiency computer program approved by DEQ;
- Cannot discriminate against persons or businesses, cannot belong to associations that discriminate.

B. DEQ will inspect labs after application is considered complete:

- Lab will have to perform in DEQ's presence one complete emissions and efficiency test on a woodstove provided by DEQ;
- Lab deficiencies must be corrected within 30 days, DEQ may revisit.

C. DEQ will approve or deny accreditation after all information is submitted.

- Accreditation is good for three years;
- DEQ may audit one stove test during the three years;
- Accreditation is not renewable, labs must go through the application procedure again.

## II. TESTING PROCEDURES

Manufacturers will take their stove models to an accredited lab for emissions and efficiency testing. The testing and reporting will take approximately two weeks and will cost approximately $6000 per model.

A. Fuel

- Wood must be air dried Douglas fir lumber, room temperature, with a moisture content of 16 to 20 percent, measured within 4 hours of testing;

Exhibit 9 -- SB 309
February 19, 1985

MM (8/21/84)
FD686

- Must be free of knots, pitch, rotted areas;
- Dimensions of the wood will depend upon the volume of the stove firebox; for unusual designs, the loading must be cleared by DEQ before testing.

B. Testing

- Simultaneous emissions and efficiency tests are required for four ranges of heat outputs (less than 10,000 BTUs/hour, 10-15,000 BTUs/hour, 15-25,000 BTUs/hour, maximum heat output);
- If a stove cannot achieve one or more of the heat output levels, additional tests must be conducted at the next closest range;
- Testing is finished at each range when all the wood is consumed;
- Standard method for measuring emissions is DEQ Method 7, or modified EPA Method 5;
- Standard methods for measuring efficiency are calorimeter rooms or stack loss;
- Substitute testing methods can be used, if precision and accuracy tests are performed and equivalency is proven;
- Before a stove is tested, its catalytic combustor must be aged by being used in a stove continuously for 50 hours.

III. SPECIAL CATALYST REQUIREMENTS

- Catalysts must be tested to ensure they are still 70 percent effective after 5000 hours of use, or the manufacturer must provide a 24-month complete replacement warranty;
- Stoves with catalysts must have a thermometer access installed to allow the owner to monitor stove gas temperatures, which will indicate whether the catalyst needs replacement. (The consumer can purchase the thermometer, if desired.)

IV. APPLYING FOR CERTIFICATION, AND LABEL APPROVAL

After a manufacturer has its stove test results that meet the appropriate particulate standard, they can apply for certification. When the DEQ concludes that the application is complete and that the test results are accurate, it will provide the manufacturer with the approved emissions and efficiency content for the labels. The manufacturer will produce the labels and submit them to the Department for approval. If the labels are approved, and all other requirements are met, the DEQ will certify the stove.

A. Application for certification must include:

- Description of the stove, including design plans and operating manual;
- Testing information, including particulate and gas emissions, heat output, burn rate, average efficiency values, gas composition and temperatures for each test cycle;

- Nonrefundable application fee of $1600 for a manufacturer's first model, and $800 for each additional model.

B. Label requirements

- A legible permanent label (sample attached) must be attached on the outside of the stove (except on the bottom), or on the inside the stove, if it can be seen and will remain legible;
- A removeable label (sample also attached) must be visibly located on the stove at the point of sale;
- Before the Department can approve the labels and certify the stove, the manufacturer must submit proofs of the labels, diagrams of where the labels will be attached, information on how the permanent label will be attached, and the name of the label printer;
- The Department must approve or deny the use of the labels within 14 days;
- The manufacturer must submit to the DEQ final copies of the labels within one month of printing.

C. Certification approval

- The Department must notify a manufacturer within 60 days of receiving a completed application whether certification is granted or denied;
- Certification is good for five years, manufacturers must apply for a new certification 60 days before the old certification expires. The fees and testing requirements may be waived if no changes to the stove have been made that affect emissions or efficiency;
- Manufacturers must apply for new certification (even before five years) if the stove is altered in any way that changes its emissions or heating efficiency.

V. ENFORCEMENT

- Manufacturers, retailers or labs that violate the rules or statute are subject to civil penalties;
- If a lab violates the accreditation rules, stoves tested at that time may lose their certification;
- If certification is revoked, no one may claim the stove is approved by the Department.

# DEQ WOODSTOVE CERTIFICATION PROGRAM
# FACT SHEET

## Background

The 1983 Oregon Legislature passed a law allowing only new woodstoves and stove-like fireplace inserts that pass an emission standard to be sold in the state after July 1986. Existing installed stoves, used or antique woodstoves, and fireplaces are exempt from the rules. In developing the rules, the DEQ worked closely with an advisory committee representing woodstove manufacturers and retailers, testing laboratories, chimney sweeps, fire code experts, engineers, air quality specialists and environmentalists. Two nonvoting medical advisors also participated.

The Environmental Quality Commission (EQC)* established phased-in smoke emission standards and adopted rules in June 1984 covering:

- Procedures for testing woodstoves for emissions and efficiency
- Stove labels indicating the stoves' emissions and efficiency levels
- Procedures for certifying stoves for sale in Oregon
- Fees for certifying stoves
- Procedures for accrediting testing labs.

A two-year voluntary phase with stove labeling began July 1, 1984, and continues until June 30, 1986. The mandatory sales restrictions phase begins July 1, 1986.

All new woodstoves must be tested by an independent woodstove testing laboratory. The rules outline procedures that a testing laboratory must follow to become DEQ-accredited to perform testing for Oregon's Woodstove Certification Program. Basically, laboratories can not be financially dependent upon any woodstove business, and they must demonstrate stove testing proficiency. Under the rules, a manufacturer pays to have each stove model tested at low, medium, high and maximum heat output levels, using Douglas fir. The results are averaged to determine whether the stove meets the emission standard.

The Department of Environmental Quality (DEQ) is currently accrediting testing laboratories and manufacturers are voluntarily submitting their stoves for testing and labeling. An ongoing list of approved stoves with performance information will be made available to the public as new stoves are certified.

## Emission Standard

The new emission standards limit the amount of smoke (measured in grams per hour) a stove can emit. The standards will be phased in: The 1986 standard reduces emissions by about 50 percent; the proposed 1988 standard would reduce emissions by about 70 to 75 percent.

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*The Environmental Quality Commission is a five-member citizen board that sets environmental policy and rules for Oregon and oversees the Department of Environmental Quality (DEQ).

Specifically, the rules call for new stoves equipped without catalysts to emit no more than 15 grams of smoke per hour (grams/hour) after July 1986. Stoves with catalysts will emit no more than 6 grams/hour. (The lower number is necessary for catalyst-equipped stoves because the catalyst element degrades over time. A catalyst that starts out emitting 6 grams/hour will emit an average of 15 grams/hour over its lifetime.) A catalyst, or catalytic combuster, is a device similar to those found in automobiles to improve combustion. It allows the gases and particles in wood smoke to burn at lowered temperatures before the smoke leaves the stove.

In July 1988, the emission standards will be tightened to 9 grams/hour for noncatalyst-equipped stoves and 4 grams/hour for stoves with catalysts. Some well designed catalyst-equipped stoves can already meet the stricter 1988 standard. But the average stove now on the market emits more than 30 grams/hour.

The Department proposed a phased standard in order to meet air quality standards while providing consumers a wider choice of woodstove designs. The 1986 standard will begin cleaning up our air while allowing manufacturers time to develop a variety of clean-burning designs that will meet the 1988 standard. The stricter 1988 standard should allow most areas of the state to meet air quality standards by the year 2000, and provide airshed space for growth and development.

Label Requirements

The consumer will find two labels on certified woodstoves and stove-like fireplace inserts describing their tested performance. The technical label shows the tested emissions and efficiency levels over the whole range of heat output levels; this label is attached permanently to the stove. A second label, intended for the consumer, shows the stove's average emissions and efficiency levels and the range of heat output levels as well as Oregon's emission standard; this label can be removed by the consumer and is primarily used for selection purposes when sizing stoves, and comparing appliance efficiencies.

Benefits to the Consumer

For the first time, the consumer will have appropriate and accurate information to make a knowledgeable decision, in selecting the right-size stove for the intended space to be heated when purchasing a woodstove or stove-like insert.

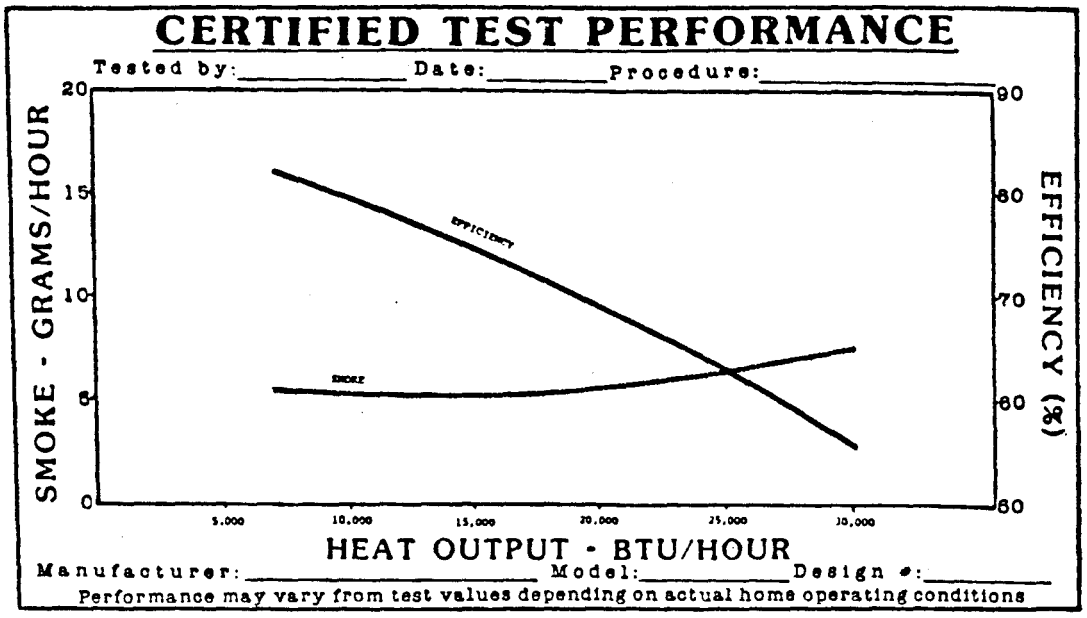
Because woodstove retailers will be monitored for compliance with the law, the consumer can also be assured that the stove passed an independent emission and efficiency test when the stove is sold in Oregon. DEQ monitoring will not occur in the home.

An added benefit will be the less polluted air because the consumer made the effort to purchase a better designed, cleaner burning woodstove. The cleaner burning stoves have higher efficiency ratings (more usable heat generated from less wood consumed) and safety benefits (less creosote buildup with less chimney cleaning costs). The purchase price of the new stoves may be somewhat higher, but savings in fuel usage and chimney cleaning will offset the higher initial cost.

For More Information

More information or a copy of the rules can be obtained by writing to DEQ, P.O. Box 1760, Portland, 97207; or by calling 229-6488 or toll-free 1-800-452-4011.

Permanent Woodstove Label
(Example)




Removable Woodstove Label
(Example)

EMISSIONS AND EFFICIENCY PERFORMANCE
(non-catalytic stoves)

Smoke _____ grams/hour (DEQ Standard: 15 until 07/88)
9 after 07/88)

Efficiency _____ % (No DEQ Standard)

HEAT OUTPUT RANGE

_____ to _____ BTU's/hour

Manufacturer: _____ Model: _____ Design #: _____
Name Name Number

(Performance may vary from test values depending on actual home operating conditions)

Pursuant to OAR _____, this unit has been certified as meeting Oregon Department of Environmental Quality emission standards and has been approved for sale in the State of Oregon until July 1, 1988.

**Oregon** – Statewide law goes into effect July 1, 1986. Voluntary program begins July 1, 1984.

**Utah** – Provo and Salt Lake City are being evaluated as sites with emissions problems. State authorities currently are evaluating test results gathered last winter.

**Virginia** – Town of Virginia Beach officials launching study to inventory stove emissions.

**Washington** – Department of Ecology emissions monitoring program underway. Control strategies being assessed for possible introduction in the next legislative session. Officials working closely with wood energy groups.

**Wisconsin** – Small-scale emissions monitoring underway in several towns.

**Wyoming** – Studies underway by the Department of Environmental Quality. Oregon standard being reviewed. Air quality chief says he is watching Colorado and Oregon's action with interest. □

# OREGON'S LAW: What's It All About?

Since its introduction in early 1983, Oregon's emissions standard has undergone a metamorphosis. Much of the Department of Environmental Quality's (DEQ) original framework remains in place. But some of the key parts were altered by a specially-appointed Woodstove Advisory Committee, and, later, minor changes were made by the Environmental Quality Commission (EQC).

**What the Law Requires** – In July 1986, all wood stoves, cookstoves, and fireplace inserts sold or advertised in Oregon must pass a certification test. The standard requires that new non-catalytic stoves emit no more than 15 grams of smoke per hour. Catalytic heaters can emit no more than six grams per hour. In 1988, those limits are tightened to nine grams per hour for non-catalytic and four grams per hour for catalytic heaters. Manufacturers began having their units tested voluntarily to meet those limits early last month (expect to see: "Passed DEQ Pollution Standard" in advertisements soon). The regulation does not apply to used stoves offered for sale, stoves already installed in Oregon homes, central heaters, or fireplaces.

**Costs** – DEQ pegs the cost of testing for manufacturers at $6,000 per model. Each model must be tested at a certified testing lab. On top of that, stovemakers will be required to pay the state $1,600 for the first model to be certified and $800 for additional models. (A proposal to lower costs for smaller manufacturers was rejected by the EQC.) Manufacturers also must furnish design details and test data showing how the stove met the standard. DEQ will approve or deny certification within 60 days. Certification lasts for five years. If the stove is altered in any way that will change its efficiency, it must be recertified. All of these costs are expected to be passed along to the consumer.

**Labels** – All Oregon-certified heaters must sport two labels. One permanent (3½ inch long by two inch wide) label will describe tested emissions and efficiency levels over the range of burn rates. It may be combined with a CPSC or UL-type safety label. Another label, which is removable, will have information on the stove's average emissions and efficiency levels. Manufacturers must submit copies of the labels to DEQ for approval.

**Grading Stoves** – Each heater must be tested at four levels: low (less than 10,000 BTUs/hr), medium (10,000 - 15,000 BTUs/hr), high (15,000 - 25,000 BTUs/hr) and maximum heat output. Basically, the results are averaged and then weighted toward the low burn rate. This final grade must meet the limits. Testing will take approximately two weeks at a DEQ-approved laboratory, although the less expensive Condar method is considered acceptable by DEQ for some equivalency testing.

**Catalytics** – It is likely that most stoves that pass the DEQ standards will be catalytic heaters. Tougher emissions limits for catalytics were approved because the combustor degrades over time. Before a catalytic stove is tested, its combustor must be aged for 50 hours. In addition, a catalyst must be at least 70 percent effective after 5,000 hours of use (or the manufacturer must provide a two-year complete replacement warranty). Oregon-approved catalytic stoves also must have thermometer access so temperatures may be monitored.

**Testing Method** – The test will provide a profile of heating efficiency and heat output, smoke output, heat transfer, and combustion efficiency. The test is complex and tedious. Air-dried fir lumber is used (2x4s and 4x4s) with a "hot" start.

**Enforcement** – Retailers, manufacturers and labs violating rules are subject to stiff civil penalties. DEQ may spot check retail stores to see if non-certified stoves are being sold. DEQ staff also will conduct inspections at labs. [SM]

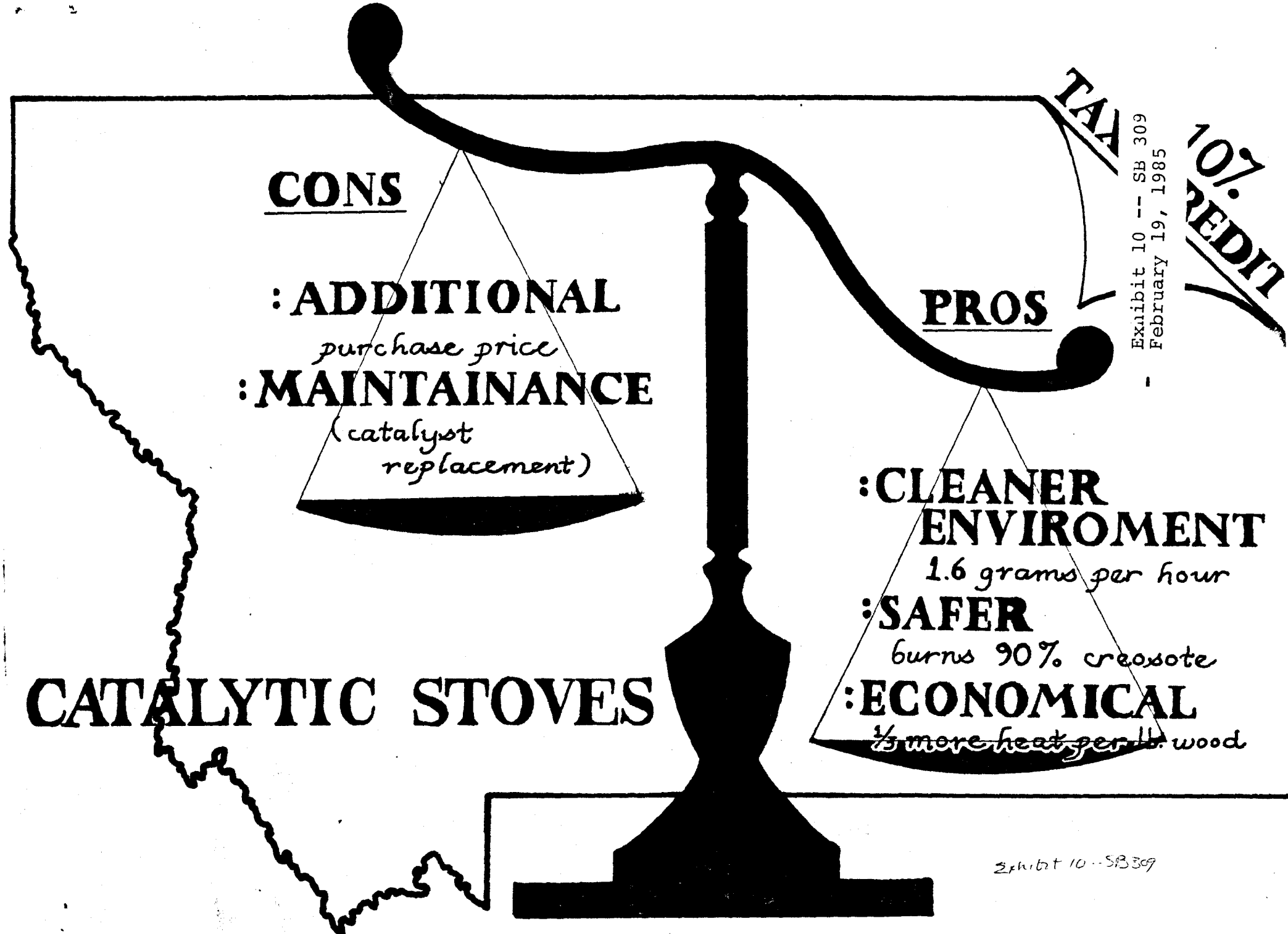
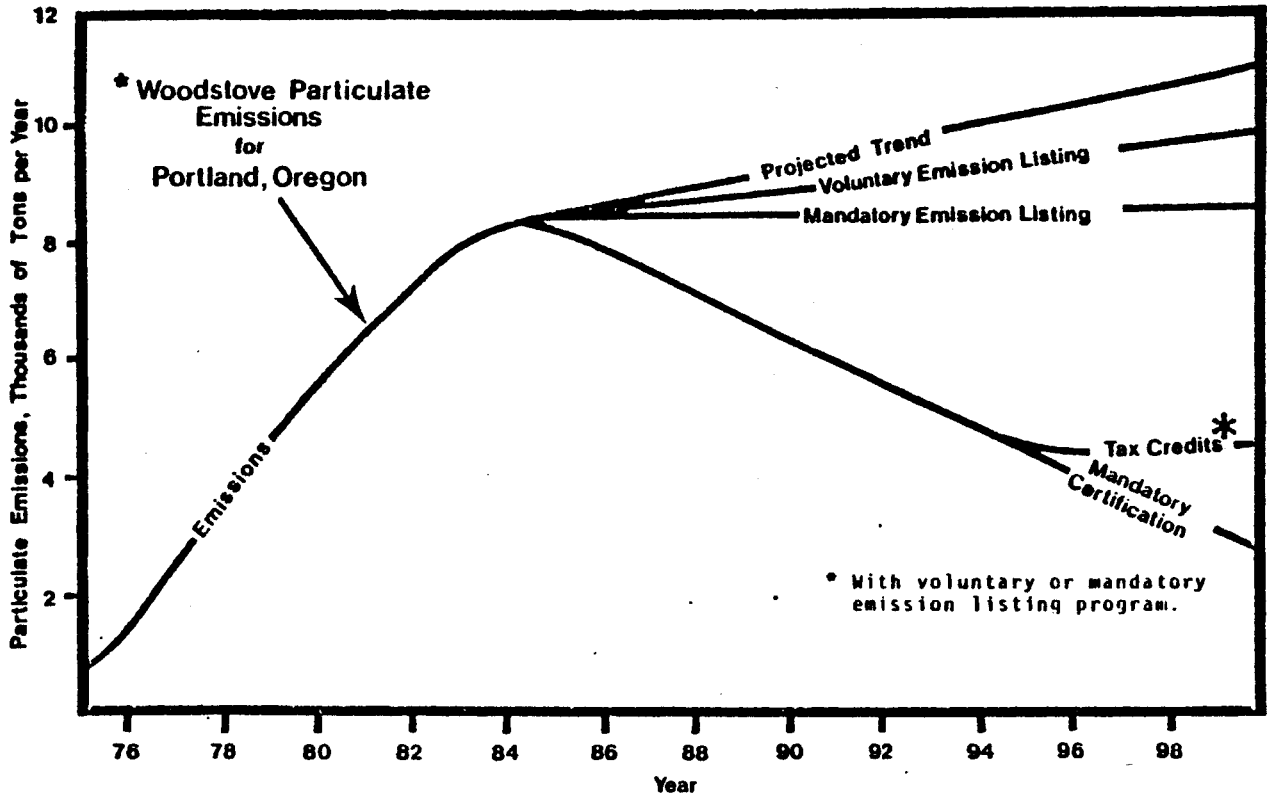



Exhibit 10 -- SB 309
February 19, 1985

Exhibit 10 -- SB 309

Figure 2.

**Effects of Potential Programs to Promote Cleaner Burning Woodstoves**




Taken from:

A POTENTIAL WOODSTOVE CERTIFICATION PROGRAM

BY

John F. Kowalczyk & Barbara J. Tomblesen

Oregon Department of Environmental Quality

November, 1982

# RESULTS OF EFFICIENCY TESTING ON BLAZE KING

**PROJECT :#SG045-1**
**STOVE MODEL: KING CATALYTIC, KEJ-1101**
**DATE OF TEST: AUGUST 1984**

## TEST DATA

| | | | | |
|---|---|---|---|---|
| HEAT OUTPUT IN BTU/HR | 9,954 | 13,923 | 19,520 | 35,691 |
| BURN RATE, LB/HR | 1.71 | 2.58 | 3.84 | 6.84 |
| WOOD MOISTURE (WET BASIS) | 16.63 | 18.43 | 17.87 | 17.48 |
| AVERAGE STACK TEMPERATURE (DEG.F) | 142 | 180 | 225 | 337 |

## AVERAGE EFFICIENCIES

| | | | | |
|---|---|---|---|---|
| COMBUSTION EFFICIENCY | 94.8 | 92.2 | 90.7 | 89.3 |
| HEAT TRANSFER EFFICIENCY | 87.6 | 84.6 | 81.5 | 82.3 |
| OVERALL EFFICIENCY (CORRECTED FOR STOVE THERMAL MASS) | 83.1 | 78.0 | 73.9 | 73.5 |

## EMISSIONS

| | | | | |
|---|---|---|---|---|
| PARTICULATES IN GRAMS/HR | 1.162 | 1.5566 | 2.069 | 3.004 |

## BURN TIME

CALCULATED MAXIMUM BURN TIME AT 10,000 BTU = 27.4 HOURS

Prepared Statement of Jean Applegate

Members of the Senate Taxation Committee, my name is Jean Applegate and I am a member of "Missoulians for Clean Air". We are a group of 300 Missoula residents who are concerned about the effects of air pollution on our families health.

Our group strongly supports Senate Bill 309. If passed, it will help communities all over Montana reduce their woodsmoke pollution. This bill will help solve a pollution problem that effects large numbers of Montanans. Woodsmoke pollution has been shown to harm the elderly, expectant mothers, young children, and people with respiratory problems. Woodsmoke also contains high levels of cancer causing mutogens. As the mother of a small child, I can assure you that woodsmoke pollution is a cause of genuine concern.

Senate Bill 309 would encourage the replacement of conventional, badly polluting woodstoves with the newly designed, "clean burning" woodstoves that produce virtually no pollution.

There are several other important public benefits that result from the use of clean burning woodstoves...

1. The stoves burn so cleanly that they produce very little creosote. This, in turn, decreases the fire hazards posed by woodstoves.
2. The greater efficiency of these stoves means that much more heat can be generated from a given amount of wood. This means more efficient use of our forest resources.

continued...

Exhibit 11 -- SB 309
February 19, 1985

3. Solor and wind energy installations already qualify for tax credits. These renewable energy sources are not economic in some Western Montana valleys. This bill would enable those areas to take advantage of the renewable energy tax credits for the first time.

4. Widespread use of the new clean burning stoves may make it unnecessary for Montana cities to impose regulations on woodstoves. Missoula recently began regulating the use of woodstoves, and although the results have been positive, the regulations created several months of heated debate. If enough wood-burners begin using clean burning woodstoves, other Montana communities may be able to avoid regulations.

Senate Bill 309 is a very good bill. It offers a carrot, rather than a stick to Montana Woodburners.

Thank you for the opportunity to testify.

LAMBROS REALTY
COMMERCIAL DEPARTMENT ▪ RESIDENTIAL DEPARTMENT ▪ LAND DEPARTMENT

February 14, 1985

RE: Senate Bill 309

My name is Dan Lambros. For 24 years I have been an owner/broker of Lambros Realty, a real estate firm of 40 salespersons, Missoula, Montana. I am past president of the Missoula Chamber of Commerce and the Missoula Rotary Club. I am a director of the First Bank Southside and First Bank Western, and am presently serving my second term on the Board of Advisors for Mountain Bell. I am a director and Treasurer of the Mike and Maureen Mansfield Foundation. I am a graduate of the University of Montana with a degree in Business and Law.

My testimony, offered below, supports Senate Bill 309 allowing tax credits for low emission wood stoves.

As nearly everyone in Montana now knows, we have a serious air pollution problem in Missoula. The major factors which make up the problem--long periods of poor air dispersion in the winter and substantial wood heating emissions--are now well understood. Citizens in Missoula have worked hard to solve this problem in cooperation with our City-County Health Department, Air Pollution Control Board, and County Commissioners. We now have an elaborate system of air pollution alerts which proscribe wood stove burning during periods of air stagnation. We have also set maximum emission opacity standards for individual burners, and we have set up an incentive system which will allow those who buy the cleanest devices to burn during alerts. In short we have done about all we can do on our own. We now need some help from the state.

We know that no air pollution problem is ever fully solved by regulating ambient air as we are now doing. Ultimately we must reduce the potential to pollute. To do this we must convince Missoulians to replace the more than 10,000 high emission wood stoves they now use with low emission devices. Unfortunately low emission devices are more expensive than high emission devices. A tax credit which would lower the effective cost of clean wood stoves would be of substantial help to us in this regard. This is what Senate Bill 309 would provide and this is why I support it.

One last thought which I believe deserves your consideration. Missoula is an attractive city for economic growth in Montana. It offers wonderful recreation, a fine University, an attractive hard-working citizenry, and a progressive

Exhibit 12 -- SB 309
February 19, 1985

1001 SOUTH HIGGINS AVENUE ▪ MISSOULA, MONTANA 59801 ▪ PHONE: 406-543-6663
SOUTHGATE BRANCH IN THE SOUTHGATE MALL ▪ PHONE: 406-721-3361
REALTOR®

business community. Unfortunately it also offers many dismal, smelly days of air pollution in the winter. Nothing in my estimation will do more to stiffle Missoula's future growth than its air pollution problem. All citizens in the state have an interest in our collective economic growth, including Missoula's growth, and for this reason all citizens in the state have an interest in Missoula's pollution problem. It would be very shortsighted, I believe, to look upon this bill as merely a benefit to Missoula. In the long term, increased growth in Missoula means increased taxes for the state. Again I urge you to approve this bill.

Respectfully submitted,

Dan Lambros

DL:gb

Amendment to SB307

(1) Page 4, line 13
After penalty
Strike: "by more"
Insert: "to less"

(2) Page 4, line 14
Strike: "by"

(3) Page 4, line 15
Strike: "more"
Insert: "to less"

Exhibit 13 -- SB 307
February 19, 1985

Amend SB 307 as follows:

Section 3 is amended as follows:

Page 6 line 16 after: under ~~15-8-601.~~

An assessment pursuant to parts 5 through 8 of this chapter based on estimated value or imputed value is subject to review under 15-8-601.

Exhibit 14 -- SB 307
February 19, 1985