

MINUTES OF THE MEETING
NATURAL RESOURCES COMMITTEE
50TH LEGISLATIVE SESSION
HOUSE OF REPRESENTATIVES

The meeting of the Natural Resources Committee was called to order by Chairman Tom Jones on February 16, 1987, at 1:00 p.m. in Room 312 of the State Capitol.

ROLL CALL: All committee members were present.

HOUSE BILL NO. 729: REP. CAL WINSLOW, District #89, stated this is a simple bill that is an act to require a public hearing before commencing operation of a commercial hazardous waste storage, collection or transfer facility. He stated this bill is attempting to find a way to alleviate some of the problems, especially down in the Billings area. He feels no matter how you approach this subject, when you start talking about hazardous waste in someone's neighborhood, that's an important issue, whether it be a transport site or a holding facility. This bill simply calls for a public hearing that will address a few different areas, one of those being the neighbors have a right to know what the operating plans of that storage facility or company is going to be. He feels they have to know what kind of materials are going to be stored there and they must know, that in fact, there won't be oils and greases today, and something stronger and more hazardous a year from now. He stated he feels the companies that do participate are not opposed to having the hazardous sites, because there are federal mandates that require this. He stated he would like to know that these companies before the final decision is made, they spend some time with the people in the neighborhood explaining to them what's happening, what is going to be handled and what the intentions are and what kind of chemicals are going to be there and probably more important than that, is that the companies examine closely population density. With that he urged the committee to look favorably on this bill.

PROPOSERS: GEORGE OCHENSKI representing the Montana Environmental Information Center stated they do support this bill, however, they feel this is a "toothless bill", and by taking the last tooth, he didn't know how good this bill's chances are.

ART WITTICH representing Special Resource Management, stated they support this bill, however, he doesn't feel we are extracting a tooth by proposing these amendments.

The bill says the public should be notified that there is a facility that will be placed near them, and given information on what that facility will contain. By changing the word "hearing" to "meeting", will still allow for those two basic purposes to be met. He stated they second amendment simply deals with the effective date and that would alleviate the delay that would possibly happen to the facility in Billings. He then passed out a copy of his amendments (Exhibit 1).

RUSS BROWN representing the Northern Plains Resource Council stated they do support this bill, however, they support the unamended version, and asked the committee to pass this form of the bill.

NO OPPONENTS

REP. ADDY stated in referring to the bill on page two, which specifies neighborhoods within a one half mile radius of the facility, and he wanted to know where they came up with that area or that amount of distance.

REP. WINSLOW stated they were thinking about the more highly populated areas, when they decided on this. He stated he felt this would serve within a high density area, and in turn, would take into consideration the less populated areas as well. He stated this one half mile is not engraved in stone and could be altered if forseen down the road.

REP. ADDY asked if this would be a large enough area, considering the kinds of things that the facility is holding, and if that amount would assure the people this is a sufficient radius.

REP. WINSLOW stated it's hard to know, because in Montana there is so much geographic space we can find places, but in some of the larger areas in the country, they might be located right in the middle of a highly populated area.

REP. ASAY wondered exactly what kinds of hazardous wastes would be held in these facilities.

REP. WINSLOW stated these would include cleaning fluids, oil, and many other items you wouldn't think could be referred to as "hazardous waste."

REP. KADAS asked Art Wittich how long it takes to set up one of these facilities in a certain area. Mr. Wittich stated it would be approximately 6-8 months.

REP. KADAS then wondered how long it would take to actually build the facility.

MR. WITTICH stated they use already existing buildings for these type structures, that are found in the area.

NO FURTHER QUESTIONS FROM THE COMMITTEE

In closing, Rep. Winslow stated he feels this is a simple bill, yet a extremely needed bill, especially in the Billings area. He pointed out to the committee that he would have no objections to amending the effective date, and felt this was a good idea, and with that he thanked the committee for their time and in hearing HB 729.

HEARING CLOSED ON HB 729.

HOUSE BILL NO. 677: REP. PAUL RAPP-SVRCEK, District #51, stated this bill would change the way contracts are dealt with for timber on state lands. Presently, the state lands puts up parcel timber for bid, and the loggers put the bid in and State Lands accepts a bid and the logger goes to work. Quarterly, the Western Wood Products Association, who is a group of lumber mills in the northwest, issue an index, and that index is the average price of finished lumber in the region. Each time that index is issue, State Lands comes back on their contracts and adjusts the contract prices with the loggers, based on a formula which comes from the WWPA index. So a logger can bid a price on the timber, however, when WWPA comes out and decides to charge more for their lumber, State Lands in turn, increases the price in the middle of the sale to that logger, so he has to make his adjustments accordingly. So, this bill says, once State Lands has accepted a bid on a parcel of timber, that bid is the bid in affect for the entire duration of the contract. He stated just moments ago, he signed the Fiscal Note on this bill, and distributed a copy to the committee (Exhibit 2). He stated, as you can see, there is no fiscal impact to the bill. However, there is one possible downside this, that being, should the WWPA index drop and should State Lands decide they are going to decrease the price in the middle of the contracts, that a logger would be required to pay, then the logger at that point does not reap any benefit from the decrease in price. However, from the loggers he has talked to, that is very rarely the case, and in the vast majority of cases, the prices go up in the middle of the contract.

PROPOSERS: KEITH OLSEN, Executive Director, Montana Logging Association, stated he appears today on his own behalf. They have no formal position on the bill, nonetheless, he would like to clarify that when a logging contractor buys a timber sale, he basically has to sell those logs to a local mill. But he is affected by a local economy and that essentially establishes a value of logs in their raw form.

When the state quarterly adjusts the stumpage value of the logging contractor bid, they do it based on lumber values. The lumber market could go up, and the stumpage price could be adjusted quarterly, yet they would be selling to a saw mill that for some reason has got an over supply of logs or has decreased the value of those logs. The logging contractor could be caught in the position where his cost of the timber is going up and the product he is producing is going down, and he finds himself between a rock and a hard place.

DENNIS HEMMER representing the Department of State Lands stated they have no formal position on the bill, and feels they are somewhat neutral in the matter. He stated a lot of this bill depends upon how the price of timber rises and falls, in order for these contracts to be adjusted. He stated it can be referred to as "you can pay me now, or you can pay me later."

OPPONENTS: JERRY JACK, a concerned individual, stated he felt this would be a very detrimental bill to the small logger, and would put an unjust burden on him, even though the timber industry so badly needs escalated sales. He urged the committee to not pass this bill.

NO FURTHER OPPONENTS

REP. ADDY asked Rep. Rapp-Svrcek if this would make the timber more marketable or less, if they put this into place, and then can't get the adjustment in the middle of the contract.

REP. RAPP-SVRCEK stated a vast majority of the timber would be more marketable, because when we're dealing with the escalating market, this could be looked at as a majority of the cases.

REP. SIMON asked if it would be possible to give these loggers a choice of contracts to the fluctuating prices of the timber industry and wondered if this could, in fact, be placed in the bill.

REP. RAPP-SVRCEK stated he was not sure at this point, if it could be placed into the bill, but was something that may be left as an option.

REP. MEYERS asked Rep. Rapp-Svrcek if we really need this bill.

REP. RAPP-SVRCEK stated most definitely, emphasizing this would alleviate the adjustments that the Department of State Lands has been involved with.

He pointed out to the committee, that in the majority of cases, when WHPA does come out with their index, this will reflect a rise in the price of timber, and would then present a problem for the loggers. The way the present system works, the logger is the one who is penalized for these adjustments in the cost of timber.

HEARING CLOSED ON HB 677.

HOUSE BILL NO. 718: REP. HAL HARPER, District #71, stated the committee is well aware of the Superfund Act that the National Government is undertaking at the federal level. He stated we have set aside money for such an effort, and we have tried to anticipate such an effort as setting up the laws that are being omitted in HB 718. He stated, the fact of the matter is, the money just hasn't been used and the effort that we've made is just not coming through. So, what HB 718 does, is attempt to set up the workable ongoing minifund system in the State, to try to identify sites that need to be dealt with before the groundwater is irreversibly contaminated and to try to get some jobs in the State and provide some cleanup. He stated last session, they passed the law regarding the Environmental Contingency Account and it was controlled by the Governor and funded by 5% of the RIT interest. The objectives were to respond to emergencies of water and other natural resources and to fund the response to a release of hazardous substances. Again, this fund really hasn't been used, and under this law, will set up an environmental quality protection fund and money would be transferred to this fund, for the purposes already outlined. He emphasized the need in the State is great, and the Department, who is here, of course, with no position on the bill, has a list of the sites that may be able to be addressed under this bill. He called the committee's attention to these sites and this will again emphasize the need in Montana.

PROPOSERS: GEORGE OCHENSKI representing the Montana Environmental Information Center submitted the list of these sites as mentioned by Rep. Harper. (Exhibit 3). He stated as you recall last session, every representative had one of these sites in their district. He stated the program they set up, did not work, because the money simply did not get appropriated from the Environmental Contingency Account. He emphasized that this bill simply clarifies it, and in fact, we have one separate account for emergencies and anything over that, we must begin to address our problems. This is all the bill does, is clarify how we are going to take care of these problems that are scattered across the State. He urged favorable consideration for HB 718.

SANDY MERDINGER representing the League of Women Voters stated they support this bill and urged the committee's favorable recommendation.

NO OPPONENTS

NO QUESTIONS FROM THE COMMITTEE

In closing, Rep. Harper stated the committee was well aware of this bill, and the need there is for this program in the State of Montana. He urged their favorable recommendation in the passage of HB 718.

HEARING CLOSED ON HB 718.

HOUSE BILL NO. 645: REP. DAVE BROWN, District #72, sponsor, stated Rep. Ellison and himself started out on a task of trying to find a solution amongst a number of problems that arose in the administering of the Hard Rock Mining Act, which is the primary reason for this bill. He stated HB 645 does three things, those being on page 6, lines 14-17, the intent of the Hard Rock Mining Act is that the state should stay out of the operation of the act, and that it should be limited to discussion between the local governing units and the developer, unless they couldn't agree, and if they couldn't agree, then through the objection process, it goes to the Hard Rock Mining Board for resolution of the impact plan that's developed in that area. There has been some departure of this practice and thus, brings this bill here. What this provision does, is that the mineral developer and effective local governing units will make the decisions as to what's in that impact plan and the Hard Rock Board does stay out of it, unless there is an objection to the plan, or down the road, there is an amendment to the act or to the plan, which requires the Hard Rock Board to bring it back into their advisory. He stated all other changes in the bill, occurring in different sections, are all made to be consistent with this change in statute as seen in HB 645. The second thing the bill does, is address the original declaration of necessity and purpose in the act. He stated industry has brought it to their attention, that the original statements of necessity and purpose basically assume that there will be a substantial impact and a large influx prior to the impact act making that determination. So, all agreed to change the language to say that it may cause an influx of people directly related to the area but it may create a burden on the local taxpayer, and that is why we have a Hard Rock Impact Act. The impact plan will tell us whether indeed, it does or not. Rep. Brown stated he did have an updated Statement of Intent for the bill, and submitted this to the committee (Exhibit 4). He urged the committee's support of the bill.

PROPONENTS: DAVE SUHR, an ASARCO employee, stated they do support this bill, and they feel it is in the best interest of all companies that work with the communities, to be responsible to these communities as well. He urged the committee's support of HB 645.

REP. BOB MARKS, District #75, stated for the record, he does support this bill, especially when we are dealing with secondary impacts. He feels this bill will serve as a clarification and felt it was a needed measure.

RICHARD WEDDLE, Legal Counsel, for the Hard Rock Mining Impact Board submitted testimony (Exhibit 5). He stated HB 645 would redefine the roles of the Board and participants in reviewing impact plans under the Hard Rock Mining Act. The bill would relieve the Board of its current responsibility to assure that impact plans comply with the technical requirements of the Act. By doing this, the bill will eliminate any apprehension on the part of the mineral developers and affected local government units to devise a plan or plans which are not only fair, but comprehensible and legally assistable. The Board is confident that the participants will meet this challenge. The Board supports HB 645 as it has all the efforts to clarify and simplify the act. At the same time, the Board recognizes that any modifications of such a complex statutory scheme are likely to give to a new set of questions. In responding to those questions, the Board will be guided, as always, by the public policy established by the legislature.

ED JASMIN, President of the Hard Rock Mining Impact Board, stated they do support this bill, because it does relieve the Board of its current responsibility to assure that impact plans comply with technical requirements of the act. He asked the committee's support of HB 645.

DOUGLAS SCHMITZ, County Commissioner for Jefferson County, stated they currently are very excited about the Golden Sunlight Montana Tunnels project, and he feels this bill will help to streamline the process, however, will still keep the Board involved, when necessary.

MIKE MCLEAN, Project Manager at the Jardine Joint Venture submitted testimony (Exhibit 6). He stated HB 645 clarifies that Hard Rock Mining Impact Board's responsibility in the approval of an impact plan. He stated, local government should have the primary responsibility and authority for administration of the Hard Rock Mining Impact Act. The role of the Board should be one of an arbitrator, rather than just that of a regulator. It is for these reasons, that we do support this bill.

Due to the time limit, Chairman Jones asked that the remaining people wishing to testify, merely state their name, who they represent and leave any written testimony if they chose to do so.

JOHN S. FITZPATRICK, Manager of Administration, Centennial Minerals, Inc. submitted testimony in support (Exhibit 7).

WARD SHANAHAN Representing the Chevron Corporation submitted testimony in support of HB 645 (Exhibit 8).

ART WITTICH representing the Western Energy Company submitted testimony supporting HB 645 (Exhibit 9).

GARY LANGLEY, Executive Director, Montana Mining Association submitted testimony in support of HB 645 (Exhibit 10).

OPPONENTS: STEVE DOHERTY, an attorney in Great Falls, submitted testimony (Exhibit 11). He stated HB 645 unintentionally upsets that balance and opens a loophole, it changes the terms of the bargain that was struck in 1981, and these changes affect the integrity of the Impact Act. For these reasons, he must oppose this bill.

RICHARD PARKS, owner of the Parks' Fly Shop in Gardiner, submitted testimony (Exhibit 12). He stated the Hard Rock Impact Act has been working quite well for several eyars. It has been suggested by industry proponents, that the act has been "bad for business" but no one has produced any evidence of this alleged affect. The appeal for this bill is based on two great errors. The first of these, is an error in fact - that somehow the problems we are experiencing in Montana's economy can be traced to our "over zealous" regulations or to "punitive" tax laws. Both of these errors are promoted under the general rubric of "improving the business climate." He stated for these reasons, they do oppose this bill.

Due to the time limit, the people wishing to testify were asked to simply state their name, and submit testimony if applicable.

SUE JOHNSON, President of the Bear Creek Council, submitted testimony in opposition to HB 645 (Exhibit 13).

MIRIAN SKERTICH, a Jardine resident, submitted testimony in opposition to HB 645 (Exhibit 14).

SANDY SEATON, a Livingston resident, submitted testimony (Exhibit 15).

NO FURTHER OPPONENTS

REP. KADAS asked Rep. Brown if it was his intention to exclude secondary impacts altogether, or to turn that question over to the local government and the mining companies.

REP. BROWN stated quite the contrary, he feels the basis of this compromised bill was formed on the fact that Rep. Ellison and himself firmly believe secondary population impacts are a necessity and should be included in the act. This bill doesn't do anything to change that consideration what it says is, it has that consideration and it's resulting solution takes place and it would only go to the Hard Rock Board, under this bill, as written now, if there is a major disagreement or an objection by the local governing units.

REP. ADDY referred to the bottom of page 7, and asked why are we limiting this to the county where the impact is forecasted to be the most positive. Why should not every county that has a substantial impact have a say.

REP. BROWN stated under the Hard Rock Act that's the basic mechanism of how it works, and there's a lead county and that county has the most significant impact, however, it does not mean that the other counties don't. He forgot to mention in his opening remarks that this was added to require a public hearing during that local process during those 90 days of consideration of impact, and to be sure that the local residents had the opportunity to voice their concerns about what the county government and the developer might put into an impact plan.

REP. ADDY stated this bill seems to say that the Hard Rock Mining Board can't involve itself in every impact plan of the Board and it can only involve itself where the county and the developer disagree, and he wondered what is wrong with that.

MR. WEDDEL stated the Board doesn't object to the change in the law, however, under current statute, the Board has interpreted that language to place a burden on the Board to make sure the document which is submitted, is a plan and not a blank sheet of paper. The Board feels that if the developer and a governing body agree to a plan which is not a statutory plan, the Board can't approve that and the Board feels under the current language, it has to include a document which is a plan, and that's where this technical compliance review has come from.


REP. RANEY asked Rep. Brown that if Jardine stated, secondary impacts would not be addressed with this new act, and the secondary impacts have been stricken from current law.

REP. BROWN stated he feels we have some confused folks about what is in this bill. However, he feels it is understandable and a legitimate question. In the Jardine case, he thinks that what he was saying was that the nature of secondary impact are particularly limited in the Jardine case. In the case of the opponents who testified against the bill, who were concerned about the impacts and as to whether or not they would be protected under this act, he stated quite frankly, it's a case of their reasonable concern. He stated there are a number of folks here trying to meld these things together so that we accommodate those concerns, but he stated the bottom line is it's one of the folks in the field worried about impacts, saying that this act is broke, and if it isn't broke, why fix it. When he saw the Administrative Code Committee bill, which he thought was unlivable, as did Rep. Ellison, there was clearly need for this bill to resolve those conflicts or we might have killed those bills. However, the concern was substantial enough that they might pass and use this act. In terms of secondary impact, he addressed Steve Doherty's concerns, stating he understands where he is coming from, however, in asking several different lawyers that have some knowledge of the Hard Rock Act, they seem to feel it was carefully drafted as with the Statement of Intent.

He stated regarding Mr. Doherty's concerns, he hopes he has come as far as he can to keep the compromise together and still try to protect all the parts, and he closed with this comment, by stating it's now up to the committee's judgement as to what to do from here. With that he urged the committee to support this bill, and thanked them for their time and consideration.

HEARING CLOSED ON HB 645.

ADJOURNMENT: Being no further business to come before the committee, the meeting was adjourned at 3:05 p.m.


TOM JONES, Chairman

DAILY ROLL CALL

NATURAL RESOURCES COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date Feb. 16, 1987

NAME	PRESENT	ABSENT	EXCUSED
TOM JONES, CHAIRMAN	X		
CLYDE SMITH, VICE CHAIRMAN	X		
KELLY ADDY	X		
TOM ASAY	X		
JOHN COBB	X		
BEN COHEN	X		
ED GRADY	X		
JOHN HARP	X		
HAL HARPER	X		
MIKE KADAS	X		
AL MEYERS	X		
JOAN MILES	X		
MARY LOU PETERSON	X		
BOB RANEY	X		
RANDE ROTH	X		
ANGELA RUSSELL	X		
BRUCE SIMON	X		
BILL STRIZICH	X		
STAFF: EQC HUGH ZACKHEIM			

EXHIBIT 2
DATE 2-16-87
HB. 729

2/16/87

HOUSE BILL 729 - INTRODUCED BILL

1. Page 1, line 5.
Strike: "HEARING"
Insert: "MEETING"

2. Page 1, line 7.
Following: "AN"
Strike: "IMMEDIATE"

3. Page 1, line 11.
Strike: "hearing"
Insert: "meeting"

4. Page 1, line 17.
Strike: "hearing"
Insert: "meeting"

5. Page 2, line 7.
Strike: "hearing"
Insert: "meeting"

6. Page 2, line 10.
Strike: "hearing"
Insert: "meeting"

7. Page 2, line 16.
Strike: "hearing"
Insert: "meeting"

8. Page 2, line 18.
Strike: "hearing"
Insert: "meeting"

9. Page 4, line 23.
Strike: "hearing"
Insert: "meeting"

10. Page 5, line 5.
Following: "effective"
Strike: "on passage and approval"
Insert: "July 1, 1987"

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB677, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

The proposed legislation would prohibit adjustment of price in a contract for sale of state timber.

ASSUMPTIONS:

1. The proposed legislation would not influence initial bid price on state timber.
2. Impacts of the legislation would not take effect until FY90.
3. Fluctuation of lumber prices in the next 5 years will be the same as the last 5 years.

DATE

2-16-87HB 677FISCAL IMPACT:Revenue:

	FY88			FY89		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
Trust & Legacy Trust Fund	\$3,250,000	\$3,250,000	\$ 0	\$3,500,000	\$3,500,000	\$ 0

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Utilizing the method proposed in this bill, it is estimated that income to the trust will be reduced by 1.2 percent for each year beginning FY90, that will result in a loss of approximately \$42,000 in FY90 to the Trust and Legacy Trust Fund. Assuming 10% interest earnings, the School Foundation Program will also decrease by approximately \$4,000 in FY90, and the revenue loss will increase by \$4,000 per year.

David L. Hunter DATE 2/14/87

DAVID L. HUNTER, BUDGET DIRECTOR
Office of Budget and Program Planning

P. Rapp-Svrcek DATE 2/16/87

PAUL RAPP-SVRCEK, PRIMARY SPONSOR

Fiscal Note for HB677, as introduced

Priority: 1-high, 2-medium, 3-low, 4-none, 5-RCRA

Type: M-mining, P-petroleum, D-penta/creosote dipper, O-other, I-industrial

EXHIBIT 3
 DATE 2-16-87
 HB 718

PRIORITY	SITE	COUNTY	TYPE	PA	SI	SIF	HRS	NPL
	ACM Butte Operations, Butte	01	M				86	86
	Anaconda Smelter, Anaconda	30	M	82	82		82	83
	BNRR Somers Tie Plant, Somers	07	D	84	84		84	
	Comet Oil, Billings	03	P	84	85	87	86	87
	East Helena Site	05	M	81	83		83	83
	Idaho Pole Co., Bozeman	06	D	84	84	86	84	86
	Libby Groundwater Contamination, Libby	56	D	80	81		82	83
	Milltown Reservoir Sediments, Missoula	04	M	82	82		82	83
	Montana Pole & Treating Plant, Butte	01	D	84	85		86	87
	Mouat Ind., Columbus	32	M	79	84		86	
	Silver Bow Creek, Butte	01	M	83	79		82	83
	St. Regis Paper, Libby (see Libby GW cont.)	56	D	84				
	ACM Gt. Falls Refinery, Black Eagle	02	M	82			82	
	Apex Mill, Bannack	18	M	83	84		84	
	Arro Oil Refinery, Lewistown	08	P	84	84		85	
	Bass Creek Post & Pole, Stevensville	13	D	87	88			
	Beaver Wood Products, Columbia Falls	07	D	86	87			
	Big Hole Post Plant, Dillon	18	D	87	87			
	Big Horn Oil & Refining, Billings	03	P	86	87			
	Big West Oil, Kevin	21	P	84	87			
	Bitterroot Valley Landfill, Victor	13	L	85	87			
	Central Pasland Treating Plant, Lewistown	08	D	87	88			
	Coffman Lumber and Treatment Co., Billings	03	D	87	88			
	Conrad Refining Co., Conrad	26	P	87	88			
	Creston Post & Pole Yard, Kalispell	07	D	86	87			
	Diamond Asphalt, Chinook	24	P	84	86		86	
	Falls Chemical, Inc., Great Falls	02	O	84	86	86		
	Hart Refineries, Missoula	04	P	85	85	86	87	
	Havre Refinery	12	P	87	87			
	J & N Post & Pole, Evaro	04	D	87	88			
	Jet Fuel Refinery, Mosley	50	P	86	88			
	Kalispell Pole & Timber, Kalispell	07	D	85	87			
	Kenison Pole Plant, Townsend	43	D	87	87			
	Lake Co. Weed District, Ronan	15	O	85	85	87		
	Larry's Post & Treating Co., Columbia Falls	07	D	87	88			
	Laurel Oil & Refining Co., Butte	01	P	87	87			
	Marble Creek Post Yard, Superior	54	D	87	87			

Priority: C-igh, 2-medium, 3-low, 4-none, 5-RCRA

Type: M-mining, P-petroleum, D-penta/creosote dipper, 0-other, I-industrial

PRIORITY	SITE	COUNTY	TYPE	PA	SI	SIF	HRS	NPL
2	Mercer Post Plant, Bozeman	06	D	87	87			
2	Midwest Refining Co., Conrad	26	P	87	87			
2	Milwaukee Roundhouse, Deer Lodge	28	P	87	87			
2	Mission Wye, Livingston	49	P	84	84	86	87	
2	North American Oil Ref., Kalispell	07	P	86	87			
2	Reliance Refining Co., Kalispell	07	P	86	86	86	87	
2	Russell Oil Co., Billings	03	P	86	88			
2	Russell Oil Co., Butte	01	P	86	88			
2	S & W Sawmill Inc., Darby	13	D	87	88			
2	Strong's Post Yard, Livingston	49	D	87	88			
2	Tale Creek Gas Plant/Crystal Oil, Poplar	17	P	86	87			
2	Treasure State Refining Co., Shelby	21	P	86	88			
2	Turner Post Treatment Co., Whitefish	07	D	87	88			
2	Weowna Oil Refinery, Winnett	55	P	86	88			
2	Yale Oil Corp., Kalispell	07	P	85	86	86	87	
2	Yale Oil of South Dakota, Billings	03	P	87	88			
3	Anaconda Aluminum, Col. Falls	07	M	84				
3	Asarco Inc. Troy Unit, Troy	56	M	84	88			
3	Billings Sanitary Landfill	03	L	84	88			
3	BN Derailment Site, Bainville	17	O	84				
3	BN Derailment Site, E. Bridger	10	O	84				
3	BN Derailment Site, Evaro	04	O	84				
3	BN Derailment Site, Garrison	28	O	85				
3	BN Derailment Site, Missoula	04	O	85				
3	BN Krezelak Pond, Havre	12	O	84	84	87		
3	BN Racetrack Pond, Havre	12	O	81				
3	Borden Inc., Missoula	04	O	84				
3	Bozeman Old City Landfill	06	L	83	83			
3	Carter Oil Refinery, Cut Bank	38	P	84	85			
3	Charles M. Russell Refuge, Turkey Joe Landing	08	O	86	86			
3	Chevron USA Inc., Browning	38	P	84				
3	Continental Oil Co., Lewistown	08	P	85				
3	Cooke City Arsenic Tailings	49	M	80				
3	Empire Sand and Gravel, Bozeman	03	O	84	84			
3	General Elec. Co., Billings	03	I	84				
3	Golden Messenger Mine, York	05	M	86				
3	Goldsel Mining Co., Marysville	05	M	86	87			

PA-Preliminary Assessment, SI-Site Investigation, SIF-Site Investigation Follow-up, HRS-Hazardous Ranking System, NPL-National Priority List

Priority: 1-high, 2-medium, 3-low, 4-none, 5-RCRA
 Type: M-mining, P-petroleum, D-penta/creosote dipper, O-other, I-industrial

PRIORITY	SITE	COUNTY	TYPE	PA	SI	SIF	HRS	NPL
	Helena Landfill	05	L	85				
	High Ore Mine, Basin	51	M	86				
	Hirschy Corrals, Jackson	18	O	84	84			
	Ideal Basic Ind., Three Forks	06	I	85				
	Jardine Arsenic Tailings, Jardine	49	M	80				
	Kaiser Cement, Montana City	51	I	85				
	Lohoff Gravel Pit, Billings	03	P	83	83	86		
	Malta Airport, Malta	11	O	85	85			
	McCulloch Purchase Station, Fairview	27	O	85				
	Miles City Livestock Center	14	O	84	86			
	Miles City Rail Yard	14	P	85	86	87		
	Milwaukee Road Right of Way, St. Regis	54	O	85				
	Missoula Landfill	04	L	84				
	Montana Power Co.-Frank Bird, Billings	03	O	84				
	Montana Power Co.-JE Corette, Billings	03	O	84				
	Montana Radiation, Anaconda	30	O	84				
	Montana State Chem Lab, Helena	05	O	84				
	Montana Sulphur & Chem, Billings	03	O	86				
	Motherlode Gold & Silver, East Helena	05	M	85	85	87		
	Philipsburg Mining	46	M	80				
	Plum Creek Evergreen, Kalispell	07	O	80				
	Poisoned Oats Disposal, Browning	38	O	85	88			
	Prairie View Recreational Park, Billings	03	O	86	88			
	Real Log Homes Mfg. Site, Missoula	04	O	85				
	Refinery Sumps, Billings	03	P	80	88			
	Rocky Mountain Phosphate, Garrison	28	M	80		82		
	Scott Feed Lot, Billings	03	O	84	86			
	Stauffer Chemical Co., Ramsey	01	M	84				
	Summit-Dana Ind., Bozeman	06	O	84				
	Texaco-Sunburst Works, Sunburst	21	P	84	85		87	
	Thompson Falls Reservoir, Thompson Falls	35	M	86	86			
	U.S. Antimony Corp., Thompson Falls	35	M	84	88			
	Union Oil-Cut Bank Ref., Cut Bank	38	P	84	85			
	Valley Garden Vat, Ennis	25	O	84	86			
	Western By-Products, Great Falls	02	O	84	84	85		
	Asbestos Mine (Karst), Bozeman	06	M	84				
	BN Inc. Prop., Billings	03	O	84				

Priority: high, 2-medium, 3-low, 4-none, 5-RCRA
 Type: M-mining, P-petroleum, D-penta/creosote dipper, O-other, I-industrial

PRIORITY	SITE	COUNTY	TYPE	PA	SI	SIF	HRS	NPL
4	Developmental Technology, Bozeman	06	O	84				
4	Ermont Mill-Mill Tailings, Argenta (Fed.)	18	M					
4	Sluice Gulch Leaking Mine, Phillipsburg (Fed.)	46	M					
4	Thorium City Waste Dump, Grant (Fed.)	18	M					
4	Tungsten Mill-Mill Tailings, Glen (Fed.)	25	M					
5	Conoco Billings Refinery	03	P					
5	Conoco Landfarm, Billings	03	P					
5	Exxon Refinery, Billings	03	P	80				
5	Farmers Union/Cenex, Laurel	03	P					
5	Great Falls Refinery	02	P	79				
5	Malmstrom Air Force Base, Great Falls	02	O					
5	Paradise Tie Treatment, Paradise	35	D	80				
5	Union Tank Car Co., Laurel	03	I	84				
5	Wolf Point Refinery	17	P					

PA-Preliminary Assessment, SI-Site Investigation, SIF-Site Investigation Follow-up, HRS-Hazardous Ranking System,
 NPL-National Priority List

EXHIBIT 4
DATE 2-16-88
HB 645

Statement of Intent
HB645 -- Representative Dave Brown
February 16, 1988

A statement of intent is required for this bill in order to clarify the role of the hard-rock mining impact board. The amendments to section 3 of this bill are designed to ensure that the board is not involved in reviewing the plan unless objections are filed under 90-6-307 or amendments are sought under 90-6-311.

The amendment of section 8.104.203A, Administrative Rules of Montana, does not indicate a legislative intent to define population changes associated with a mineral development. This matter should be determined by the mineral developer and the affected local governments. The amendment further indicates that the legislature desires that the hard-rock mining impact board should not influence this determination by enacting rules on matters that should be the product of discussions between the mineral developer and the affected local governments, except when the board is required to address impact plan concerns during the objections and amendment processes.

This bill also attempts to stress the cooperative role of the mineral developer and the affected local governments in formulating the impact plan. The impact plan, as a result, should reflect the concerns and agreements among these entities. Furthermore, to ensure public involvement in the planning process, a mandatory public hearing is required.

BEFORE THE HOUSE NATURAL RESOURCES COMMITTEE

FEBRUARY 16, 1987

TESTIMONY OF RICHARD M. WEDDLE, LEGAL COUNSEL
HARD-ROCK MINING IMPACT BOARD

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, MY NAME IS RICHARD WEDDLE, AND I AM LEGAL COUNSEL TO THE HARD-ROCK MINING IMPACT BOARD. I AM TESTIFYING ON BEHALF OF THE BOARD AS A PROPONENT OF HOUSE BILL 645.

HOUSE BILL 645 WOULD REDEFINE THE ROLES OF THE BOARD AND PARTICIPANTS IN REVIEWING IMPACT PLANS UNDER THE HARD-ROCK MINING IMPACT ACT. THE BILL WOULD RELIEVE THE BOARD OF ITS CURRENT RESPONSIBILITY TO ASSURE THAT IMPACT PLANS COMPLY WITH THE TECHNICAL REQUIREMENTS OF THE ACT. BY DOING SO THE BILL WILL ELIMINATE ANY APPREHENSION ON THE PART OF MINERAL DEVELOPERS AND LOCAL GOVERNING BODIES THAT THE BOARD MIGHT UNDULY INFLUENCE THE SUBSTANCE OF A PLAN. THIS REASSIGNMENT OF RESPONSIBILITIES WILL, OF COURSE, PLACE A HEAVY AND SINGULAR BURDEN ON MINERAL DEVELOPERS AND AFFECTED LOCAL GOVERNMENT UNITS TO DEVISE PLANS WHICH ARE NOT ONLY FAIR BUT COMPREHENSIBLE AND LEGALLY UNASSAILABLE. THE BOARD IS CONFIDENT THAT THE PARTICIPANTS WILL MEET THIS CHALLENGE.

THE PUBLIC POLICIES REFLECTED IN THE HARD-ROCK MINING IMPACT ACT, WHILE STRAIGHTFORWARD IN CONCEPT, HAVE BEEN EXTREMELY COMPLEX IN THE IMPLEMENTATION. THROUGHOUT THE SIX YEARS THAT IT HAS ADMINISTERED THE ACT THE BOARD HAS FREQUENTLY BEEN CONFRONTED WITH QUESTIONS NOT EASILY ANSWERED BY REFERENCE TO THE STATUTE, ITSELF. THE BOARD HAS ATTEMPTED TO RESOLVE THESE MATTERS BY CONSENSUS OF ALL INTERESTED PARTIES, WHERE A CONSENSUS COULD BE REACHED, AND, IN ALL CASES, IN WAYS WHICH CONFORM TO LEGISLATIVE INTENT AS REFLECTED BY THE LANGUAGE OF THE ACT AND BY LEGISLATIVE HISTORY.

THE BOARD SUPPORTS HOUSE BILL 645 AS IT HAS ALL EFFORTS TO CLARIFY AND SIMPLIFY THE ACT. AT THE SAME TIME, THE BOARD RECOGNIZES THAT ANY MODIFICATIONS OF SUCH A COMPLEX STATUTORY SCHEME ARE LIKELY TO GIVE RISE TO A NEW SET OF QUESTIONS. IN RESPONDING TO THESE QUESTIONS THE BOARD WILL BE GUIDED, AS ALWAYS, BY THE PUBLIC POLICY ESTABLISHED BY THE LEGISLATURE.

THE BOARD AND I WISH TO THANK YOU FOR THE OPPORTUNITY TO PRESENT TESTIMONY ON THIS BILL.

EXP. DIT 6
DATE 2-16-87
HB 645

Jardine Joint Venture
P.O. Box 92
Gardiner, MT 59030
406/848-7937

February 16, 1987

TESTIMONY ON AMENDMENTS TO
THE HARD ROCK MINING IMPACT ACT (HB-645)

My name is Mike McLean. I am the Project Manager at the Jardine Joint Venture, a proposed gold mining and processing facility located in southwestern Montana. The Jardine Joint Venture is a partnership between American Copper and Nickel Company and Homestake Mining Company. The Jardine Joint Venture is one of only four mining companies in Montana to have submitted, and received approval of, an Impact Plan, under the Hard Rock Mining Impact Act. The Jardine Joint Venture supported legislation leading to the Hard Rock Mining Impact Act, and has been an active participant in meetings of the Hard Rock Mining Impact Board since its inception.

I appreciate this opportunity to appear before you today, to present testimony on HB-645, Amendments to the Hard Rock Mining Impact Act. Although HB-645 involves several issues, I will restrict my comments today to three main points.

First, the Jardine Joint Venture is of the opinion that the legislative intent in writing the Hardrock Mining Impact Act did not contemplate an intensive review of the impact plan by the Hard Rock Mining Impact Board, where no disagreement over the plan exists at the local level. While a so called "technical compliance" review does appear to be designed to avoid a substantive review of impact plans, we are concerned that a review for more than strictly technical aspects could go beyond the intent of Section 90-6-307 of the Montana Code. Further, contrary to the Hard Rock Mining Impact Board's position that it can not approve an impact plan unless it has been reviewed for technical compliance, the Jardine Joint Venture contends that the Board has no statutory authority to review such a plan, much less disapprove it, providing that the mineral developer and the local government units agree to the plan. As stated in 90-6-307, "...If no objection is received within the 90-day review period or any extension thereof, the impact plan SHALL BE APPROVED BY THE BOARD." HB-645 clarifies the Hard Rock Mining Impact Board's responsibility in the approval of an impact plan.

My second point involves the issue of indirect impacts. The Jardine Joint Venture contends that:

1. When the Hard Rock Mining Impact Act was originally drafted, it was never intended to include impacts not DIRECTLY caused by the mineral developer.

2. There is no mechanism or formula for accurately quantifying indirect impacts, nor is it the mineral developer's responsibility to attempt to do so.
3. Impact plans approved by units of local government and the Hard Rock Mining Impact Board to date, including the Jardine Joint Venture impact plan, have not considered indirect impacts.

A mineral developer has no role in hiring decisions made by local businesses. Requiring a mineral developer to in turn mitigate these potential impacts would be punitive and would seriously jeopardize the economic viability of potential mineral development projects and their contribution to Montana's economy. HB-645 recognizes this, and accurately reflects the legislative intent in enacting the Hard Rock Mining Impact Act, to NOT require mineral developers to consider indirect impacts.

Finally, although the Jardine Joint Venture recognizes that The Hard Rock Mining Impact Board's rule making is in part an effort to clarify its administration of the Hard Rock Mining Impact Act, the numerous policies and rules enacted by the Board have significantly expanded the Board's authority under the act.

In summary, local government should have the primary responsibility and authority for administration of the Hard Rock Mining Impact Act. The role of the Hard Rock Mining Impact Board should be one of an arbitrator, rather than that of a regulator. It is for these reasons, that the Jardine Joint Venture strongly supports HB-645.

Thank you for your time and consideration.

EXHIBIT 7
DATE 2-16-87
HB 645

PRACTICAL CONSTRAINTS ON THE USE OF
ECONOMIC BASE THEORY TO MEASURE
SECONDARY POPULATION CHANGES

Submitted By:

John S. Fitzpatrick
Manager of Administration
Centennial Minerals Inc.
Power Block West -- 3rd Floor
Helena, Montana 59601

July 25, 1986

A common procedure in the socioeconomic impact analysis of mineral facilities is to attempt to carry the population projections beyond a direct estimate of the number of workers and their families employed at the facility to identify potential population changes that might occur in the secondary or support sector of the economy. The derivation of secondary population estimates is grounded in economic base theory which divides an economy into two sectors, a basic or primary sector and a derivative or secondary sector. The basic sector consists of industries such as mining, manufacturing, and agriculture that export goods and services from the region while bringing in income. The secondary sector consists of support industries such as retail trade, services, and government who supply the daily needs of the resident population and who derive their initial source of income from the expenditures of wage payments and purchases of goods and services by industries in the basic sector. That income is then respent or turned over by support industries within the community and contributes to the sustenance of other local enterprises. Accordingly, each sector of the economy is represented by both an employment and population base. The employment base is simply the number of jobs that exist within each of the sectors, respectively. The population base is the number of workers and their families supported by those jobs. The

relationship between jobs in one sector and the other is reflected in an employment multiplier. For example, an employment multiplier of 2.4 indicates that one basic sector job supports 1.4 secondary jobs plus the basic sector position. Similarly, a population multiplier identifies how many persons are supported by one job.

While the use of multipliers is common within the impact assessment process it is, in fact, theoretical in nature. Economic base theory and, especially, the use of employment and population multipliers have a number of limitations that restrict its utility when examining small economies such as Montana cities or counties or, when used in conjunction with a specific industrial project. The main limitations include:

1. Economic base theory implicitly assumes the secondary sector is operating at capacity so that additional income generated by an expansion in the basic sector leads to increased demand for goods and services. In turn, the increase in demand requires an expansion in the secondary sector and its population base as well. In fact, it is the rare economy that is operating at capacity. Enterprises supplying support services will vary in their ability to absorb an increase in work, sales, or service but most have some margin of idle capacity that can be put to productive use before expansion is required.
2. Economic base theory is frequently interpreted to assume a direct cause and effect relationship between changes in the basic and secondary sectors. In fact, the relationship between the two sectors is more often one of association rather than cause and effect. Accordingly, the secondary sector is only indirectly affected by the basic sector.

The structure of the secondary sector consists of a number of individual entrepreneurs and decision makers each of whom mediates the relationship between the two sectors of the economy. Each actor reviews changes in the basic sector and responds according to the needs of his enterprise and available resources. One businessman witnessing an expansion in local employment and income may respond by hiring additional workers, another by paying overtime, a third by installing more efficient equipment, and a fourth by doing nothing at all. The opposite case also occurs. When a basic industry closes, support industries do not automatically retract and curtail employment.

3. The application of economic base theory exhibits varying levels of precision in tying job creation or population expansion to a specific location. The basis of the multiplicative relationship between sectors is the transfer of income. But, income is spent both in and outside the local area.

Enterprises like mines have specialized equipment and material needs that are not routinely wholesaled in small towns. The acquisition of such supplies from places like Butte or Billings is a direct leakage of income and provides no basis for secondary sector expansion in the local area.

The extent to which income is transferred from one market or economy to another also is constrained by non-economic forces such as land use patterns, the availability of housing and services, and transportation.

4. The effectiveness of economic base theory is limited when two or more major changes are taking place simultaneously or in a sequential fashion. Under such circumstances attributing the relative share of economic change to each action becomes a matter of assumption. Park County is an example. The reduction of employment by the Burlington Northern Railroad has been followed by the development activities of the Church Universal at the Royal Teton Ranch. In the next several months, the Jardine Joint Venture mine may open. A strict interpretation of economic base theory would imply a major job reduction in the secondary

sector and related population loss in the county as a result of lost railroad employment. That has not taken place to any significant degree. Unemployed railroaders remain in Livingston, some working at other jobs, some unemployed, and some commuting to work outside the community while the family remains in Park County. Likewise, the expansion of the Royal Teton Ranch has had no discernable economic impact in the form of job creation beyond the Ranch's own boundaries. In both cases, the individual decision making processes of the persons affected adds up to a result that is contrary to a strict interpretation of economic base theory. The process of personal adjustment to local economic circumstances adds confusion to attempts to specify how and what degree of future change in the economy is safe to attribute to job curtailment on the railroad, an improving market in the wood products industry, continued expansion at the Royal Teton Ranch, or the development of the proposed mine at Jardine.

NAME WARD A. SHANAHAN

BILL NO. HB 645

ADDRESS 301 First Bank Bldg. P.O. Box 1715 Helena MT DATE 2-16-87

WHOM DO YOU REPRESENT ^{Tel: 442-8560} CHEVRON Corporation

SUPPORT X X X X

OPPOSE _____

AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

EXHIBIT 8

DATE 2-16-87

Comments: Mr Chairman and members of the Committee:

HB 645

I am the registered lobbyist for Chevron Corporation. I am pleased to present to you today Mr Joseph Dewey of Nye, Montana who is manager of the Stillwater Mining Company project to mine platinum and palladium in Stillwater County.

Mr. Deweys prepared remarks are hereby delivered to the Committee Secretary for distribution to the committee.

If any of you have questions for Chevron following the hearing, please write or call me at the above address.

Ward Shanahan

NAME: Joe Dewey

BILL NO. HB 645

ADDRESS: Star Route, Box 365, Nye, Mt

WHOM DO YOU REPRESENT: Chevron Corporation

SUPPORT

Mr. Chairman, Members of the Committee:

My name is Joe Dewey. I'm here today representing Stillwater Mining Company, a partnership of Chevron, Manville and Lac Minerals. As many of you know, we are constructing the nation's first platinum and palladium mining operation in Stillwater County.

We expect our project to begin producing concentrate by April this year. Our current employment is over 220 workers--about half from the local area.

Before we received our operating permit, we were one of the first mineral developers to go through the community impact planning process set forth by the Hard Rock Impact Planning Act of 1981. It was a laborious process, fraught with uncertainty and, many felt, impossible to accomplish without long delays and outrageous costs.

We knew at the outset that the only way we were going to get through the impact plan development process was to be very "up-front" and open with local government. We were, and our plan was approved without a single objection filed with the Hard Rock Mining Board.

The Hard Rock Board itself had very little involvement in the planning process because we worked out all details of the plan with local government and we prepared the plan before many of the current regulations were adopted. The Board's staff made several comments of a very minor nature that had no effect on the substance of the plan. Their comments were handled through minor word-changes.

Even though we were able to work through the process, we have viewed with increasing concern the continuing expansion of regulations governing the impact planning process. Each of these rules further narrows the ability of a mineral developer to work in an open manner with local government. And, we believe, further erodes the underlying concept of the original law. That concept is that local government and mineral developers should mutually agree on a plan that sets up mechanisms for solving local problems potentially created by mineral development. The Hard Rock Board was to step in only if there was a dispute.

Now, we've got the Board deciding when a plan is a plan, defining the issues and impacts that have to be addressed, and otherwise constraining a process that we have demonstrated can work quite well without any state regulations.

The proposed legislation should not have been needed at all if the original intent of the bill had been given proper attention. Instead, a few vague words and phrases in the original law have been used as justification for tedious and unnecessary rulemaking.

We understand that each impact plan that has been developed to date has been supported by the local governments. There hasn't been a dispute yet that has required Hard Rock board mediation.

For these reasons, we believe that HB 645 is needed to clarify the role of the Hard Rock Board. Regulatory zeal should not be allowed to continue to erode the ability of mineral developers and local governments to work out mutually agreeable plans for solving actual local problems. Let's let the impact planning process work as it was intended and quit wasting everyone's time in meaningless debate over issues that have little affect on "if" or "how" impact problems are solved.

We urge your support of HB 645 and thank you for this opportunity to comment.

Joe Dewey

4227W

WESTERN ENERGY COMPANY

GENERAL OFFICE: 107 EAST GRANITE, BUTTE, MONTANA 59701
(406) 723-4349



2/13/87

Testimony Presented Before the House Natural Resource's
Committee Concerning House Bill 645

Western Energy Company is a diversified coal and hard rock mining company with extensive mineral holdings in western Montana. Western Energy has identified a possible gold/silver mine project south of Winston, known as the Chartam Project. In addition, Western Energy is conducting other exploration activities in the western part of the state. Therefore, it has a vested stake in Montana hard rock mining, including the administration of the Hard Rock Impact Act.

Western Energy is not critical of recent actions taken by the Hard Rock Impact Board. The Hard Rock Impact Act contains some ambiguity, and an honest difference in interpretation has arisen. Western Energy recognizes the Board's rule making authority for the administration of the act, however, the Board has significantly modified and expanded the original act and its authority under the act. Rules have been proposed and adopted that would allow the Board to unilaterally act on the approval (or disapproval) of an Impact Plan, even though no objection is raised by a local government unit. (Note: The Chartam Project impact plan may need to be negotiated with 10-20 local government units!) Such unjustified action by the Board could cause not only a delay in the approval of the impact plan, but delay in the issuance of an operating permit and the ultimate development of the mine.

The drastic effects of a delay cannot be over emphasized. Factors already exist that stack the odds against the success of a mine development. Mineral prices on the international market are highly dynamic. Additionally, the proposed Chartam Project is a "heap leach" mine operation and, therefore, both the construction and operation of the mine are affected by Montana's seasonal climate conditions. For instance, a delay of one or two months in

EXHIBIT _____

DATE _____

HB _____

obtaining a permit could delay the return on a heap leach operation for six months to a year. Gold mining is risky enough without adding the regulatory uncertainty imposed by the present interpretation of the Hard Rock Mining Impact Act by the Board.

The solution to the present problem is presented in House Bill 645. This bill limits the mining company's financial responsibility to those provable burdensome impacts identified between the local government units and the mining company. This bill encourages cooperation between the local government units and the mining company. If an agreement is reached between these parties, no involvement by the Board is necessary. However, if an agreement cannot be reached concerning the impact plan, the Board serves the vital function of arbitrating disputes, which protects both the mining company and the local government units.

Western Energy Company urges your support of HB 645.

Western Energy Company

Arthur V. Wittich

TESTIMONY OF THE MONTANA MINING ASSOCIATION
BEFORE THE NATURAL RESOURCES COMMITTEE OF THE
MONTANA HOUSE OF REPRESENTATIVES
February 16, 1987
Gary A. Langley, Executive Director

10
DATE 2-16-87
HB 645

More than 20 years ago, Ralph McGill--then publisher of the Atlanta Constitution--won a Pulitzer Prize for his column, "A Church, A School."

In that legendary column, Mr. McGill described how blacks and whites in the South had worked together to build churches and schools. But, because of the policy of segregation and the landmark "Separate but Equal" ruling issued by the Supreme Court in 1954, Mr. McGill commented on the sad truth: That even though those folks had worked together to build churches and schools, they couldn't attend them together.

"A Church, A School" is appropriate to Montana today in the sense that we as a people must finally reject the mythology that large companies assault this state, rape the purity from Mother Earth and escape with the wealth.

The truth is that people, not companies, dig holes in the earth so that they can remove its bounty. A vast majority of these people are residents of the communities in which the mines are located. They dig the holes so they can earn good pay to feed and clothe their families and so they can contribute to the building of churches and other institutions important to the fabric of families.

With the money they've earned from digging the hole, they buy property and build homes. They then pay taxes on their incomes and their property with which to build schools, streets and highways, water and sewer systems that comprise the social, educational, civic and commercial needs of a community.

Together, the people of the community attend the churches and the schools and utilize the infrastructure that they collectively have built.

After the hole is dug and the wealth is removed, the people of the community reclaim the earth with modern technology and enlightened conservationism. They, like all others in Montana, want a clean environment and a stable family life in their towns.

They live here, too.

In most cases, whether they were born in Montana or live here by choice, they want to rear their children here, educate them in the school they have helped build and teach them spiritual and humanitarian values in churches they have helped build.

The mining company that hires these citizens to dig the hole in the earth must take a tremendous financial risk. In most

cases today, many millions of dollars must be invested.

First, the company--or an individual prospector--must discover a mineable ore deposit on the limited amount of land that is open to economic development and which continually is being withdrawn from that purpose. These days, the miner must then convince both the public and those in government that his operation will be conducted with environmental care and social consciousness. He also is required to spend additional money and much time to assess the environmental and social consequences his activity may cause. In the case of the Hardrock Mining Impact Act, a company that employs a mere 75 persons is defined as a "large scale" mineral developer and must agree--not just to pay--but to prepay its taxes to provide communities the ability to adjust to any changes the mining operation may cause.

The mining company is the only industry, business or citizen required to prepay its taxes.

The mining company also pays severance taxes, among the highest in the nation, on its production--as some policy makers have put it--to "compensate the people for the loss of a nonrenewable resource." This compensation is paid even though the company owns the resource and even though it may be operating at a loss.

Before any exploration or development began, it had claimed the resource under public laws meant to encourage productive development by the people for the public good.

Once the hole is dug, The People are compensated, wages are paid to the residents of the community who dug the hole, and those who loaned the mining company the money to make it possible for the churches and the schools to be built are repaid.

Then, if any profits are realized from the first activity, the people who work for the mining company explore for another deposit. If it is spared regulatory duress and excessive taxation and if land is available on which to explore and locate claims, the mining company may re-invest in Montana. The people of the community then will dig another hole so more churches and schools can be built.

About the same time that Ralph McGill won the Pulitzer Prize for "A Church, A School," a young heavyweight, previously known as Cassius Clay, was preparing to defend his title against Floyd Patterson, the former champion. Recently converted to the Moslem faith, the champion had changed his name to Muhammad Ali. During the ballyhoo before the match, Patterson continued to refer to his opponent as Cassius Clay in an apparent attempt to degrade the opponent. Ali tortured Patterson for 11 rounds

before finally delivering a knockout blow in the 12th. Each time he sent a thunderous blow into Patterson's body, he asked, "What's my name?"

Like Muhammad Ali, we the people of the mining industry in Montana, know who we are and who we are not. We are not the step-children of the Anaconda Company and the Standard Oil Company of a century ago, although we continue to do penance for their sins. We are the new generation of Montanans from Troy, Libby, Whitehall, Dillon, Jefferson City, Three Forks, Helena, Townsend, Nye, Jardine, Malta and, yes, Butte. We earn our living with environmental responsibility and social concern so we can build churches and schools. Like Muhammad Ali, we are proud of who we are and we are willing to fight to keep our good name.

This Legislature has within its power the ability to establish policy that will determine our future. We hope you will find in HB 645 a way for us to continue to build churches and schools in the communities in which we live, work and raise our families.

Thank you.



February 16, 1987

11
DATE 2-16-87
HB 645

TESTIMONY OF STILLWATER PROTECTIVE ASSOCIATION ON HB 645

My name is Steve Doherty. I am an attorney in private practice in Great Falls.

I pay taxes in Stillwater and Sweetgrass Counties. I am testifying on behalf of the Stillwater Protective Association.

- I was there at the birth of HB 718 in 1981, A bargain was struck
- The Bill was viewed as an alternative to a hard rock severance tax
- The purpose was that current taxpayers not subsidize the front-end impacts of industrializing rural, agricultural areas

The goal of HB 645 is to promote administrative efficiency by insuring that the Hard Rock Impact Board not become involved until and unless it has to.

-HB 718 has worked because the proper balance has been struck

<HB 645 unintentionally upsets that balance and opens up a loophole, it changes the terms of the bargain that was struck in 1981

The changes affect the integrity of the Impact Act - Must oppose as written

HOW THE LOOPHOLE IS CREATED

- Language changes in Section Two
- Striking the Administrative Rule

HOW THE LOOPHOLE WOULD WORK IF HB 645 IS ENACTED AS IT IS WRITTEN

-There are impacts in an area

- Local government says all the impacts should be covered in the plan and sets a dollar figure at X dollars

- Mineral developer says only these impacts are to be covered, the dollar figure is Y

In the event of a dispute, under the terms of this Bill, the Hard Rock Impact Board gets involved.

- The Impact Board sides with the local government, the mineral developer cannot begin mining

- The aggrieved mining company goes to Court

The Court must decide if the Board's action was lawful. The Court must decide the intent of the legislation.

The winning legal argument is that the changes in HB 718 made by HB 645 evidence a legislative intent that not all impacts be accounted for. The Board's action was thus outside the law, and the permit should issue.

- Who makes up the difference between X and Y, who funds local services

The local taxpayers will have to make up the difference

HB 645 can accomplish efficiency without compromising the integrity of the Hard Rock Impact Act. Amend out the language changes in Section 2 and the Administrative Rules, leave these current sections of the law intact. No problem in supporting HB 645 if this is done.

Final point - the so called taxpayers revolt will pale in comparison if current taxpayers are forced to subsidize costs more appropriately borne by the mineral developer.

SUGGESTED AMENDMENTS TO HB 645

Section 2, page 5

Strike on line 8:

~~directly-related-to the area-of-the~~ development

The sentence would then read:

The large-scale development of mineral deposits in the state ~~causes~~ may cause an influx of people into the are of the development ~~many~~ times larger than the number of people directly involved in the mining operation. This influx of people and the corresponding increase in demand for local government facilities ~~creates~~ may create a burden on the local taxpayer.

Section 6, page 13

Strike all the language which ~~strikes~~ the definition in Subsection (1) ---

The 'estimated number of persons coming into the impact area as a result of the development' means: And continue on through subsections (a) through (c).

BEAR CREEK COUNCIL

BOX 448, GARDINER, MT. 59030

12
DATE 2-16-87
HB 645

Mr. Chairman, members of the Committee, for the record I am Richard Parks, owner of the Parks' Fly Shop in Gardiner and a member of the Bear Creek Council for whom I appear today. Our organization is a Gardiner-Jardine area citizens group affiliated with the Northern Plains Resource Council. Our members are land owners, small business people and tax payers. HB-645 could narrow fatally the definition of what could be considered the impact of a mining development and since we have one of these projects in our back, or in some cases our front yard, this concerns us a great deal.

The Hard-Rock Impact Act, which this bill would amend, has been working quite well for several years. We can not understand why it should be desirable to repeal a rule that is at the very heart of it's functionality. It has been suggested by industry proponents that the act has been "bad for business" but no one has produced any evidence of this alleged affect. The appeal for this bill is based on two great errors. The first of these is an error of fact - that somehow the problems we are experiencing in Montana's economy can be traced to our "over zealous" regulations or to "punitive" tax laws. The second is an error of fallacious, I am tempted to say felonious, analogy. Both of these errors are promoted under the general rubric of "improving the business climate."

The fact of the matter is that Montana's economy is sick because of a national agricultural policy that is driving our people off the land. The fact of the matter is that Montana's economy is sick because of the depressed nature of the global energy market. The regulations targetted by this bill did not create the problems and their repeal will not change those economic facts. We assure you that an impact requiring the expenditure of public funds in any county is just the same whether it is caused by a miner or by a person or business which follows the miner to service him or his project. We think it is a particularly perverse kind of property tax reform to shift the burden of such impacts from the development which caused them to the innocent citizen who did not. We think it is a particularly perverse kind of "improvement in the business climate" to subsidize the profits of one business with the tax dollars of pre-existing firms whose own ability to show a profit may be directly reduced by the activities of the newcomer.

February 16, 1987



EXHIBIT 13
DATE 2-16-87
HB 645

Testimony in opposition
to HB 645. Before House
Natural Resources Comm.

Mr. Chairman and Members of the House Natural Resource Committee, For the record, my name is Sue Johnson and my husband Warren and I work and live just south of Jardine, Montana. I am president of a local citizens group, the Bear Creek Council, and it is on their behalf that I'm testifying today.

Mr. Chairman, Bear Creek Council consists of ranchers, small business people, outfitters and other taxpaying citizens who are deeply concerned with the intent of House Bill 645.

I'd like to acknowledge the efforts of Representative Brown and Ellison to reach a compromise with this bill. We question though, why such a compromise is even needed. The socio-economic impact act, House Bill 718, has worked for over 5 years. The Mining Associations claims that the adoption of rules that further define industries economic responsibilities was beyond the scope of the hard rock board begs the question of who is responsible for increased service costs created by hard rock mining!

MR. Chairman, of course the hard rock industry should not pick up the tab for every Mini-mart that opens. We have never suggested that. But, as "responsible" corporate neighbors, they should be responsible for those quantifiable costs associated with an influx of people into an area that is a result of large scale hard rock mining.

WE AGAIN ASK, WHY IS THIS "HOUSECLEANING" BILL NEEDED?

Has any hard rock mining company been denied a permit because of the Hard Rock Act? The answer is no! Has any mining industry been unduly burdened with a finding of significant impact? The answer is again, NO!

Mr. Chairman, to get to the nearest community, Gardiner, my family and I must drive right through the proposed mine. Bear Creek Council has not opposed the Jardine Joint Venture, but we should not, as property owners be asked to subsidize increased service costs caused by the influx of a large numbers of people into our county. HB 645 is a first step in shifting fiscal impact responsibilities from the hard rock mining industry to local property taxpayers, and should be opposed. Thank you.

Testimony in opposition to
HB 645. February 16, 1987

EXHIBIT 14
DATE 2-16-87
HB 645

Mr. Chairman, my name is Miriam Skertich and I live in Jardine, Montana and work in Livingston. I drove from Jardine this morning to testify in opposition to House Bill 645.

Mr. Chairman, my husband is a carpenter and drives a bus for Yellowstone National Park, and I'm a nurse in Livingston. We hear time and time again about the need to send positive signals to large industrial industries so that we can improve Montana's business climate and create high paying jobs. Well Mr. Chairman, my husband and I are Montanans, we have a daughter in school and we are taxpayers. Should we be asked to shoulder the increased service costs associated with large scale industrial development? As property owners and taxpayers, we say no!

How much longer are the common folk of Montana going to be asked to carry the tax burden caused by the continual shifting of taxes from corporations to property owners under the umbrella of sending a positive signal and creating a good business climate?

Mr. Chairman, House Bill 718 has worked for over 5 years, and we have not heard today any concrete reasons why it should be changed!

If this bill is not an attempt to shift the costs of increased services caused by large scale hard rock mining from the companies creating the impact to the taxpayer, then why is even before the committee.

Mr. Chairman, on behalf of my taxpaying family I ask you to oppose House Bill 645. Thank you.



Testimony presented in
opposition to HB 645
February 16, 1987

15
2-16-87

645

Mr. Chairman, and members of the House Natural Resources Committee. For the record, my name is Sandy Seaton. I'm a guide ~~and outfitter~~ from Park County and I presently live in Livingston, Montana.

Park County is where the proposed Jardine Joint Venture Gold mine is to be located. The socio-economic impact statement prepared for this project concluded that there would be no significant impact and other than the road to the mine, there would be no major cost to the companies involved.

However, this conclusion was based on the availability of Housing and school space in the community of Livingston. Since that time, ~~many~~ if not most of the available housing in Livingston has been occupied by incoming members of the Church Universal Triumphant. While that is predicted to change, the point is, the basis for the impact plans conclusions of no significant impact may no longer be valid. If roads, housing and sewer systems need to be provided for people coming into the area due to the mine, I shouldn't have to pay or subsidize for these increased services.

Mr. Chairman, this bill appears to narrow or send a message that limits the responsibilities of the hard rock mining industry to pay for public services that wouldn't have been needed if the development hadn't occurred. As a taxpayer I urge you not to set up a situation where I would be subsidizing a large scale mineral development.

Thank you for the opportunity to comment in opposition to HB 645.

Sandy Seaton

VISITORS' REGISTER

NATURAL RESOURCES - COMMITTEEBILL NO. HB 645, 677, 718, 729DATE Feb. 16, 1987SPONSOR Brown, Pappas, Harper, Winslow

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
Mike M...	WETA	645	
Art Wittich	WESTERN ENERGY	645	
WARD SHANAHAN	CHEVRON	645	
Joe R. Dewey	Stillwater Mining Co	645	
Dick Dodge	Ecorn Cons NW	645	
LINDA PRIEST	Economic Consultants NW	645	
Richard Weddle	Hard Rock Mining Inc. B.	645	
DOUGLAS K. SCHMITZ	JEFFERSON COUNTY	645	
Ed JASMIN	HARD ROCK MINING INC. B.	645	
GEORGIE CCHENSKI	MT. ENV. INF. CNTR	718, 729	
Richard P...	BCC		645
...			
...	BCC		645
...			645
JIM MARTY	BEAR CREEK COUNCIL		645
JERRY PARKER	Resource Committee		677
...	MONTANA WOOD PRODUCTS ASS		645
...	...		645
John Kinnear	Pegasus Gold Corp	645	645
T.M. Rollins	ASARCO, INC.	645	
D.O. SUHR	"	645	

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

COMMITTEE

BILL NO. HB 682

DATE 2/16/87

SPONSOR Spaith

[illegible]

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

COMMITTEEBILL NO. 645

DATE _____

SPONSOR _____

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
Harry A. Langley	Mt. Mining Assn	645	
John Beaudry	Stillwater County	_____	
Michael McLean	Landline Joint Venture	645	
James B. McGowan	Jefferson Co. Comm	645	

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.