

**Dexter Busby, Montana Refining Company**

**3/22/05 Testimony on SB - 293**

1. An Ethanol Blending Mandate contrary to some testimony you have heard will raise the cost of gasoline in Montana by at least 5 to 8 cents per gallon. This is to provide a very large subsidy, at the expense of everyone who drives a vehicle, to only a very few, and in the long run with the history of ethanol production in Montana will go mostly to out of state producers, growers and the BNSF.
2. Montana Refining Company is the small refinery in Great Falls. We produce about 50,000,000 gallon of gasoline annually, with our only market area being in North Central Montana. By comparison our primary competitors based in the Billings area are each 7 to 8 time our size, but only sell about 40% of their gasoline in Montana; the balance is shipped out of state via pipeline. We do not have that option. If the mandate comes to be, it will essentially take 10 percent of our market in a market limited area, while it would force our competitors to export only an additional 4 percent. This loss of market could very well make us non-competitive and jeopardize our very existence.
3. If the requirements in this bill are met by the alcohol producers, it becomes a very large unfunded mandate for us particularly, and to a much lesser degree, our competitors. In Montana, in aggregate our competitors are more than twenty times our size, they would have to modify about a half dozen terminals in Montana to supply the blended gasoline, we would have to modify one. If it cost us the same amount as it would them to modify a terminal, the per gallon sold, cost for us, would be at least four times as much.

So in closing, I would hope that you would consider the impacts of the unfunded mandate portion, and the economic consequences of taken such large sums out of the Montana economy and giving it to a relatively small group that may in the long run end up going to out of State concerns and the BNSF. And the 90 plus jobs in Great Falls that pay more than \$23/hour that it will most certainly jeopardize.