

Aerospace Bonding Authorization
HB 493

Mr. Chairman, Committee members, and members of the audience.

My name is Ralph L. President and CEO of Scientific Materials Corporation and a member of the Board of Directors for MADA. I am also a Past Chairman of the Governor's Task Force for Research and Development and a past member of the Montana Board for Research and Commercialization. I am a Montana native, born in Havre, a graduate from MSU with over fifty years of business experience worldwide.

Scientific Materials is an aerospace company dealing in many projects both military and nonmilitary. A few examples are:

- (1) The laser materials for both the GLAS (geoscience laser altimeter system) and the Mercury Messenger were made in Montana by SMC.
- (2) The S2CHIP program, a major collaborative effort by SMC and MSU is being developed in Montana at SMC facilities.
- (3) Laser rangefinder components are being developed at SMC in our new facility in Bozeman.
- (4) SMC is working with major aerospace companies like Northrop Grumman, Boeing, Raytheon, General Atomic and others to develop and improve high energy lasers for aerospace application.

In 2004, SMC increased its facilities from 16,000 to 42,000 sq. ft. and increased our employment from 20 to 40 employees. By the end of 2005 we expect to be three times the size we were at the end of 2003. That is a significant growth. Assuming the existing markets expand at the current projected rates, SMC can be expected to triple in size over the 2007 to 2008 timeframe. The only problem is we can not do that. Why? Because the capital resources are not available. The resources are available in other places such as California, Arizona, Washington, Pennsylvania, Kansas to name a few but not Montana. As a business person you have two choices, you move the company or you do not grow. SM did the second for five years. It does not work.

There is a remote third option. That is the business can build partnerships which help solve the issues. By combining the forces of government, industry and the educational system an opportunity for investment can be created which makes equity funding possible and probable. This bill is one of the steps in that process.

I am by no means inferring the proposed legislation was written for SMC Rather I wish to point out the proposed legislation provides an opportunity for companies like SMC to develop financial packages to achieve that growth which allows the business to grow in Montana. Growth is expensive, it doesn't just happen.

Thank you for your time.