



EXHIBIT 6
DATE 3.15.05
HB 764

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March 14, 2005

Karl Waitschies
Chairman
House Taxation Committee
Capitol Station
Helena, MT 59620

Re: HB 764 – Waste Management Area Property Tax Classification

Dear Chairman Waitschies and Members of the Committee:

My name is Thomas A. Dale and I live and work in Butte. I speak today on behalf of Montana Resources, LLP as Vice President of Human Resources and Environmental Manager. I rise in opposition to HB 764.

Despite a very brief time to analyze the ramifications of this legislation, it is evident that it would have far reaching negative effects on the mining industry in this state. In addition, given the broad and ambiguous language contained in the bill the negative impact would likely affect many other groups and individuals.

I would start out by saying that this is yet another bill that signals those in the business of mining not to come to Montana. You can not continually change the rules in the middle of the game. The language in this bill is vague thus subject to many different interpretations, which in itself is questionable legislation.

It appears this bill is in direct conflict with the Metal Mine Reclamation Act (MMRA). I quote from the preamble of the MMRA;

“It is not practical to extract minerals or explore for minerals required by our society without disturbing the surface or subsurface of the earth and without producing waste materials, and the very character of many types of mining operations precludes complete restoration.”

During the process of permitting and public comment under MMRA the post mining land use is determined. Many times that end use is wildlife habitat and grazing. It recognizes that one size does not fit all. HB 764 prescribes one use for those lands affected by mining, smelting, refining, or other human activity. Under HB 764 the land must be valued only as commercial or industrial use property. In other words this bill would allow property tax provisions to

dictate environmental land law policy. Such environmental issues are already addressed in the MMRA.

According to the language in the bill once classified as a waste management area it would be virtually impossible to ever be re-classified. Reclaimed property sometimes has restrictions or institutional controls on it even after it has been returned to comparable utility to what it was before mining. This land has restrictions that will never allow it to meet the requirements of the classification in this bill. Open space is not a bad thing. I suggest that not every piece of land needs to be developed for commercial or industrial use. Also, it could preclude some lands from being donated to non-profit entities that need this land for a buffer or other use and would not be interested in acquiring deed to this land at this higher tax rate. Again, the public loses.

Some landowners have come into ownership of lands that would fit the definition of a waste management area as per this bill and be forced to dispose of this land due to the high tax rate. This could be the same as a "takings, without just compensation."

How would this property value be determined? There is no fact or basis of evaluation to calculate its worth before mining. The valuation process would be entirely speculative. Such speculative and arbitrary values could be subject to challenges, argument, and litigation. Based on how this bill is interpreted, MR estimates a potential range of an increased tax burden of between \$300,000 and \$27,000,000 per year.

In short, this is a bill that has far reaching, negative implications for responsible companies like MR and other economic development and should be killed. If the intent is to entice business into the areas that have been disturbed by the mining processes, then tax credits would be helpful without creating a whole new land classification and tax system.

I urge you to vote against this bill. It is not good for business. It will deter economic development by putting a higher tax burden on the land, thus reducing its economic viability. In reality it will actually reduce the long term income into communities when metal values take a down turn, as historical cycles have proven. When properties are operating on the edge this bill could finish them off.

Sincerely,

Thomas A. Dale

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VP Human Resources