



SUSTAINABLE SYSTEMS, LLC

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EXHIBIT 8
DATE 3.22.05
HB 756

March 22, 2005

To: House Taxation Committee

Re: Testimony on HB 756

Dear Honorable Members of the House Taxation Committee,

I will keep my testimonial brief in consideration of everyone's time. I will focus on the economic benefits of the bill with respect to the burden on the general fund.

Sustainable Systems, LLC supports HB 756. HB 756 will help offset the initial costs associated with the installation of processing equipment used in the manufacture of biodiesel. We support this bill as it provides financial incentives as a means to expand the Montana biodiesel industry. In addition, it will encourage investment dollars in this emerging industry the bulk of which will find their way into our rural economy.

I would like to make a note that this legislation will not significantly affect the general fund or special revenue in FY 2006 and 2007. However, this legislation will set the stage and provide incentives for investment in processing equipment and expansion of production capacity. It should be noted that there will be long range impacts on the general fund and special revenue. We estimate a one time fiscal burden of \$800,000. This \$800,000 investment by the state will stimulate an industry that will contribute an expected \$24,000,000 in farm gate revenue as a result of the purchase of oilseeds. These oilseeds will be processed to meet the minimum anticipated production volumes of 8,000,000 gallons of biodiesel fuel which is project to be consumed in Montana as a result of this legislation and HB 776. Non-farm economic activity is anticipated at \$35,000,000 dollars which consists of the sale of the fuel and co-products from the biofuel manufacturing process. The combined total annual economic activity for an \$800,000 investment from the State is over \$50,000,000.

There exists a growing demand for biodiesel in Montana. This fuel is currently being shipped into Montana from out of state primarily from the Mid-west. This bill will stimulate investment and expansion in production capacity within the State to serve the demand in Montana. This bill will provide incentives to the private investment community through tax credits and provide incentives for the expansion of the industry through production increase payments. In addition, this legislation will enhance both the national and state energy security.

For the benefit of both rural and urban Montana, I encourage to you vote yes on this legislation.

Sincerely,

Paul T. Miller
Managing Member