

SENATE TAXATION

EXHIBIT NO. 2

DATE 8-9-05

BILL NO. SB 492

Senate Taxation Committee:

Mr. Chairperson & Members of the Committee.

My name is Stephen Granzow. I have been a Mineral Title Examiner and Mineral Appraiser for over 30 years.

I strongly oppose SB 492.

A severance of the minerals from the surface owner may occur in two ways:

First, a surface owner may reserve all or a portion of the mineral interest upon transfer of the surface, which would reduce the surface price making it affordable to the Purchaser,

Second, a person may convey all or a portion of the mineral interest to another person, in most situations, to a relative and sometimes to a Company or individual who deals in mineral rights. The transfer was done on purpose and is mostly for additional operating money for the surface only.

The severance of the minerals from the surface was done on purpose. No one came in and forced the split to be made.

The value of these minerals is one of the most difficult processes I have to go through. However, the value usually is from \$3 to \$7 dollars per acre for what is being called dormant minerals in this Bill.

A \$5 per acre tax per year would be almost 2 times what the minerals are worth.

Assessing the severed mineral owner only, I feel is inequitable, remembering the fact that the severed mineral interest was done on purpose.

The majority of the problems that have been in the news over the pass year or so are not from severed minerals owned by individuals, but from minerals owned by the Federal or State Government. These Mineral Rights (Federal & State) are exempted from this Bill.

Thank you for your time.

Stephen R. Granzow
Helena, Montana
406-227-5613
meadowlark1@mcn.net