EXHIBIT 1
DATE 3-26-09
HB 675

HB675 Takeaway Lessons

Wyoming
- Maintained higher taxes in 1999-2000
- Increased production by $13 billion ($2 billion in MT)
- Created more jobs
- $1 billion in tax revenue

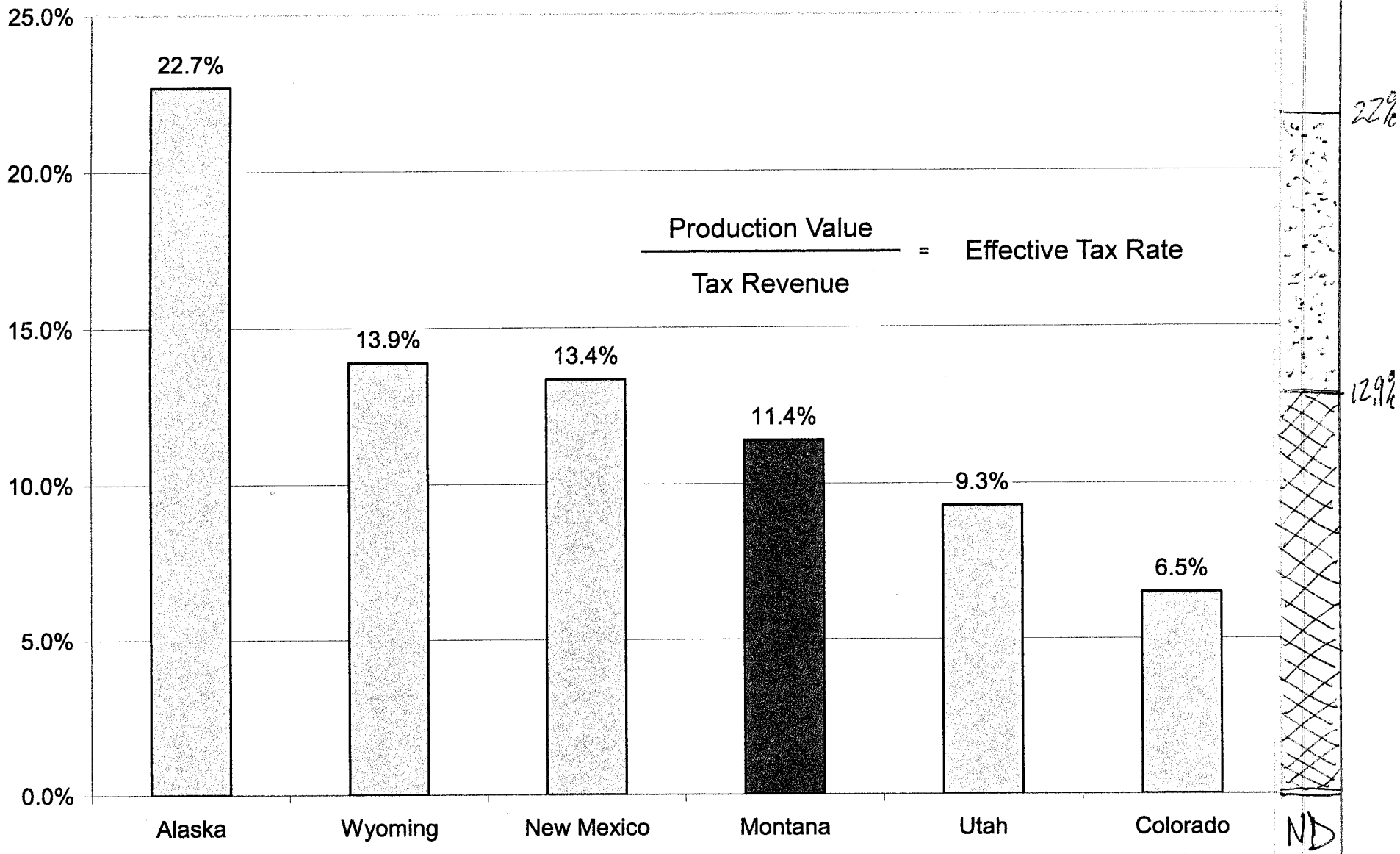
Alaska
- Increased Production Tax to 25% (MT 9%)
- Uses Revenue to Incent Exploration, Not Production

Montana
- Reduced Taxes
- Fewer Jobs Created
- $500 Million Cost

Production Incentives Export Wealth From Montana
- Downstream Tax: $ Goes to Shareholders or Other Company-directed Uses
- Federal Tax Deductions: Shifts Tax $ From MT to Federal Government
- Production is Determined by Location of Reserves, Price, Technology, & Transportation, NOT Production Taxes

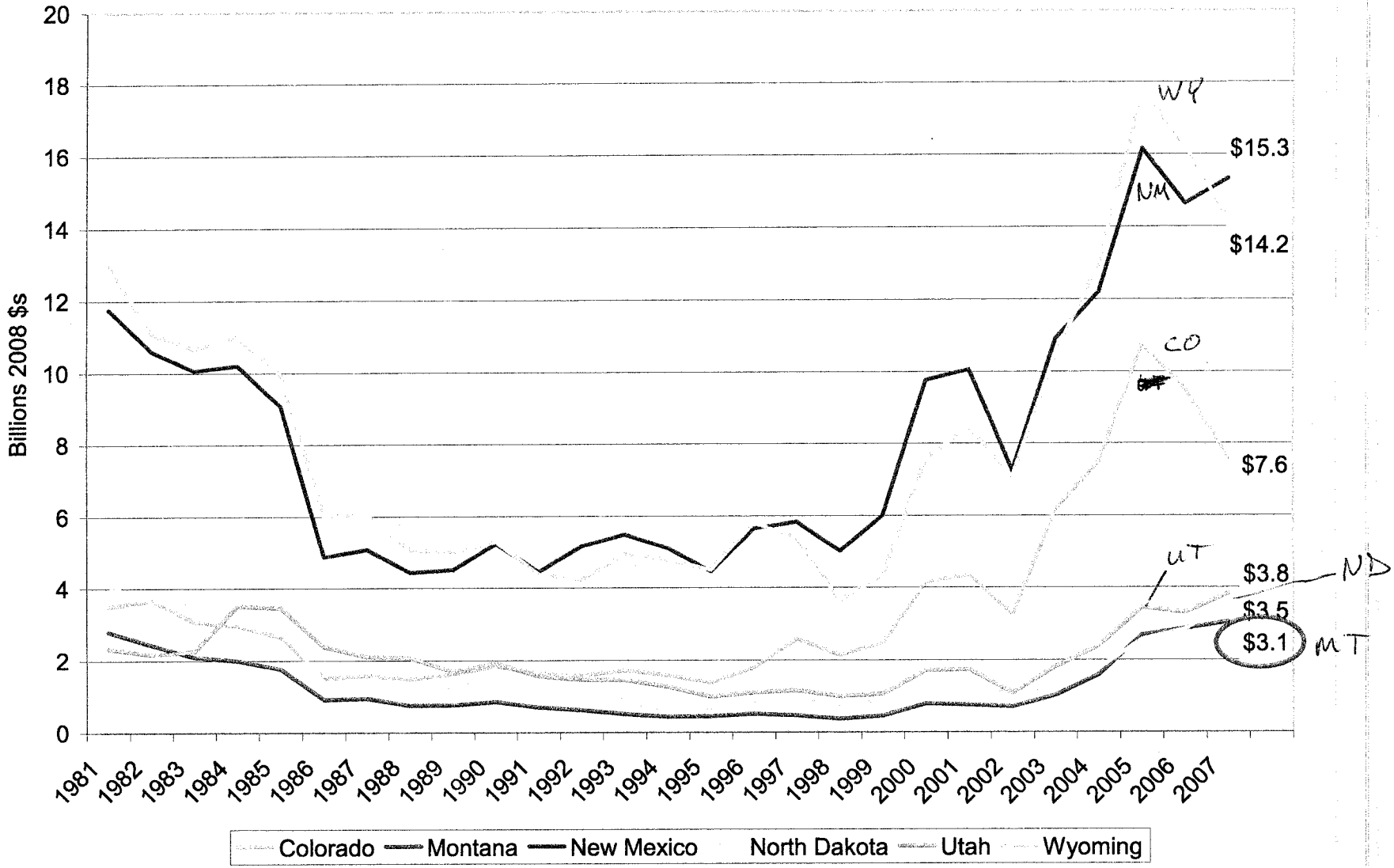
Volatility of O&G Revenues Guarantees Chaos in State Budgeting
- Montana is the only O&G state with no trust fund
- Trust fund smoothes revenue, makes budgeting predictable

Effective Tax Rate on Oil and Natural Gas



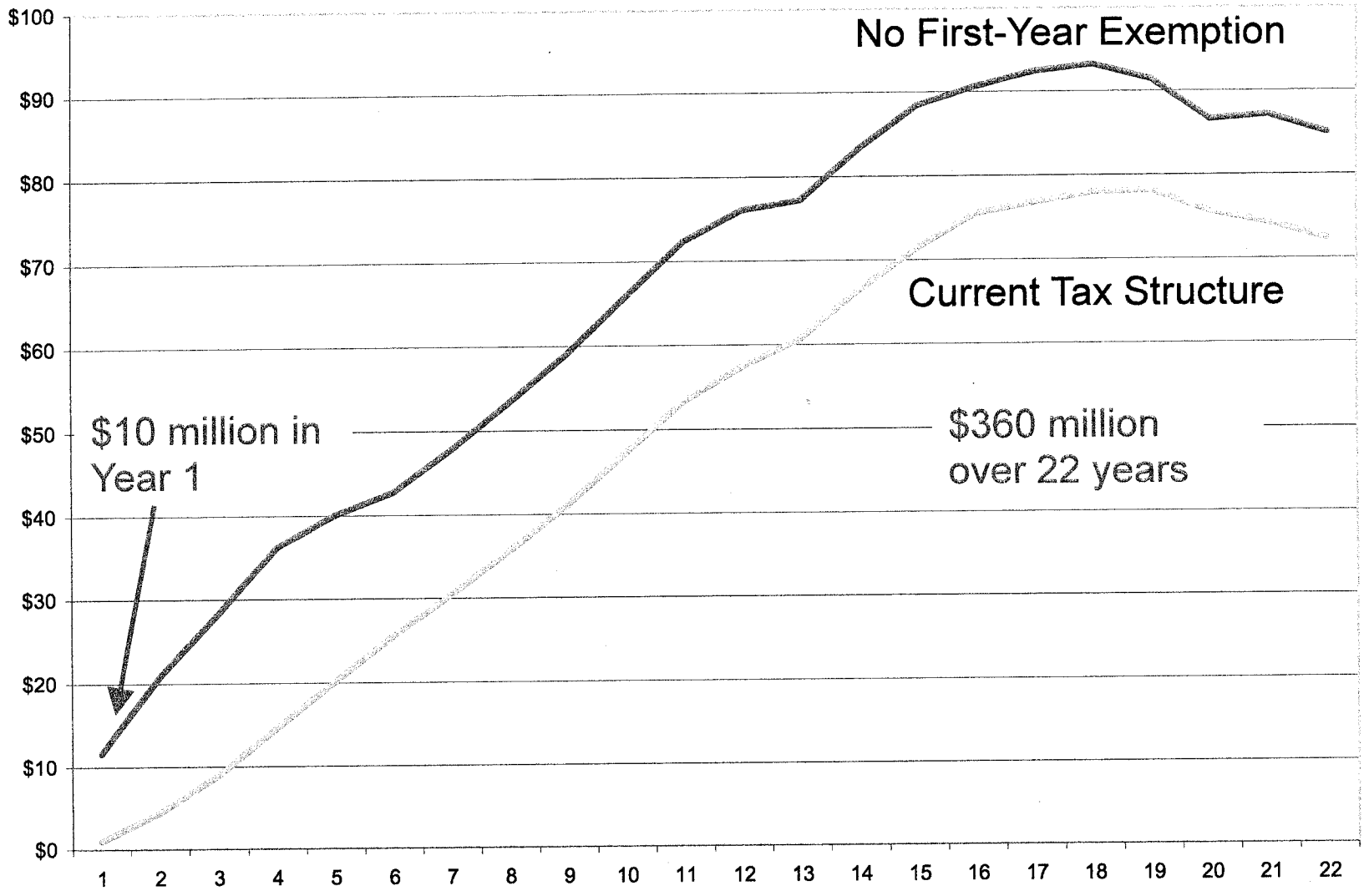
Source: Energy Information Administration, Minerals Management Service, Montana Department of Revenue

Production Value of Oil and Natural Gas, 1981 - 2007



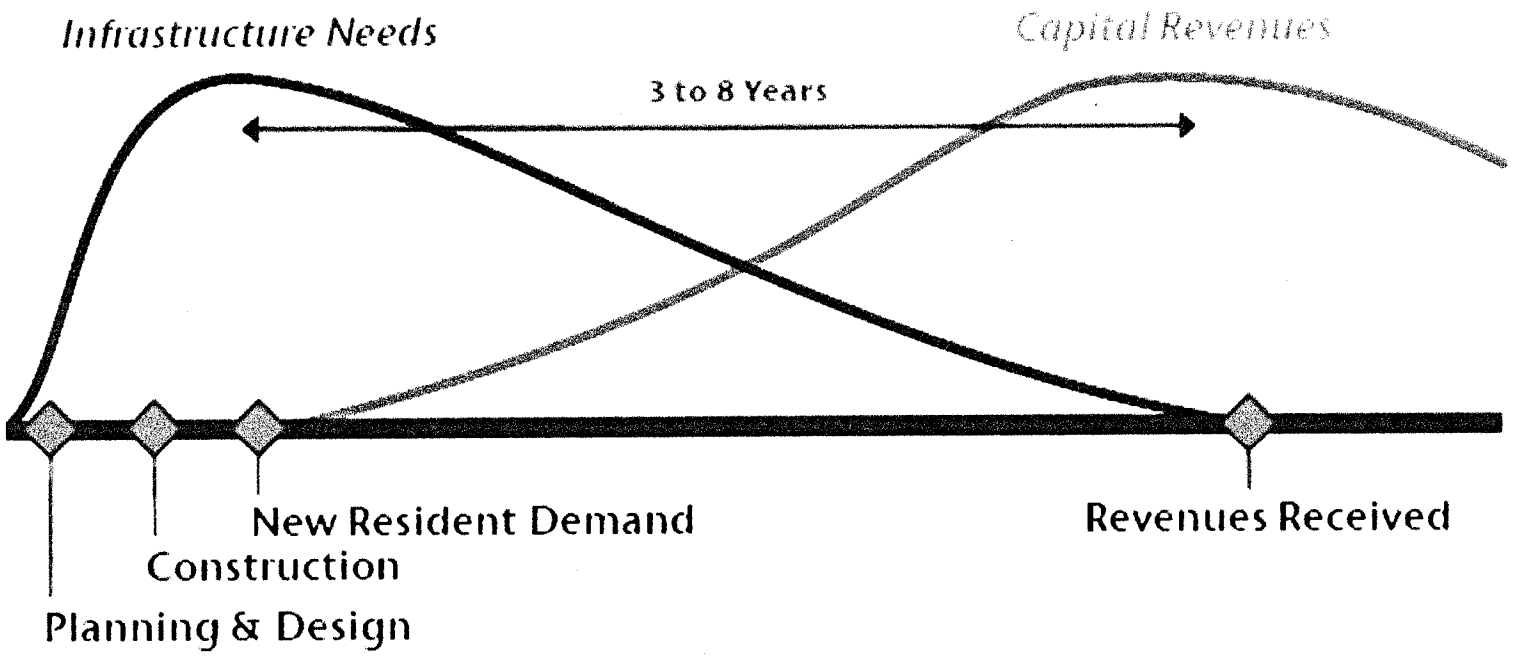
Source: Energy Information Administration, U.S. Department of Energy

Cost of the First-Year Exemption to Counties



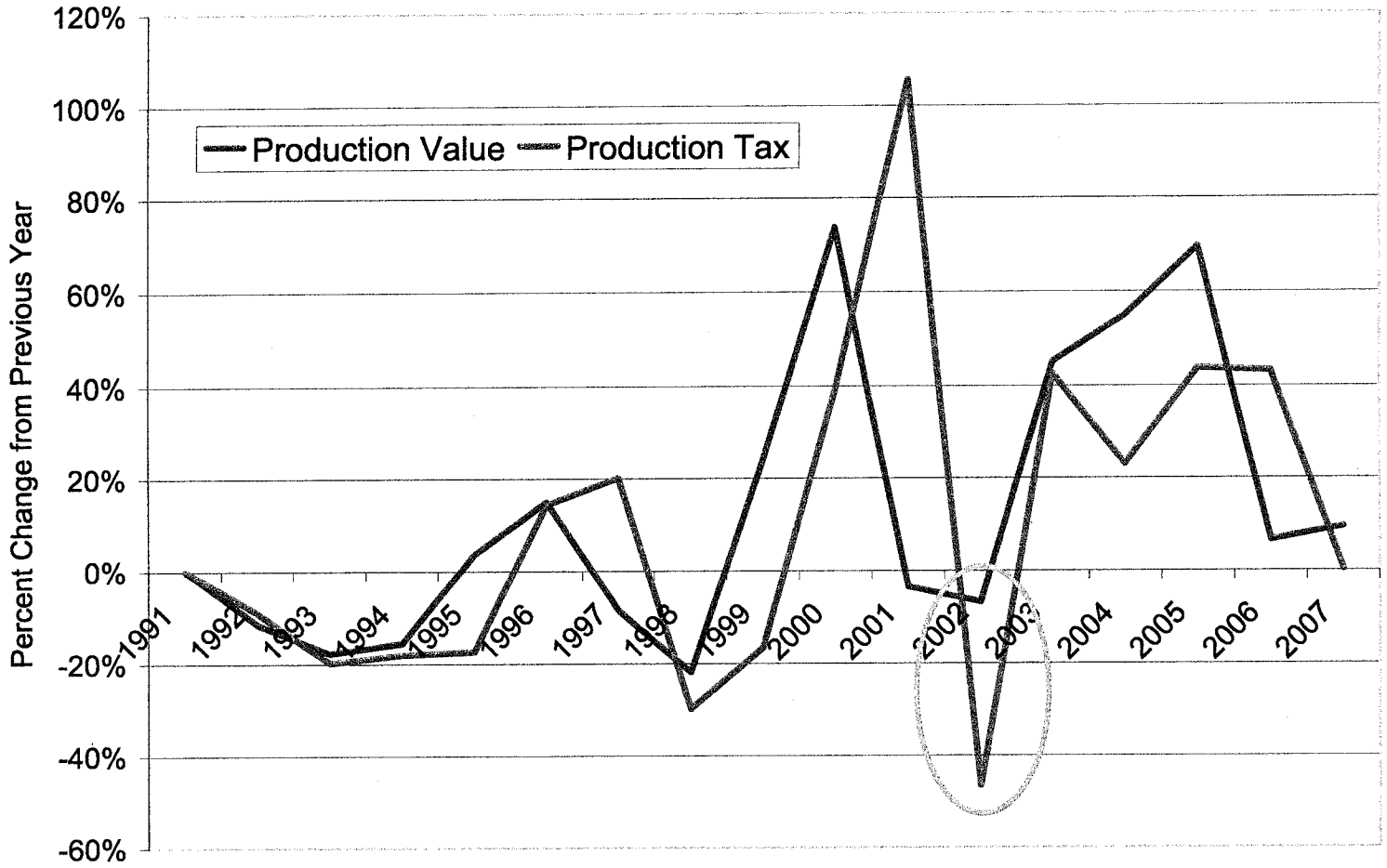
Source: BLM Reasonable Foreseeable Development Forecast, Powder River Basin, MT

Timing of Infrastructure Needs vs. Availability of Revenue



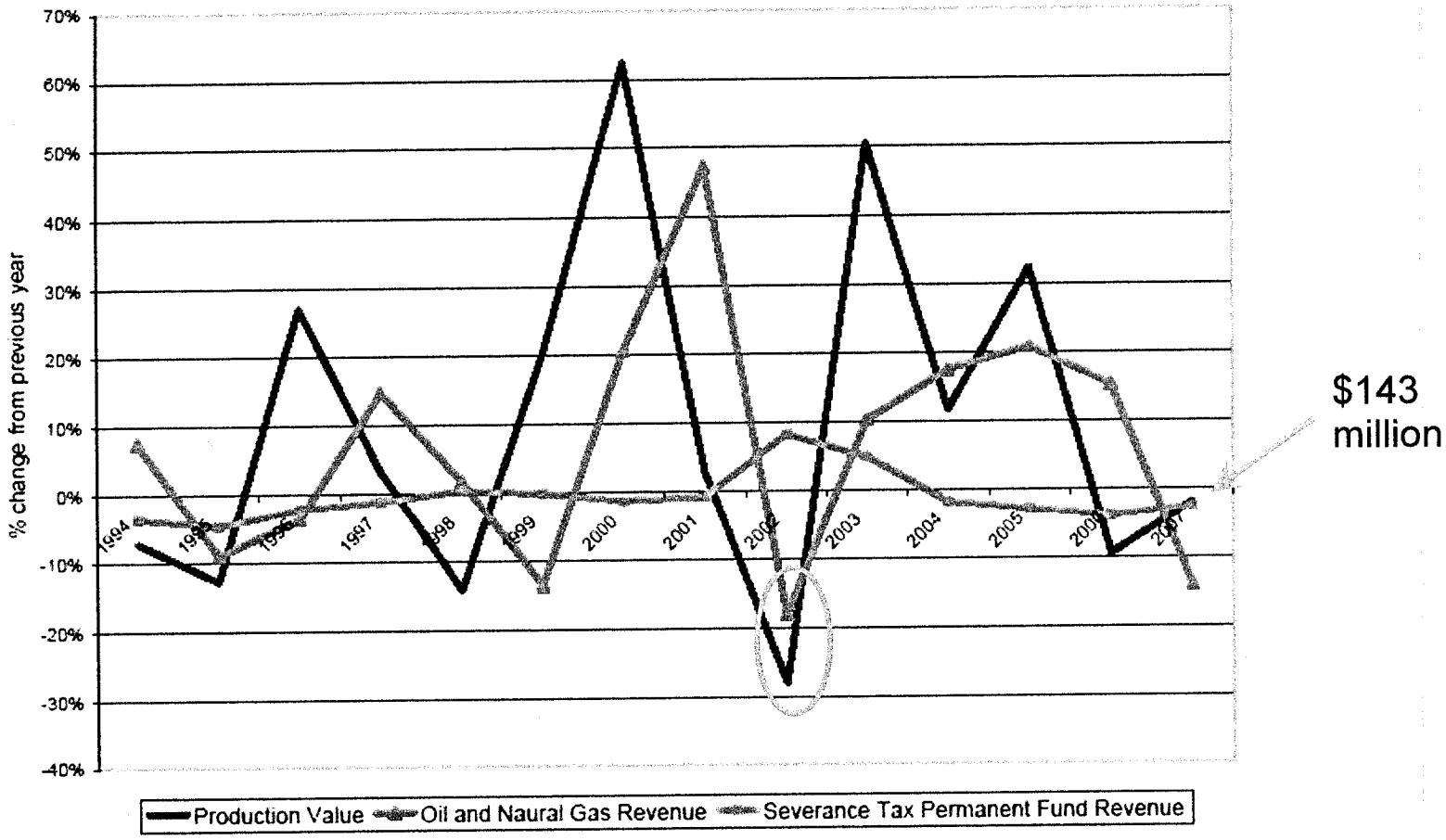
Source: BBC Consulting, Associated Governments of Northwest Colorado

Volatility in Production Value and Tax Revenue, Montana



Source: Energy Information Administration, Montana Department of Revenue

Volatility in Production Value and Tax Revenue, New Mexico



Source: Energy Information Administration, New Mexico Oil and Gas Commission