



EXHIBIT 2  
DATE 2/9/11  
HB 353

## GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

State Capitol ★ P.O. Box 200801 ★ Helena, MT 59620-0801 ★ Toll Free: 866 44 BIZMT

February 7, 2011

TO: Members of the House FRET Committee  
FR: Evan Barrett, Chief Business Development Officer  
Governor's Office of Economic Development  
RE: **Follow-up information on HB 353**

As a follow-up to my testimony on House Bill 353 yesterday, I wanted to provide you with some additional information on the positive financial and job impacts of transmission line construction and operation here in Montana.

**While the amount of investment and the jobs created and positive economic impact are significant, it is worth noting that the passage of House Bill 353 could result in these numbers being ZERO.**

### Montana Department of Labor and Industry Report

This important report, put out by the Montana Department of Labor and Industry (DLI) in August of 2010, is entitled ***Employment and Economic Impacts of Transmission Line Construction in Montana***. The report looked at the 6 major transmission line projects currently in various stages of development in Montana that when completed would provide about 6,400 MW of new high voltage transmission capacity. This objective report, prepared by qualified economists at DLI, is available on line for anyone to read it at this link:

<http://commerce.mt.gov/content/Energy/docs/TransmissionImpacts.pdf>

Here is what the DLI report says about statewide employment and economic impacts during construction of this developing transmission scenario:

- Total investment \$4.25 billion
- Direct jobs created 6,637
- Direct jobs per year 1,930
- Total jobs 11,648
- Total jobs per year 3,391
- Direct economic impacts \$750,752,048
- Total economic impacts \$1,305,258,648

The direct jobs and economic impacts are listed, but so too are indirect jobs and economic impacts that would be created in businesses that supply inputs to the directly affected industries. The total job and economic impact figures above include DLI's estimates for all of the statewide direct and indirect jobs and economic impacts that would result from the transmission line spending.

## US Department of Energy Report

Again, it is important to note that **transmission lines will most likely not be built if taxes on such transmission lines are arbitrarily quadrupled.**

It is also worth noting, as discussed below in the Department of Energy, that the **positive economic impacts of wind farms will not occur without transmission being constructed** to move the wind power to market.

**Should House Bill 353 pass, billions of dollars of investment and thousands of jobs may be eliminated from Montana.**

As for the economic benefits of wind power, which is dependent upon transmission lines to deliver the power to market, here are 2008 estimates for Montana prepared by the US Department of Energy for 1,000 MW of wind energy and extended out for 6,000 MW:

	<b>1000 MW</b>	<b>6000 MW</b>
• <b>DIRECT IMPACTS</b>		
• <i>Payments to Landowners</i>	\$2.7 million/yr	\$16.2 million/yr
• <i>Local Property Tax Revenue</i>	\$14.9 million/yr	\$89.4 million/yr
• Construction Phase		
• New Jobs	1706 jobs	10,236 jobs
• Local Economic Impact	\$188.5 million	\$1.13 billion
• Operational Phase		
• New Jobs	271 long-term jobs	1626 long-term jobs
• Local Economic Impact	\$21.2 million/yr	\$127.2 million/yr
•		
• <b>INDIRECT &amp; INDUCED IMPACTS</b>		
• Construction Phase		
• New Jobs	1505 jobs	9030 jobs
• Local Economic Impact	\$118.1 million	\$708.6 million
• Operational Phase		
• Local Jobs	276 jobs	1656 jobs
• Local Economic Impact	\$22.6 million/yr	\$135.6 million/yr
•		
• <b>TOTAL (construction + 20 yrs)</b>		
• Total Economic Benefit	\$1.2 billion	\$7.2 billion
• New Local Jobs During Const.	3211 jobs	19,266 jobs
• New Local Long-term Jobs	547 jobs	3282 jobs

**The tax increase embodied in House Bill 353 is a job killing tax increase, plain and simple.**

Please let me know if you need any additional information.

Thank you.