

EXHIBIT 2
DATE 4-11-13
HB SB 240

April 11, 2013

Chairman Miller and Members of the House Taxation Committee:

Thank you for the opportunity today to speak to you and the House Taxation Committee members. My name is Dick Johnson and I am plant manger for the Ash Grove Cement Company's Montana City plant, which is located just off of I-15 southeast of Helena. I grew up in Billings and graduated from Montana State University and live in Clancy. I've been with Ash Grove for 23 years and plant manager for more than 16 years.

Here in the Montana plant we have about 80 employees working full time 365 days of the year around the clock over three shifts with a payroll of \$4.7 million. This plant opened in 1964 when Kaiser Cement owned it to provide cement to construct the Yellow Tail and Hungry Horse Dams. It now supports an estimated 800 local jobs.

To give you some background on Ash Grove, the company is the largest American-owned cement company and has operated for more than 130 years. It is a family-owned business and is currently managed by the fourth generation of the family. The headquarters is in Overland Park, Kan., which is just outside Kansas City, Mo.

Joining me here today is our plant Human Resources Manager Dave Mott, who is from Anaconda, is a CPA and a graduated from the University of Montana.

We also employ six technical degreed Montanans from both Montana Tech and Montana State University. The corporation recruits out of Montana colleges and we have many higher level personnel throughout the company including three vice-presidents.

The Montana City workforce has a strong focus on safety and has worked for more than 12 years without a lost time accident. It has one of the best safety records in the cement industry and is the safest plant in our organization. The plant has the capacity to produce more than 300,000 tons of cement annually. The Montana City plant as well as our entire fleet of plants, is ISO 14001 compliant, which is an international standard for excellence in environmental management. We are the only domestic cement manufacturer to have achieved this distinction. We also support the community. Our plant has assisted many organizations, including: the Jefferson High School Booster Club, Little League Baseball, Small Fry Football, Helena High School Rodeo, Montana Mat Counts and Big Brothers and Sisters of Helena.

Today we are here to support SB 240, which would provide relief for businesses that are compelled by the federal government to add pollution control devices.

Recently, Ash Grove invested \$14 million to install a baghouse designed to further reduce dust emissions and for the Montana City plant to comply with the federal standards for cement kilns under the National Emissions Standards for Hazardous Air Pollutants (NESHAP). As a result of this new equipment being installed, we are well ahead of the NESHAP compliance deadline of September 2015. Please recognize that

this investment is the largest investment that the plant has ever had and increases our operating costs significantly without increasing the plant's employment base, production capacity, efficiency or product quality. However, the plant's tax burden is expected to increase significantly.

Furthermore, Ash Grove's property tax burden in Montana ranks second highest of our eight plants, when compared to our other seven plants.

Currently, Ash Grove is building a cement distribution terminal in Ridgelawn, Mont., at a cost of approximately \$8 million. It is scheduled to be in operation by fall 2013 and will serve the Bakken Oil Shale formation in North Dakota. This is a rapidly growing market and we expect to move 100,000 tons of Montana City produced cement through the terminal annually.

Successful passage of SB 240 will help clarify future investment options for companies like Ash Grove Cement. For example, we recently agreed to invest approximately \$150 million in our Midlothian, Texas, plant. Under Texas law, pollution control equipment is exempt from property tax. Other states offer other abatement or incentives for such investments.

As this nation emerges from the Great Recession, we believe that SB 240 is an immediate solution to concerns that businesses like ours have and will help to solidify decisions about sustaining Montana operations for businesses.