



The Big Sky Country

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September 21, 2005

Governor Brian Schweitzer
State Capitol
Helena, MT 59620-0801

Dear Governor Schweitzer,

Recently Congressman Rehberg proposed a temporary suspension of the federal gas tax to help relieve the pressure on our citizens faced with escalating gasoline prices. As I understand it from the newspaper articles that followed you said "No way." Frankly, I think Congressman Rehberg had a great idea and I think it ought to be coupled with a temporary suspension of a portion or all of the Montana State Gas Tax. That would mean a reduction at the pump to the people of Montana of over 45 cents per gallon. Hopefully you will be willing to re-think your position after studying this issue.

This would be a welcome sight for the businesses, truckers, tourists, farmers, and every day citizens of Montana. The loss in gas tax money can be backfilled by the ever growing tax surplus coming into the state coffers. Part of the increase in tax revenues is due to huge increases in oil and gas tax collections from the higher price of natural gas and crude oil. We could tie the temporary suspension of the gas tax to the price of oil so as the price of oil comes down the gas tax is reinstated. **We should be using some of the oil and gas tax windfall to provide relief at the pump for Montana citizens.** I understand Gov. Richardson of New Mexico is currently considering a very similar proposal.

At the same time I encourage the investigation into price gouging. If the Attorney General finds companies breaking the law there should be zero tolerance. So far the Attorney General has not reported any gouging. But with the huge increase in revenue to the state from the oil and gas taxes filling our general fund, it seems like taxpayer gouging when some of that is not used to help the citizens at the pump.

Along with the gasoline crisis we are headed for a disaster in natural gas and electricity prices for Montana. We have millions of acres of State lands that are lying

Revenue & Transportation Committee Meeting
December 2, 2005

Exhibit #12

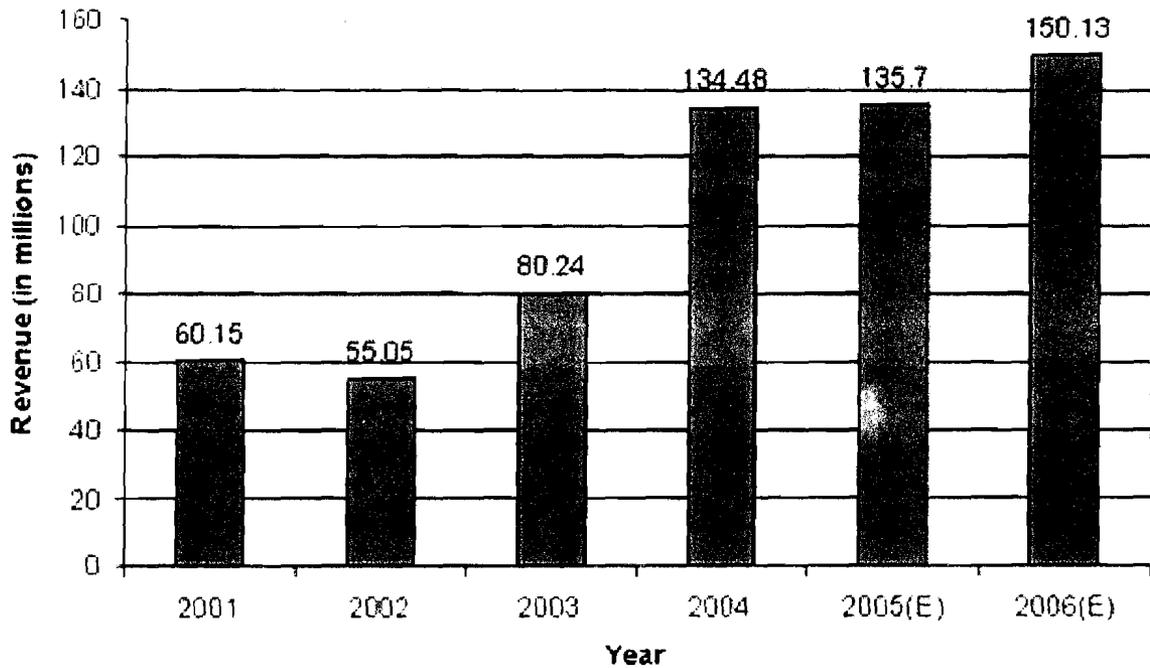
idle and should be developed to help in this situation. Instead, the State Land Board provides a disincentive for development through increasing the royalty rates. With your energy conference approaching we should look for ways to develop these lands for production that is **sold to Montana markets at below market rates**? We must be proactive in this situation and I hope you will join us in this effort to help the citizens of Montana cope with the ever increasing energy crisis.

As we look to our Southern neighbor, Wyoming, we see a state that is highly reliant on their natural resources for their tax base and thus their school system and tax rates are below ours in many ways. Their environment has not been harmed by this development and their budget surpluses are going for new schools, updated infrastructure and much more. Why should we sit back and ignore the possibilities we have in Montana?

Let's do this in a bipartisan manner. Let's expand the special session call to include these items so we can get on track. Thanks for your early response to this request

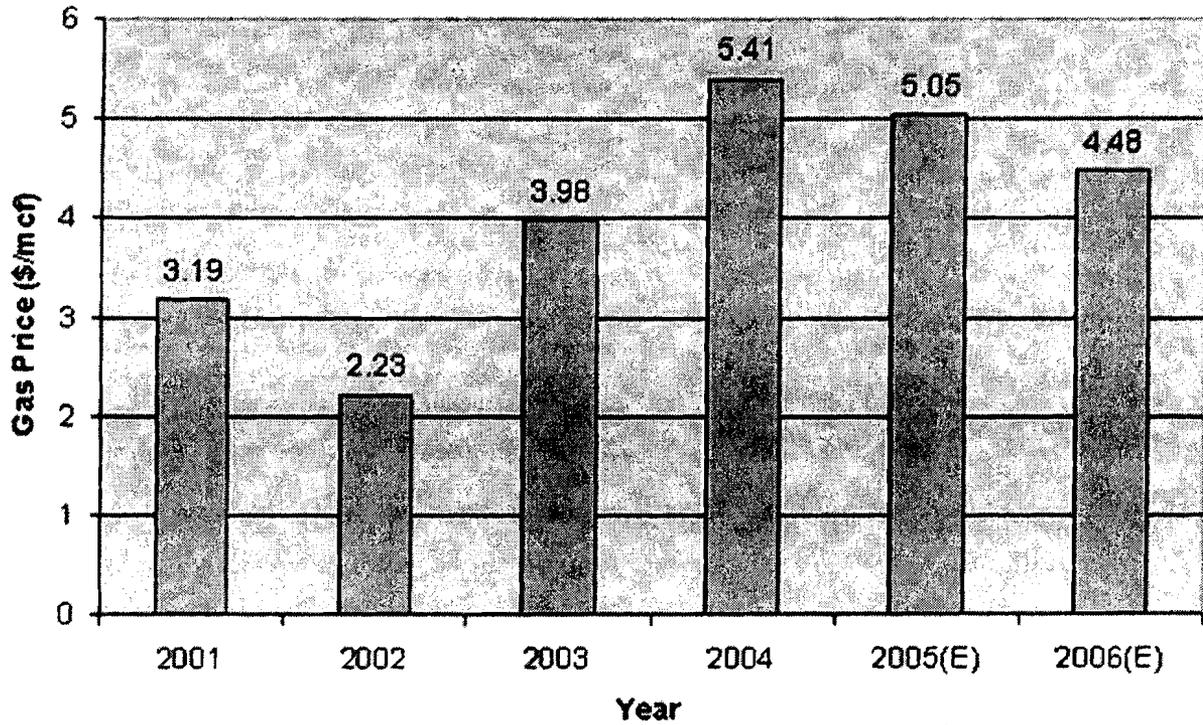
Sincerely,

Total Oil & Gas Tax Revenue



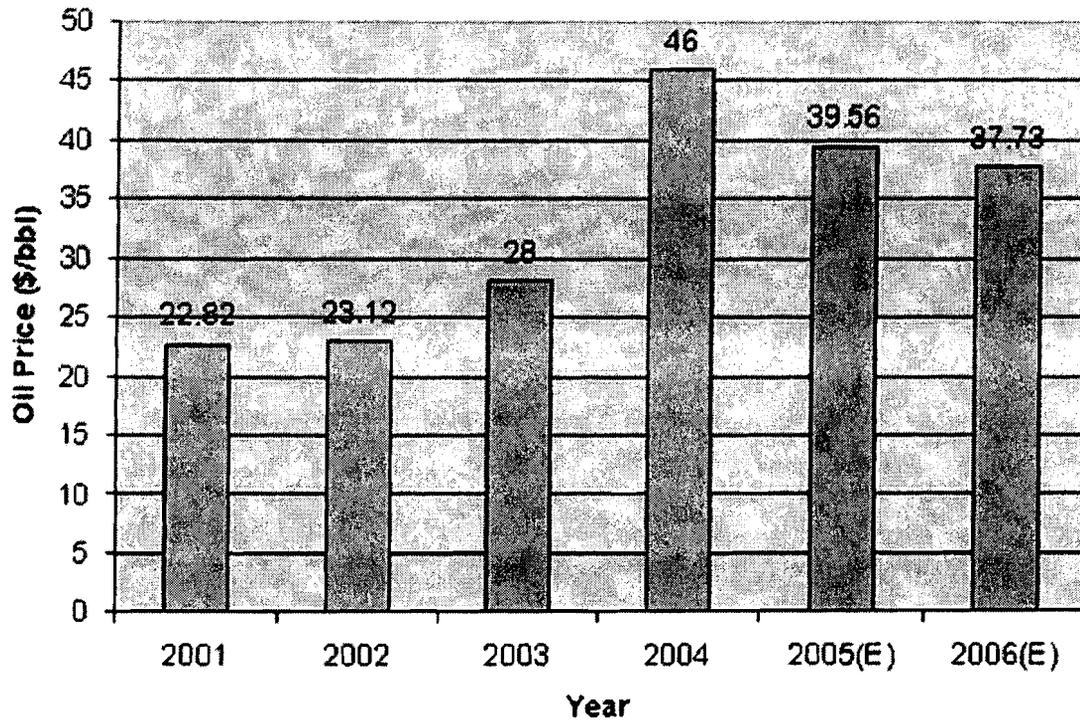
*Data from the Legislative Fiscal Division. Years 2005 & 2006 are estimates.

Gas Price (\$/mcf)



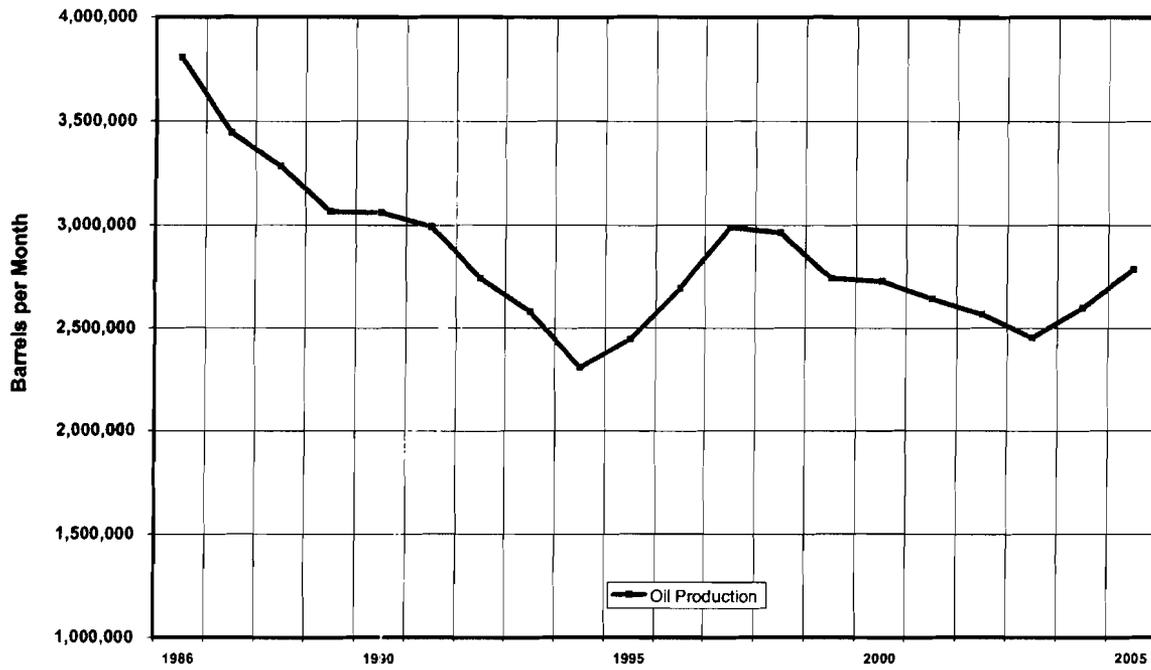
*Data from the Legislative Fiscal Division. Years 2005 & 2006 are estimates.

Annual Oil Price



*Data from the Legislative Fiscal Division. Years 2005 & 2006 are estimates.

North Dakota Average Monthly Oil Production



Montana Average Monthly Oil Production

