

S
338.09
M4491
1980



STATE DOCUMENTS COLLECTION

FEB 23 1981

MONTANA STATE LIBRARY
931 E Lyndale Ave.
Helena, Montana 59601

PLEASE RETURN

A SURVEY OF INDUSTRY EXPERIENCES
AND ATTITUDES IN MONTANA
1980

Prepared for the
Environmental Quality Council
State of Montana
Helena

by

Maxine C. Johnson, Director
Bureau of Business and Economic Research
School of Business Administration
University of Montana
Missoula

October 1980

MST, DEC 29 '82

FEB 22 1984

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
THE SURVEY RESPONDENTS	2
PROBLEMS ENCOUNTERED IN ESTABLISHING NEW OR EXPANDED ACTIVITIES IN MONTANA	6
FINANCING NEW PROJECTS	11
DEALING WITH STATE REGULATORY AGENCIES	15
RECOMMENDATIONS FOR IMPROVEMENT	24
ATTITUDES TOWARD MONTANA STATE REGULATIONS IN GENERAL AND TOWARD THEIR ADMINISTRATION	31
CONCLUSIONS	56



LIST OF FIGURES

<u>Figure</u>		<u>Page</u>
1	Significant or Unusual Difficulties Experienced by Respondent Firms during the Process of Expanding or Modifying Their Operations or Planning for the Establishment of a New Operation in Montana	7
2	Nature of Contact with Regulatory Agencies	16
3	Kind of Difficulties Experienced in Complying with Regulations	18
4	Helpful Actions or Procedures by Regulatory Agencies	23
5	Recommendations for Improving State Regulations and/or Regulatory Procedures	25
6-17	Attitudes toward Montana State Regulations in General	34-45
18-27	Impression of the Way in Which Montana State Regulations Are Administered	46-55

INTRODUCTION

In its 1979 session, the 46th Montana Legislative Assembly passed House Joint Resolution 21, which requested its Environmental Quality Council to:

. . . study the best means of promoting and developing industries that will use Montana's resources within the state while preserving our environment and to present recommended legislation to the 47th Legislature.

In pursuing this assignment, the Environmental Quality Council requested the University of Montana's Bureau of Business and Economic Research to survey resource-based industries doing business in the state, or contemplating operations in Montana, and ask them about their experiences in the state. This report presents the results of that survey, which was conducted during July and August 1980.

The survey questionnaire was designed by Susan Selig Wallwork, research associate in the Bureau of Business and Economic Research. The Bureau wishes to thank the state agency personnel who cooperated in planning the survey, the trade association executives who provided membership lists from which the survey sample of firms was drawn, and the business executives who completed the questionnaire. Many of the responses were thoughtful and painstaking. We hope this report reflects those characteristics.

THE SURVEY RESPONDENTS

One hundred and seventeen questionnaires were mailed to nonfarm natural resource firms either doing business in the state or in the process of establishing operations in Montana. Seventy-four completed questionnaires were returned. Of these, two firms were not doing business in the state and another five firms were so incomplete as to be unusable, leaving sixty-seven usable responses for an effective return rate of 57 percent. That is a good return on a mail survey, where the rate of response typically runs from 35 to 50 percent.

The respondent firms included many of the largest corporations doing business in the state as well as a number of very small operations. They were well distributed among Montana's major resource-based industries:

Industry of respondent firms

Wood products manufacturing	18
Mining, except fuels	15
Coal mining (including coal mining firms also engaged in coal and gas exploration or production)	15
Oil and gas exploration and production	12
Electric power and gas utilities	4
Other industries	3
Total number of firms	67

The individuals who completed the questionnaires were generally high level officials in their firms. Almost one-half held the title of

chairman, president, partner, vice president, or general manager. Most of the others were plant or project managers or superintendents or department managers. For the most part, questionnaires addressed to large firms with headquarters outside Montana were completed by local managers or other local personnel.

Titles of individuals responding

Chairman, president, partner	16
Vice president	7
General manager	9
Secretary-treasurer, controller	3
Manager, administration	4
Manager, environmental affairs	4
Manager, government affairs	3
Project or plant manager or superintendent, department manager	20
Other positions	4
Total number of individuals	70

There were seventy individual respondents from the sixty-seven firms because in three instances two people cooperated in completing the questionnaires for their firms.

Survey participants were asked whether, since January 1, 1979, their firms had proposed any new operations in Montana, or whether any new or expanded operations were in process or pending before state agencies, or whether any new or expanded or modified activities had become operational. Forty-six of the sixty-seven respondents said "yes," and some of these firms reported more than one project.

When asked about the current status of their new or proposed project(s), the respondent firms replied as follows:

Status of new or proposed projects

New project(s) completed	11
Project(s) in process of construction	17
Project proposal(s) pending before state agency(ies)	12
Proposed project(s) withdrawn or postponed	4
Project(s) in planning stage	6
Other status	7

The projects reported by the survey participants involved numerous new or expanded activities. They reflected the national search for new energy sources as well as increased interest in other mineral resources. By far the largest number of new activities reported involved new or expanded mining operations, exploration, oil and gas production, and land reclamation associated with mining operations.

Description of new or proposed project(s)

New or expanded mining activity, oil or gas production, exploration activity, land reclamation activity	56
New or expanded plant	16
New or expanded timber harvesting activity	4
New pollution equipment	5
Other projects	7

Given the industrial distribution of the respondent firms and the variety of new or expanded projects which they have undertaken, their experiences and their attitudes toward doing business in the state should be of interest to all those concerned with the development of Montana resources.

PROBLEMS ENCOUNTERED IN ESTABLISHING NEW
OR EXPANDED ACTIVITIES IN MONTANA

The forty-six respondent firms that reported initiating expanded activities in Montana since January 1, 1979, were subsequently asked whether or not they had experienced any significant or unusual difficulties during the process of expanding or modifying their operations or planning for the establishment of a new operation. Three firms failed to answer the question, and thirteen said "no"; the other thirty firms, or about two-thirds, said they had experienced difficulties.

Those respondents reporting difficulties were asked to describe the nature of the problems they encountered. (The question was asked in open-end format, requiring the respondents to describe the difficulties in their own words.) The thirty firms described fifty-nine problems they had experienced. These problems, grouped by type of problem, are presented in figure 1. Forty-four of the difficulties mentioned (or 75 percent of the total) were related to state regulations and their administration. Other types of problems mentioned included difficulties in obtaining capital and difficulties created by economic conditions. Each of these latter categories was mentioned four times and accounted for 7 percent of all problems reported. Difficulties with state taxes were mentioned three times (5 percent of total responses).

A word of caution: the problems cited in figure 1 are not presented as necessarily representative of the actual mix of difficulties encountered

Figure 1

Significant or Unusual Difficulties Experienced by Respondent Firms
during the Process of Expanding or Modifying Their Operations
or Planning for the Establishment of a New Operation
in Montana

	<u>Number</u>
<u>Overall responses</u>	
Firms reporting difficulties	30
Firms reporting no difficulties	13
No response	3
Total	46
	<u>Number of Times Mentioned</u>
<u>Difficulties described</u>	
Problems with state regulations and their administration	44
Time involved and delays created in obtaining permits and/or project approval	15
Difficulty in complying with regulations	8
Duplication and/or lack of coordi- nation of regulatory activities among state and federal agencies	4
Other problems with respect to regulation	13
Difficulties in obtaining capital	4
Difficulties created by economic conditions	4
Difficulties resulting from state taxes	3
Other problems	4
Total	59

by natural resource industries operating in Montana. Any respondent who looked through the entire questionnaire before completing it would have been aware that it included a good many questions about state regulations and their administration. This no doubt accounts for some of the emphasis on regulatory problems by participants reporting difficulties. It does not, however, mean that the nature of the regulatory problems reported is not typical or that the problems described are not genuine.

By far the greatest concern among respondents centered around what they considered to be "unnecessary and excessive" delays encountered in obtaining permits and/or project approval. This is a theme that will be repeated throughout this report. One chief executive officer described two types of delays: those attributable to deficiencies in statutes and regulations and those attributable to the attitude and performance of state agencies. He remarked that duplications and conflicts among state statutes and between federal and state statutes create delays and confusion. He also noted that in some instances agencies have taken an adversary position against proposed projects, and their opposition has contributed to delay of the projects; on other occasions, he said, agencies have simply been slow to respond. He summarized his feelings by stating that

. . . because of deficiencies in State law and action by regulatory agencies, necessary approvals for proposed projects, which seek to use Montana's resources while preserving the environment, are often delayed by agency action, inaction, and litigation. As a result, the costs of the project escalate.

Other problems related to regulatory activities cited by respondents included difficulties in complying with regulations, claims that regulatory requirements sometimes change while firms are in the process of obtaining permits or project approval, and specific descriptions of duplication and lack of coordination among state agencies and between state and federal agencies. Coal mining companies in particular were concerned with dual state-federal regulation of mining, involving the Montana Department of State Lands and the federal Office of Surface Mining. Although Montana's strip mining legislation has been approved by the federal government, mining plans involving federal and Indian lands still must be approved by the federal Office of Surface Mining.

One respondent summarized his feelings this way: "It is a complicated, confused, and difficult undertaking to acquire the many permits needed in Montana."

Among problems not related to state regulation were difficulties in obtaining capital to finance new projects and problems created by economic conditions; each was mentioned by four respondents. (The survey was conducted in August 1980, during a period of recession). State taxes were described as excessive by three respondents; they referred specifically to coal and oil and gas net proceeds taxes.

Only twenty-four participants responded to a followup question asking them to specify which of the problems they encountered in Montana was the most significant. Sixteen (or two-thirds of those responding) identified some regulatory problem. Eight respondents again mentioned time delays and eight cited one of the other difficulties related to regulation listed

in figure 1. Economic conditions were named by four respondents, two said taxes, and one listed capital acquisition.

FINANCING NEW PROJECTS

Because of the continuing discussion as to whether or not limited financial resources in Montana are a barrier to economic development, a series of questions about financing was addressed to the forty-six respondent firms which had initiated new or expanded operations in Montana in 1979 or 1980.

This attempt to ascertain the respondents' feelings about Montana's financial resources was not as successful as we had hoped. Not all the respondents were in a position to answer our questions. A few individuals in large organizations were not familiar with their firms' financing activities; others, located outside the state, knew little about Montana financial institutions. Most of the large firms did not regard availability of capital in Montana as a significant problem. Some may have considered the question irrelevant, since capital generally flows easily across state boundaries when investment opportunities exist. The smaller, Montana-based firms were more likely to suggest that the state's limited financial resources create problems.

Respondents were asked how their firms had financed their new projects in Montana. Forty-five participants answered, often mentioning more than one source of funds. Their replies indicated that retained profits and/or long-term debt were by far the most common methods of financing.

Types of financing used

Retained profits	27
Long-term debt	22
Sale of equities	7
Lease arrangement	7
Other financing	11

They were asked whether the financing had been done through financial institutions in Montana or outside Montana. Thirty-five respondents answered the question: almost two-thirds (twenty-two) said "outside" the state, while seven said they had obtained financing inside Montana; the other six gave other answers, the most common being both in and out of the state.

Where financing was done

Inside Montana	7
Outside Montana	22
Other	6
Total firms responding	35

They were also asked whether they felt that the resources of financial institutions in Montana are sufficient or insufficient to meet the needs of resource-based industry; seventeen respondents felt the financial resources were sufficient, and seventeen said they were insufficient. Five gave other answers. Those who indicated that resources in Montana are not sufficient to meet resource industries' needs (or gave an answer other than "sufficient") were asked whether or not this situation is a barrier to the expansion of resource-based industry in the state.

Of the twenty-two respondents asked the question, twenty responded: about one third (six) said the situation is a barrier, almost two-thirds (thirteen) said it was not, and one gave another response.

Various reasons for their opinions were given by respondents who felt that insufficient financial resources constitute a barrier to resource development in Montana. One firm felt lending institutions outside the state do not treat Montana firms well; two respondents suggested that local banks were not qualified to deal with resource industries. "To my knowledge," said one oil company executive, "none of the resident banks have oil and gas departments capable of properly evaluating petroleum prospects and normal financing problems."

For the most part, those who did not find limited financial resources a barrier felt that way because they believed adequate financing is available out of state. One respondent indicated his belief that "major nonlocal financial institutions are ready to serve Montana-based resource industries." Others pointed to corporate banks operating in the state as a pipeline to larger financial resources outside Montana. A coal company representative stated that "many large financial institutions in centers like Denver, Minneapolis, and Chicago are very familiar with Montana coal."

As a final question in the series on financial resources, respondents were asked about their own firms' needs for financing: "Would you say the resources of the state's financial institutions are generally sufficient to meet your firm's needs, are they insufficient, or what?" Thirty-seven participants answered the question: twenty (54 percent) said state

resources were sufficient to meet their firms' needs; thirteen said "insufficient," and the other four gave different responses.

None of this information is likely to settle the debate about capital availability in Montana, even with respect to resource-based industry. If any conclusions can be drawn from this section of the survey, they appear to be that large resource firms, whether headquartered in or out of the state, are generally able to obtain financing from out-of-state financial institutions. Some smaller firms reported having difficulty obtaining adequate financing. A few felt Montana financial institutions do not understand their industries.

Since other types of industry, especially those with many small firms, may have had different experiences, no generalizations should be drawn from this report as to the overall situation with respect to the adequacy of capital funds in Montana.

DEALING WITH STATE REGULATORY AGENCIES

As a lead-in to questions about their opinions of state regulatory activities, all the survey respondents were asked whether they had dealt with any state agencies which administer state regulations in Montana since January 1, 1979. Sixty-five of the sixty-seven respondents said they had and, in total, listed 198 contacts with state regulatory agencies, for an average of three agencies per respondent. When asked to identify the state agencies involved, 71 percent of the respondents reported dealings with the Department of Natural Resources and Conservation, 66 percent with the Department of Health and Environmental Sciences, and 66 percent with the Department of State Lands. The Department of Fish, Wildlife, and Parks was mentioned by 45 percent of the respondents, the Department of Highways by 32 percent, and various other agencies by 25 percent.

The most common type of contact reported involved applications for permits of various sorts; almost half the contacts listed were in that category (figure 2). The next most frequent type of contact involved discussions between the firm and the agency. Then came information requests, contracts and leases, and various other types of dealings. All in all, respondents identified 189 contacts by both the type of contact and the agency involved.

Figure 2

Nature of Contact with Regulatory Agencies

Nature of Contact	Total	----- Contracts, by Agency -----				Other
		Department of Natural Resources and Conservation	Department of Health and Environmental Sciences	Department of State Lands	Department of Fish, Wildlife and Parks	
Permit application	90	25	27	22	11	10
Discussions	41	4	9	7	8	13
Information request	14	6	1	2	3	2
Contracts or leases	15	7	0	7	0	1
Other contacts	29	4	9	4	6	6
Total	189	46	41	42	28	32

The sixty-five respondent firms who reported dealings with state agencies were asked whether or not they had experienced any difficulties in complying with the regulations administered by those agencies. Thirty-nine, or 60 percent, said they had experienced difficulties; 37 percent said they had not, and the remaining 3 percent failed to answer the question:

Regulation difficulties experienced or not

Firms experiencing difficulties	39
Cited specific difficulty(ies)	37
Did not cite specific difficulty(ies)	2
Firms having no problems	24
Firms not responding	2
Total number of firms questioned	65

Respondents who reported having had difficulties with state regulations were asked what kinds of difficulties they had experienced. (Again, the question was an open-end one, with no suggested responses.) They were asked to "identify the specific regulation and the specific agency involved as well as the nature of the problem or difficulty." Very few respondents identified any specific regulations, but most of those who reported difficulties (thirty-seven of thirty-nine) did describe the problem, and many of them also named the agencies involved. Figure 3 summarizes the responses, using the respondents' language wherever possible and grouping the responses into major categories.

The largest group of problems reported related to the regulation themselves. Respondents described regulatory requirements as a biguous,

Kind of Difficulties Experienced in Complying with Regulations

Kind of difficulty	Agency Involved				
	Department of Natural Resources and Conservation	Department of Health and Environmental Services	Department of State Lands	Department of Fish, Wildlife and Parks	Other or Not Identified
Difficulties with regulations	17	6	6	1	3
Ambiguous regulations and guidelines; changing regulations and guidelines with application in process	5	0	3	0	1
Overly rigid or unworkable regulations (non-excessive, can see impact, not politically feasible)	5	2	2	0	2
Problems in addressing administrative suggestions	4	3	1	0	0
Inability to obtain permit	2	1	0	1	0
Difficulties related to agency personnel	13	3	2	2	6
Personnel not qualified	3	0	1	0	2
Personnel not helpful, flexible, or consistent	10	3	1	2	4
Overlap and duplication	13	2	2	0	3
Identical final documents	3	1	0	0	0
Lack of coordination among state agencies	9	1	1	0	3
Lack of coordination among state and federal agencies	1	0	1	0	0
Time delays	14	0	2	1	5
High cost of compliance	5	1	1	0	2
Unrealistic data requirements	4	3	0	0	1
Other difficulties	8	1	0	0	6
Total	74	13	13	4	26

Note: Thirty-nine (of sixty-five firms) reported having difficulties, but only thirty-seven cited specific difficulties, and many of these cited more than one difficulty.

unrealistic, or unreasonable. They reported difficulty in achieving environmental standards or inability to obtain permits. Several small sawmills, for example, referred to the problem of meeting air pollution standards on the peat burners and to the resulting financial burden. A small mining company executive remarked that a "small miner with limited resources cannot change everything at once -- must take it in planned steps. Most agencies want unrealistic guarantees way in advance."

A sizable proportion of problems cited were directed at agency personnel, some of whom were described as not helpful, inflexible, inconsistent, or not qualified. A high official of one large resource firm commented on the subject as follows:

A certain degree of regulation is necessary if we are to live together in reasonable harmony. The problem, I feel, lies in the inflexible attitudes of bureaucrats, their insistence upon "to the letter" compliance without the test of reasonableness. These types of agencies could perform in such a way that they could accomplish their stated objectives of control and still not present an overbearing cost burden or compliance burden on industry.

Another individual put it this way:

Many state agencies are havens for people with anti-business bias or on personal crusades to "save" the environment. Fortunately state government in Montana only has a small proportion of these individuals. The danger is particularly a problem when they get placed in key positions.

Overlapping, and duplication were also mentioned frequently, especially with respect to a lack of coordination among state agencies.

And once again, time delays were discussed; time delay was the single difficulty mentioned most often. Several respondents accused agencies of using legal requirements for a complete application as a technicality for delaying the decision on an application. One suggested that a simple checklist of requirements to be met by applicant firms could be assembled for them to alleviate this problem.

No state agency was singled out as creating an unusual number of problems for respondents. Indeed, the number of times an agency was specified in conjunction with a regulatory problem (figure 3) is roughly proportionate to the number of contacts with that agency reported by respondent firms (figure 2).

What were the most important consequences to the firms of the problems or difficulties they reported with respect to regulatory activities in Montana? Thirty-two of the firms reporting problems responded and the answers were generally brief and to the point, with no surprises: increased (or unnecessary) costs, time delays, and uncertainty.

Most important consequences of regulatory problems

Increased costs	16
Unnecessary costs	9
Time delays	16
Uncertainty	8
Other consequences	12

Following are typical comments with respect to cost increases and time delays attributed to regulatory activities:

Increased costs and uncertainties in project development schedules result from changing interpretations of permit requirements (coal mining firm)

Plans and budgets are uncertain. Information collection is sometimes wasteful. There is some duplication. Far too many company people are only used to gather information, read regulations, and file permits. (coal mining firm)

Delay in getting projects approved in a timely manner reduces production levels and therefore increases costs. (wood products firm)

Our inability to supply required data has caused permitting delay. This in turn causes, a) excessive operating costs; b) inefficient operations; c) inadequate use of manpower. (coal mining firm)

Uncertainties about profitability of both new and established projects due to the general development and administration of regulations deter investment in Montana. (metal mining firm)

Rules and regulations for the control of air pollution produce extremely high operating cost. This in turn produces a costly product to the consumer. (wood products firm)

Most important consequence is not the time and money involved but the doubt by management that a development oriented project in Montana can be successfully completed. (coal mining firm)

In addition to identifying regulatory problems, an attempt was made to find out what was right about regulatory procedures. Respondents were asked to describe any actions or procedures by regulatory agencies which had been especially helpful in assisting their firms to meet state requirements. (This also was an open-end question; it was necessary to volunteer the answers.) Respondents were again asked to identify the

agency involved if possible. Of the sixty-five firms that reported dealings with state agencies over the past two years, thirty-five responded to this question:

Experience with helpful actions by state agencies

Firms reporting helpful actions	27
Firms stating "no helpful actions"	8
Firms not responding	30
Total number of firms questioned	65

Eight said specifically that they had experienced no helpful actions on the part of state agencies. The other twenty-seven firms responded with examples of procedures or actions which they had found especially helpful, and some named more than one action and agency (figure 4). Almost two-thirds of the responses simply mentioned cooperative attitudes, including the provision of useful information regarding regulations and suggestions for compliance. About one-fifth of the responses related to timely actions by state agencies.

The Department of State Lands was cited most often for its helpful actions. The Montana Oil and Gas Conservation Commission, not one of the agencies covered in this report, also was the subject of several complimentary responses.

Figure 4

Helpful Actions or Procedures by Regulatory Agencies

Kind of Action	Total	Agency Involved				Department of Fish, Wildlife and Parks	Other or Not Identified
		Department of Natural Resources and Conservation	Department of Health and Environmental Sciences	Department of State Lands	Department of Fish, Wildlife and Parks		
Cooperative attitude, providing useful information	23	5	4	6	1	7	
Acting in a timely fashion	7	1	2	3	0	1	
Other helpful actions	6	0	1	3	0	2	
Total	36	6	7	12	1	10	

Note: Twenty-seven (of sixty-five) firms cited helpful actions, many specifying more than one.

RECOMMENDATIONS FOR IMPROVEMENT

The early parts of this industry survey gave respondents an opportunity to cite both difficulties encountered in dealing with regulatory agencies and helpful actions performed by those agencies. They cited twice as many examples of problems (figure 3) as helpful actions (figure 4).

When our respondents were asked for recommendations for improving state regulations and/or regulatory procedures in Montana, thirty-six firms answered. Readers may recall that thirty-nine firms had earlier indicated that they had experienced difficulties complying with Montana regulations. Many of the respondents who offered suggestions appear to have given the matter considerable thought, and we shall quote at length from their suggestions.

The recommendations are summarized in figure 5. Many of the suggestions had to do with the regulations themselves -- that they should be streamlined, made more practical, designed to concentrate on real issues, or tailored to Montana. It was suggested that some regulatory legislation and guidelines should be revised. The concern for time delays again was evident in recommendations for shortening the processing time on applications, better coordination among state agencies and a few recommendations for a one-stop permit process. Four respondents recommended getting the federal government out of the regulatory business in Montana.

A number of respondents suggested that the state hire more qualified personnel -- usually indicating awareness that higher salaries might be

Figure 5

Recommendations for Improving State Regulations
and/or Regulatory Procedures

Suggested Improvement	Total	Department of Natural Resources and Conservation	Department of Health and Environmental Sciences	Department of Fish, Wildlife and Parks	Department of State Lands	Other or Agencies in General
Streamline regulations	13	2	0	1	4	6
Tailor regulations to Montana	2	0	0	0	1	1
Revise regulatory guidelines	2	0	0	0	0	2
Revise Major Facilities Siting Act	2	2	0	0	0	0
Shorten processing time on applications	12	1	1	0	3	7
More coordination among state agencies	4	0	0	0	1	3
Eliminate federal involvement in regulation	4	1	0	0	1	2
One-stop permit process	3	0	0	0	1	2
Hire more qualified personnel	7	0	0	0	3	4
Hold state agencies and personnel accountable for actions	2	0	0	0	0	2
Other suggested improvements	6	0	0	0	0	6
Total	57	6	1	1	14	35

Note: Thirty-six (of sixty-five) firms offered specific recommendations, and many offered more than one.

necessary -- and two individuals said state employees should be held accountable for their actions. Others pointed the finger at the Governor and the Legislature, saying that they were ultimately responsible for state regulatory programs and attitudes.

Most of the recommendations were directed to state agencies in general. Among individual departments, State Lands -- given the most credit for helpful actions in responses to an earlier question -- had the largest number of recommendations directed to it.

The following paragraphs are direct quotes in response to the request for recommendations for improving state regulations and/or regulatory procedures.

Streamline regulations

The Department of State Lands regulatory package covering coal surface mining is extremely complex, requiring excessive paperwork for documentation. This was imposed by the Office of Surface Mining (a federal agency), so perhaps little can be done. Any effort to streamline the regulations would be helpful.

There is a preoccupation with detail in Department of State Lands staff review applications. This causes delay and increased expenses to respond to what are often unimportant questions. Permit review concentrating on the real issues of post-mining land use, reclamation, etc., would be helpful.

Montana state regulations have a tendency to be impractical. A good example is the recent proposed logging code for safety. Someone had combed through logging safety codes from other states and combined a series of rules which simply did not fit the local conditions.

The practical approach would have been for the Governor to have appointed a committee of logging safety people from within the state and let them write the code. It would have been practical, workable, and it would have been accepted.

An effort to create regulations, contracts, and enforcement relative to the problem. It is costly and frustrating to cure one pound problems with ten pound hammers.

While all reasonable people recognize and accept the fact some regulation is needed, it is my feeling the mining industry, and most others, are over-regulated at both state and federal levels. This lowers productivity, increases prices to the ultimate consumer, and increases the tax burden because of the number of government employees administering regulations.

Regulations, especially in regard to prospecting permits, are designed to prevent a specific problem that could occur in certain parts of the state while prospecting for a specific mineral. In order to reduce exploration costs, regulations should allow regulators in the Department of State Lands to have some flexibility if these problems do not occur in other areas of exploration activity.

We encourage the Department of State Lands to make greater use of the "state window" provision in the Surface Mining Act to tailor regulations to unique geographic and environmental conditions in the state.

Establish permanent guidelines, so companies can do long range planning and to enable operators to submit a "complete application."

The environmental requirements of the Siting Act and its administration are too detailed, unreasonable, and very costly to the applicant. It sometimes seems that the aim of this regulation is to stop industry and energy production. Procedures and requirements should be administered without prejudice and with professionalism. The total time should take one year (not three or four or more).

Montana should minimize the uncertainties and state and industry costs by not adopting standards which are more stringent than federal standards and are more difficult to achieve and enforce.

Assist the Department of State Lands in its effort to get the exclusive right to regulate and supervise coal mining and reclamation in Montana.

Shorten processing time on applications

State agencies should reply to all permits in a stipulated time. Either deny them or give them -- not have delay by keeping extending them for more "study."

Department of Health requires six months' waiting period to get approval for permit to change or construct air pollution systems. This is unrealistic and can be detrimental to correcting a problem or avoiding a problem which may arise due to new construction.

Shorten review period -- eliminate extensions of time for review.

The state should improve and streamline permitting procedures by establishing time limitations for response to specific application elements.

The maximum time required to obtain a mining permit through the Department of State Lands should be related to the size of the project.

Department of State Lands -- create a checklist of what is required to meet surface mine permit requirements. Review completeness of application in a timely fashion.

The state agencies should not so quickly adopt new regulations without the adequate staff to administer those regulations.

State personnel

Hire more qualified people.

It is time to remove the advocates from state bureaus and replace them with objective administrators and staffs.

Salary schedules for Department of State Lands staff specialists should be increased to permit recruitment of experienced professionals and promote staff stability by reducing employee turnover. This would enhance continuity of industry-DSL liaison.

Perhaps the state agency and staff person should be held largely accountable for their actions, if it can be proven that they have unnecessarily delayed an action or project that resulted in additional costs of doing business.

Hire experienced qualified people to fill technical positions and pay them accordingly.

Improvement could be made by raising salary levels to attract high level people to the State Lands staff. Also, State Lands needs to increase staff; the delays encountered due to not enough staff for number of reviews of applicants are becoming more pronounced.

Department of State Lands employees are not familiar, knowledgeable, or especially experienced enough about the items they are regulating.

One-stop permit

The state surface mining regulatory program should incorporate a "one-stop" permitting system with a central coordinator to insure all necessary state permits are approved within a state time frame.

Some sort of overall agency management -- probably from the governor's office -- which could coordinate the objectives and procedures of the various agencies. Because of the natural reaction of each agency to being managed by someone outside the agency, this job would require much diplomacy and firm support from the highest level of government.

A "one-stop permitting" procedure is not the answer because of the various expertise which can only be mobilized in the particular agencies.

General

The Governor and the Legislature must hold agencies responsible for their actions or lack thereof. Arrogance on the part of state agencies and their employees should not be tolerated either by the Governor or the Legislature.

Governor and Legislature should express their interest in proper development of Montana's resources as well as protection of the environment.

ATTITUDES TOWARD MONTANA STATE REGULATIONS IN GENERAL
AND TOWARD THEIR ADMINISTRATION

The final section of the survey asked respondents about their attitudes toward Montana state regulations in general and about their impression of the manner in which they are administered.

A scale technique was used, with various pairs of characteristics placed as polar extremes at either end of a scale. For example, for the question "How do you feel about Montana state regulations in general?" one of the pairs of characteristics is:

(A) SENSIBLE 3 2 1 0 1 2 3 UNREASONABLE

Respondents were asked to circle the number which best represented their attitude or feeling. If they felt Montana regulations are very sensible, they were to circle the number closest to "SENSIBLE." If they believed them to be very unreasonable, they were to circle the number closest to "UNREASONABLE." Or, if their opinion fell somewhere in between the two extremes, they were instructed to put the circle where they felt it belonged on the scale. Zero represented a neutral or evenly balanced opinion.

This technique makes it possible to cover a number of aspects of a topic in limited space and with a briefer completion time requirement. It also makes it possible to determine the intensity of respondents' feelings about the topic.

Figures 6 through 27 portray the attitudes and opinions expressed by respondents regarding the regulations in general and their administration. The responses are quite consistent with the regulatory experiences reported earlier in the questionnaire and with the respondents' comments on various open-end questions. In all cases, from fifty-nine to sixty-two participants (88 to 93 percent) responded.

In general, respondents did not feel that Montana regulations are either very unreasonable or very sensible (figure 6). They had few strong feelings about the clarity of regulations, with responses rather evenly split among the middle reaction points (figure 9); and most were either neutral about their usefulness or found the regulations in general only mildly useless or mildly worthwhile (figure 15). Are Montana state regulations necessary to promote the public welfare or not worth the cost? Just over half said "not worth the cost," but only a few indicated the strongest negative position and a good number were willing to acknowledge some necessity.

On other items, there was a rather clear consensus: a majority of our respondents described Montana regulations in general as rigid (figure 7), difficult to comply with (figure 10), idealistic (figure 11), and ambiguous (figure 13). And a large majority of the respondents left no doubt that they believe Montana regulations hinder industrial expansion (figure 12), inhibit establishment of new industrial activity (figure 14), constitute excessive interference in their businesses (figure 16), and increase the cost of doing business (figure 17). On the latter question there was very little disagreement, as 97 percent of the respondents agreed that Montana state regulations increase costs.

When asked about how Montana regulations are administered, respondents were almost evenly split or neutral on whether any firms get special treatment (figure 18), or whether regulations are administered competently or ineptly (figure 20) or uniformly or inconsistently (figure 24).

Two-thirds of the respondents said the administration of regulations, like the regulations themselves, tends to be rigid (figure 19). Only about one-fourth were willing to say the administration was impartial; others were either neutral or said they believed the regulations were administered in a biased manner (figure 21). More respondents said state administrators "pass the buck" than credited them with willingness to make a decision (figure 22). Less than a fourth said they thought the manner in which regulations are administered carries out the legislative intent; over half said the original purpose is distorted, and another fourth were neutral on the subject (figure 23). Sixty-one percent said they thought administrators were at least somewhat anti-business. Twenty-three percent indicated a belief that administrators want to help business, but no one indicated the most positive position on the subject (figure 25). Reflecting opinions expressed throughout the report, a substantial majority (62 percent) again indicated that they believe administrators cause unnecessary delays (figure 27). And two-thirds said too many regulatory agencies are involved (figure 26).

Figure 6

Attitudes toward Montana State Regulations
in General

(n = 62)

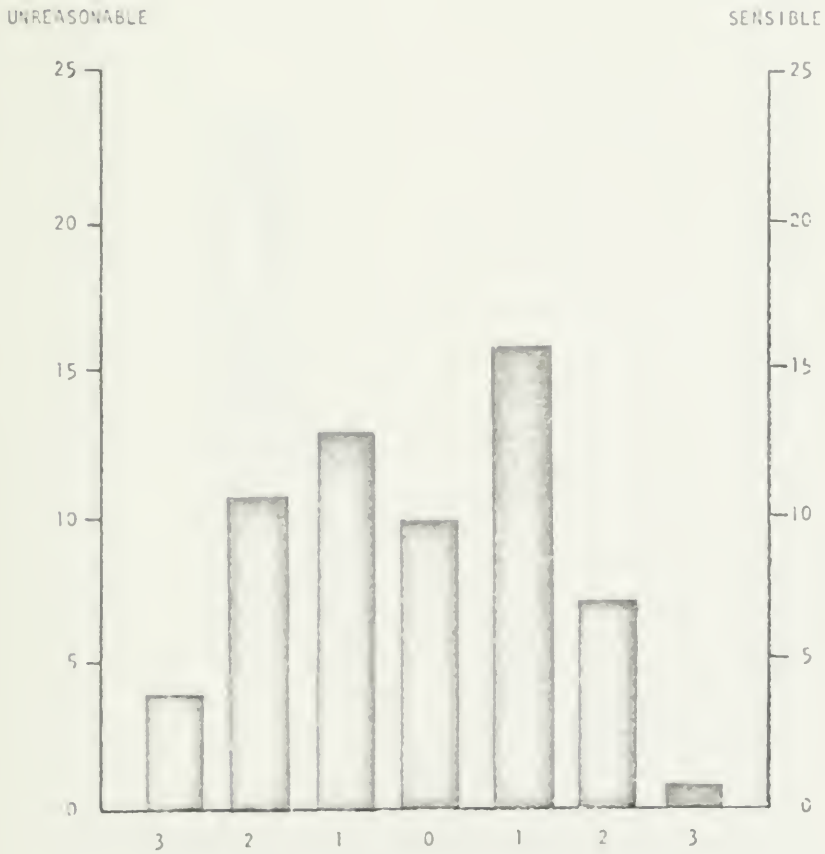


Figure 7

Attitudes toward Montana State Regulations
in General

(n = 61)

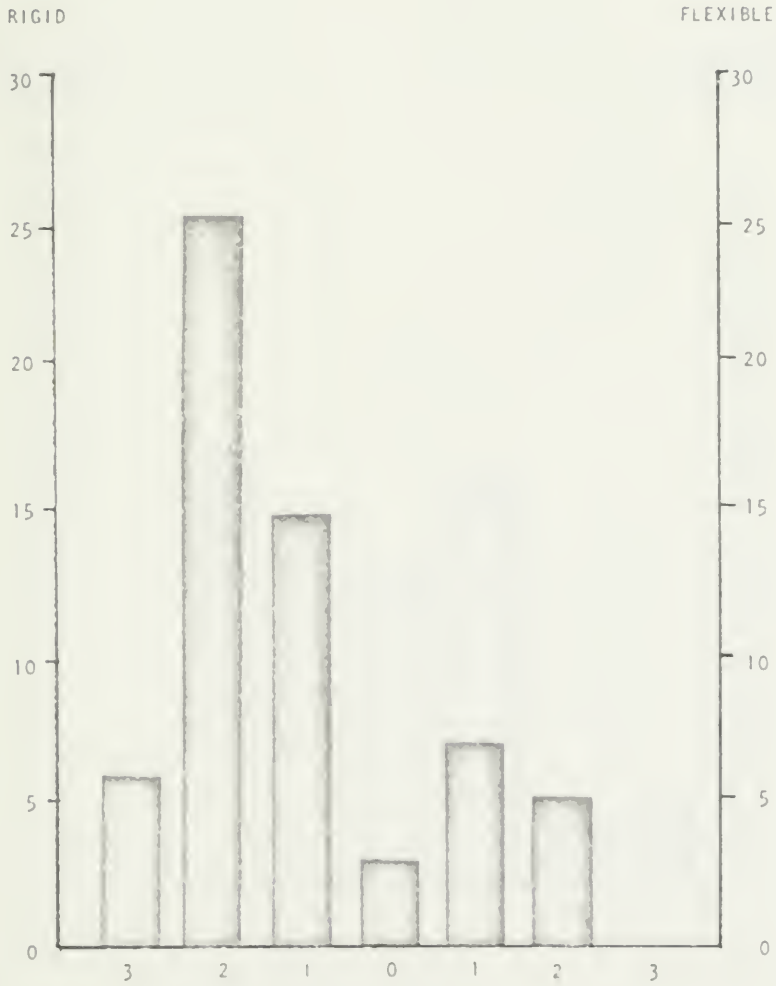


Figure 8
Attitudes toward Montana State Regulations
in General

(n = 62)

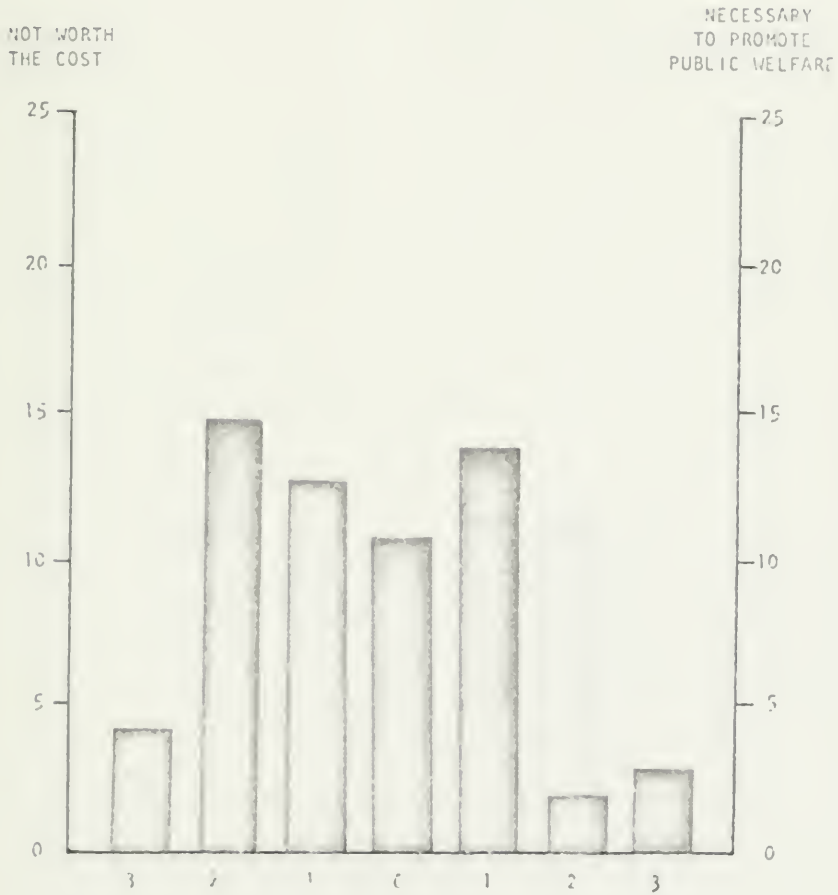


Figure 9
Attitudes toward Montana State Regulations
in General
(n = 61)

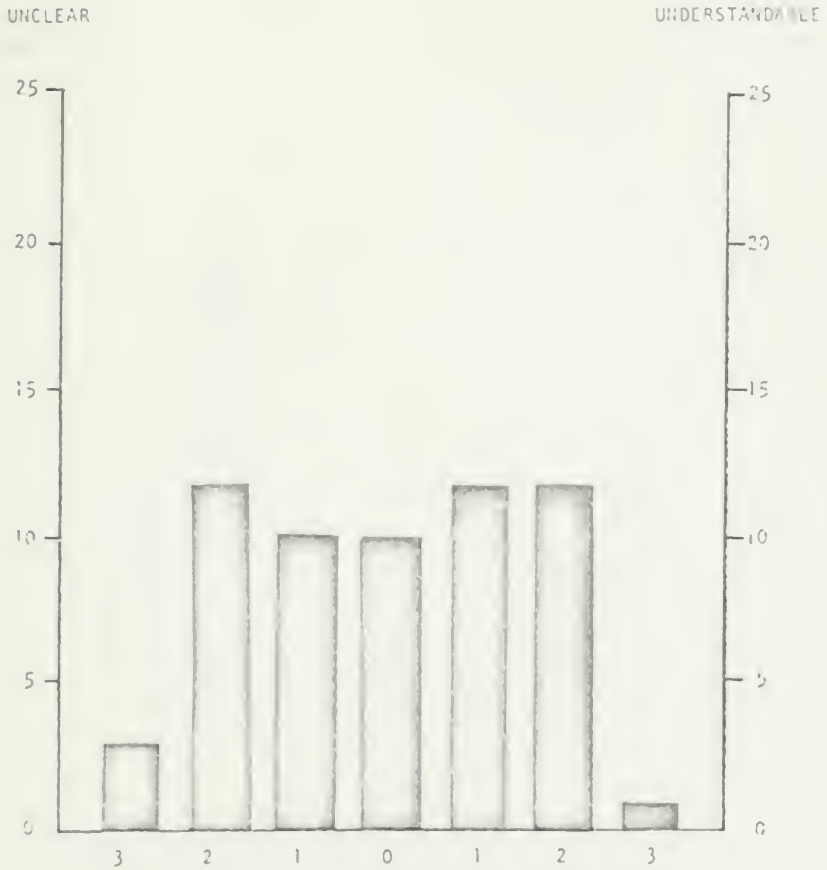


Figure 10

Attitudes toward Montana State Regulations
in General

(n = 62)

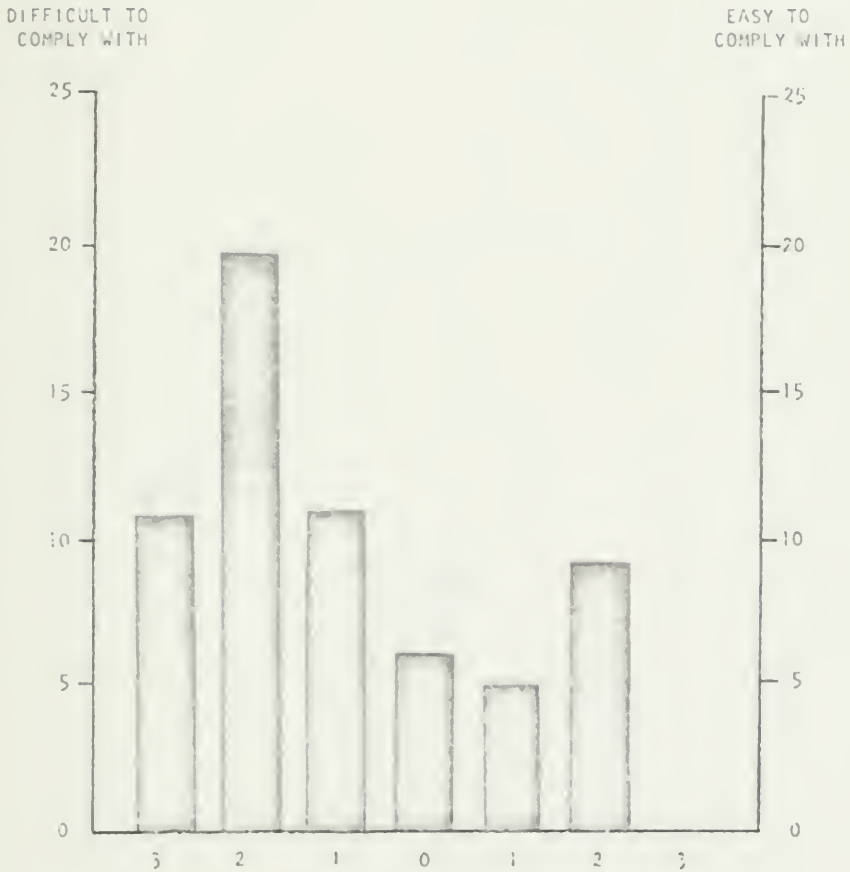


Figure 11

Attitudes toward Montana State Regulations
in General

(n = 60)

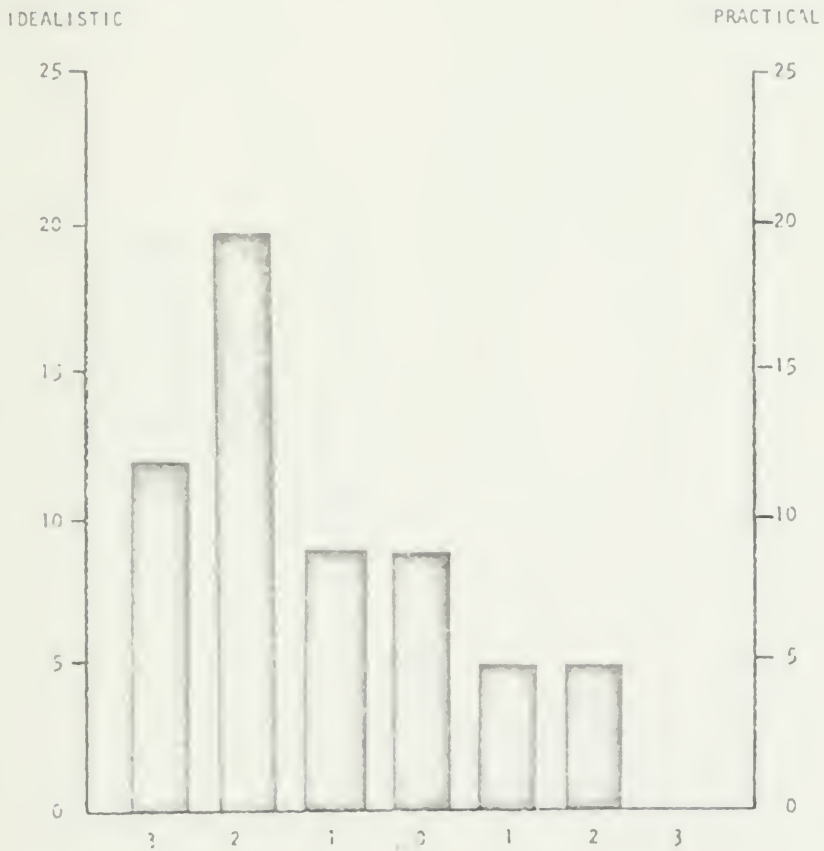


Figure 12

Attitudes toward Montana State Regulations
in General

(n = 62)

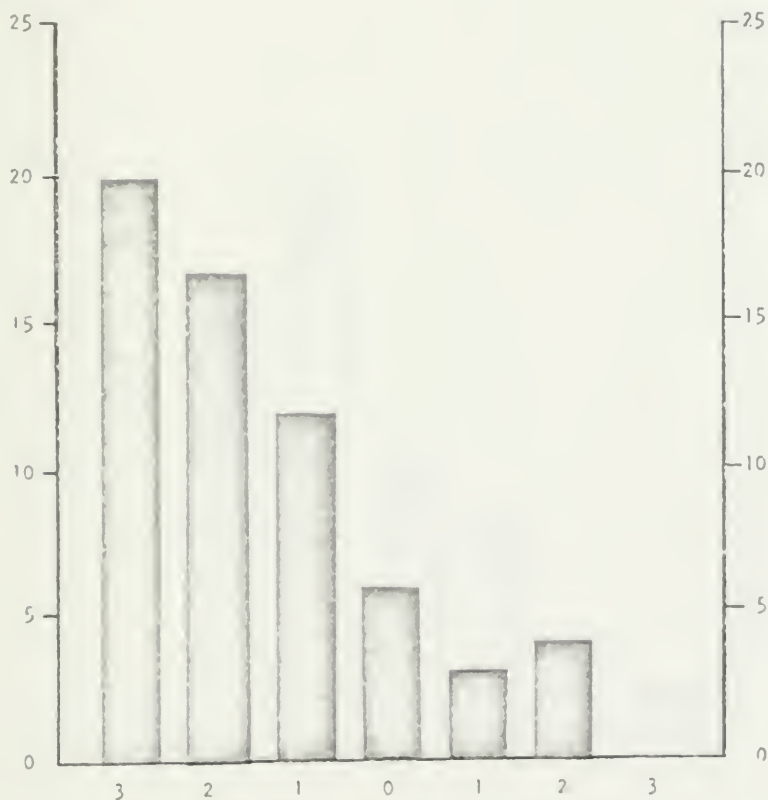
HINDER
INDUSTRIAL
EXPANSIONPROMOTE
INDUSTRIAL
EXPANSION

Figure 13
Attitudes toward Montana State Regulations
in General

(n = 61)

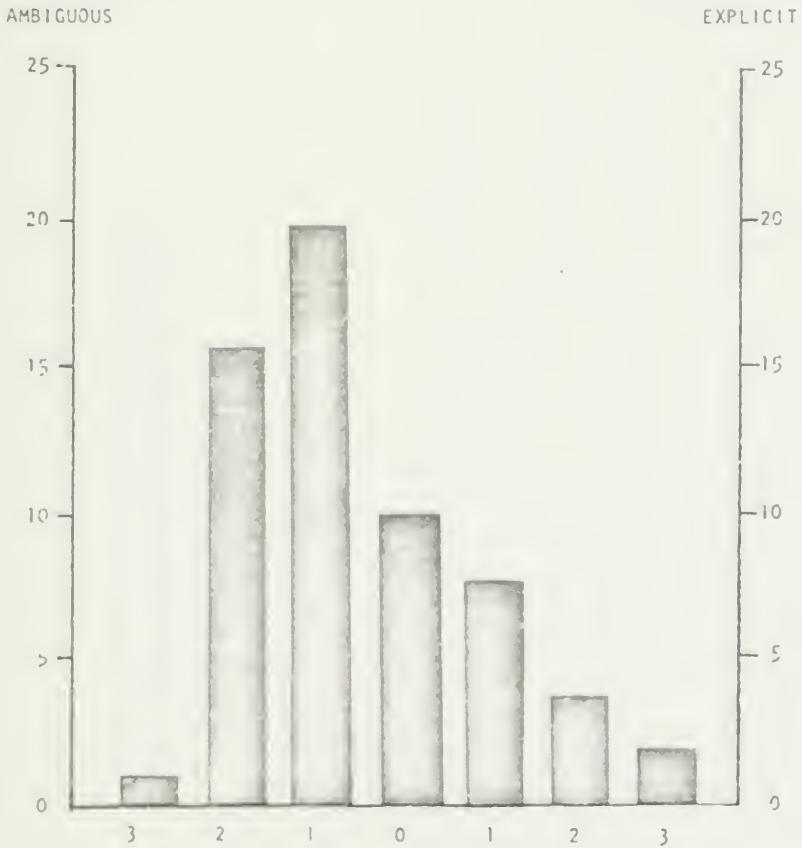


Figure 14

Attitudes toward Montana State Regulations
in General

(n = 61)

INHIBIT ESTABLISHMENT
OF NEW INDUSTRIAL
ACTIVITY

ENCOURAGE ESTABLISHMENT
OF NEW INDUSTRIAL
ACTIVITY

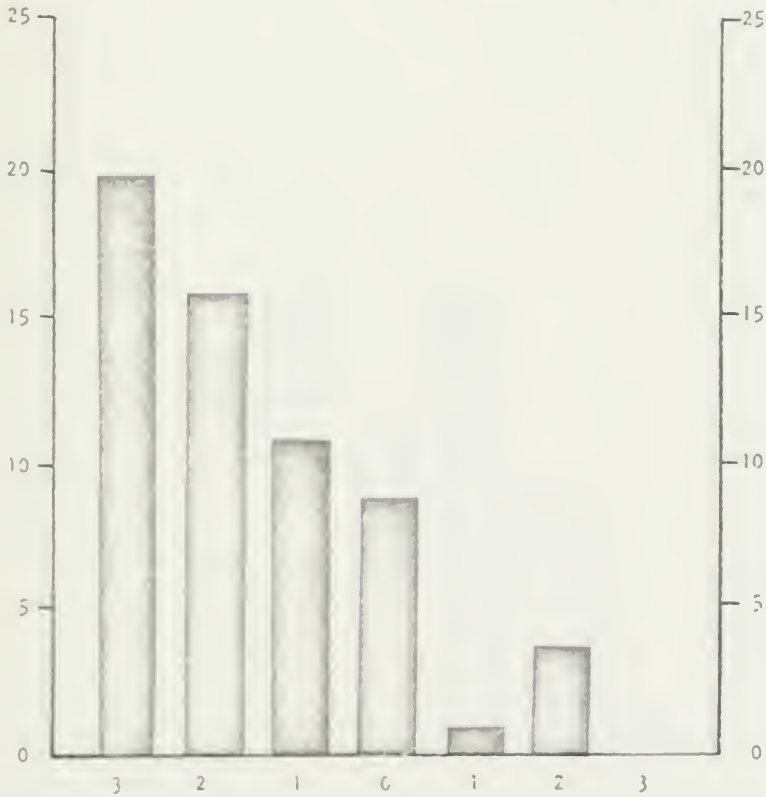


Figure 15
 Attitudes toward Montana State Regulations
 in General

(n = 62)

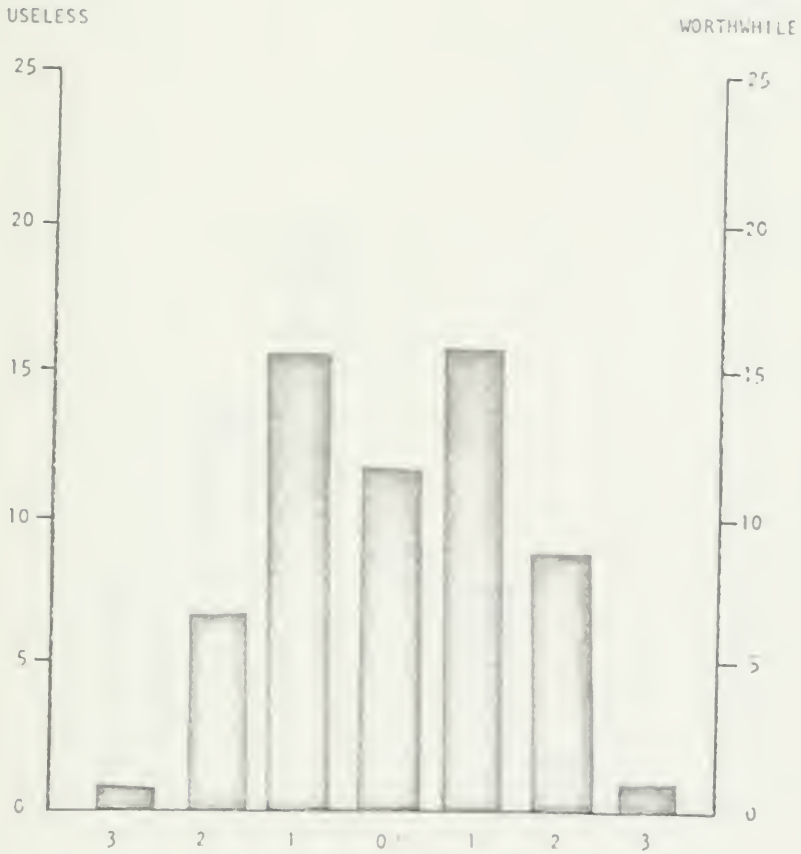


Figure 16
Attitudes toward Montana State Regulations
in General
(n = 62)

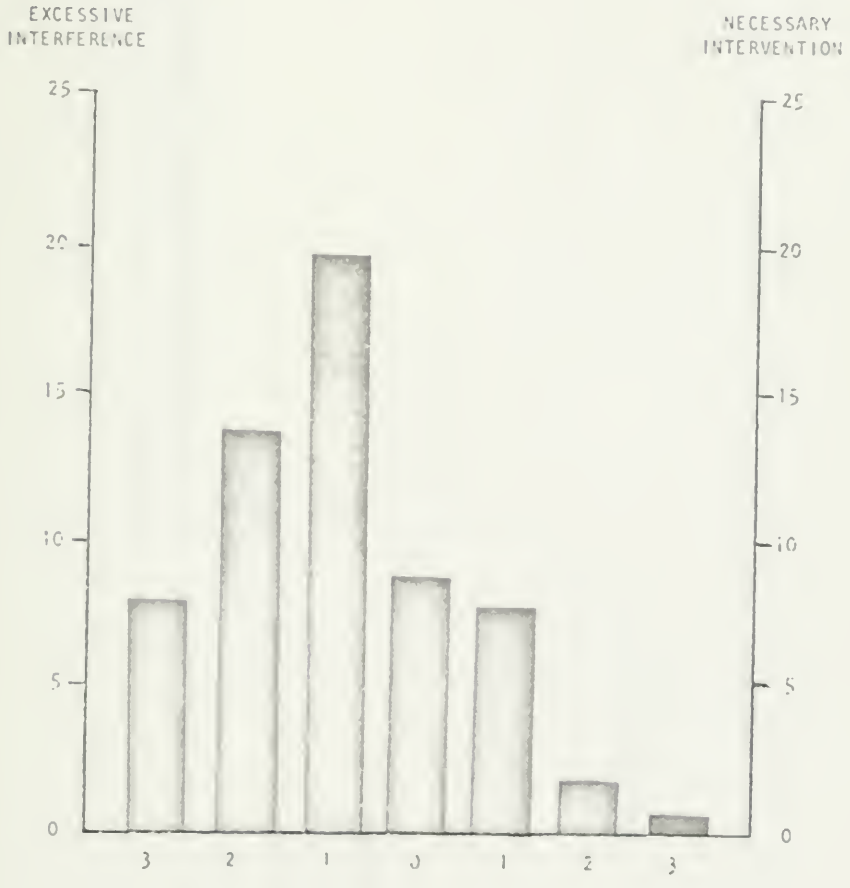


Figure 17

Attitudes toward Montana State Regulations
in General

(n = 61)

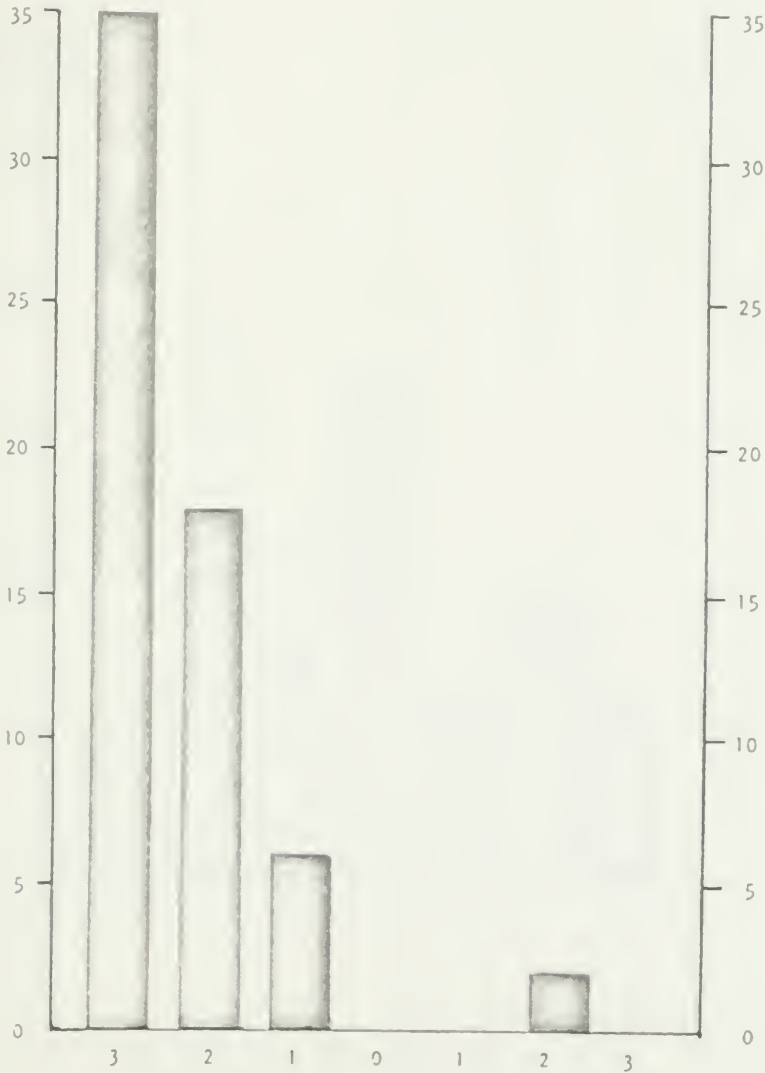
INCREASE COSTS
OF DOING BUSINESSLITTLE EFFECT ON COSTS
OF DOING BUSINESS

Figure 18
 Impression of the Way in Which
 Montana State Regulations Are Administered
 (n = 59)

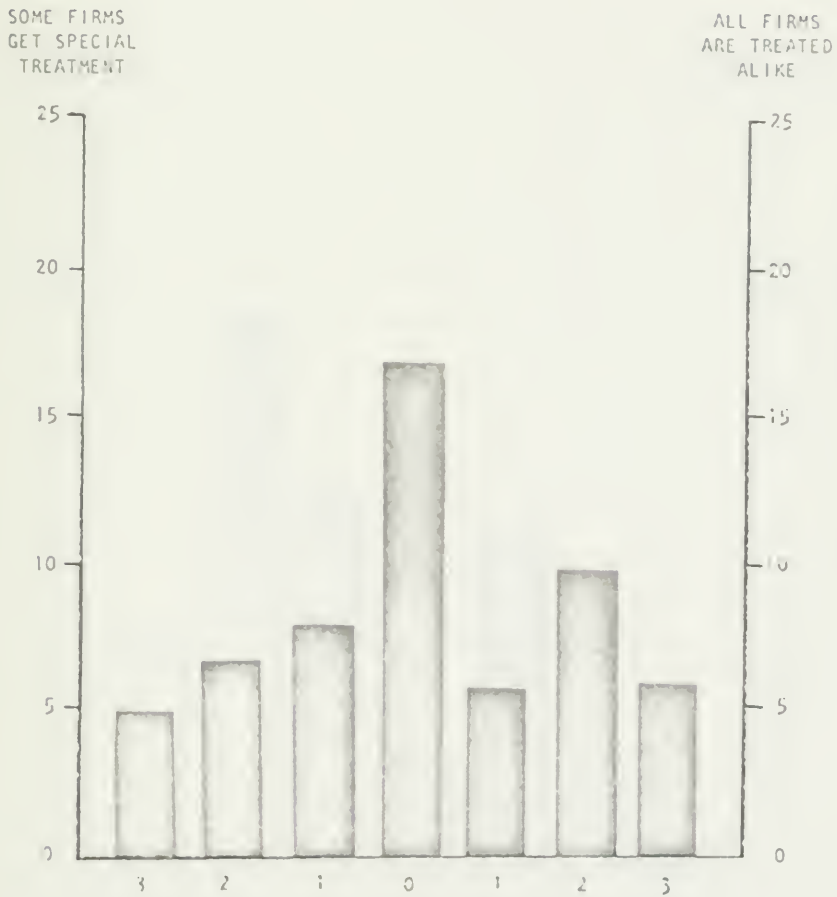


Figure 19
Impression of the Way in Which
Montana State Regulations Are Administered
(n = 61)

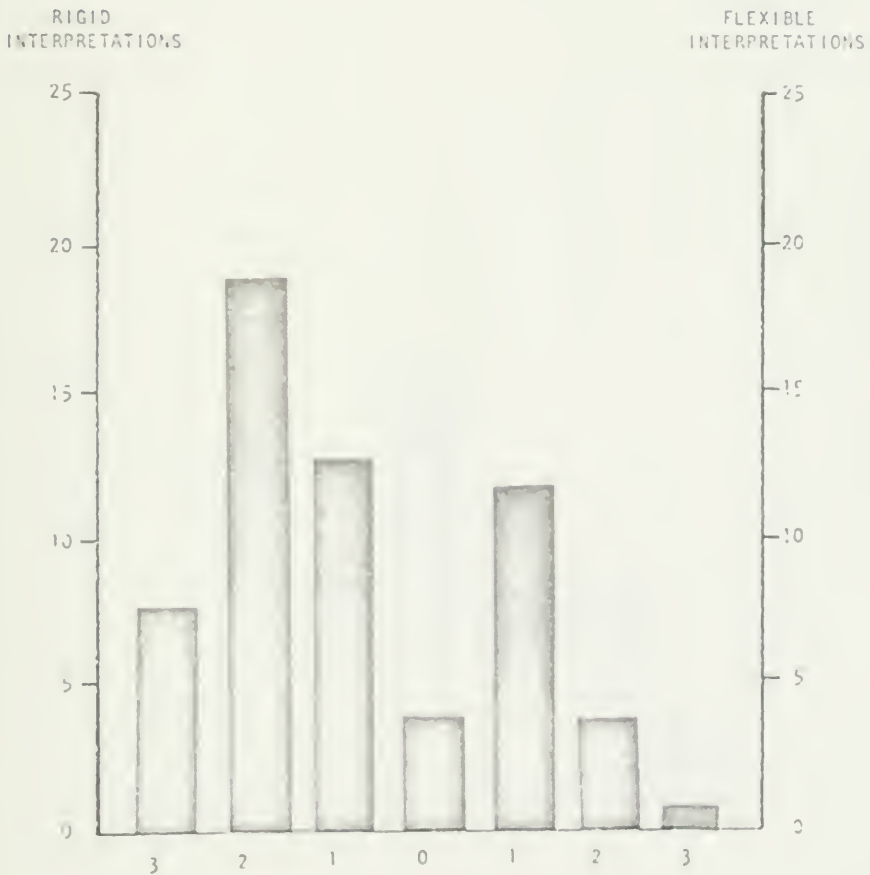


Figure 20
Impression of the Way in Which
Montana State Regulations Are Administered
(n = 61)

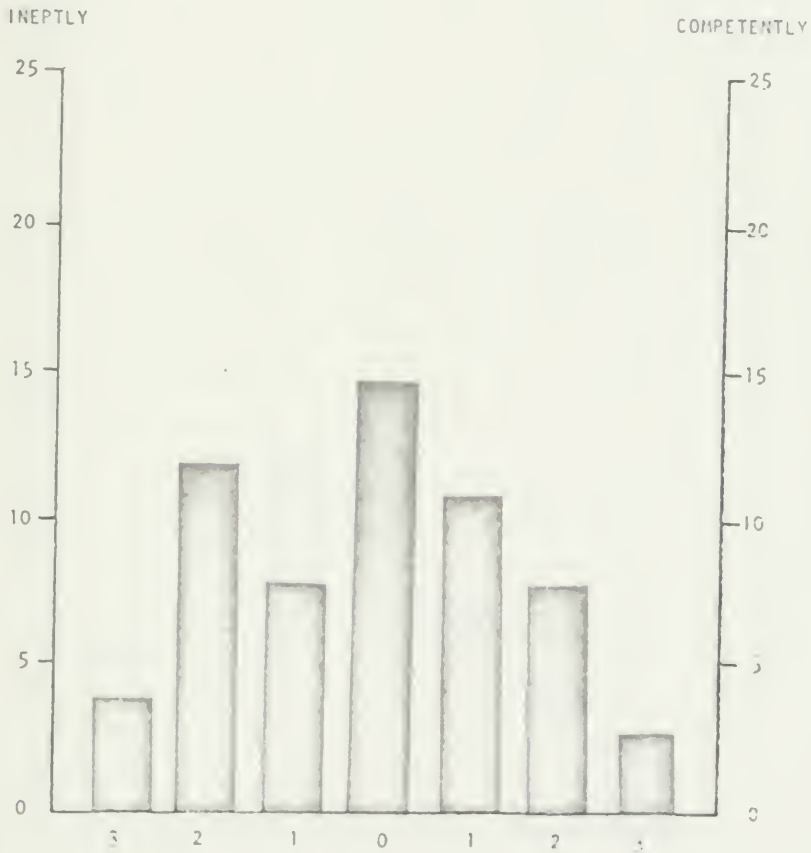


Figure 21
Impression of the Way in Which
Montana State Regulations Are Administered
(n = 61)

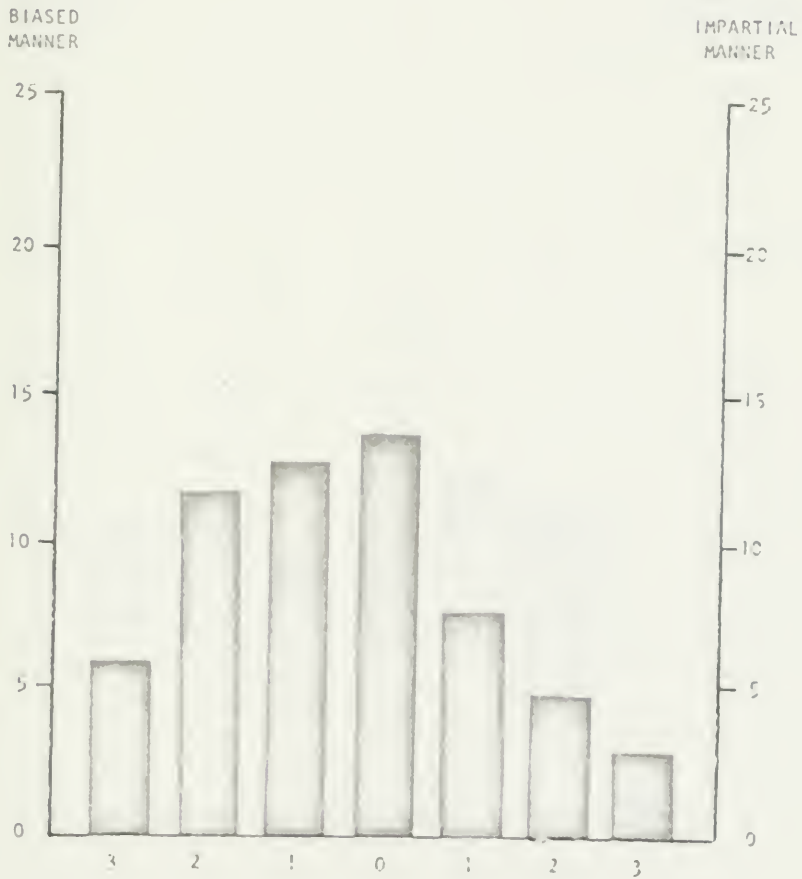


Figure 22

Impression of the Way in which
Montana State Regulations Are Administered

(n = 62)

ADMINISTRATORS
TEND TO
PASS BUCK

ADMINISTRATORS
WILLING TO
MAKE DECISION

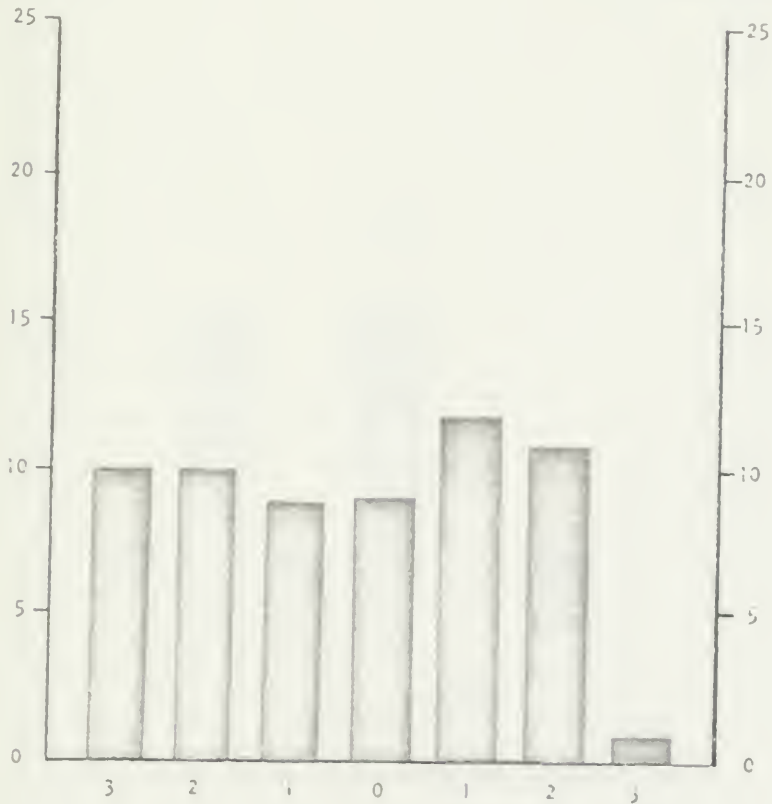


Figure 23

Impression of the Way in Which
Montana State Regulations Are Administered

(n = 61)

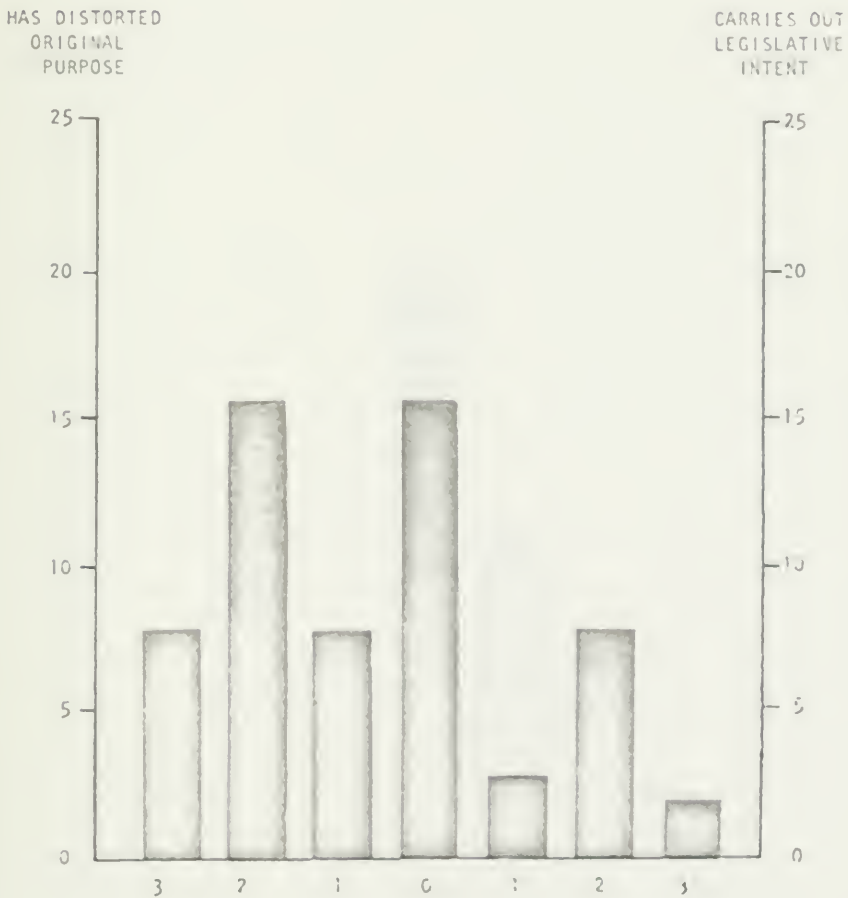


Figure 24
Impression of the Way in Which
Montana State Regulations Are Administered
(n = 61)

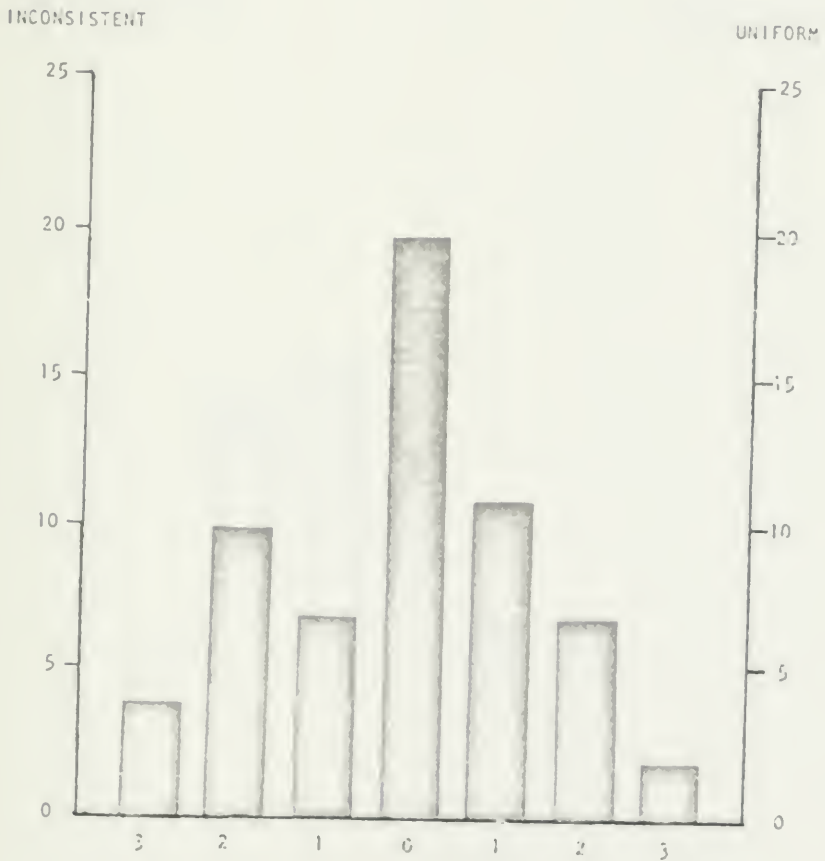


Figure 25

Impression of the Way in Which
Montana State Regulations Are Administered

(n = 61)

ADMINISTRATORS ARE
ANTI-BUSINESS

ADMINISTRATORS WANT
TO HELP BUSINESS

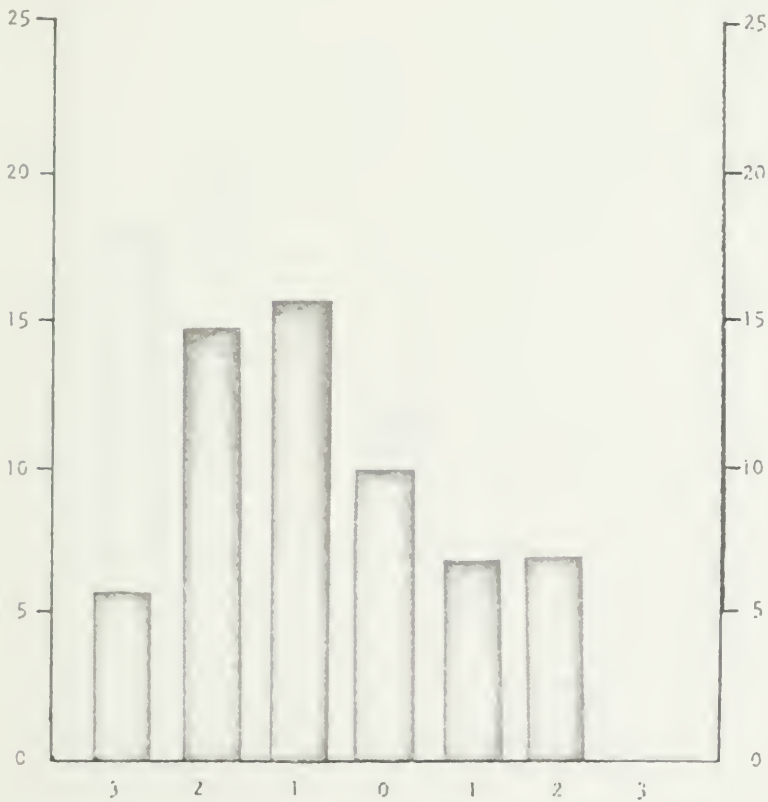


Figure 26
Impression of the Way in Which
Montana State Regulations Are Administered

(n = 59)

TOO MANY REGULATORY
AGENCIES INVOLVED

REGULATORY ACTIVITIES
WELL COORDINATED

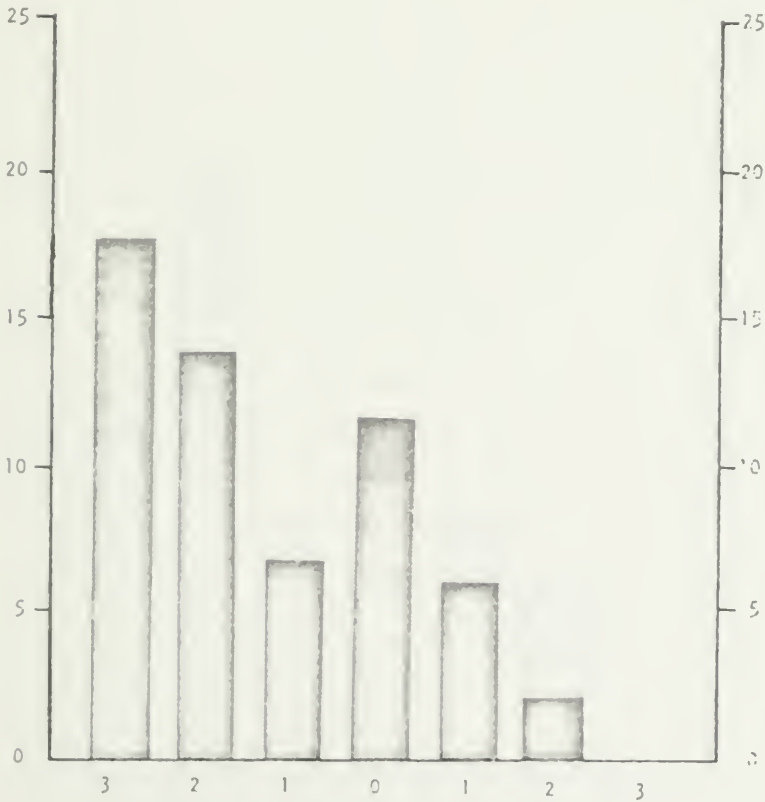
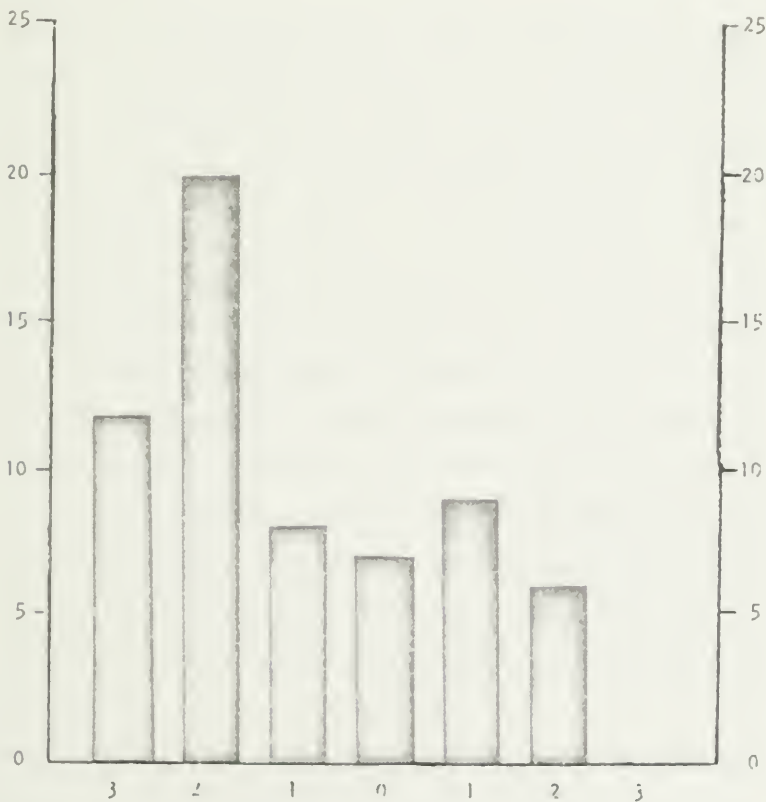


Figure 27
Impression of the Way in Which
Montana State Regulations Are Administered
(n = 62)

ADMINISTRATORS CAUSE
UNNECESSARY DELAYS

ADMINISTRATORS TAKE
PROMPT ACTION



CONCLUSIONS

This report deals mostly with attitudes of natural resource firms toward Montana state regulatory activities, with some attention given to opinions about the availability of capital for resource development in Montana.

The survey results with respect to capital availability are not conclusive. Most natural resource firms operating in Montana are large firms that do not expect to obtain capital in the state. A survey of smaller firms in other kinds of industries might produce quite different opinions with respect to the adequacy of financial resources in Montana.

A great deal more information was collected with respect to the respondents' attitudes toward Montana regulatory activities and agencies. Readers should keep in mind that the respondents are all officials of natural resource firms which are highly regulated by state government. It also should be emphasized that there are factors other than regulation which affect the development of natural resources in the state: economic factors, such as markets, transportation costs and availability, and labor and capital costs and availability; social considerations, such as the level of public services; and the physical and cultural environment are examples of other factors.

Nevertheless, there is heightened discussion and a growing body of literature in the United States which indicates increasing concern on the part of government officials and academicians, as well as business

leaders, for the effects of current regulatory policies on American industry. It is time lawmakers and regulators listened to what the regulated businesses have to say about the legislation and regulations that affect them.

Two-thirds or more of our respondents are saying that they believe Montana regulatory activities hinder industrial expansion and the establishment of new industrial activity in the state. They describe both the regulations and their administration as rigid. They say the regulations are difficult to comply with, too many regulatory agencies are involved, and administrators cause unnecessary delays. They see regulatory activities in Montana as representing excessive interference in their businesses. Mostly all -- 97 percent -- say state regulations increase their cost of doing business.

In the fall of 1978, the University of Montana's Bureau of Business and Economic Research conducted a survey of small business operators' attitudes toward, and experiences with, state and local business regulations and agencies. Only firms with fewer than 100 employees were included; two-thirds operated retail, wholesale, and service establishments and few natural resource firms were involved. In general, respondents from these businesses were considerably less critical of regulatory activities than were representatives of the natural resource firms who responded to the current survey. This probably reflects the fact that resource-based firms are usually subject to broader and more technical regulations than are most of the firms who participated in the 1978 survey. It may also partly be a function of the time difference involved. Persons interested in comparing the results of the two Montana surveys, which followed similar

procedures, will find a report of the early survey in the spring 1979

Montana Business Quarterly, published by the UM Bureau.

A SURVEY OF INDUSTRY EXPERIENCES AND ATTITUDES IN MONTANA

1980

As one of the industry executives selected to participate in this survey, your experiences and opinions are important to the study -- we hope we can count on your cooperation and your candid responses.

All responses will be held strictly confidential. Names of individual participants and their firms will not be released to anyone.

For your ease in completing the questionnaire, most of the questions require merely the circling of a number for a response; in some instances, brief comments or explanations are requested. A postage-paid reply envelope is provided for your convenience in returning the completed questionnaire.

Firm name: _____

Mailing address: _____

Name of respondent: _____

Title: _____

Telephone number: _____

Check here if you would like a copy of the survey report

This questionnaire is sent to you because we believe your firm either is currently engaged in some industrial activity in Montana, or is in the process of establishing operations in Montana, or has announced plans to establish operations in the state, or is investigating the possibility of beginning operations in the state. Is this information correct?

1. Yes

2. No

→ Thank you for your time. We are sorry to have contacted you unnecessarily. Please return this questionnaire to us in the enclosed envelope.

1a. Please indicate the industry group or groups that best describe your firm's activities or proposed activities in Montana. (Circle the most applicable number(s) or describe in "Other".)

1. Oil and gas exploration and/or production

2. Oil refining

3. Metal mining

4. Coal mining

5. Other mining (please specify) _____

6. Smelting and refining, nonferrous metals

7. Wood products manufacturing

8. Food products manufacturing

9. Electric power generation

10. Other (please explain) _____

2. Since January 1, 1979, has your firm proposed any new operations in Montana; or are any new or expanded or modified operations now in process or pending before state regulatory agencies; or have any new or expanded or modified activities become operational?

1. Yes

2. No

→ TURN TO QUESTION 4 ON PAGE 2

- 2a. What is the current status of the new or proposed project or projects?
(Circle the number(s) below that apply in your situation.)

1. Project completed

2. Project in process of construction

3. Project proposal pending before state agency or agencies

4. Proposed project withdrawn or postponed

5. Other *(please explain)* _____

3. Which of the items below describe the changes in the Montana operations your firm has in process or pending at the present time, or has completed, or for which a proposal was withdrawn since January 1979? *Circle the number(s) of all the items that apply in your situation.*

1. New or expanded plant(s)

2. New or expanded exploration activity (oil, gas, metals, etc.)

3. New or expanded oil or gas production

4. New or expanded mining activity

5. New or expanded timber harvesting activities

6. New pollution equipment

7. New or expanded land reclamation activities

8. Other *(please explain)* _____

4. Has your firm experienced any significant or unusual difficulties during the process of expanding or modifying your operations or planning for the establishment of a new operation in Montana?

1. Yes

2. No

→ THIS IS QUESTION 4 ON PAGE 1

4a. Please describe briefly the nature of the problems or difficulties you encountered.

1. _____

2. _____

3. _____

4. _____

NOTE: IF MORE SPACE IS NEEDED, PLEASE ATTACH ADDITIONAL SHEETS. BE SURE TO IDENTIFY THE QUESTION (BY NUMBER) THAT IS BEING CONTINUED.

4b. Which of the problems/difficulties listed above do you feel was the most significant problem overall? Specify problem number.

Most significant problem: _____

5. What types of financing did your firm use, or plan to use, in connection with its new or expanded activities in Montana? *Please circle the number of the response which apply to your situation.*

1. Long-term debt

2. Sale of equities

3. Retained profits

4. Lease arrangement

5. Other (*please specify*) _____

6. Was your financing done through financial institutions in Montana or outside Montana? *Please circle the appropriate response.*

1. In Montana

2. Outside Montana

7. What are your feelings about the resources of financial institutions in Montana -- generally speaking, would you say the resources available for expansion of resource-based industry are sufficient to meet the needs, are they insufficient, or what?

1. Sufficient

2. Insufficient

Other _____



7a. Would you say this situation is a barrier to the expansion of resource-based industry in the state, is not a barrier, or what?

1. A barrier

2. Not a barrier

Other _____

7b. why do you feel that way? _____

8. What about your own firm's needs for such financing -- would you say the resources of the state's financial institutions are generally sufficient to meet your firm's needs, are they insufficient, or what?

1. Sufficient

2. Insufficient

Other _____

9. Montana statutes provide for various regulatory activities by state government with respect to industrial activity in the state, and especially with respect to resource-oriented industries. The regulations deal with air and water quality standards, reclamation, plant location, mine location, and so forth. Several agencies administer these regulations. Has your firm dealt with any state agencies since January 1, 1979?

1. Yes

2. No

→ TURN TO QUESTION 15 ON PAGE 12

9a. Please identify those agencies with whom your firm has dealt. *Circle the numbers of the appropriate responses.*

1. Department of Natural Resources and Conservation

2. Department of Health and Environmental Sciences

3. Department of State Lands

4. Department of Fish, Wildlife and Parks (formerly Fish and Game)

5. Department of Highways

6. Other *(please identify)* _____

9b. Please describe the nature of the contact your firm has had with the agencies you checked above (in question 9a). For example, has your firm requested information, discussed regulatory matters, applied for a permit, or what?

Agency Name	Type of Contact
1.	_____
2.	_____
3.	_____
4.	_____

10. Have you experienced any difficulties in complying with the regulations administered by the agency(ies) referred to above (in Question 9), or have you not had any problems?

1. Experienced difficulties

2. Had no problems

CONT. REGULATION IN
QUESTION 11

11. What kinds of difficulties have you experienced? When possible, please identify the specific regulation and the specific agency involved as well as the nature of the problem or difficulty.

1. _____

2. _____

3. _____

4. _____

NOTE: IF MORE SPACE IS NEEDED, PLEASE ATTACH ADDITIONAL SHEETS. BE SURE TO IDENTIFY THE QUESTION (BY NUMBER) THAT IS BEING CONTINUED.

12. Please describe the most important consequences to your firm of the problems or difficulties it has experienced (as noted in question 11).

1. _____

2. _____

3. _____

4. _____

NOTE: IF MORE SPACE IS NEEDED, PLEASE ATTACH ADDITIONAL SHEETS. BE SURE TO IDENTIFY THE QUESTION BY NUMBER THAT IS BEING CONTINUED.

13. Please describe any actions or procedures by regulatory agencies which were especially helpful in assisting your firm to meet state requirements. If possible, please identify the specific agency involved.

1. _____

2. _____

3. _____

4. _____

NOTE: IF MORE SPACE IS NEEDED, PLEASE ATTACH ADDITIONAL SHEETS. BE SURE TO THOROUGHLY ANSWER THE QUESTION BY NUMBER THAT IS BEING CONTINUED.

14. Please indicate any recommendations you have for improving state regulations and/or regulatory procedures in Montana. *Where possible, identify the specific regulation and the specific agency involved.*

1.

2.

3.

4.

NOTE: IF MORE SPACE IS NEEDED, PLEASE ATTACH ADDITIONAL SHEETS. WE WOULD APPRECIATE YOUR ASSISTANCE IN DETERMINING HOW TO BETTER SERVE YOU.

The next two questions list some words and phrases which ask you, first (in Question 15), about your impression of Montana state regulations in general. Later (in Question 16), you are asked how you feel about the way they are administered. There are no "best" or "right" answers because people differ in the way they feel about things.

What we want is a true reflection of the way you feel, so please respond to each statement or item as accurately as possible.

For example: Using the first row of words below, if it is your impression that Montana's state regulations in general are very sensible, circle the number closest to the word "SENSIBLE." If you feel such regulations in general are very unreasonable, circle the number closest to the word "UNREASONABLE." If you feel somewhere in between, use the number where you think it belongs. Circle only one number on each line (circle).

15. How do you feel about Montana state regulations in general?

A)	SENSIBLE	3	2	1	0	1	2	3	UNREASONABLE
B)	RIGID	3	2	1	0	1	2	3	FLEXIBLE
C)	NECESSARY TO PROMOTE THE PUBLIC WELFARE	3	2	1	0	1	2	3	NOT WORTH THE COST
D)	UNCLEAR	3	2	1	0	1	2	3	UNDERSTANDABLE
E)	EASY TO COMPLY WITH	3	2	1	0	1	2	3	DIFFICULT TO COMPLY WITH
F)	IDEALISTIC	3	2	1	0	1	2	3	PRACTICAL
G)	PROMOTE INDUSTRIAL EXPANSION	3	2	1	0	1	2	3	HINDER INDUSTRIAL EXPANSION
H)	AMBIGUOUS	3	2	1	0	1	2	3	EXPLICIT
I)	INHIBIT THE ESTABLISHMENT OF NEW INDUSTRIAL ACTIVITY	3	2	1	0	1	2	3	ENCOURAGE THE ESTABLISHMENT OF NEW INDUSTRIAL ACTIVITY
J)	WORTHWHILE	3	2	1	0	1	2	3	USELESS
K)	EXCESSIVE INTERFERENCE	3	2	1	0	1	2	3	NECESSARY INTERVENTION
L)	LITTLE EFFECT ON THE COSTS OF DOING BUSINESS	3	2	1	0	1	2	3	INCREASE THE COSTS OF DOING BUSINESS

The following words and phrases ask for your impression of the way Montana state regulations are administered. Again, we want a true reflection of the way you feel, so please respond to each set as accurately as possible.

16. What is your impression of the manner in which Montana state regulations are administered, in general?

(A)	ALL INDUSTRIAL FIRMS ARE TREATED ALIKE	3	2	1	0	1	2	3	SOME INDUSTRIAL FIRMS GET SPECIAL TREATMENT
(B)	RIGID INTERPRETATIONS	3	2	1	0	1	2	3	FLEXIBLE INTERPRETATIONS
(C)	COMPETENTLY	3	2	1	0	1	2	3	INEPTLY
(D)	BIASED MANNER	3	2	1	0	1	2	3	IMPARTIAL MANNER
(E)	ADMINISTRATORS ARE WILLING TO MAKE A DECISION	3	2	1	0	1	2	3	ADMINISTRATORS TEND TO PASS THE BUCK
(F)	HAS DISTORTED THE ORIGINAL PURPOSE	3	2	1	0	1	2	3	CARRIES OUT THE LEGISLATIVE INTENT
(G)	UNIFORM	3	2	1	0	1	2	3	INCONSISTENT
(H)	ADMINISTRATORS ARE ANTI-BUSINESS	3	2	1	0	1	2	3	ADMINISTRATORS WANT TO HELP BUSINESSES
(I)	REGULATORY ACTIVITIES ARE WELL COORDINATED	3	2	1	0	1	2	3	TOO MANY REGULATORY AGENCIES ARE INVOLVED
(J)	ADMINISTRATORS TAKE PROMPT ACTION	3	2	1	0	1	2	3	ADMINISTRATORS CAUSE UNNECESSARY DELAYS

Thank you for taking the time to respond to our questions and assist us in this research effort. Your participation is vital and we appreciate your help. Thanks again, and please be sure to mail the completed questionnaire back to us at your earliest convenience.

A SURVEY OF INDUSTRY EXPERIENCES AND ATTITUDES IN MONTANA

1980

As one of the industry executives selected to participate in this survey, your experiences and opinions are important to the study -- we hope we can count on your cooperation and your candid responses.

All responses will be held strictly confidential. Names of individual participants and their firms will not be released to anyone.

For your ease in completing the questionnaire, most of the questions require merely the circling of a number for a response; in some instances, brief comments or explanations are requested. A postage-paid reply envelope is provided for your convenience in returning the completed questionnaire.

Firm name: _____

Mailing address: _____

Name of respondent: _____

Title: _____

Telephone number: _____

Check here if you would like a copy of the survey report

1. This questionnaire is sent to you because we believe your firm either is currently engaged in some industrial activity in Montana, or is in the process of establishing operations in Montana, or has announced plans to establish operations in the state, or is investigating the possibility of beginning operations in the state. Is this information correct?

1. Yes

2. No

→ Thank you for your time. We are sorry to have contacted you unnecessarily. Please return this questionnaire to us in the enclosed envelope.

1a. Please indicate the industry group or groups that best describe your firm's activities or proposed activities in Montana. *Circle the most appropriate material or describe in "Other".*

1. Oil and gas exploration and/or production

2. Oil refining

3. Metal mining

4. Coal mining

5. Other mining *(please specify)* _____

6. Smelting and refining, nonferrous metals

7. Wood products manufacturing

8. Food products manufacturing

9. Electric power generation

10. Other *(please specify)* _____

2. Since January 1, 1979, has your firm proposed any new operations in Montana; or are any new or expanded or modified operations now in process or pending before state regulatory agencies; or have any new or expanded or modified activities become operational?

1. Yes

2. No

→ GO TO QUESTION 3 ON PAGE 7

- 2a. What is the current status of the new or proposed project or projects?
(Circle the number(s) below that apply in your situation.)

1. Project completed

2. Project in process of construction

3. Project proposal pending before state agency or agencies

4. Proposed project withdrawn or postponed

5. Other *(please explain)* _____

3. Which of the items below describe the changes in the Montana operations your firm has in process or pending at the present time, or has completed, or for which a proposal was withdrawn since January 1979? *(Circle the number of all the items that apply in your situation.)*

1. New or expanded plant(s)

2. New or expanded exploration activity (oil, gas, metals, etc.)

3. New or expanded oil or gas production

4. New or expanded mining activity

5. New or expanded timber harvesting activities

6. New pollution equipment

7. New or expanded land reclamation activities

8. Other *(please explain)* _____

4. Has your firm experienced any significant or unusual difficulties during the process of expanding or modifying your operations or planning for the establishment of a new operation in Montana?

1. Yes

2. No

→ GO TO QUESTION 5 ON PAGE 1



4a. Please describe briefly the nature of the problems or difficulties you encountered.

1. _____

2. _____

3. _____

4. _____

NOTE: IF MORE SPACE IS NEEDED, PLEASE ATTACH ADDITIONAL SHEETS. BE SURE TO IDENTIFY THE QUESTION BY NUMBER THAT IS BEING CONTINUED.

4b. Which of the problems/difficulties listed above do you feel was the most significant problem overall? (Specify problem number.)

Most significant problem: _____

5. What types of financing did your firm use, or plan to use, in connection with its new or expanded activities in Montana? *Please circle the number of the response which apply in your situation.*

1. Long-term debt

2. Sale of equities

3. Retained profits

4. Lease arrangement

5. Other *(please specify)* _____

6. Was your financing done through financial institutions in Montana or outside Montana? *Please circle the appropriate response.*

1. In Montana

2. Outside Montana

7. What are your feelings about the resources of financial institutions in Montana -- generally speaking, would you say the resources available for expansion of resource-based industry are sufficient to meet the needs, are they insufficient, or what?

1. Sufficient

2. Insufficient

Other _____

7a. Would you say this situation is a barrier to the expansion of resource-based industry in the state, is not a barrier, or what?

1. A barrier

2. Not a barrier

Other _____

7b. Why do you feel that way? _____

8. What about your own firm's needs for such financing -- would you say the resources of the state's financial institutions are generally sufficient to meet your firm's needs, are they insufficient, or what?

1. Sufficient

2. Insufficient

Other _____

9. Montana statutes provide for various regulatory activities by state government with respect to industrial activity in the state, and especially with respect to resource-oriented industries. The regulations deal with air and water quality standards, reclamation, plant location, mine location, and so forth. Several agencies administer these regulations. Has your firm dealt with any state agencies since January 1, 1979?

1. Yes

2. No

→ TURN TO QUESTION 13 ON PAGE 11

- 9a. Please identify those agencies with whom your firm has dealt. Circle the nature of the appropriate responses.

1. Department of Natural Resources and Conservation

2. Department of Health and Environmental Sciences

3. Department of State Lands

4. Department of Fish, Wildlife and Parks (formerly Fish and Game)

5. Department of Highways

6. Other (please identify) _____

- 9b. Please describe the nature of the contact your firm has had with the agencies you checked above (in question 9a). For example, has your firm requested information, discussed regulatory matters, applied for a permit, or what?

Agency Name

Type of Contact

1. _____
2. _____
3. _____
4. _____

10. Have you experienced any difficulties in complying with the regulations administered by the agency(ies) referred to above (in Question 9), or have you not had any problems?

1. Experienced difficulties

2. Had no problems

GO TO QUESTION 17
ON PAGE 10

11. What kinds of difficulties have you experienced? *where possible, please identify the specific regulation and the specific agency involved as well as the nature of the problem or difficulty.*

1. _____

2. _____

3. _____

4. _____

NOTE: IF MORE SPACE IS NEEDED, PLEASE ATTACH ADDITIONAL SHEETS. BE SURE TO IDENTIFY THE QUESTION (BY NUMBER) THAT IS BEING CONTINUED.

12. Please describe the most important consequences to your firm of the problems or difficulties it has experienced (as noted in question 11).

1. _____

2. _____

3. _____

4. _____

NOTE: IF MORE SPACE IS NEEDED, PLEASE ATTACH ADDITIONAL SHEETS. BE SURE TO IDENTIFY THE QUESTION (BY NUMBER) THAT IS BEING CONTINUED.

13. Please describe any actions or procedures by regulatory agencies which were especially helpful in assisting your firm to meet state requirements. If possible, please identify the specific agency involved.

1. _____

2. _____

3. _____

4. _____

NOTE: IF MORE SPACE IS NEEDED, PLEASE ATTACH ADDITIONAL SHEETS. BE SURE TO IDENTIFY THE QUESTION (BY NUMBER) THAT IS BEING CONTINUED.

14. Please indicate any recommendations you have for improving state regulations and/or regulatory procedures in Montana. *Where possible, identify the specific regulation and the specific agency involved.*

1. _____

2. _____

3. _____

4. _____

NOTE: IF MORE SPACE IS NEEDED, PLEASE ATTACH ADDITIONAL SHEETS. BE SURE TO IDENTIFY THE AGENCY FOR WHICH THIS IS BEING SUBMITTED.

The next two questions list some words and phrases which are, first (in Question 15), about your impression of Montana state regulations in general. Later (in Question 16), you are asked how you feel about the way they are administered. There are no "best" or "right" answer because people differ in the way they feel about things.

What we want is a true reflection of the way you feel, so please respond to each statement or item as accurately as possible.

Instructions: Using the first set of words below, if it is your impression that Montana's state regulations in general are very sensible, circle the number closest to the word "SENSIBLE." If you feel such regulations in general are very unreasonable, circle the number closest to the word "UNREASONABLE." If you feel something in between, pick the circle where you think it belongs. Circle only one number on each line listed.

15. How do you feel about Montana state regulations in general?

A)	SENSIBLE	3	2	1	0	1	2	3	UNREASONABLE
B)	RIGID	3	2	1	0	1	2	3	FLEXIBLE
C)	NECESSARY TO PROMOTE THE PUBLIC WELFARE	3	2	1	0	1	2	3	NOT WORTH THE COST
D)	UNCLEAR	3	2	1	0	1	2	3	UNDERSTANDABLE
E)	EASY TO COMPLY WITH	3	2	1	0	1	2	3	DIFFICULT TO COMPLY WITH
F)	IDEALISTIC	3	2	1	0	1	2	3	PRACTICAL
G)	PROMOTE INDUSTRIAL EXPANSION	3	2	1	0	1	2	3	HINDER INDUSTRIAL EXPANSION
H)	AMBIGUOUS	3	2	1	0	1	2	3	EXPLICIT
I)	INHIBIT THE ESTABLISHMENT OF NEW INDUSTRIAL ACTIVITY	3	2	1	0	1	2	3	ENCOURAGE THE ESTABLISHMENT OF NEW INDUSTRIAL ACTIVITY
J)	WORTHWHILE	3	2	1	0	1	2	3	USELESS
K)	EXCESSIVE INTERFERENCE	3	2	1	0	1	2	3	NECESSARY INTERVENTION
L)	LITTLE EFFECT ON THE COSTS OF DOING BUSINESS	3	2	1	0	1	2	3	INCREASE THE COSTS OF DOING BUSINESS

The following words and phrases ask for your impression of the way Montana state regulations are administered. Again, we want a true reflection of the way you feel, so please respond to each set as accurately as possible.

16. What is your impression of the manner in which Montana state regulations are administered, in general?

(A)	ALL INDUSTRIAL FIRMS ARE TREATED ALIKE	3	2	1	0	1	2	3	SOME INDUSTRIAL FIRMS GET SPECIAL TREATMENT
(B)	RIGID INTERPRETATIONS	3	2	1	0	1	2	3	FLEXIBLE INTERPRETATIONS
(C)	COMPETENTLY	3	2	1	0	1	2	3	INEPTLY
(D)	BIASED MANNER	3	2	1	0	1	2	3	IMPARTIAL MANNER
(E)	ADMINISTRATORS ARE WILLING TO MAKE A DECISION	3	2	1	0	1	2	3	ADMINISTRATORS TEND TO PASS THE BUCK
(F)	HAS DISTORTED THE ORIGINAL PURPOSE	3	2	1	0	1	2	3	CARRIES OUT THE LEGISLATIVE INTENT
(G)	UNIFORM	3	2	1	0	1	2	3	INCONSISTENT
(H)	ADMINISTRATORS ARE ANTI-BUSINESS	3	2	1	0	1	2	3	ADMINISTRATORS WANT TO HELP BUSINESSES
(I)	REGULATORY ACTIVITIES ARE WELL COORDINATED	3	2	1	0	1	2	3	TOO MANY REGULATORY AGENCIES ARE INVOLVED
(J)	ADMINISTRATORS TAKE PROMPT ACTION	3	2	1	0	1	2	3	ADMINISTRATORS CAUSE UNNECESSARY DELAYS

Thank you for taking the time to respond to our questions and assist us in this research effort. Your participation is vital and we appreciate your help. Thanks again, and please be sure to mail the completed questionnaire back to us at your earliest convenience.

