

HOUSE CONCURRENT RESOLUTION NO. 3049

Introduced by

Representatives Dorso, Monson, Boucher

Senators G. Nelson, St. Aubyn, T. Mathern

1 A concurrent resolution directing the Legislative Council to study taxation and regulatory
2 incentives for the lignite industry in order to improve its competitive position in the energy
3 marketplace and to identify federal and international impediments to development of the lignite
4 industry and potential state actions to address such impediments.

5 **WHEREAS**, North Dakota's lignite industry mines approximately thirty million tons of
6 lignite annually, contributing to our state's and nation's energy independence by generating
7 electricity for more than two million people in the northern great plains region and by producing
8 synthetic natural gas from coal that heats 300,000 homes and businesses in eastern states,
9 which is equivalent to over 20,000 barrels of oil per day; and

10 **WHEREAS**, North Dakota's lignite industry generates over 20,000 direct and indirect
11 jobs for North Dakota, over one billion dollars in annual business volume, and over sixty-five
12 million dollars in annual tax revenue; and

13 **WHEREAS**, the Legislative Assembly has previously determined that it is an essential
14 governmental function and public purpose to assist with the development and wise use of North
15 Dakota's vast lignite resources by supporting a lignite research, development, and marketing
16 program; and

17 **WHEREAS**, the Gascoyne mine has closed due to the loss of its contract in favor of
18 out-of-state subbituminous coal; and

19 **WHEREAS**, subbituminous coal has been utilized in two North Dakota coal generating
20 facilities; and

21 **WHEREAS**, with deregulation and restructuring within the electrical industry, there are
22 increasing competitive pressures on the lignite industry; and

23 **WHEREAS**, government taxation and regulatory costs constitute up to thirty percent of
24 the cost of North Dakota lignite; and

1 **WHEREAS**, new proposed environmental requirements on both the federal and
2 international level threaten the future of the lignite industry; and

3 **WHEREAS**, North Dakotans desire to maintain their state's status as a clean air state
4 and as a state with an equitable tax structure;

5 **NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES**
6 **OF NORTH DAKOTA, THE SENATE CONCURRING THEREIN:**

7 That the Legislative Council study the feasibility and desirability of providing taxation
8 incentives and eliminating unnecessary regulatory burdens in order to make the lignite industry
9 more competitive in order to protect and enhance the jobs and economic activity associated
10 with the development of the state's abundant lignite resource, while at the same time
11 maintaining a clean and healthy environment for all of our state's citizens; and

12 That the Legislative Council study the coal severance tax and energy conversion tax
13 structure and identify proposals that would make the lignite industry more competitive; and

14 That the Legislative Council identify federal and international impediments that threaten
15 development of the state's lignite industry and make recommendations on any state actions that
16 could assist in addressing federal and international restrictions that adversely impact future
17 development of the state's abundant lignite resource; and

18 **BE IT FURTHER RESOLVED**, that the Legislative Council report its findings and
19 recommendations, together with any legislation required to implement the recommendations, to
20 the Fifty-seventh Legislative Assembly.