

Madam Chairwoman, and members of the committee, my name is Ryan Warner. I am here to testify as a private citizen in opposition to HB 1412.

HB 1412 aims to bailout the coal industry in North Dakota. If passed, it will reduce General Fund revenue by \$88.75 million over the next 5 years, based on the most recent tax collection information included in the fiscal note attached to this bill.

Perhaps the coal industry does need a bailout. This is because cheap abundant natural gas is a better fit in today's energy market. Natural gas peaker plants can ramp up and down to meet market demand in real time, and coal isn't really suited for that. Natural gas also has a smaller marginal cost of production (which means it takes fewer employees to operate) as well as a smaller carbon footprint than does coal. All signs point to natural gas currently being the best dispatchable source of electricity. Coal simply lacks a viable business model in the 21st century.

However, a bailout of the coal industry creates a revenue shortfall, so while we ponder the necessity of bailing out coal we also need to discuss where we might cut spending. After all, we are not the federal government and we cannot simply print our way out of a budget deficit. So where are we going to get the money to bailout the coal industry?

According to previous testimony, the coal industry accounts for 13,000 direct and indirect jobs in North Dakota. These jobs represent a little less than 2% of the state's population. If passed, HB 1412 could potentially foist \$88.75 million in missing tax revenue onto the other 98% of the state's population over the next 5 years. Why would we privilege such a small minority at the expense of everyone else? And why are we subsidizing their industry's failure on the back of taxpayers?

Not only that, but the Lignite Research Fund has already received \$86 million in tax dollars since 2007 to coordinate and fund coal research and development, public relations, marketing, and lobbying efforts. Why does 2% of the population directly or indirectly employed by the coal industry deserve their own publicly funded research and development and PR team to protect their interests?

As I said earlier, I am a private citizen, and nobody paid me to be here today - and as such I kind of represent the 98% of North Dakotans who don't have a state-sponsored lobbyist at their beck and call to protect their money and their industry.

Actually, that is not fair, the other 98% of North Dakotans do have paid representatives to protect their interests - this committee and the state legislature of North Dakota.

However, if we compare the \$86 million the state of North Dakota has paid into the Lignite Research Fund since 2007 against what the state of North Dakota has paid its state legislators in that same time period you will see that as a state we have actually spent twice as much to promote the interests of the 2% of the state involved in coal than we have paid state legislators to represent 100% of the people of North Dakota. In fact, on average, the state has spent \$3.1

million per biennium to pay its legislators, and \$6.1 million to fund the Lignite Research Fund since 2007.¹

This ratio is out of balance. The interests of the entire state's population deserve paid representation that is on par with special interest groups, especially when the special interest group in question is getting funded with public money. So, either the legislature as a whole needs a big raise, or the Lignite Research Fund and Lignite Energy Council need a pay cut.

People want to know where their tax dollars are going and that they are being spent wisely. But, after taking 86 million dollars over the last 14 years to further the coal industry in North Dakota, the Lignite Council stands before you asking for another 88 million in handouts over the next 5 years. This is a tacit admission of failure. As a publicly funded entity, they should be held accountable and not be allowed to shift the cost of their failure onto the taxpayers of North Dakota. So, if the coal industry requires another handout to survive, I guess that's fine as long as they are willing to sacrifice the public funding that is currently allocated to the Lignite Research Fund and the Lignite Energy Council.

Short of dismantling the Lignite Research Fund and the Lignite Energy Council, I urge this committee to give HB 1412 a DO NOT PASS designation.

¹ This includes per diem and monthly salary, but does not include mileage reimbursement, interim session per diem, or any other direct or indirect benefits.