

January 19, 2021

North Dakota Senate Finance and Taxation Committee

RE: Testimony in support of SB 2155

Dear Chairwoman Bell,

This letter is in support of SB 2155 if the following changes are made:

- **Removing the Sunset:** Like other large scale projects that develop in North Dakota, data centers can take years to come to fruition. Data projects can require extraordinary due diligence periods and in some cases large scale infrastructure projects need to coincide with development of the facility. Removing the sunset will allow projects the time needed to develop.
- **Removing the 4 data center limit:** There are several different types of data centers that could be a good fit throughout the state. Large scale (Amazon as an example), interruptible (artificial intelligence as an example), and Co-location to name a few. Some of these operations would be fantastic fit for rural communities throughout the state due to the possibility of lower workforce requirements.
- **Removing the uninterrupted power requirement:** In recent years data center technology has changed allowing them to take excess energy when available then shut down when needed. As North Dakota finds itself in a situation where transmission is constrained, having a user able to use available stranded power will benefit all energy users by lowering cost for all.

Landing large stable data loads will help consume power locally making North Dakota's electrical infrastructure more efficient benefiting all energy stakeholders. According to John Weeda in a January 2021 report from the North Dakota Transmission Authority, our electrical transmission system will require substantial investment in order to deliver power to markets outside of the state. Encouraging large energy users to locate within North Dakota will help all energy resources to stay viable in a rapidly changing generation and transmission environment.

North Dakota had an existing framework to help with the attraction of data centers that only needs slight modification in order to increase the effectiveness. The primary tool used was the sales and use tax exemption for enterprise information technology equipment and computer software used in a qualified data center (57-39.2-04.13). That program, which expired at the end of 2020 allowed operators, owners, and tenants of a qualified data center a sales tax exemption on information technology equipment, computer software, and

other expenses related to constructing and running a data center. If changed, the proposed legislation (SB 2155) offers some slight modifications to ensure it is effective and creates opportunity throughout the state.

With the recommended amendments and passage of SB 2155 electrical utilities, data providers, economic developers, and other stakeholders can form a coalition to create a targeted marketing effort and work together to attract additional data centers to the state of North Dakota.

Thank you for your service and please let me know if there is any additional information we can provide.

Sincerely

A handwritten signature in black ink, appearing to read "Matt Marshall", written over a light blue horizontal line.

Matthew Marshall

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