

Testimony of Ryan Carter, Chief Operating Officer of Tharaldson Ethanol

North Dakota Ethanol Producers Association

Opposition of SB 2320

January 29, 2025

Chairman Weber and members of the Senate Finance and Taxation committee,

I am Ryan Carter, Chief Operating Officer of Tharaldson Ethanol in Casselton, ND. Our facility is the ninth largest ethanol manufacturing facility in the United States and produces a high-octane, clean burning fuel that reduces our nation's dependence on foreign oil, while utilizing our locally grown, renewable agricultural resources. In total our plant produces 175 million gallons of ethanol every year.

I am also the vice president of the North Dakota Ethanol Producers Association (NDEPA), which represents North Dakota's six ethanol plants, industry stakeholders and associated businesses. On behalf of NDEPA, I am here to oppose SB 2320, which repeals the property tax exemption for CO2 pipelines and associated equipment.

North Dakota's ethanol industry contributes nearly \$1.7 billion annually to the state's economy, supporting thousands of jobs and produces 550 million gallons of ethanol per year – more than five times the production a decade ago. The industry is committed to decarbonizing to remain competitive in the global push for low-carbon fuels. Accessing low-carbon fuel markets via carbon capture, utilization and storage (CCUS) at ethanol plants is critical to our future. A key component of building and strengthening these markets, as well as developing a robust sustainable aviation fuel (SAF) industry, the ability to capture and transport CO2 to geology that can safely and permanently store it.

North Dakota has positioned itself as a national leader in CCUS through 15 years of significant investment in research and development, creating a stable and thoughtful legal, tax and regulatory framework. This includes property tax exemptions and incentives designed to encourage private investment in CO2 capture and storage. This forward thinking approach has resulted in groundbreaking achievements like the approval of the first Class VI injection well by state regulators under EPA primacy.

Ethanol plants in North Dakota currently produce 2.4 million tons of CO₂ annually, and CCUS has become a cornerstone of the industry's future. For example:

- **Red Trail Energy in Richardton** has been successfully capturing and storing its CO₂ for over two years.
- **Harvestone Low Carbon Partners Blue Flint plant** has been successfully capturing and storing its CO₂ for a year.
- **Tharaldson Ethanol** is part of the Summit Carbon Solutions pipeline, which will connect various Midwest ethanol plants to central North Dakota for CO₂ storage.

Each of these projects represents years of effort, significant investment, and a shared commitment to advancing low-carbon energy solutions. However, SB 2320 would repeal an essential component of this framework – the property tax exemption for CO₂ pipelines and associated equipment. This change threatens to discourage critical infrastructure investments, such as pipelines necessary for CO₂ transport and storage.

Pulling the carpet out from under the tax policy on the cusp of a CO₂ industry that benefits the ethanol and agriculture industry undermines the confidence of private investors and jeopardizes the ability of North Dakota's ethanol industry to decarbonize, access low-carbon fuel markets, and remain competitive. Without these incentives, the state risks losing its leadership position in carbon capture innovation, along with the economic benefits these projects bring to local communities, including jobs, tax revenue and agricultural stability.

The legislature's long-term vision and bipartisan commitment to CCUS has made North Dakota a model for innovation and economic growth. Repealing this exemption now, as the industry makes enormous investments for the benefit of the state and would undermine that legacy, and the opportunities it supports.

NDEPA strongly urges the committee to recommend a "Do Not Pass" on SB 2320 and continue supporting the policies and incentives that have made North Dakota a leader in carbon capture and storage. Thank you for your time and consideration.