

**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.