



Testimony - HB 1159

January 26, 2021 - House Appropriations Committee

Chairman Delzer and Members of the House Appropriations Committee:

For the record, my name is Mike Rud. I serve as the Executive Director of the North Dakota Propane Gas Association. On behalf of our over 130 NDPGA members and the well over 1,000 North Dakotans they employ, I urge a "DO NOT PASS" on HB 1159.

NDPGA is pro-natural gas. Nearly all – if not all – propane delivered to member customers across North Dakota comes directly from natural gas production. The ongoing production of natural gas means an increased production of propane nationwide. These are terrific moves for North Dakota and our nation when it comes to energy security.

That being said, the state will be traveling down a slippery slope if it starts providing any type of funding which gives one industry a distinct advantage in a competitive business environment. NDPGA believes HB 1159 has the potential to do just such a thing.

Propane has been a reliable energy source in ND for many years. Some of NDPGA's locally owned and operated businesses likely serve your communities in some capacity. North Dakota currently has about 350,000 homes in the state. Propane marketers provide service to just over 40,000 of those homes and roughly 5,000 businesses in the state. The state propane energy generated about 700 million dollars in GDP for the state annually.

Millions of private business dollars have been spent by propane marketers to meet the needs of rural residents and small communities making sure homeowners and businesses have an efficient, safe and affordable source of energy.

To my knowledge the state's propane industry has never asked for legislation to expand *propane's* customer base. If one of my members wants to grow or expand operations, two options exist: dipping into cash reserves or going to the bank to borrow the money. We ask for a level playing field—not special treatment.

I've also heard the argument rural ND is losing out on economic development opportunities because of a lack of natural gas distribution systems. Having built and owned rural businesses and having served on a rural economic development board in a community that had natural gas, I can say with full confidence the energy source for a business is only one piece of the puzzle when it comes to expansion or relocation of businesses to the rural area. IT IS NOT A SILVER BULLET!

Any government entity involved in picking winners and losers in the private energy business sector is setting a dangerous precedent. Wouldn't every North Dakota business like a similar option available to them when looking to build or expand their footprint in a market. NDPGA members are by no means afraid of competition as long as all competitors are on equal footing. Free enterprise needs to prevail in this matter.