

## House Bill 1425

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Before: House Finance and Taxation  
The Honorable Craig Headland, Chairman

Date: February 02, 2021  
09:00 am

Chairman Headland and committee members, my name is Mike Fedorchak, I am the State Director for Americans for Prosperity-North Dakota. AFP has been in North Dakota as a full time chapter since 2017. Part of what we do is advocate for sound policy, which brings us here today in favor of HB 1425.

Americans for Prosperity has a strong history of supporting lower taxes, smaller government and less regulation on businesses. Today we would like to address House Bill 1425 and the tremendous economic opportunity it would create in our great state.

North Dakota is facing some new challenges today and likely through the next four years. The new Biden administration has wasted no time in showing it's hand and how it intends to treat states with prominent fossil fuel resources. With the immediate suspension of the Keystone XL pipeline it is easy to conclude that

the DAPL is on the short list of pipelines in jeopardy. It is also a fair assumption to expect new and restrictive legislation on fracking and oil development. HB 1425 address these threats and is a step in the right direction to securing a brighter future of North Dakota. HB 1425 allows North Dakota to leverage our resources to create growth opportunities across the state.

HB1425 is a win for:

- Agricultural community's in need of financial resources.
- Business owners looking to expand and create more jobs.
- Creative entrepreneurs looking to start new businesses and create jobs
- Broader tax base for state revenue.
- Diversifying state investment, protecting us from being too reliant on the energy industry.
- Investing in North Dakotans-after all...this is the tax payers fund.

HB 1425 also helps to define a proportion of the Legacy fund and protect it from being misused or spent on wasteful projects.

Currently, a portion of the Legacy fund is being used by financial institutions in Africa. Those funds are in African banks, the African Development

Fund and the Nigeria Trust Fund. If we are willing to invest this money into the economy of Africa I see no reason we can't invest into the state and people responsible for creating the fund in the first place.

One more point to consider when investing in North Dakota:

- Net Return is the actual return on investment to the Legacy Fund, as figured on any exiting investment.
- Gross Return would include the total economic impact return to the state. Take for example a business that would invest capital in buildings and adding employees. This business, due to the investment from the Legacy Fund, would add revenues to the state through sales and income tax. While this total would not grow the Legacy Fund, it would provide additional dollars to the general fund in which Legacy Fund earnings are transferred each biennium, meaning the impact to the state budget would be greater than just the investment return.
- Also, local property and sales tax dollars would be generated for the community along with the potential of community growth due to the business activity.

I appreciate this committees time and I'm happy to answer appreciate any questions. Thank you.