

## **HB 1380 – Testimony by Dustin Gawrylow (Lobbyist #266) North Dakota Watchdog Network**

### **Testimony Specific To HB 1380**

While there are many issue related to how the state should use Legacy Fund earnings I am confining my comments to stream created for the clean sustainable energy fund found in Section 5 Subsection C (Page 5, Line 11-18).

Suggested Changes: Replace Section 5 Subsection C entirely with the “income tax relief fund” provisions found in the version of this bill that passed the House.

### **Testimony from HB 1431 for Context and Background**

HB 1431 is one of three bills (HB 1380 and HB 1452 being the other two) seeking to put money into a fund that does not yet exist called the Clean and Sustainable Energy Fund found in HB 1452.

Each of these bills has been modified since first being heard by either the Senate Energy or Senate Tax committees. As of last week, the total amount of money being funneled into the Clean and Sustainable Energy Fund was over \$500 million over the next 5 years – including the \$250 million grant funded with bonding currently in this bill, HB 1431. The changes made to HB 1380 may reduce that figure down below \$500 million over 5 years – but not not much below.

The transparency surrounding this agenda is fairly rotten, and in my view something more akin to what Congress would do rather than what this legislature would do.

### **Suggested Improvements**

1. My first request of this committee is to consolidate provision and appropriation related to the Clean and Sustainable Energy Fund into one clean bill, with one fiscal note where every legislator can understand how these things work together. This is something the policy committees should have done, but I believe there was an effort to intentionally make this concept less than transparent.

Hopefully this is considered reasonable as it will actually help you and all other legislators know what it going on here.

2. Secondly, if the state is going to spend this roughly \$500 million over the next 5 years let’s be honest about where the money is going and what it is for.

The name of the fund being created in HB 1452, and being given \$250 million in this bill, HB 1431 is the “Clean and Sustainable Energy Fund”. It is pretty clear based on the governance structure that there will be a bias toward using this fund to subsidize research, development, and deployment of technology to support the coal industry.

According to the most recent newsletter (attached) of the Western Dakota Energy Association quote:

*Although not exclusively dedicated to CO2-capture and sequestration, it is one of the primary projects for which the "clean sustainable energy fund" is being developed. A separate bill, [HB](#)*

*[1452](#), establishes the clean sustainable energy authority, which would consider grants and loans issued to cutting edge, high tech energy projects. That bill is currently awaiting action in the Senate Appropriations Committee.*

*The Senate committee also approved an amendment to [HB 1380](#), which has become known as the Legacy Fund "streams bill." It would direct future Legacy earnings to various categories of spending. The House had reduced the streams to a trickle, directing funds to cover only the bonding repayment, \$40 million for the clean sustainable energy fund, and \$40 million to the infrastructure revolving loan fund. Additions to the streams bill approved by the committee include funds directed to economic diversification research at state universities, a workforce development enrichment fund, an infrastructure fund for one-time projects, a legacy project fund, and an innovation research and diversification fund.*

*The committee also approved [HB 1412](#), which would provide a 5-year reduction in the coal severance tax, but before doing so approved an amendment offered by Senator Bell. The change increases to 85 percent the amount the severance tax would be reduced, but excludes the 15 percent that goes to support counties, cities and school districts in the coal-producing counties. The original House version would have reduced the tax by just 60 percent.*

3. Third, with so much money on the line, the legislature should give itself oversight and an approval process on any spending over a certain amount. I will leave it to you to determine that amount, but clearly this should not be a blank check.

## **Conclusion**

As a state, we need to determine where we want to put our public funds. When it comes to taking on \$250 million in debt to be paid for by Legacy Fund earnings, there should be a much more purposeful and deliberate plan than to just create a Clean and Sustainable Energy fund that sounds good but is nothing more than a corporate welfare program to an industry with a diminishing export market beyond our borders.

I urge you to oppose this \$250 million grant to the Clean and Sustainable Energy Fund, to oppose the creation of the fund in HB 1452, and oppose any other provisions hiding in other bills that are set to have this purpose.

But if you can't do that, at least provide the taxpayers and your own colleagues with some transparency and honesty about what this is really about.

This is an expansion of government, and a bailout of an industry we just happen to like.

If it were anything else, it would be called Socialism.

**Bonding Bill Back to \$1.1 Billion**  
**Loan Pool Added for CO2 Capture Projects**  
**Committee Okays Coal Severance Tax Break**

A revolving loan fund added this week to a bonding bill under consideration by the North Dakota Legislature could help fund future projects aimed at capturing carbon dioxide from coal plants.

The \$250 million loan pool was tacked onto the bill by the Senate Finance and Taxation Committee, chaired by Beulah Senator Jessica Bell. It was added on top of a previous amendment to [HB 1431](#) previously pitched to the committee by Senate Majority Leader Rich Wardner. That amendment had increased the bill's price tag to \$860 million, adding back many items taken out in the House-passed \$680 million version of the bill. With the amendment approved this week by the Tax Committee, the bill is now back to \$1.1 billion, which is [where it started](#) the first week of the legislative session.



**Jessica Bell**

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Other items added to the bonding bill by Wardner's amendment include \$60 million for career and tech ed projects; \$65 million for deferred maintenance on state buildings; \$30 million for township roads; \$10 million for state parks; \$4 million for digitization of documents for the Theodore Roosevelt Library; \$4 million to complete Pulver Hall at Dickinson State; and \$4.7 million for maintenance of historical buildings.

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All three pieces of legislation will move from the Tax Committee to the Senate Appropriations Committee.