



ND Petroleum Marketers Association ND Retail Association



Testimony- HB 1464

March 22, 2021- Senate Finance and Tax Committee

Madam Chair Bell and Members of the Senate Finance and Tax Committee:

For the record, I'm Mike Rud, President of the North Dakota Petroleum Marketers, ND Retail and ND Propane Gas Associations. On behalf of over 1500 retail store fronts these Associations proudly represent, I stand before you urging a **"DO NOT PASS" recommendation on the gas tax portion of HB 1464.**

Like the esteemed group which testified before me in support of this bill, the associations I represent certainly understand the value of a good transportation network. Last week, your committee heard both HB 1431, the bonding bill as well as HB 1380, the Legacy Fund streams bill. Unlike a one-time 3 cent/gallon gas tax which would simply serve as a temporary band-aid, both of those bills would begin to provide good long-term solutions for road and infrastructure maintenance and development at all levels of government. Our associations have long been proponents of using legacy fund earnings for the benefit of all North Dakotans. The bonding and streaming bills can do just that.

The reality for consumers and retailers is a tax increase of any kind takes potential disposable income out of North Dakotan pocketbooks at a critical time. Retailers have long been the backbone of our nation's economy. ND is no exception, one out of every 4 employees in the state are directly or indirectly tied to the retail sector. Right now, ND Retailers continue to battle a downturn in the energy patch, the lingering economic effects of Covid , a huge surge in on-line retail sales, the fear of a potential drought and its impact on the ag economy and ND main streets and let's not overlook the continuing fight to keep the coal industry viable in our state. If a buyer cannot be found for the GRE plant near Underwood, the ripple effects on the economy of shuttering the plant will be felt from Minot to Bismarck and within a 75-mile radius of either side of the Highway 83 corridor.

It's important to keep in mind similar to tobacco taxes, gas taxes are becoming regressive in nature. Right now, gas retailers I've visited with recently say the gallons sold are still between 10-15% less than pre-Covid 19 numbers. The reality is more employees are working from home and the explosion of on-line shopping throughout this pandemic have less people driving. It's important also not to overlook the increases the federal government continues to seek regarding CAFÉ standards pushing increased fuel efficiency and the push for more EVs on our roadways, So, gasoline sales may not return to normal for some time, if ever.

It's estimated this gas tax would generate about 40-50 million dollars in the next biennium. If that money was left in the pockets of consumers it could add a much needed punch to the retail economy. For example, if 60% of those funds were spent at ND businesses and the average churn or turnover of those dollars was 4-5 times between various businesses, the state might be able to generate between 100-120 million dollars in taxable sales. No new taxes will help boost consumer confidence and hopefully spur on more spending at ND brick and mortar stores.

I would also ask you to consider the potential impact of a potential federal gas tax increase. Representatives of our Associations in DC continue to say the Biden Administration is contemplating up to a 15 cent/gallon tax increase to help pay for its infrastructure program. Until the states know exactly what the federal gas tax might be **This is not the time for any consumer tax increases.**

Thank you for your time and consideration.