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February 8, 2023

Testimony of:

Geoff Simon, Lobbyist #144

in support of HB 1511 – Incentives for Mineral Extraction from Coal
House Finance and Taxation Committee

Chairman Headland and Committee members:

On behalf of the city, county and school district members of the Western Dakota Energy Association (WDEA), we wish to express our support for HB 1511 which creates a tax incentive for the extraction of valuable minerals from North Dakota lignite deposits.

I'm certain the committee will hear from other witnesses, from the Department of Mineral Resources and/or the Energy and Environmental Research Center, that there are relatively high concentrations of rare earth elements in western North Dakota coal seams. However, bringing the extraction of these elements to commercialization is a tall task, but HB 1511 would give the prospect a boost by providing a sales tax exemption on the components used in the construction of a coal-processing facility.

Again, other witnesses can offer further details, but we know these valuable minerals are essential to the production of modern electronic devices and electric vehicles. The downside is that manufacturers of these cutting-edge materials are currently heavily reliant on foreign countries, predominantly China, for the supply of these materials. As noted, developing technology to extract rare earth elements from North Dakota lignite is a heavy lift, but given the status of geopolitical events (national security interests), it's a venture we must pursue.

WDEA (the Coal Conversion Counties Association is a subset of our association) understands that an amendment will be offered to provide a severance tax exemption for the first million tons of lignite coal mined for mineral extraction. We further understand if the coal remnants of any extraction process are later combusted for electric generation, that the severance tax will be applied to the differential. WDEA and the CCCA are supportive of this amendment as well as the body of the original bill. The math is simple: nothing from nothing leaves nothing, so we support any effort, including tax incentives, to extract additional value from lignite.

Thank you for the opportunity to testify on this important topic.

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