

My name is Casey Voigt, I am a rancher from south of Zap.
I am here today in opposition of HB1279.

This is very difficult for me.
I do support the coal industry.
However, I can not support HB1279 as written.

I am a Mercer County Commissioner, but today I testify before you as a tax paying citizen of Mercer County.

Over 1/2 of the Coal Industry, in the great state of ND, is in Mercer County.
The financial burden of the Coal Industry weighs heavy on our small community.
Taxes are needed for:

- 1). Maintaining infrastructure in Mercer County.
- 2). Maintaining infrastructure in the cities of Golden Valley, Zap, Beulah, Hazen, Stanton and Pick City.
- 3). Supporting our school districts in Beulah and Hazen.
- 4). Funding for law enforcement and other government services.
- 5). and building for the future.

Mercer County is about 100 million dollars behind on infrastructure maintenance on roads, bridges, etc...

The City of Beulah has an estimate for 40 million dollars to replace water and sewer lines. That estimate was done 4 years ago. We all know that inflation is sky rocketing.
The Beulah School district has an assessment for 22M.

How are we suppose to fund these projects?

Recently the Beulah School District did a bond referendum for 10 million dollars to update the High School.

The district is paying for that through mill levies to the residents.

Last year the city of Beulah had to do a Special Assessment for 8 million dollars to replace water and sewer lines and resurface Main street.

Mill levies and Special Assessments are both assessed through property taxes.

All of these financial burdens are falling squarely on the shoulders of our residents!

The former mayor of Beulah, Darrell Benz, worked with former Governor Art Link. They established the Coal Severance tax at 75 cents and Coal Conversion tax at 4.1%.

One thing that bothers me about HB1279 is the timing.

HB1279 was introduced on January 13th, scheduled on Friday, January 31 for a hearing on Monday, February 3rd.

The last Mercer County Commission meeting was January 15th. The next MCC meeting is February 6th.

That leaves very little chance for public input.

Something else is the Fiscal Note for HB1279 shows \$(21,350,000) for 2025-2027 biennium and \$(42,700,000) for 2027-2029 biennium.

\$(64,050,000) total of the 4 years.

HB1279 requests an exemption for 10 years.

What is the fiscal effect for the last 6 years?

Numerous times the 2024 Red Book mentions a 5 year exemption. Now HB1279 wants to extend that to 10 years.

According to the 2024 Red Book:

Coal Severance Tax - - (which is in lieu of sales tax).

Local county: 70%

$37.5 \times 70\% = 26.25$ cents (26.25 cents per ton is approximately 1% sales tax).

10.5 cents to county

7.88 cents to the cities

7.88 cents to the school districts

State: 30%

$37.5 \times 30\% = 11.25$ cents

15% Coal Development Trust Fund = 5.6 cents

15% Lignite Research Fund = 5.6 cents

*an additional 2 cents per ton tax to the Lignite Research Fund (7.6 cents).

Coal Conversion - - (which is in lieu of property tax).

2% of gross receipts

$2\% \times 85\% = 1.7\%$ to the State General Fund is exempt.

$2\% \times 15\% = 0.3\%$ to the local county is divided:

$0.3\% \times 40\% = 0.12\%$ to county general fund

$0.3\% \times 30\% = 0.09\%$ is divided between all incorporated cities in the county.

$0.3\% \times 30\% = 0.09\%$ is divided between all school districts in the county.

From the Red Book page 13:

Counties may grant a partial or complete exemption from the counties' portion of the taxes.

Currently our local small businesses are paying 5% state sales tax and 2% city sales tax.

Local small businesses pay 7% sales tax; the Coal Severance pays only 1% sales tax. Why?

Currently our county property taxes have doubled or even tripled in the last 15 years.

While, Coal Conversion taxes paid in lieu of property taxes have been frozen with no increases.

The Amendments to HB 1279

I would like to request the amendments as follows for:

NDCC Chapter 57-60-02 For Coal Conversion taxes

A). Allocation of revenue should be:

40 percent to the state general fund

60 percent for local county

NDCC Chapter 57-62-02 Coal Severance taxes

B). Set at \$1.25 per ton of coal, or at least 5% of sales.

C). Taxes for the Lignite Research Fund should be reduced.

D). If there is an exemption for State General Funds, that should be limited to 5 years.

I feel these changes could save the Coal Industry.

Thank you for your time.

I will stand for any questions.