



February 3, 2025

Chairman Headland and Members of the House Finance and Taxation Committee,

Thank you for the opportunity to testify in opposition to HB 1295 on behalf of the Lignite Energy Council. The LEC has played a key role in crafting North Dakota's CCUS tax policies, which have positioned our state as a national leader in carbon capture and storage. This bill undoes years of progress by repealing essential sales, use, and property tax exemptions for CO<sub>2</sub> capture, transport, and storage.

HB 1295 eliminates tax exemptions for CO<sub>2</sub> pipelines and storage infrastructure, significantly increasing costs for carbon sequestration projects. These policies were enacted to support North Dakota's energy economy, ensuring that industries investing in CCUS—such as power generation, ethanol production, and enhanced oil recovery—have the financial certainty needed to move forward. By removing these incentives, the bill discourages investment, delays projects, and makes CCUS development less viable in our state.

Furthermore, repealing these incentives undercuts North Dakota's leadership in carbon management. Our state has successfully positioned itself as a national leader in CO<sub>2</sub> storage, securing EPA Class VI primacy and drawing federal and private investment. Weakening this framework risks losing future projects to other states with more competitive policies.

North Dakota needs consistent, pro-growth policies, not sudden reversals that create uncertainty for businesses. HB 1295 sends the wrong signal to investors and industries that have already committed millions to CCUS projects under the current tax structure. We urge the committee to defeat this bill with a "Do Not Pass" recommendation and maintain North Dakota's momentum as a leader in carbon capture and energy innovation.

Thank you for your consideration,

Jonathan Fortner  
VP of Government Relations  
Lignite Energy Council