

Testimony of Ryan Carter, Chief Operating Officer of Tharaldson Ethanol

North Dakota Ethanol Producers Association

Opposition of HB 1295

February 3, 2025

Chairman Headland and members of the House Finance and Taxation committee,

I am Ryan Carter, Chief Operating Officer of Tharaldson Ethanol in Casselton, ND. Our facility is the ninth largest ethanol manufacturing facility in the United States and produces a high-octane, clean burning fuel that reduces our nation's dependence on foreign oil, while utilizing our locally grown, renewable agricultural resources. In total our plant produces 175 million gallons of ethanol every year.

I am also the vice president of the North Dakota Ethanol Producers Association (NDEPA), which represents North Dakota's six ethanol plants, industry stakeholders and associated businesses. On behalf of NDEPA, I am here to oppose HB 1295, which proposes to amend and repeal various tax incentives and exemptions that are crucial to North Dakota's economic development and continued viability of the ethanol industry.

The ethanol industry plays a significant role in North Dakota's economy, providing jobs, supporting rural communities and contributing to energy independence. The proposed change in HB 1295 would undermine the industry's ability to remain competitive by removing important economic tax incentives, including those related to carbon capture and storage (CCS).

North Dakota has been a leader in developing CCS as a part of its strategy to achieve low-carbon fuel standards and access premium markets for ethanol. The removal of tax exemptions for carbon capture, injection and transportation will deter investment in CCS infrastructure, making it more difficult for ethanol producers to meet low-carbon fuel requirements and maintain market access. This, in turn, threatens the economic stability of our industry and the broader agricultural sector that supplies our feedstocks.

Furthermore, repealing the carbon dioxide pipeline exemption and associated tax incentives will have a negative consequence beyond the ethanol industry. These incentives have encouraged private sector investment in infrastructure that supports not only ethanol production but also secures geologic storage. Eliminating them could lead to the end of existing or new projects, job losses, and diminished economic activity in communities that rely on these industries.

The ethanol industry provides a stable and growing market for North Dakota farmers, supporting rural economies and contributing to the state's tax base. Weakening the policy framework that has enabled our industry's success will jeopardize these benefits and risk shifting investment to states with more favorable tax policies.

For these reasons, we respectfully urge the committee to urge a "Do Not Pass" on HB 1295 and preserve the incentives that have made North Dakota a leader in biofuels and carbon management. Thank you for your time and consideration.