



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 1573 on behalf of the Lignite Energy Council. North Dakota already has a comprehensive financial and regulatory framework to address risks associated with CO<sub>2</sub> pipelines and storage, making this bill unnecessary. The Carbon Dioxide Storage Facility Trust Fund, established under NDCC § 38-22-15, ensures adequate funding for emergency response, long-term monitoring, and post-closure remediation through an industry-paid fee per ton of injected CO<sub>2</sub>. Additionally, the North Dakota Industrial Commission (NDIC) enforces strict financial assurance and safety requirements, supported by the state's Class VI primacy from the EPA.

Operators are already required to demonstrate financial responsibility under NDAC 43-05-01-09.1, ensuring that funds are available for post-closure monitoring, emergency response, and remediation. These financial assurances include surety bonds, trust funds, or other mechanisms to cover the long-term risks associated with carbon sequestration. Additionally, if existing funds are found to be insufficient, operators must make additional payments to ensure financial coverage, meaning the burden does not fall on taxpayers. The NDIC also assumes responsibility for long-term site care after closure, using funds from the Carbon Dioxide Storage Facility Trust Fund to cover monitoring and corrective actions.

HB 1573's \$5 per ton pore space utilization tax would impose a needless financial burden on CCUS projects, discouraging investment and jeopardizing North Dakota's leadership in carbon storage. The bill also creates a duplicative disaster fund, despite an existing, industry-funded trust already covering these risks. This additional tax and bureaucracy would increase costs for energy producers, ethanol plants, and industrial facilities engaged in carbon capture, undermining the economic viability of these projects.

North Dakota's current framework ensures both financial responsibility and public safety without imposing unnecessary costs. HB 1573 is redundant and counterproductive. For these reasons, the Lignite Energy Council urges the committee to defeat this bill with a "Do Not Pass" recommendation and support the proven regulatory system already in place.

Thank you for your consideration,

Jonathan Fortner  
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Lignite Energy Council