

1999 HOUSE FINANCE AND TAXATION

HCR 3049

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HCR 3049

House Finance and Taxation Committee

Conference Committee

Hearing Date February 15, 1999

Tape Number	Side A	Side B	Meter #
1	x		0.8
Committee Clerk Signature <i>Janice Stein</i>			

Minutes:

REP. RENNERFELDT, VICE-CHAIRMAN Opened the hearing.

JOHN DWYER, PRESIDENT OF LIGNITE ENERGY COUNCIL, Testified in support of the bill. See written testimony. Also submitted a handout relating to competition in North Dakota's coal.

COMMITTEE ACTION

REP. GROSZ Made a motion for a DO PASS

REP. WARNER Second the motion. MOTION CARRIED AND IS TO BE PLACED ON THE CONSENT CALENDAR.

12 YES 0 NO 3 ABSENT

Please type or use
black pen to complete

Date 2-15-99

Roll call vote # 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. HCR 3049

House HOUSE FINANCE & TAX Committee

Subcommittee on _____

Conference Committee

} Identify or
check where
appropriate

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Rep. Grosz Seconded By Rep. Warner

Representatives	Yes	No	Representatives	Yes	No
BELTER	A		WINRICH	✓	
RENNERFELDT	✓				
CLARK	✓				
FROELICH	A				
GRANDE	✓				
GROSZ	✓				
HERBEL	✓				
KROEBER	✓				
MICKELSON	✓				
NICHOLAS	A				
RENNER	✓				
SCHMIDT	✓				
WARNER	✓				
WIKENHEISER	✓				

Total 12 0
(Yes) (No)

Absent 3

Floor Assignment Rep. Grande

If the vote is on an amendment, briefly indicate intent:

DO NOT USE HIGHLIGHTER ON ANY FORMS

REPORT OF STANDING COMMITTEE (410)
February 15, 1999 2:09 p.m.

Module No: HR-30-3003
Carrier: Grande
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HCR 3049: Finance and Taxation Committee (Rep. Belter, Chairman) recommends DO PASS and BE PLACED ON THE CONSENT CALENDAR (12 YEAS, 0 NAYS, 3 ABSENT AND NOT VOTING). HCR 3049 was placed on the Tenth order on the calendar.

1999 SENATE FINANCE AND TAXATION

HCR 3049

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HCR 3049

Senate Finance and Taxation Committee

Conference Committee

Hearing Date 3-16-99

Tape Number	Side A	Side B	Meter #
HCR 3049	X		1087 - 1662
Committee Clerk Signature <i>Sheila Weed</i>			

Minutes:

Sen Urlacher - opened the hearing on HCR 3049, A RESOLUTION TO STUDY TAXATION & REGULATORY INCENTIVES FOR THE LIGNITE INDUSTRY IN ORDER TO IMPROVE ITS COMPETITIVE POSITION IN THE ENERGY MARKETPLACE & IDENTIFY FEDERAL & INTERNATIONAL IMPEDIMENTS TO DEVELOPMENT OF THE LIGNITE INDUSTRY & POTENTIAL STATE ACTIONS TO ADDRESS SUCH IMPEDIMENTS.

Rep. Dorso - Lignite Industry going through changes. We as Legislators have to take the time to look at industry, not only the tax but employment as well.

John Dwyer - President of Energy Council - Testimony submitted and attached.

Sen. Urlacher - Any questions, testimony for or against the bill? Closed the hearing.

DISCUSSION - SEN. CHRISTMANN MADE A MOTION TO DO PASS AND BE PLACED ON THE CONSENT CALENDAR. SEN STENHJEM SECONDED. VOTE IS 7-0-0.

Page 2
Senate Finance and Taxation Committee
Bill/Resolution Number Hcr 3049
Hearing Date 3-16-99

CARRIER WILL BE SEN. CHRISTMANN.

Date: 3-16-99
 Roll Call Vote #: (1)

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 3049

Senate Senate Finance and Taxation Committee

Subcommittee on _____
 or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken do Pass / Passed on Consent Cal

Motion Made By Sen. Christmann Seconded By Sen. Stenehjem

Senators	Yes	No	Senators	Yes	No
SENATOR URLACHER	✓				
SENATOR CHRISTMANN	✓				
SENATOR SCHOBINGER	✓				
SENATOR STENEHJEM	✓				
SENATOR WARDNER	✓				
SENATOR KINNOIN	✓				
SENATOR KROEPLIN	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Senator Christmann

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
March 16, 1999 1:14 p.m.

Module No: SR-47-4882
Carrier: Christmann
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HCR 3049: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO PASS and BE PLACED ON THE CONSENT CALENDAR (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HCR 3049 was placed on the Tenth order on the calendar.

1999 TESTIMONY

HCR 3049

**Testimony of John Dwyer
President, Lignite Energy Council
HCR 3049
Before the House Finance and Taxation Committee
February 15, 1999**

HCR 3049, a study resolution introduced by the leadership, is requesting the Legislative Council to continue its competitiveness studies of our state's second largest industry. This is important to the state because as the second paragraph on line 10 states:

"North Dakota's lignite industry generates over 20,000 direct and indirect jobs for North Dakota, over one billion dollars in annual business volume, and over sixty-five million dollars in annual tax revenue."

As Dr. David Ramsett stated in his report to the Taxation Committee last fall (a copy of which I will provide to each of you) our industry is under increasing competitive pressures. Dr. Ramsett made two specific findings that should be of concern to all of us:

First: "...**Continued price decreases in the delivered price of sub-bituminous coal to electric power plants in the region are threatening the economic viability of North Dakota's mine-mouth coal-electric power industry.This means they must consider the possible substitution of western sub-bituminous for lignite coal.**" ..."

Secondly: "...In many cases, electric power plants using sub-bituminous coal are now more cost efficient than North Dakota's mine-mouth electric power plants." ..."

But it's not just domestic competitive pressures that jeopardize the future of this abundant, low Btu state resource. As indicated on page 2, line 14, there are also many international impediments to the future development of our lignite resource. The Kyoto Treaty, which was signed by the Administration on November 12th of last year, would decrease our production by about 5 million tons. I repeat - 5 million tons, or 15 percent of our current production. EPA's regional haze proposals and new NO_x standards that fail to recognize the low Btu qualities of lignite are additional burdens that the industry and the state will face. And all of this is being done in spite of the fact that we are a "clean air state" and one of only a handful of states to meet all clean air standards.

Mr. Chairman, you may ask - why study the lignite industry again? In view of the large stake we have in North Dakota's economy, I don't think you can afford not to. The Legislature and the state of North Dakota have been key partners in the development of reasonable fiscal and regulatory policy that governs lignite development. With all the domestic and international threats facing the industry, we think it prudent for the Legislature to continue this partnership and be updated on new developments so it can appropriately respond.

Mr. Chairman, the Lignite Energy Council and its membership support this study. We ask your favorable consideration of HCR 3049.

HCR 3049
John Dwyer

LEGISLATIVE COUNCIL HAS A COPY OF THIS DOCUMENT

**COMPETITION IN NORTH DAKOTA'S COAL-
ELECTRIC UTILITY INDUSTRY:**

LIGNITE VS. SUB-BITUMINOUS COAL

**Prepared for the North Dakota Legislative Council
and
The North Dakota Lignite Energy Council**

By

**David Ramsett
Professor of Economics and Director,
Division of Economics and Public Affairs
University of North Dakota**

AUGUST, 1998

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HCR 3049
Before the Senate Finance and Taxation Committee
March 16, 1999**

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