

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION  
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2027

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La Costa Rickford  
Operator's Signature

10/15/03  
Date

2003 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2027

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*La Costa Rickford*

10/15/03

Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2027

Senate Industry, Business and Labor Committee

Conference Committee

Hearing Date 1-23-03

Tape Number	Side A	Side B	Meter #
1	xxx		1,180
1		xxxx	0
Committee Clerk Signature <i>Lisa VanBerkom</i>			

Minutes: Chairman Mutch opened the hearing on SB 2027. All Senators were present. SB 2027 relates to the sale of gasoline blended with ethanol; and to provide and effective date.

**Testimony in Support of SB 2027**

Rep. Jon O. Nelson, of District #7, introduced the bill. He states that he is not a strong supporter of mandates. However he thinks it is important to mandate the use and sale of ethanol gas because North Dakota will prosper because of it. He discussed how the expanded use would build plants, increase corn growth, slow gas and oil importing. Nelson feels that we need to "step it up" and catch up with the other states economically. The largest industry is agriculture in North Dakota. We need to do our part to help with the fight over oil in the middle east.

Senator Heitkamp asks where ND is on the charts for state policy on ethanol.

Rep. Nelson states that Minnesota has a mandate and incentives for use of ethanol. South Dakota has an incentive as well. Also there is an exemption in the fuel tax as well.

(meter no. 2260)

*Lacosta Rickford*  
Operator's Signature

10/15/03  
Date

Page 2

Senate Industry, Business and Labor Committee

Bill/Resolution Number 2027

Hearing Date 1-23-03

North Dakota Agriculture Commissioner, Roger Johnson, spoke in support of the bill. See attached testimony.

Senator Espgaard asks if a mandate would help or hurt the plants.

Roger said that the demand of corn and ethanol would increase which would help lift prices and there would be a more stable market.

Senator Klein states that it is hard to force the consumer to use ethanol when the producers themselves aren't using the product.

Richard Schlosser, ND Farmer's Union, spoke in support of SB 2027. He stated that he has seen drastic changes in the last ten years. People are growing beans and corn, instead of wheat. He stated that feed lots are increasing. This bill would help people keep their cattle here instead of shipping them to feed lots in Nebraska. That would generate and keep more money in ND.

Senator Klein asks if all the Farmers Union vehicles are ran on ethanol.

Richard stated that they are doing what they can.

Senator Heitkamp asks if ethanol will affect any vehicles.

Richard stated that it wouldn't.

Herb Wilson, M.D. wanted to go on record as being in support of the bill. He stated that he uses ethanol in his car and never has problems with it.

#### **Testimony in opposition of SB 2027**

Dave MacIver of the Bis-Man Chamber of Commerce spoke in opposition to SB 2027. They are opposed to mandates. See attached testimony.

Senator Nething asks Dave how he got the organization to permit him to say that they are opposed.

Page 3  
Senate Industry, Business and Labor Committee  
Bill/Resolution Number 2027  
Hearing Date 1-23-03

Dave states that there are forms sent out asking the members what they want.

Russ Hanson, North Dakota Petroleum Marketers Association. See attached testimony.

Matt Bjornson, North Dakota Petroleum Marketers Association stated that the change would cost money as well as change the blending process. (meter 680, side b)

Brian Kramer, ND Farmers Bureau stated that they were opposed to SB 2027

Senator Heitkamp asks him how they came to that decision.

Brian said they discussed it at county and state meetings, as well as interim meetings.

Ron Ness, ND Petroleum Council spoke in opposition as well. He gave statistics on the impact mandated ethanol use would have. (meter 2320) See handouts.

Mark Doherty from the Assoc. of General Contractors also spoke in opposition. He stated that he represented contractors from ND and said that we need to keep the money with the highways because that is the main form of transportation here in ND. (meter no. 2320)

Hearing closed. No action taken.

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Operator's Signature

*LaCosta Rickford*

10/15/03

Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2027

Senate Industry, Business and Labor Committee

Conference Committee

Hearing Date 02-03-03

Tape Number	Side A	Side B	Meter #
2	xxx		0
Committee Clerk Signature <i>Lisa VanBerkom</i>			

Minutes: Chairman Mutch opened the discussion on SB 2027. All Senators were present.

SB 2027 relates to the sale of gasoline blended with ethanol; and to provide an effective date.

There was brief discussion among the committee members.

Senator Klein moved a DO NOT PASS. Senator Krebsbach seconded.

Roll Call Vote: 5 yes. 2 no. 0 absent.

Carrier: Senator Mutch

**FISCAL NOTE**  
 Requested by Legislative Council  
 12/16/2002

Bill/Resolution No.: SB 2027

1A. **State fiscal effect:** Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

1B. **County, city, and school district fiscal effect:** Identify the fiscal effect on the appropriate political subdivision.

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.

SB 2027 requires that gasoline with an octane rating of 87 must be blended with ten percent ethanol beginning with retail sales on January 2004. The same motor fuels tax rate applies, so there is no fiscal impact.

3. **State fiscal effect detail:** For information shown under state fiscal effect in 1A, please:

A. **Revenues:** Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

B. **Expenditures:** Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

C. **Appropriations:** Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.

<b>Name:</b>	Kathryn L. Strombeck	<b>Agency:</b>	Tax Dept.
<b>Phone Number:</b>	328-3402	<b>Date Prepared:</b>	01/20/2003

*Kathryn L. Strombeck*  
 Operator's Signature

10/15/03  
 Date



REPORT OF STANDING COMMITTEE (410)  
February 3, 2003 1:20 p.m.

Module No: SR-20-1529  
Carrier: Mutch  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

**SB 2027: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends DO NOT PASS (5 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2027 was placed on the Eleventh order on the calendar.**

(2) DESK, (3) COMM

Page No. 1

SR-20-1529

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10/15/03  
Date

2003 TESTIMONY

SB 2027

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La Costa Rickford  
Operator's Signature

10/15/03  
Date

Roger Johnson  
Agriculture Commissioner  
www.agdepartment.com



Phone (701) 328-2231  
Toll Free (800) 242-7535  
Fax (701) 328-4567

600 E Boulevard Ave., Dept. 602  
Bismarck, ND 58505-0020

*Supporting*

**Testimony of Roger Johnson  
Agriculture Commissioner  
Senate Bill 2027  
Senate Industry, Business & Labor Committee  
Roosevelt Park Room  
January 22, 2003**

Chairman Mutch and members of the Industry Business & Labor Committee, I am Agriculture Commissioner Roger Johnson. I am here today in support of SB 2027, which relates to the sale of gasoline blended with ethanol.

SB 2027 would require all gasoline having an octane rating of eighty-seven and offered for sale at retail in this state to be blended with ethanol at the rate of ten percent.

**Ethanol is a Growing Industry**

North Dakota's two existing ethanol plants have a combined annual production capacity of approximately 34 million gallons per year and plans are in the works to construct a third plant in east-central North Dakota. Groups in the southwestern part of the state are also hoping to conduct a feasibility study on an ethanol plant to be located somewhere in that area. (See attached news article.)

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*Lacosta Rickford*  
Operator's Signature

10/15/03  
Date

The North Dakota Corn Growers Association estimates that 26% of the fuel sold in North Dakota is an ethanol blend – that compares with 65% in South Dakota and more than 90% in Minnesota.

### **Ethanol is a Huge Success in Minnesota**

These statistics beg the question – why is ethanol consumption at 90% in Minnesota? In 1980, Minnesota passed legislation that defined “agricultural alcohol” and created a 4¢ per gallon tax credit on blended gasoline as an incentive for retailers to blend ethanol in gasoline. Five years later, after creating a significant ethanol market, the tax credit was reduced to 2¢ per gallon. A 20¢ per gallon ethanol production payment was created in 1986 to provide incentives for constructing new ethanol plants in the state.

Minnesota also took steps during this time to provide public education across the state and to promote the growth of the ethanol industry. The 1990 Federal Clean Air Act Amendments provided the next impetus for additional legislation relating to ethanol. The Twin Cities Area was found to be out of compliance with EPA carbon monoxide standards and as a result was required to begin using oxy-fuel beginning in the winter of 1992.

In 1991, the Minnesota State Legislature passed legislation requiring a year-round 2.7% minimum oxygen content for gasoline sold in the Twin Cities by 1995, with the entire state meeting the requirement by 1997.

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*Salvatore Rickford*  
Operator's Signature

10/15/03

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In 1991, the Minnesota State Legislature passed legislation requiring a year-round 2.7% minimum oxygen content for gasoline sold in the Twin Cities by 1995, with the entire state meeting the requirement by 1997.

Today, ethanol replaces almost 10% (240,000,000 gallons) of the gasoline sold in Minnesota. Further, two new ethanol plants came on line in 1995 and since that time ten additional facilities have either been built or expanded. Twelve of the fourteen existing ethanol plants are designed in a cooperative fashion and are owned by over 8,000 farmers.

#### **North Dakota Can and Should Do More to Promote Ethanol**

Minnesota's ethanol success story should serve as a lesson to us in North Dakota. The 58<sup>th</sup> legislative assembly is also considering legislation that would provide for ethanol production incentives. While some may be inclined to support production incentives over an ethanol requirement in gasoline, I would argue that we can and should do both.

Elected officials on both sides of the aisle continually pledge their support for and speak to the benefits of value-added agriculture. I believe that it is time to put action behind the words. If we are truly looking to add value to agricultural products in this state and to encourage new markets and new products, we in government have to be willing to play an appropriate role to foster that process. I believe that increased production and use of ethanol in North Dakota and throughout the United States will provide additional value-added opportunities for our farmers and increase local demand for corn. We need to provide incentives to produce and incentives to consume ethanol.

According to an "Ethanol and the Local Community Study" conducted by AUS Consultants/SJH & Company, "...a 40 MGY ethanol plant will generate...additional revenue for local grain

farmers by increasing demand, which in the case of corn, in most circumstances results in an increase to the average local basis of an estimated 5 to 10 cents per bushel."

And according to the Minnesota Department of Agriculture, processing corn products instead of exporting raw corn doubles the value of each bushel. In addition, ethanol plants not only produce fuel ethanol, they also produce a large quantity of co-products which can benefit other sectors of our economy. Livestock can be fed the high-protein feed that is a major co-product in ethanol production. Other co-products include: carbon dioxide, starch, sweeteners and industrial ethanol.

#### Ethanol Can Help Decrease Dependence on Foreign Oil

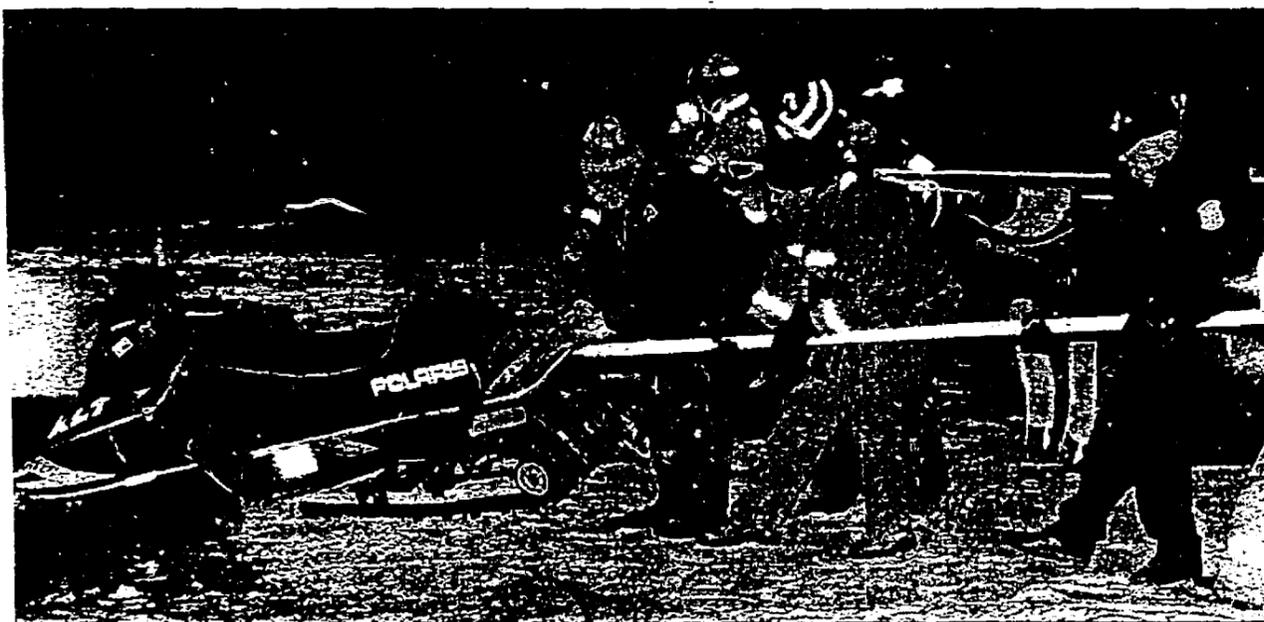
I also believe that we must do now more than ever as a state and as a country to decrease our dependence on foreign oil today. The United States currently imports 57% of our oil supply versus approximately 45% during the energy crisis of the 1970's (Source: Energy Information Administration/Annual Energy Review). The following table shows the leading exporters of oil to the United States:

Country	Net Imports (Thousand Barrels per Day)
Canada	1,828
Saudi Arabia	1,662
Venezuela	1,553
Mexico	1,440
Nigeria	885
Iraq	795

Source: Energy Information Administration/Petroleum Supply Annual 2001, Volume 1, Table 21

The stability of these imports is questionable at best, especially during this time of crisis in the Middle East and with Venezuela on the verge of a civil war.

Ethanol is a renewable, domestic source of fuel and we should be producing and using more of it to lessen our dependence on foreign oil and at the same time create a value-added opportunity for our farmers and an environmentally-friendly choice to consumers at the fuel pump. Chairman Mutch and committee members, I urge a do pass on SB 2027. I would be happy to answer any questions you may have.



AP

Divers pulled a snowmobile out of the Red River south of Fargo on Wednesday night after it was found by divers. The driver fell through thin ice under a bridge. Divers continued their search Thursday for Tyler Eicholtz, who fell into the icy Red River on the snowmobile. Cass County authorities said the teenager and two other snowmobilers were on the river Wednesday night, traveling from the Minnesota side back into North Dakota.

## Eicholtz called off for Fargo teen

Divers drilled holes in the ice and lowered cameras into the river to find the snowmobile. The driver, Tyler Eicholtz, was suspended from the snowmobile because he was not wearing a seat belt. Sheriff Bill Clary said the snowmobiles were out on the river all day.

If they find anything remotely close, they'll dive that spot. Eicholtz and two friends were riding snowmobiles on the river near Moorhead, Minn., on Wednesday night, and had turned near a bridge south of Fargo when Eicholtz' snowmobile went through the ice, authorities said. His two friends saw a 10-foot-by-5-foot hole, Clary said. They ran to a nearby home and called for help.

Eicholtz was a Fargo North High School senior. Principal Andy Dahlen said Thursday was a tough day for students at the school, and counselors and pastors were there to help them. "We held a senior class meeting and had students in our gymnasium, and we reported the information that we had," Dahlen said. "There's always the attempt to at least console one another and to begin that grieving process." Eicholtz was an "unbeatable" player on the basketball team.

Workers at the Wild Rice Bar and Grill, a hangout among snowmobilers less than two miles from the site, said late Wednesday they had not seen a sledder all night. "On the Red, there aren't a whole lot of places (for snowmobilers) to cross, so most people cross near bridges," said Kody McMillan, bartender and snowmobiler. The funneling action of water beneath bridges can melt the ice he

## Group pledges money for ethanol study

RICHARDTON (AP) — The Stark Development Corp. has pledged \$5,000 toward a feasibility study for a proposed ethanol plant here.

Jody Hoff, a supporter of the project, said officials are looking to raise the rest of the money needed for the \$30,000 study. The proposed \$54 million plant in southwestern North Dakota would produce 40 million gallons of ethanol per year, Hoff said.

"It will take about 15 million bushels of corn per year to fuel the plant," he said.

North Dakota has two ethanol plants, in Grafton and Walhalla in the northeastern part of the state. Together, they produce more than 30 million gallons of the fuel additive annually.

Fargo-based Dakota Renewable Fuels LLC is considering whether to build a third plant, near Valley City or Wahpeton in southeastern North Dakota, that would produce 30 million gallons of ethanol per year.

## Vocational education addition aired

MINOT (AP) — A \$12 million vocational education addition to the high school here would serve other high schools, colleges and businesses, officials say.

"This is a dream," said Minot State University President Erik Shaar, who discussed plans for the addition Wednesday with Williston State College President Joe McCann, Minot Superintendent Richard Larson and School Board members.

Students and teachers who now attend classes in an aging building in downtown Minot also are eager for an addition. Welding teacher Blanny Nygaard estimated that his welding students lose an hour of class time each week driving between the campus and downtown.

Larson said funding for the project could come from private donations, school district funding, or state and federal funding. He said Rep. Mike Timm, R-Minot, plans to introduce a bill in the state Legislature seeking \$4 million in state funding for the technical center.

## Tourism expert offers ideas

GRAND FORKS (AP) — North Dakota has no Disneyland, but it has snowy owls that people would like to see, a Texas tourism expert says.

Ted Lee Eubanks spoke Wednesday at what was billed as the state's first Nature Tourism Conference.

"It's pretty simple: I cannot buy a snowy owl, but I can buy your history or your culture," Eubanks said. "Identify your resources, that imprint us, and market those resources."

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Fargo to Rickford  
10/15/03  
Date

Dave McIver

## Coalition Against Mandates

The organizations listed below oppose government mandates. The free enterprise system should depend upon consumer choice and competition to determine the products offered in the marketplace.

Government mandating the offering of a certain product or service is not necessary as consumer demand will create self-sustaining markets.

We want to make it eminently clear that we are not against agriculture. We fully realize the importance of agriculture's vital role in the North Dakota economy.

However, we oppose bad economic policy. Mandates restrict competition, infringe on free-enterprise, and can result in supply/distribution problems in the economy. What economic development message is being sent if government tells business which products must be sold and to consumers which products must be purchased?

Once government mandates one product, what product or service would be next? Would the government next decide what type of tractors farmers must own? Would there be a government mandate indicating what type of meat a grocery store must sell?

Associated General Contractors	Bismarck/Mandan Development Association
Bismarck/Mandan Chamber of Commerce	Burlington Northern Santa Fe Railway Company
Caterpillar	Devils Lake Chamber of Commerce
E.W. Wylie Corporation	Greater North Dakota Association
Lewis Truck Lines	Midwest Motor Express
North Dakota Grocers Association	North Dakota Retail Association
North Dakota Petroleum Council	National Federation of Independent Business
North Dakota Motor Carriers Association	Ottertail Power Corporation
PACE Local 7-10	North Dakota Petroleum Marketers Association
<u>Qwest Corporation?</u>	Tesoro Petroleum
Utility Shareholders of North Dakota	

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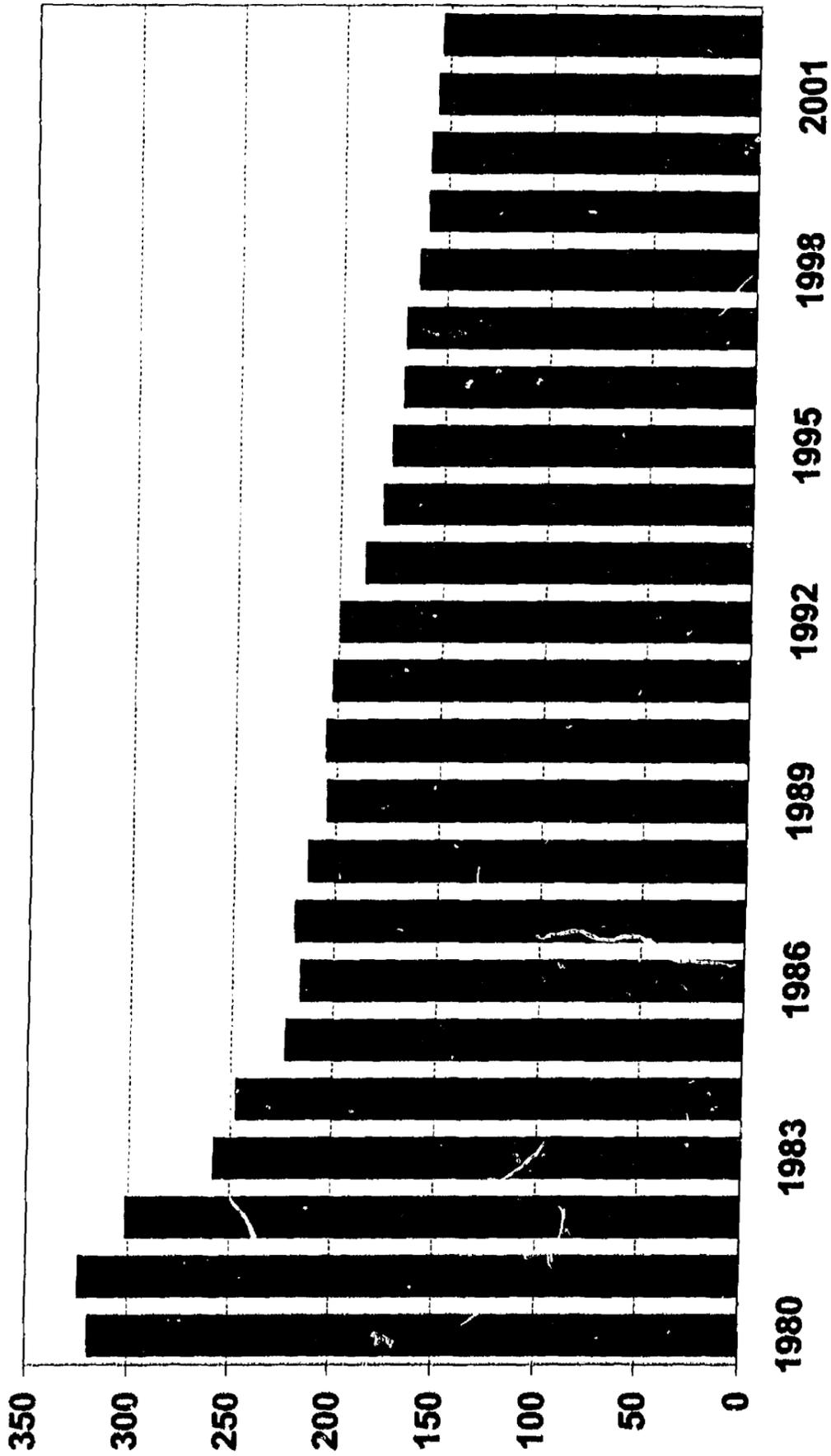
Jacosta Rickford

10/15/03  
Date

Kon Ness  
2nd Handout

# U.S. Petroleum Refineries: 1980 - 2002

source: Energy Information Administration



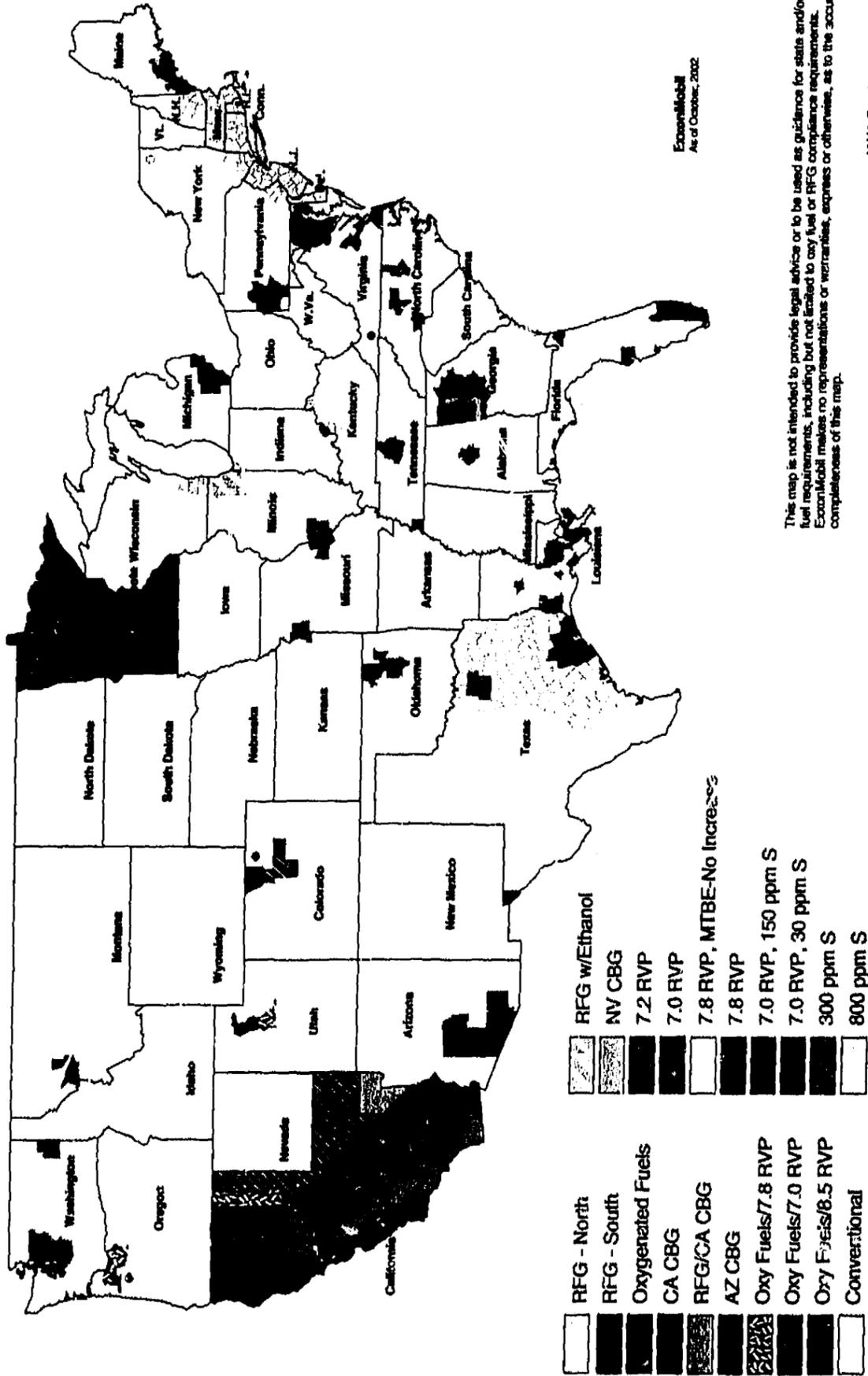
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10/15/03  
Date

Ron Ness  
1st Handout

# U.S. Gasoline Requirements



ExxonMobil  
As of October, 2002

This map is not intended to provide legal advice or to be used as guidance for state and/or federal fuel requirements, including but not limited to octy fuel or RFG compliance requirements. ExxonMobil makes no representations or warranties, express or otherwise, as to the accuracy or completeness of this map.

K.W. Gardner  
owner

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Operator's Signature LaCosta Rickford Date 10/15/03

Kuss Hanson Handout

**MOTOR VEHICLE FUEL**  
Fiscal Year Comparison Summary

**NONTAXABLE GALLONS**

Fiscal Year	Gallons Motor Vehicle Fuel Exported	Gallons Motor Vehicle Fuel Federal Government	Gallons Motor Vehicle Fuel Nontaxable Shrink	Total Motor Vehicle Fuel Nontaxable Gallons
July 1997 - June 1998	139,780,355	1,593,051	1,702,297	143,075,703
July 1998 - June 1999	174,068,923	1,636,288	1,715,256	177,420,467
July 1999 - June 2000	146,453,152	3,641,104	893,810	150,988,066
July 2000 - June 2001	166,487,499	1,850,015	811,489	169,149,003
July 2001 - June 2002	451,199,833	4,148,118	820,009	456,167,960

**Grand Total**

**TAXABLE GALLONS**

Fiscal Year	Gallons Motor Vehicle Fuel Gasoline	Gallons Motor Vehicle Fuel Gasohol	Total Motor Vehicle Fuel Gallons	TOTAL GALLONS Motor Vehicle Fuel Taxable & Nontaxable
July 1997 - June 1998	316,762,147	48,731,524	365,493,671	508,569,374
July 1998 - June 1999	319,514,645	45,874,812	365,389,457	542,809,924
July 1999 - June 2000	318,129,005	46,343,023	364,472,028	515,460,094
July 2000 - June 2001	299,329,935	63,281,947	362,611,882	531,760,885
July 2001 - June 2002	287,253,545	71,923,119	359,176,664	815,344,624

FY2000 Corrected 03/23/01  
p:\MVF-FY-GAL-SUM. Xlx (Gallons)

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Operator's Signature: Roberta Rickford 10/15/03  
Date

## NORTH DAKOTA PETROLEUM MARKETERS ASSOCIATION

1025 N. 3rd St. • P.O. Box 1956 • Bismarck, ND 58502  
Telephone 701-223-3370 • WATS 1-800-472-0512 • FAX 701-223-5004

**REPRESENTING:**

Bulk Oil Jobbers  
Convenience Stores  
Service Stations  
Truck Stops

### Testimony SB 2027

January 22, 2003 – Senate Industry, Business, & Labor Committee

Mr. Chairman & members of the Senate IBL committee, my name is Russ Hanson of the ND Petroleum Marketers Association (NDPMA). NDPMA is an association of service stations, convenience stores, truck stops, and bulk oil jobbers. We appreciate the opportunity to offer our comments in opposition to SB 2027.

SB 2027, if enacted, would require retail petroleum dealers to offer ethanol-blended fuel at 87-octane level. NDPMA is not against ethanol. The association is opposed to government regulation mandating the offering of a certain product. Consumer demand will create self-sustaining markets and the retailers will comply with the wishes of the customer. When the customers request a product and it makes economic sense – the retailer is more than happy to provide it.

The issue of ethanol availability has been raised a number of times. NDPMA surveyed all 880 retail gasoline locations.

367 retail locations (43% of the total) responded to the survey. A majority - 231 (or 63%) of the respondents offer ethanol blended gasoline while 136 (37%) do not offer ethanol blends. These results indicate that the product is readily available to the consumer buying public.

67 (18%) of the 367 respondents offer one grade of gasoline. 130 (35%) of the respondents offer two grades while the remaining respondents offer three or four grades.

All statistics aside, the policy decision remains whether the government should dictate what product must be offered for sale. NDPMA would request the Legislature continue to allow the market forces determine this. Each business's individual situation is unique. The reasons for offering (or not offering) a product depend upon the respective consumer preference.

Thank you for the opportunity to present this testimony. I would attempt to address any questions.



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Operator's Signature

*Russ Hanson*

Date

10/15/03

SB 2027

The Senate Industry, Business & Labor Committee held a hearing on SB 2027 and the issue of mandating the offering of ethanol blended gasoline at every retail gas station was thoroughly discussed. The committee heard testimony from proponents including the Agriculture Commissioner and the ND Farmers Union. The opponents testifying against this bill include a group of 21 businesses or associations who oppose mandates, The Farm Bureau, petroleum marketers, the petroleum council, and the AGC of ND.

It was learned in committee that ethanol blended gasoline is readily available at stations in ND. A recent survey indicate that the majority (63%) of the petroleum retailers already offer this product. It was also brought out at the committee hearing that the percentage of ethanol blended gasoline consumed in ND has increased significantly in the past couple of years without a mandate. Approximately 12% of the gasoline sold in January 2001 was ethanol blended while the January 2003 report indicates that 29% of the gasoline sold was ethanol blended.

It was mentioned in committee that other states still have a higher percentage of ethanol blended gasoline sold than in North Dakota, yet those states achieve this without a mandate. The state of Minnesota is the only state mandating that this product must be sold.

The crux of this issue remains --- should government dictate to business which product must be offered to the public --- or should the public tell the retailer what products should be sold based upon consumer demand?

Your Industry Business and Labor committee issued an opinion that consumer choice and demand should determine what products should be offered and issued a DO NOT PASS Recommendation for SB 2027 and we ask the Senate to concur.

## Ethanol Mandate

**Consumer choice must drive demand!** Government should not mandate what products a private business can sell or what type of fuel consumers choose to put in their gas tank.

We have an energy crisis. All forms of energy must be considered and developed; however, the marketplace and economics must still determine fuel choice.

### Once Government mandates what fuel we buy - what is next?

- Staiger tractors built in Fargo on every farm?
- Cloverdale hotdogs in all school lunches?
- A mandate to require 10% buffalo in all hamburgers?
- Tesoro gasoline and diesel fuel in every vehicle (ND crude oil – refined in ND)?

**Consumers (your constituents) like to make their own decisions.**

### Most retailers in the state offer ethanol for sale.

- A recent survey of gasoline retailers shows that 63% of the retailers offer ethanol.
- Mandating all to offer ethanol is an attempt to solve a problem that doesn't exist.
- Some retailers will have to invest up to \$60,000 to install new tanks and blenders.

### Mandating ethanol to be sold at retail locations will make North Dakota a specialty fuel state.

- North Dakota is at the end of the fuel distribution system and there is limited access to refiners, pipelines, and suppliers – more may choose not to sell in this market.
- Statewide mandates do not allow suppliers to move products from state to state when shortages occur.
- Ethanol cannot be transported by pipeline – what happens when supplies runs short?
- Ethanol is normally more expensive than gasoline – what happens if government subsidies for ethanol end?
- The average price of wholesale ethanol blend gasoline is four cents higher per gallon than regular gasoline over the past five years.

## Support the National Energy Policy – Not state mandate

The Renewable Fuels Standard before Congress would:

- Eliminate the 2% oxygen requirement in reformulated gasoline and ban MTBE.
- Set a nationwide renewable fuel requirement of 5 billion gallons a year by 2012.
- Provide for a national credit banking and trading system to allow refiners and suppliers to distribute fuels cost-effectively to help reduce supply disruptions caused by state and local gasoline mandates.

Ethanol usage in North Dakota has increased by 150% in the past two years (12% in January of 2001 to 29% in January of 2003)

As you can see, a mandate is not necessary to increase the usage of ethanol.