

2009 HOUSE NATURAL RESOURCES

HB 1548

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1548

House Natural Resources Committee

Check here for Conference Committee

Hearing Date: 1-29-09

Recorder Job Number: 8131

Committee Clerk Signature

Nancy S. Gerhardt

Minutes:

Chairman Porter – Open the hearing on HB 1548.

Rep. David Monson – This bill asks for \$250,000 of general fund money to be put into the commerce dept. for the purpose of trying to promote Hydrogen fueling stations up to 5 in the state in any city. There are hydrogen busses running in various cities. Several legislators were at Grand Forks EERC at an open house. We got to see various vehicles that run on hydrogen. Basin Electric had a PU that was an internal combustion engine. We drove a Chevrolet Equinox that ran on hydrogen. It had the same power or more, it was a remarkable car. It had the same interior room. It's here – they made 5 of them – prototypes. They are about \$ 242,000 each. They are ready to go on line producing them if they have places for them to be refueled. I asked how much it is going to cost for the average person to buy one of these. They said they have to be complete, They will be a little more than a regular Chevrolet Equinox, but they said they will be competitive in price. They can get a lot of miles to the gallon. GM has 4 different tracks they are taking with hydrogen. Some are using fuel cells, some are internal combustion and some of their vehicles ran on electricity and a combination of hydrogen fuel cells and so on. They said some of those cars are the equivalent

170 miles to gallon. This bill is so open that any city interested can build a hydrogen fuel station. My intention was like 5 stations at \$ 50,000 each. It doesn't specify that. Questions?

Rep. Nottestad – How many hydrogen vehicles are currently registered in the state?

Rep. Monson – The only ones I know of are Basin Electric has a PU with an internal combustion engine. I think the first ones that will actually be using this is buses and mass transit. There are busses out there running. My goal is to try to get a station – located in Grand Forks, Fargo someplace in that neighborhood, maybe even Minot or Bismarck if they found a need for them. Right now they are locked into the big cities like Minneapolis, Winnipeg because they can't refuel. There is no place in between.

Rep. Nottestad – Would this money then be available, for example in Fargo, this fueling systems would be subsidized after bus farms, not necessarily for commercial, but it would –

inaudible coughing.

Rep. Monson – If somebody did have a vehicle that did need hydrogen, they could go and fill up at a hydrogen station.

Rep. Nottestad – My point is if you had mass transit you would be fueling your own vehicles, they be fueling at a commercial facility.

Rep. Monson – My intention with this is it would be a commercial facility. I'm hoping the cities would be the first place but, maybe it's the city that's going to have the commercial fueling for their own. And then sell it to somebody else.

Rep. Drovdal – If we approve this bill of a quarter million dollars and put it into the dept. of commerce, at the end of 2 years if there is no application for the grant does it go back into the general fund?

Rep. Monson – I don't know. It is a long shot that it's going to be used. It will probably be sitting there. That is a question would be question commerce would answer better. \$250,000

is not very much when it comes to making even a dent to the cost of one of these. It is a couple million dollars for a commercial station.

Rep. Keiser – This bill is very specific for a commercial hydrogen station. I assume there would be a for profit entity hopefully. What roll should the government pay in planning things that the market place should take care of when it is the town?

Rep. Monson – I think we should probably play a small roll in that. Sometimes we need just a little incentive out there, whether it is a tax credit, which they aren't going to be able to use because they aren't going to make any money off of it for some time. We've done it for lots of things. We helped them out with some of those major expenses, because it will provide some jobs, it will provide a public service.

Rep. Keiser – We have provided some provided a lot of tax credits. Another kind of incentive for the private sector is the little unusual grant.

Rep. Monson – Last session the hydrogen bill was very specific that it went to NDSU – that got me into trouble with the senate. The people from Grand Forks and the EERC said you are excluding us. So this time I thought I would make it very general, very broad. Nobody can say you are pitching one people or one entity over the other. It might be by the university here. I'm not sure who would be applying for it. The word commercial in here refers to the fact they would sell it to anybody who would need the hydrogen. There will be no competition with this.

There would only be one in a city, if any.

Rep. Keiser – If I introduced a whole new technology no one else had, would I be worthy of ????

Rep. Monson - I think each idea probably if it is innovative enough and leading edge stuff, maybe we would provide incentives down the road for something like that. You are never going to get this technology to move forward unless you provide some kind of incentive to help

this industry get off the ground. Sooner or later hydrogen will be the fuel we need to switch to.

We will always use coal and oil. That is a given.

Chairman Porter – If someone puts a commercial facility in at the cost of 2 million dollars do they pay sales tax on the plant equipment and the things that go with that plant?

Rep. Monson – I'm quite sure they do. I don't know of any exemptions for that kind of equipment purchases. I don't know that, I would say some of that equipment must be purchased within the state. Certainly there would be some concrete poured, there would be some labor involved, there would be some equipment purchased somewhere. I'm not sure what would be subject to the tax.

Chairman Porter – That might be better incentive for someone rather than the grant amount of just exempting the grant equipment of sales tax on a 2 million dollar purchase. Leave that sit there as incentive. A 2 million dollar plant with a 5% sales tax exemption would be a better avenue to take rather than a flat out grant.

Rep. Monson – The 2 million dollars probably isn't all subject to the sales tax no matter what. You are right. We seem to frown on any tax exemption lately too. If you feel you would like to amend this to make into a tax incentive where there is no sales tax, I'd be happy to track down and see if these facilities would be subject to sales tax. I would guess they are because in my area we have a lot of wind towers. A few years wind was a pie in the sky, and now it is a huge industry in the state. Those companies are paying taxes on those blades and towers. It would be a lot of money.

Chairman Porter – If you could check into that for us we would appreciate it.

Rep. Monson – I certainly will if you feel that would be the way to go. I would gladly look to see if we could make a sales tax exemption for them.

Rep. Pinkerton – I would favor this being a grant, because this is a potential technology to develop in ND along with our coal industry and wind industry. I would think this money could be combined with some federal grants out there to make this a more viable program. To answer Rep. Keiser's questions, I would hope if you had such a new technology it would make a tremendous difference in this state and nation. I would hope we would give you a grant to develop that.

Rep. Keiser – Is it too late for a delayed bill? If that is the strategy the state wants, I'm all for it. But every business will be here. They all have the technology and it makes it a big difference.

Rep. Monson – Let me remind you that if this would survive your committee and the floor it would go to appropriations quite quickly. They will decide if they want to tweak it or whatever they want to do. I wanted to show Minnesota we would come up with something also because these fueling stations are going to be close to Minnesota. It could even be Morehead or east Grand Forks. I expect the federal dollars will be there if we go forward with this. I know President Bush had hydrogen on the top of his list as one of the things to develop. Eight years and we are still fighting the same fight.

Rep. Hunskor – What is the cost per mile. How does that compare to gas or diesel?

Rep. Monson – It depends on the technology. If you burn it, like Basin Electric does in a virtual gas engine where you can switch it between a gas and hydrogen it isn't every efficient. But when you put it into a fuel cell vehicle. When you put it into a fuel cell vehicle, now you are getting some efficiency. 75 to 150 miles per gallon. They do run some of those not just on hydrogen, but plug into electricity.

Rep. Hofstad – Had you considered a pace program for this? Would that be an option?

Rep. Monson – Over the years we considered all kinds of options. We considered Pace, lots of places for funding. This year we had a little budget surplus we thought so we thought this would be the neatest, cleanest and simplest way to move forward.

Rep. Keiser – A project like this could be funded here and the pace program. They are not usually exclusive.

Chairman Porter – Seeing no further questions, is there any further testimony in support of HB 1548? Any opposition? We will close the hearing on 1548.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1548

House Natural Resources Committee

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Hearing Date: 1-29-09

Recorder Job Number: 8172

Committee Clerk Signature *Nancy L. Gerhardt*

Minutes:

Chairman Porter – Open the discussion for HB 1548. Hydrogen generation facility in this state. For the purposes of this subsection storage needs stationary hydrogen containers or portable hydrogen containers or pressure vessels, piping, tubing, fittings, gaskets, controls, valves, gages, regulators, and other accessories intended hydrogen storage containers and pressure vessels.

Rep. DeKrey – I move a Do Not Pass

Chairman Porter – I have a motion from Rep. DeKrey; 2nd from Rep. Drovdal for a Do Not Pass. Discussion Clerk will call the roll for a Do Not Pass.

Yes 8 No 5 Absent 0 Carrier Rep. Clark

Date: 1-29-09
Roll Call Vote #: _____

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1598

House Natural Resources Committee

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Legislative Council Amendment Number _____

Action Taken Do Pass Do Not Pass As Amended

Motion Made By DeKrey Seconded By Drovdal

Representatives	Yes	No	Representatives	Yes	No
Chairman Porter		✓	Rep Hanson	✓	
Vice Chairman Damschen		✓	Rep Hunsakor	✓	
Rep Clark	✓		Rep Keish		✓
Rep DeKrey	✓		Rep Myxter		✓
Rep Drovdal	✓		Rep Pinkerton		✓
Rep Hofstad	✓				
Rep Keiser	✓				
Rep Nottestad	✓				

Total (Yes) 8 No 5

Absent 0

Floor Assignment Clark

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

REPORT OF STANDING COMMITTEE

HB 1548: Natural Resources Committee (Rep. Porter, Chairman) recommends DO NOT PASS (8 YEAS, 5 NAYS, 0 ABSENT AND NOT VOTING). HB 1548 was placed on the Eleventh order on the calendar.