

2021 SENATE ENERGY AND NATURAL RESOURCES

SB 2301

2021 SENATE STANDING COMMITTEE MINUTES

Energy and Natural Resources Committee Peace Garden Room, State Capitol

SB 2301
2/4/2021 PM

A BILL for an Act to create and enact a new section to chapter 49-22 of the North Dakota Century Code, relating to certificate reporting requirements for an applicant; to amend and reenact sections 49-22-02 and 49-22-03, subsection 1 of section 49-22-08, and section 49-22-09 of the North Dakota Century Code, relating to providing a definition of a local worker, application for certificate, and factors to be considered when evaluating an application and designation of sites, corridors, and routes.

Chairman Kreun called the hearing to order at 2:28pm
Senators Patten, Schaible, J. Roers, Kreun, Bell, and Piepkorn present

Discussion Topics:

- Reporting requirements for in versus out of state workers
- Effect the bill would have on employment and workers employment

Pamela Trhlik, Laborers International Union of North America – Local 563, Governmental Affairs/New Business Development, testified in favor #4870 (2:29pm)

Evan Whiteford, LIUNA Local 563, Organizing Committee member, testified in favor #5232 (2:37pm)

Steve Cortina, Laborers International Union of North America Local 563, Organizer, testified in favor #4855 (2:43pm)

Julie Fedorchak, Public Service Commission, Chair, testified neutral #5442 (2:49pm)

Troy Coons, Northwest Landowners Association, President, testified in favor #5392 (2:59pm)

Brendan D. Cummins, LIUNA Minnesota/ND, Attorney, testified in favor #5331 (3:01pm)

Lucas Franco, LIUNA Minnesota and North Dakota, research manager, testified in favor #5243 and #5244 (3:03pm)

Matt Gardner, Greater North Dakota Chamber, testified opposed (3:18pm)

Additional written testimony:

Kayla Abrahamson, Bowman Resident, testified in favor #4848

Sarah Bryson, Bowman Pipe worker, testified in favor #4967

Daniel Corona, Williston oil worker, testified in favor #4850

Jason Ehlert, North Dakota State Building and Construction Trades Council Labor Representation, testified in favor #5389

Tom Gullickson, oilfield worker, testified in favor #5219

Marc Jurek, Ironworkers Local 51, Region C Business Representative, testified in favor #5420

Brian Kroshus, Public Service Commissioner, testified in favor #5501

Landis Larson, North Dakota AFL-CIO, President, testified in favor #5348

Aaron Long, 4th generation North Dakotan Worker, testified in favor #5137

Preston Messerschmidt, North Dakota National Guard/Windfarm Construction Worker, testified in favor #5231

Meagan M. Scharder, Heartview Foundation RN, testified in favor #5478

Clifford Stargile, Mandan Construction worker, testified in favor #5138

Henry Tapia, Washburn Coal plant worker, testified in favor #4847

Chairman Kreun called the hearing to a close at 3:20pm

Dave Owen, Committee Clerk

Testimony in support of SB 2301

Pamela Trhlik, Director of Governmental Relations & New Business Development

Laborers District Council of MN & ND

2210 East Broadway Ave, Bismarck, ND 58501

701-425-7085

Lobbyist Number: 999

Chairman Kreun, Members of the Committee – I am grateful for the opportunity to stand before you in support of Senate Bill 2301. LIUNA is grateful for the support we've received from Senators Mathern and Dever and Representatives Boschee, Kempenich and Brandenburg – sponsoring this bill.

I am marking nearly seven years working with the Laborers International Union of North America and am a member of Local 563, which serves all of North Dakota and a large segment of Minnesota.

The Laborers Union has been working in all aspects of energy-related construction projects. For decades we have been a huge part of North Dakota's coal-fired generation plants. We are known for our skill in pipeline construction – having played an integral part in building the Dakota Access Pipeline. LIUNA throughout North America has been building wind and solar farms and will continue to fight for all forms of energy.

For years prior to this role, I work in major corporate communication roles. This job gives me the opportunity to work directly with our North Dakota construction workforce, watching their successes on local projects and listening to their disappointments when companies and contractors coming in from other states hire their own workforce – displacing local workers. We get dozens of calls from non-union construction workers wanting to know if we can place them in jobs because they are disappointed in not being hired on local projects, despite having years of experience.

For many years, our organization has tracked hundreds of various construction projects, many that require approval from the North Dakota Public Service Commission. We have testified before the PSC on dozens of projects – supporting the industry and good contractors that choose both union and non-union workers.

At the heart of our mission and testimony is the need to prioritize North Dakota workers. We listen to testimony by companies saying they are committed to local workforce, but when we visit jobsites – especially windfarm construction sites – barely any local workforce is present. At the core of our want, we requested multiple times that companies report local vs. out-of-state workers coming to North Dakota.

This bill would add to the Public Service Commission's reporting requirements to simply report where workers are coming from, which should be a huge additional burden on individual companies. In addition, maximizing and prioritizing local workforce efforts includes increasing recruitment efforts throughout the state to draw in local workers

During economic uncertainties brought on by the pandemic and the collapse of the oil markets in early 2020, we need to make certain our North Dakota men and women are being looked at first to fill high paying construction jobs. There are 100s of skilled union and non-union workers available to fill these positions. In addition, we still have a core of our workforce that is under-employed or working more than one job to make ends meet. Construction training programs throughout the state and apprenticeship programs can elevate individuals into strong living wages, with benefits and health insurance that will all raise a standard of living for families throughout North Dakota.

Two colleges - Lake Region State College and Bismarck State College – have renewable energy programs. I am certain students in those programs that want to stay in North Dakota would want top priority for renewable jobs.

There is a finally a greater push for young men and women to consider construction trades and skilled apprenticeship programs if they are not aiming for a four-year degree. This is definitely a growing trend in the state and we want for a new generation of workforce to be able to stay in the state with their families.

I thank you for the opportunity to be before you today.

Testimony in support of SB2301

Evan Whiteford, Marketing Rep, Great lakes Regional
Organizing Committee, LiUNA local 563
2210 East Broadway Ave, Bismarck, ND 58501
(701) 934-1581
ewhiteford@liunagroc.com

Chairman Kreun and members of the committee, I am testifying in support of SB2301. My Name is Evan Whiteford and I have been a member of Local 563 MN/ND for 15 years. I have worked the Oil and Gas industry my whole career, installing pipelines throughout the country. I have been in ND since 2009 first a pipe liner and as of 2015 a marketing representative for the Laborers Union. I have been a huge supporter of all areas in the energy industry. Also have a small ranch in Williams county, the heart of oil country.

Energy jobs are lines important to our community. The population in western ND has grown beyond belief and these people have moved here to create a new life. Recently the oil industry has seen a drastic decline and the people are forced to seek employment in other industries. I've had the pleasure of meeting several people in my area and the discussion comes up regularly on where the oilfield is heading. Meanwhile the wind industry developed two wind farms pretty much in our back yards. The people that lost their oilfield jobs seen a sign of relief for means of an income only to find out that they would not be hired. Instead, these jobs were given to out of state workers.

These jobs should have gone to some local candidates. After speaking to land owners in the area they stated that it was all out of state license plates speeding around the country roads and they too agree that something needs to be done about local hire. ND has a history of people leaving. Prior to the oil boom there wasn't much to choose from in the job market. Now we have oil and the growing industry of renewable energy. We need these jobs in order to exist in ND. I don't want to see what happens when a boom town becomes a ghost town. If these projects are going to continue then we need to start think about the people that live here.

I urge you to vote YES on SB2301.

Thank you,

Evan Whiteford

Testimony in Support of SB2301

Steve Cortina, Organizer, Great Lakes Regional Organizing Committee, Laborers

International Union Local 563

2210 East Broadway Ave, Bismarck, ND 58501

701-934-0640

Good morning Chairman Kreun and members of the committee. Thank you for the opportunity I have to testify before you on behalf of Senate Bill 2301. My name is Steve Cortina and I am a 13-year member of the Laborers International Union of North America Local 563. I started my career working in the wind industry and have worked my way into my current position as Organizer/Marketing Representative for all of North Dakota.

The Laborers Union has been an key part of North Dakota's construction industry for well over 50 years. We work in a multitude of construction area including: heavy highway, pipelines, windfarms, power plant maintenance and turnarounds, maintenance within Crystal Sugar plants, commercial and industrial builds and a variety of jobs supporting the other union building trades.

During the past 7 years, we have increased our presence in the state, started a campaign to fight for local North Dakota workers and have been a visible part of project testimony at North Dakota Public Service Commission-approved projects and at county levels. We've tracked dozens of projects in the state, talked with area landowners about

their satisfaction after companies leave their land and even fought to get several workers paid what they were owed during the height of the oil boom.

It is important to me to fight for local workers because of my work background. For several years at the beginning of my construction career, I worked building windfarms. Starting as a basic labor position I worked my way up to foreman on many projects. Unfortunately, due to many companies coming into North Dakota to build windfarms without local workers, I was forced to travel out of state to many other states in order to provide for my family and continue my career. With years of experience, I would never get a call back from companies working in the state. It was hard on my family having me away for months at a time. All I wanted was to work in North Dakota on these projects and be home every night with my family.

Many of our windfarm skilled members have experienced the same situation. They have excellent experience and apply to work on windfarms but are never even given the courtesy of a call back.

We've often been the voice of local hire/North Dakotans first at Public Service Commission hearings. I believe it is important to know if companies are choosing local workforce when setting up in the state. I also believe it is important for landowners – who are experiencing project fatigue – to know that the construction workers on their land will take care of it and work to fulfill the promise to return the land to its full use.

There is a current windfarm project being built in Williams and Mountrail Counties that has been featured in the news. An area landowner has experienced issues with his property not being respected. Landowners concerns should take precedence over everyone with proposed projects.

When companies testify under oath to the PSC saying they will work to hire local, I want those companies to hold true to their word. With the Senate Bill 2301 – we are looking for a little more accountability through reporting local vs. out-of-state workers and working harder to find local workers.

Since 2015, when oil prices dropped and then at the start of the pandemic, oil prices plummeted into jobs evaporated. With the uncertainty of the future of coal, another tier of workers are facing career changes. We want in-state workers that want to remain here to find continued work and be a priority to contractors.

We will continue to fight for our local workforce in every way possible, whether it be standing before you with proposed legislation, tracking projects and workers and helping our residents find meaningful jobs and careers.

I ask you to vote yes on SB 2301 and take a stand for North Dakota.

Thank you.

Senate Bill 2301

Presented by: Julie Fedorchak, Chairman
Public Service Commission

Before: Senate Energy and Natural Resources Committee
The Honorable Curt Kreun, Chairman

Date: February 4, 2021

TESTIMONY

Mr. Chairman and committee members, I am Julie Fedorchak, Chair of the Public Service Commission and holder of the Commission's siting portfolio.

The Commission has reviewed SB 2301. We support the overall goal that the advocates behind this measure are attempting to address, which is to increase the economic benefits of energy infrastructure development in our state through the increased use of local employment. In fact, the siting law as written today already does include direct and indirect economic benefits among the factors for us to consider in reviewing applications for a siting permit. SB 2301 seeks to draw additional focus on the specific issue of employing local workers. We have no objection to that.

We do however request two changes to the bill as proposed. First, the proposed language in 49-22-09(3) provides that the Commission ***may not*** issue a permit for a wind or solar energy conversion facility unless the applicant can show the project will maximize employment of local workers to build and operate the proposed facility.

While the commission believes that employment of local labor can be part of the evaluation and the reporting of local labor may generate good information,

conditioning the issuance of a certificate for wind and solar upon whether an applicant “can show” that they will maximize local employment is troublesome. For one thing, developers of energy infrastructure such as wind farms often secure labor contracts after receiving the site certificate. Furthermore, conditioning the permitting process in this way elevates employment of local workers above other factors such as impacts to the environment, local government and public health. And finally, conditioning the certificate on the applicant’s ability to show that they will maximize local employment creates a potential appealable issue that builds uncertainty into the siting process. We request that you eliminate 49-22-09(3).

Secondly, the proposed bill includes changes to the Siting Act’s Statement of Policy outlined in 49-22-02. This statement of policy provides an overall summary of the purpose and intent of the siting act. We request the proposed language on lines 20 and 21 be removed. This language is redundant and out of place in the statement of policy which is intended, as I said, to sum up with a few broad statements all of the criteria, factors and policy considerations baked into the siting act. Including the proposed language into the statement of policy elevates this factor above all of the many other factors that are later enumerated in the act such as adverse direct and indirect environmental impacts, problems raised by other agencies or impacts to local or county entities. We feel this language is best included in 49-22-09.1(g) as proposed, and not repeated in the statement of policy.

We respectfully request those two changes. And with that, Mr. Chairman, I am happy to answer any questions.

Troy Coons

Northwest Landowners Association

Energy and Natural Resources

Testimony for SB 2301

February 4, 2021



Good afternoon, Chairman Kreun and members of the committee, thank you for taking my testimony into consideration today. My name is Troy Coons and I am the Chairman of the Northwest Landowners Association. Northwest Landowners Association represents over 560 farmers, ranchers, and property owners in North Dakota. Northwest Landowners Association is a nonprofit organization, and I am not a paid lobbyist.

Northwest Landowners Association has many members impacted by wind development. Although this bill is not exactly related to property rights, we do generally support the use of local labor. Particularly with respect to reclamation and other dirt-disturbing operations, we have found that folks from our own neighborhoods often understand the soils and drainage best. There is also a certain pride in work that seems more common when the people doing the work live in the same community. We urge a "do pass" on SB 2301.

Thank you for taking the time to consider our comments.

Sincerely,

A handwritten signature in black ink, appearing to be "Troy Coons". The signature is written in a cursive style with a loop at the end.

Troy Coons, Chairman

Northwest Landowners Association



February 3, 2021

To the Chairperson and Members of the Senate Energy and Natural Resources Committee:

I am legal counsel for LIUNA Minnesota/North Dakota. I will be available at the hearing on February 4, 2021 to provide testimony in support of SB 2301 to address potential legal questions that may come up regarding the bill.

Sincerely,

CUMMINS & CUMMINS, LLP

/s/Brendan D. Cummins

Brendan D. Cummins

Testimony ID#5243

**Catching the Wind 3.0:
The impact of local versus non-local hiring
practices on wind farms in North Dakota**

October 2019

Lucas Franco, Ph.D.



Catching the Wind 3.0:

The impact of local versus non-local hiring practices on wind farms in North Dakota

Executive Summary

North Dakota's wind energy economy is booming. The state is tenth in the nation in net generation from wind energy. In 2018, wind energy provided approximately 26% of power generated in North Dakota.¹

There are currently at least 9 major wind farm projects either seeking permits or in pre-construction across North Dakota. These wind energy projects could generate an additional 2,435 megawatts in renewable power and add to North Dakota's already impressive wind energy portfolio.

Wind energy projects in the development pipeline could also create thousands of family-supporting construction jobs for North Dakota residents. But the state will lose many of the economic benefits of wind energy development if the firms building wind farms continue to rely heavily on the use of an out-of-state construction workforce.

Workers who live hundreds or thousands of miles away and come to North Dakota for the sole purpose of building wind energy projects can be expected to take the wages they earn back home when they leave, while local workers typically spend their wages where they reside, maximizing economic benefits to their communities. To better understand the economic significance of local hiring on wind energy projects, this report analyzes the potential impact of the use of local versus non-local workers to build proposed major wind farm projects in North Dakota.

We find the following:

- A local wind energy construction worker can be expected to spend roughly three times more locally than a non-local worker over the short-term (\$52,000 versus \$16,000).
- Wind energy developers currently rely heavily on non-local construction workers, who account for an estimated 86% of construction workforce on recent projects, leaving just 14% of wind construction jobs available for local workers.
- If 50% to 70% of work on all 9 projects were performed by local workers, the total projected economic impact of wind farm construction employment, including the value of deferred fringe benefits, would fall between \$170 million and \$210 million.

¹ American Wind Energy Association, "Wind Energy in North Dakota,"
<https://www.awea.org/Awea/media/Resources/StateFactSheets/North-Dakota.pdf>

- If just 10% to 30% of the work were performed by local workers, the total projected economic impact would be reduced by over \$80 million to between \$87 million and \$127 million.
- Reliance on a non-local workforce is currently costing North Dakota an estimated \$14.9 million per year in lost local economic activity.

North Dakota could continue to lose hundreds of jobs and millions of dollars in economic development, or the state could take a page from neighboring Minnesota, where developers, contractors, regulators, utilities, and workforce organizations have made local workforce participation a priority in the development process. Thanks to these efforts, Minnesota has experienced a dramatic turnaround in the use of local labor to build wind energy projects.

Minnesota's Public Utilities Commission now requires wind energy project owners to file quarterly reports on the use of local and non-local labor and considers local job impacts when permitting wind energy facilities. At the same time, utilities, wind energy developers and contractors have partnered with local building trades organizations to recruit, train and deploy Minnesota workers to build wind projects.

The new emphasis on local workforce is paying dividends for workers. Between 2017 and 2018, building trades organizations estimate that fewer than 20% of construction jobs on large Minnesota wind energy projects and communities across Minnesota's wind belt. In 2019, by contrast, the same organizations indicate that local residents accounted for over 50% of the wind energy construction workforce, and they expect local workforce participation to be even higher in 2020. Local ratepayers and communities are also benefiting from the transparency provided by reporting requirements that are shining a light on industry hiring practices.

Like Minnesota, North Dakota has skilled local construction workers and workforce organizations that are capable of recruiting, training, and deploying new workers through registered apprenticeship programs. There is no reason North Dakota workers shouldn't enjoy the same opportunities that are being provided to workers across the Red River Valley.

Introduction

North Dakota's wind energy economy is booming. The state now ranks tenth in the nation in net generation from wind energy.² There are currently at least 9 major wind farm projects seeking permits or in pre-construction in North Dakota. If constructed, these projects would generate an additional 2,435 megawatts in renewable power³ and add to North Dakota's already impressive wind energy portfolio. Today, wind energy conversion facilities provide nearly 26% of the state's power.^{4,5}

² American Wind Energy Association, "Wind Energy in North Dakota,"

<https://www.awea.org/Awea/media/Resources/StateFactSheets/North-Dakota.pdf>

³ Industrial Info Resources, "Project Search," https://www.industrialinfo.com/dash/project_results.jsp.

⁴ American Wind Energy Association, "Wind Energy in North Dakota,"

<https://www.awea.org/Awea/media/Resources/StateFactSheets/North-Dakota.pdf>.

⁵ U.S. Energy Information Administration, "North Dakota: Profile Overview," <https://www.eia.gov/state/?sid=ND>.

New wind farm development has the potential to deliver economic benefits for workers, land owners, and state and local governments. The American Wind Energy Association (AWEA) estimates that, in 2018, wind farm projects in North Dakota provided annual land lease payments of between \$5 million and \$10 million, and generated \$9.5 million in annual state and local tax payments.⁶

The majority of jobs needed to develop a wind farm are in the construction industry. A 150-200 megawatt wind farm, consisting of 35-70 turbines, requires 135-200 construction workers to build.⁷ The construction of a wind farm relies on the labor of a range of skilled construction workers. Construction laborers help to build the access roads needed to carry heavy machinery to turbine installation sites and they place the concrete foundations for new turbines. Operating engineers prepare the site, and move and hoist the turbine components. Ironworkers assemble the tower and components, and assist with the construction of the foundation. Electricians connect the turbines to transmission lines.

These jobs offer opportunities for North Dakota workers across a broad spectrum of construction experience. A wind farm project typically includes workers with extensive experience and highly specialized skills (e.g. electrical workers with wind turbine expertise), workers with some wind construction experience (e.g. operating engineers with past experience hoisting turbine components), workers with general construction experience (e.g. laborers with experience in pouring concrete) and some that are new to the industry with little to no construction experience (e.g. laborers working to build access roads or excavate turbine foundations). While some jobs in the wind industry require extensive experience, many do not. Thus, there could be many opportunities for local workers to secure well-paid jobs on wind farm projects.

But North Dakota loses much of the benefit of wind farm construction employment when developers and contractors rely on out-of-state construction workers to build wind energy projects. Unlike local workers, who typically pay local property taxes, send children to local schools, spend their earnings at local establishments, and donate to local churches and nonprofits, out of state workers on wind projects tend to take the wages earned and the skills developed on wind projects back home when they leave.

Steve Cortina, a wind energy construction veteran who lives in Bismarck, observes that the wind industry seems to have forgotten local tradesmen and tradeswomen who successfully built past North Dakota wind farm projects.

“Big wind developers have forgotten that we have one of the best wind farm construction workforces in the country. There are skilled workers with wind farm experience, and others who are ready to step up to wind work, and they’re available to deliver projects safely, on-time, and on-budget. These are people that live in our area. They volunteer in their local

⁶ American Wind Energy Association (AWEA), “Wind Energy in North Dakota,” <https://www.awea.org/Awea/media/Resources/StateFactSheets/North-Dakota.pdf>.

⁷ Jobs estimates based on author’s analysis of the National Renewable Energy Laboratory’s (NREL) Jobs and Economic Development Impacts (JEDI) model.

communities, they spend their paychecks and use their health benefits at local business businesses. They're moving these local economies forward."

Data from a survey of recent wind energy projects suggests that non-local workers account for roughly 75% to 95% of construction workforce with a weighted average of 86% non-local and just 14% local workers.⁸ Such low levels of local employment cause local workers to miss out on family-supporting construction jobs and regional economies to miss out on millions in socio-economic impacts.

Some developers and contractors that rely on out-of-state workers have suggested that there are not enough skilled workers to meet the workforce demands. This claim does not hold up based on the experience of projects like Sunflower and Tatanka Wind energy projects that were built with a largely local workforce according to union representatives and members who participated in the staffing or construction of the projects.⁹ Further, representatives of area building trades unions have consistently indicated that they are ready and willing to recruit and train North Dakotans to safely and efficiently build wind energy construction projects.¹⁰

The objective of this report is to assess the economic consequences for local communities across North Dakota of decisions by developers and contractors to rely on out-of-state workforce. In order to accomplish our objective, we analyzed the economic impact of nine major wind farm projects that are in the permitting or pre-construction phase, based on a review of applications filed with the North Dakota Public Service Commission, news reports, and data obtained from Industrial Information Resources on planned wind farm projects. We find that greater use of local workers would not only create hundreds of well-paid jobs for North Dakotans, but also generate tens of millions of dollars in additional economic activity across the state.

The Wind Farm Industry in North Dakota

North Dakota is one of the top wind energy producing states. North Dakota ranked tenth in the United States in 2018 with total generation of 3,155 megawatt hours of wind power.¹¹ North Dakota wind farms are spread across the state. The region experiences frequent and sustained wind activity making it an ideal area to capture wind energy.

Figure 1: North Dakota wind farms¹²

⁸ Data was gathered from observations of personal vehicles on wind farm construction sites and supplemented by conversations with wind farm construction workers. For more information on the survey methodology, see testimony filed with the Minnesota Public Utilities Commission here:

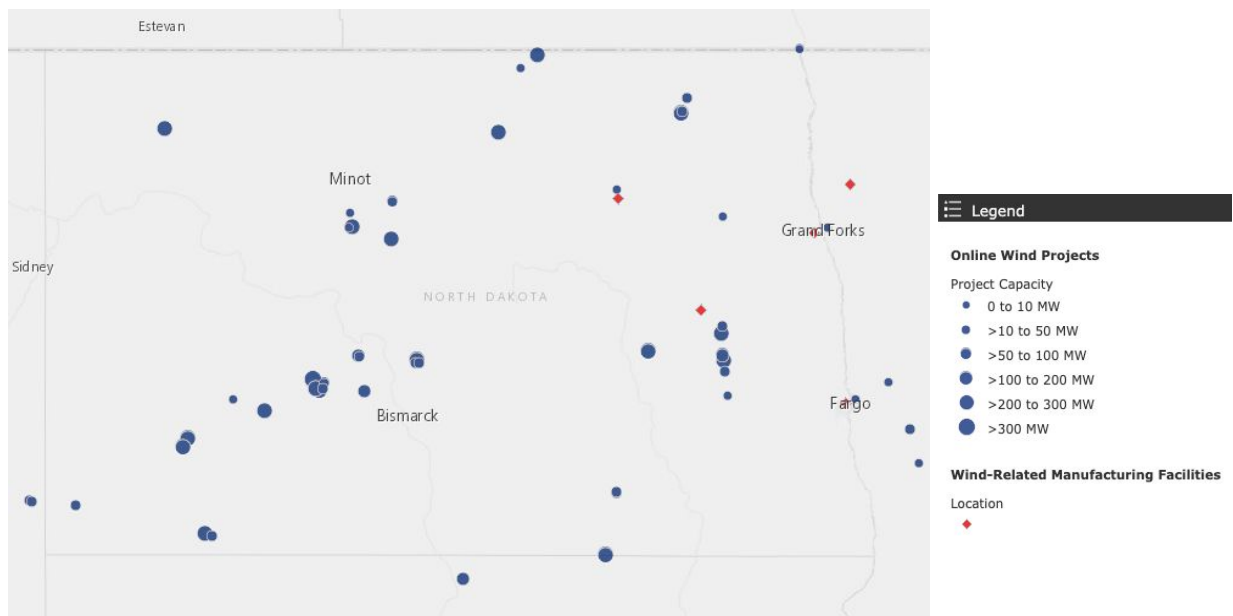
<https://www.edockets.state.mn.us/EFiling/edockets/searchDocuments.do?method=eDocketsResult&docketYear=17&docketNumber=307#>

⁹ Information based on informal interviews with local officials and representatives of various trade unions.

¹⁰ Steve Cortina testimony (see footnote 9).

¹¹ American Wind Energy Association (AWEA), "Wind Energy in North Dakota," <https://www.awea.org/Awea/media/Resources/StateFactSheets/North-Dakota.pdf..>

¹² U.S. Energy Information Administration, "North Dakota," <https://www.eia.gov/state/?sid=ND>.



In addition to this significant existing capacity, there are thousands of megawatts in wind farm projects under permitting review or in the pre-construction phase. Along with these new projects, there are also major re-power projects under review that could increase capacity and efficiency of existing wind farms.

We have identified 9 major wind farm projects in development or pre-construction stages in North Dakota that could, if built, add more than 2,400 megawatts of wind power to the electric grid. They also have the potential to create more than 1,500 family-supporting jobs for North Dakotans if developers prioritize use of local workforce.

Table 1: Major North Dakota wind farm projects under review or in pre-construction

North Dakota Projects			
Proposed Project	Size in MW	Job Estimate (1-to-1)	Developer
Burke County Wind Energy Center	200	200	NextEra Energy
Aurora Wind Project	300	300	Tradewind Energy
Ruso Wind Project	205	205	Southern Power
Red Butte Windfarm	200	200	Tenaska & PRC Wind
Ward County Windfarm	300	300	NextEra Energy

Garrison Butte Windfarm	151	151	Capitol Power
Bowman Phase I & II	300	300	Apex Clean Energy
Glacier Ridge Windfarm	179	179	RES Americas
Hartland Windfarm Phase I & II	600	600	NextEra Energy
Total	2,435	2,435	

The most commonly-accepted estimate for wind farm construction job creation is one job per megawatt. Thus, we expect these projects to generate approximately 2,435 jobs.

What is the potential economic impact of using a majority local workforce rather than a largely non-local workforce on these proposed projects? We estimate that the difference in local economic impact between hiring a 50% to 70% local workforce and a 10% to 30% local workforce is \$62 million, not including retirement benefits. When deferred fringe benefits that will produce future spending are included, that difference grows to \$82 million.

Our Economic Impact Model

Our economic impact estimates are based on the North Star Policy Institute (NSPI) model developed in *Catching the Wind: The impact of local vs. non-local hiring practices on construction of Minnesota wind farms*.¹³ Prior to the NSPI report, there was not an adequate model for the economic impact of employing local versus non-local workers on wind farm projects. As discussed in the 2018 report, the JEDI model developed by the National Renewable Energy Laboratory does not sufficiently account for the realities of wind work.

First, the JEDI model does not include overtime, even though we know from interviews with wind workers, developers and contractors that wind construction involves substantial overtime during a condensed construction season (typically mid-May to mid-November). During this period, workers generally work long hours to complete projects -- an estimated 1,500 hours over six months or an average of 60 hours per week. This requires substantial overtime pay (approximately one third) for wind farm workers.

Second, the JEDI model does not adequately account for fringe benefit payments. Many wind farm workers receive fringe benefits, that may include health coverage, vacation, and retirement benefits. These benefits are typically banked for future needs and spent near a worker's permanent home, and they can account for a significant portion of total payroll.

¹³ Lucas Franco and Katie Hatt, "Catching the Wind: The impact of local vs. non-local hiring practices on construction of Minnesota wind farms," June 2018, The North Star Policy Institute.

Excluding these payments significantly underestimates the overall impact of local versus non-local spending patterns.

Third, the JEDI model does not sufficiently account for different spending patterns of local and non-local workers. Based on insights from wind farm workers, we found that non-local wind farm workers largely try to live off per-diem payments while working away from their permanent home, while sending hourly paychecks home. Non-local workers are rooted in communities hundreds or thousands of miles away, where they may have families and/or own homes. By contrast, North Dakota workers are generally rooted in North Dakota communities where they spend their earnings and utilize health and other benefits.

The NSPI model compensates for shortcomings with the JEDI model and accounts for these differences in spending patterns. We replicate the NSPI model for this analysis.

Wages and Benefits

We estimate pay and benefit rates based on an average of prevailing wage rates established by the U.S. Department of Labor for heavy industrial and highway projects across North Dakota. These prevailing wage rates are calculated based on wage surveys submitted by local construction employers and trade unions, and industry sources affirm that these rates are consistent with the rates commonly paid to North Dakota workers employed on wind energy projects.

Wind farm construction requires the skills of construction laborers, ironworkers, millwrights, operating engineers, and electricians. Workers in these trades typically earn between \$23 and \$35 per hour in wages and \$12 to \$17 in hourly fringe benefit contributions (e.g. healthcare, pension and vacation payments) depending on their trade. We estimate the average wage of a wind energy construction worker based on an average of the rates for each craft.

TABLE 2: Prevailing Wage North Dakota		
North Dakota Prevailing Wage		
Craft	Wage	Fringe Rate
Laborer	\$23.78	\$16.22
Millwrights/ Ironworker	\$32.13	\$22.61
Operator	\$28.47	\$16.41
Electrician	\$35.64	\$11.67
AVERAGE (standard)	\$30.01	\$16.73
Overtime	\$45.01	

Based on interviews with wind construction workers and contractors, we found that overtime work is common as wind energy construction workers typically work long hours. In northern

climates where the construction season is limited, our research indicates that the typical wind energy project may last six months, during which time workers average 60 hours per week, for a total of roughly 1,500 hours -- 1,000 hours of straight time (\$30.01 per hour) and 500 hours of overtime (\$45.01 per hour).

Spending Patterns of Local and Non-Local Workers

Local and non-local workers are assumed to perform similar work and earn similar wages on a wind farm construction project. Non-local workers are defined as workers that do not maintain a permanent residence within a daily commuting distance of the project. Non-local workers secure temporary lodgings and generally receive per-diem payments from employers to offset lodging and food costs.

Workers on wind energy projects in North Dakota typically receive per diem payments of roughly \$100 according to interviews with workers and other industry professionals.¹⁴ Per diems are generally provided on working days, so non-local workers on a North Dakota wind project could be expected to receive per-diem payments six days per week over the six-month duration of a project. Thus, we estimate the total value of per-diem payments to a non-local worker employed on a North Dakota wind project to be \$15,600 (\$100 x six days a week x 26 weeks).

We expect local workers on a North Dakota wind project to earn approximately \$52,509 in pay, excluding benefits, while non-local workers should receive gross pay totaling \$68,109, excluding benefits. These estimates are calculated based on 1,000 hours of work at the standard pay level (1,000 x \$30.05) plus 500 hours of overtime (500 x \$45.01). For non-local workers, we add per-diem to their total pay (\$52,509 + \$15,600).

TABLE 3: Gross Pay Non-Local Workers		
	Local Worker at 1500 hours	Non-Local Worker
1500 hr Salary	\$52,508.75	\$52,508.75
Per Diem	\$0.00	\$15,600.00
Gross pay	\$52,508.75	\$68,108.75

We can estimate the amount that the average local worker spends in his or her local area by deducting taxes and savings, and by applying an estimated share of their income that will be spent in a local area based on the work of economists that have studied the economic impact of local payrolls. The following table presents expected tax payments and savings for each worker:

¹⁴ Per diem rates are based on interview and survey data from past and current wind farm construction workers.

TABLE 4: Tax Deductions 2018		
Deductions	Local Worker	Non-Local Workers
Effective Federal (8.78%)	\$4,449.00	\$4,449.00
Effective FICA (7.65%)	\$3,876.00	\$3,876.00
Effective State (.9%)	\$456.00	\$456.00
Total Tax	\$8,781.00	\$8,781.00
After Tax Income	\$43,727.75	\$43,727.75
Savings (3.1%)	\$1,355.56	\$1,355.56
After savings	\$42,372.19	\$42,372.19
Current Fringe Benefits	\$12,545.63	\$12,545.63
Deferred Fringe Benefits	\$12,545.63	\$12,545.63
Total Local Spending Per Worker	\$52,171.92	\$15,600.00
Difference in local spending per worker	\$36,571.92	

These calculations are based on standard tax rates for North Dakota. The “effective” tax rate is based on an analysis of the income bracket in which workers in this income bracket are situated.¹⁵ Per diems are generally not treated as taxable income.

The average American currently saves approximately 3.1% of their income.¹⁶ If we assume this trend holds, the average after-tax and after-savings income of both local and non-local workers would be about \$42,372. On top of this income, non-local workers are expected to receive \$15,600 in per-diem payments.

The economic contribution of local workers to local economies is not limited to their paychecks. Fringe benefits, which for construction workers typically include health care coverage and retirement, training, and vacation benefits can also contribute to local economic activity. Among these benefits, health care and retirement benefits account for the lion’s share.

Health care contributions are usually spent in the short-term in local economies as workers and their families patronize local clinics, hospitals, and pharmacies. Retirement funds, on the other

¹⁵ Tax estimates corroborated by Smart Asset’s online tax estimator. The full estimator is available at: <https://smartasset.com/taxes/income-taxes#SRQvQjkXhc>.

¹⁶ James Chen, “Savings Rate,” May 15, 2018, Investopedia, available here: <https://www.investopedia.com/terms/s/savings-rate.asp>

hand, are deferred and will only contribute to local economies once a worker retires and begins to draw on pension payments or retirement savings.

For this reason, we estimate that half of fringe benefit contributions (\$25,091/2 or \$12,546) have a similar impact to post-tax, post-savings income, while the other half is treated as income that is deferred to be spent after retirement.

In past efforts to measure the local economic impact of local employment, economists have estimated that, on average, local workers spend 95% of their income within the region in which they live.¹⁷ Thus, we would expect a construction job on a North Dakota wind energy project that is filled by a local worker to directly contribute \$52,172 to the regional economy (95% of after tax /after savings income + 50% of fringe benefits or 95% of \$42,372 + \$12,546) in the near term, and likely an additional \$12,546 over the long term. We separate the impact of fringe retirement spending because such spending is deferred until retirement so impacts may only occur five, 10, or 20 years later.

Our research indicates that non-local workers, on the other hand, seek to restrict their local spending to the amount of their per diem and can be expected to spend the remainder of their wages and benefits in their primary place of residence.¹⁸ Thus, we expect that a non-local worker employed on a North Dakota wind energy project will spend \$15,600 locally over the duration of the project.

One former wind energy construction worker, explained how, “When you’re traveling on a wind project, you usually get two checks: your hourly check and your per diem allowance.” He further detailed how he, “always tried to live on my per diem and send my hourly check home. I had bills to pay at home, my house, my family.”

The near-term difference in local spending patterns between a local and a non-local worker employed on a North Dakota wind energy project is \$36,572 (\$52,172 - \$15,600). This is \$36,572 less that a non-local worker can be expected to spend at neighborhood grocery stores, car dealerships, restaurants and clothing stores. This amount is the economic stimulus gained or lost by decisions to hire local or non-local workers. The gap grows to approximately \$49,118 when deferred spending associated with retirement benefits are taken into account.

The potential gain or loss in local spending is considerable when we consider total anticipated employment on all 9 proposed wind farm projects. Based on industry standard estimates of job creation (one non-supervisory construction job per megawatt of wind energy), the projects will employ approximately 2,400 construction workers. The local economic impact of these projects could differ greatly depending on how many of the workers come from the local area or hundreds or even thousands of miles away.

¹⁷ Bruce Nissen and Yue Zhang, “Hiring Our Own? The impact of local vs. non-local hiring practices in two county GOB projects,” August 16, 2006, Research Institute on Social and Economic Policy at Florida International University.

¹⁸ This assumption is based on survey analysis and interviews with current and past wind energy construction and other sectors that typically employ traveling workforce.

It is rare for a wind energy project to employ an entirely local workforce. The leading U.S. wind energy EPCs pursue national business models, and employ a national workforce that includes key personnel who are essential to the safe and successful execution of the company's wind energy projects. There can be significant differences, however, between projects built by EPCs that partner with local workforce providers and deliver projects where a large majority (50% to 70%) of hours worked on the project are performed by local workers, and projects that rely largely on out-of-state crews where local workers account for a small share of hours worked (10% to 30%).¹⁹

The following table lays out estimates of total local spending for all 9 projects based on hypothetical levels of local and non-local construction hiring:

TABLE 5: Direct Local Spending	
Direct Spending	Total Impact
100% local	\$127,038,634.97
70% local	\$100,322,844.48
50% local	\$82,512,317.49
30% local	\$64,701,790.49
10% local	\$46,891,263.50
0% local	\$37,986,000.00
70/30% Difference	\$35,621,053.99

The projected difference in cumulative local spending between a project that relies on a 70% local workforce and 30% local workforce would be roughly \$35 million in current spending.

The differences in local impacts continue to grow when we account for multiplier effects of local spending. Wages earned by local construction workers are re-circulated within local economies through secondary purchases and other economic transactions. This spending creates additional jobs via multiplier effects that have been well-documented by economists.²⁰

In this report, we focus on the earnings multiplier. In Nissen and Zhang's 2006 study of the economic impact of local hiring on two major construction projects in Florida, they provide an earnings multiplier of 1.7377 for new construction work. This means that every dollar spent in a

¹⁹ The low range was originally developed based on conversations with tradesmen and women with industry experience has subsequently been validated by early results of local workforce reporting which range from 12% to 32%. The High range is based estimates from numerous tradespeople and others familiar with wind projects in North Dakota, which will be compared to results from Nobles II Wind Labor Statistics Reports once they are available.

²⁰ The following is an example of using multiplier effects on a major pipeline project in Minnesota: Bureau of Business and Economic Research (BBER) at the University of Minnesota Duluth (UMD) Labovitz School, "Enbridge Pipeline Construction: Economic Impact Study," prepared for Area Partnership for Economic Expansion (APEX), April 18, 2017.

local economy will result in an additional 73.77% in economic activity, beyond the earnings of those employed on the project.²¹

If we replicate the multiplier used by Nissen and Zhang (2006), total local spending would be as follows:

TABLE 6: Total Current Economic Impact (No Deferred Fringe Benefits)	
Percent Local	Total Impact with Multipliers
100% local	\$220,755,035.99
70% local	\$174,331,006.85
50% local	\$143,381,654.09
30% local	\$112,432,301.34
10% local	\$81,482,948.58
0% local	\$66,008,272.20
70/30% Difference	\$61,898,705.52

When we include economic multipliers, the present value difference in total economic impact of using 70% local workers versus 30% rises by approximately \$26 million to a total difference of \$61 million. When deferred retirement benefits are included, the total difference in economic impact between 70% and 30% local increases by another \$20 million to a cumulative difference of \$82 million. Simply put, the total difference in economic impact of using 70% versus 30% local workers on the 9 currently proposed wind farm projects in North Dakota is \$82 million.

TABLE 7: Total Long-Term Impact (Including Deferred Fringe Benefits)	
Percent Local	Total Economic Impact
100% local	\$271,185,117.94
70% local	\$209,632,064.22
50% local	\$168,596,695.07
30% local	\$127,561,325.92
10% local	\$86,525,956.77
0% local	\$66,008,272.20
70%/30% Split	\$82,070,738.30

²¹ Bruce Nissen and Yue Zhang, "Hiring Our Own? The impact of local vs. non-local hiring practices in two county GOB projects," August 16, 2006, Research Institute on Social and Economic Policy at Florida International University, pg. 8. Nissen and Zhang use an earnings multiplier specific to their region of analysis – Miami-Dade County, Florida. We do not have a regionally specific RIM II earnings multiplier for North Dakota. However, we expect only minor variation from the regionally specific earnings multiplier used by Nissen and Zhang. Additional research is needed to determine the exact earnings multiplier for North Dakota.

Finally, we estimate the annual value of economic activity lost due to the industry’s reliance on non-local workforce. We identified six wind energy projects totaling 859 MW that were under construction at some point during the 2018 and 2019 construction seasons: Clean Energy #1, Emmons-Logan, Foxtail, Merricourt, New Frontier, and Thunder Spirit II. Based on observations described above, we estimate that no more than 14% of work was performed by North Dakota residents or out-of-state residents who live within commuting distance of the projects which means that locals accounted for roughly 90 of some 850 construction jobs.

We estimate using the methodology described above that the full payroll-induced economic impact of building 853 MW of wind with a 14- local workforce, including all fringe benefits, to be \$33,032,458 over a two-year period. Use of a 60%-local workforce, on the other hand, could be expected to generate \$71,669,185 in economic activity for a difference of \$29,810,001, or nearly \$15 million per year. We consider this a reasonable estimate of the economic activity that North Dakota communities are losing on an annual basis due to heavy reliance on out-of-state workforce compared to the achievable goal of a workforce where locals account for at least 60% of work performed. For rural areas of North Dakota, these differences in local economic impacts could amount to meaningful boosts or losses to local household and business incomes, and to the tax base for local schools and governments.

The Availability of Local Workers

Prioritizing local hiring on these wind farm projects can not only create good, family-supporting jobs for local workers and millions of dollars in local economic activity, but can also provide a pathway into a career in the construction industry. In North Dakota, there are thousands of workers employed in low-wage, part-time jobs with few opportunities for upward mobility. For example, among the roughly 413,228 workers in Q1 in North Dakota in 2019, 79,436 are employed in low-wage retail, accommodations, and food service jobs. Many of these workers would welcome an opportunity for a well-paid, 40+ hour per week job with generous benefits.²²

TABLE 8: Total Employment and Wages in ND Q1				
Industry	Average Employment	Average Hourly Wage	Average Weekly Wage (40 hrs)	Average Annual Wage (2,080 hrs)
Health Care and Social Assistance	67,629	\$24	\$942	\$48,984
Retail Trade	45,635	\$15	\$600	\$31,200
Educational Services	37,217	\$21	\$842	\$43,784

²² Arne L. Kalleberg, “Good Jobs, Bad Jobs: The Rise of Polarized and Precarious Employment Systems in the United States, 1970s-2000s,” 2011, Russell Sage Foundation.

Accommodation and Food Services	33,801	\$9	\$343	\$17,836
Manufacturing	26,334	26	\$1,048	\$54,496

We estimate that the average construction worker on a North Dakota wind energy project would earn approximately \$2,103 per week (40 hours at straight time rate of \$30.05 per hour and 20 hours as overtime rate of \$45.07 per hour) excluding fringe benefit payments. This is three to five times the average weekly earnings of a worker in accommodation, food service or retail work.

The experience and training requirements for wind energy construction workers vary widely: from positions that require specialized skills, years of experience, and a license or certification; to jobs that can be filled by individuals with little or no construction experience. When local workers are hired to build wind energy projects, some may be entirely new to construction, while others are recruited from lower-paying jobs in civil, building, and residential construction.

A small number of the 79,436 workers currently employed in the retail, accommodation, or food service industries could begin work on a wind project as soon as construction begins, while others could benefit from jobs opened up when current construction workforce “moves up” to wind projects. Those employed by contractors that participate in registered apprenticeship programs would also benefit from classroom, hands-on, and on-the-job training to improve their skills and career prospects.

We expect that many of the 79,436 workers employed in industries that pay substantially less than wind energy project jobs would be eager to seize an opportunity to earn higher wages in the construction industry. Regional building and construction trades unions are ready and willing to work with wind developers and contractors to help dispatch the existing skilled workforce, and to recruit and train a new workforce.

Conclusion

North Dakota wind farms have the potential to create hundreds of family-supporting jobs for state residents and to inject millions of dollars into the region’s economy. We can maximize the benefit of these projects to North Dakota by encouraging developers and EPC contractors to prioritize local hiring and ensure that the majority of construction work on these projects is performed by local workers.

Minnesota, which has experienced a dramatic turnaround in use of local labor to build wind energy projects, provides a potential model. Minnesota’s Public Utilities Commission now requires wind energy project owners to file quarterly reports on the use of local and non-local labor and considers local job impacts when permitting wind energy facilities. At the same time, utilities, wind energy developers and contractors have partnered with local building trades organizations to recruit, train and deploy Minnesota workers to build wind projects.

The new emphasis on local workforce has paid dividends for Minnesota workers. Between 2017 and 2018, building trades organizations estimate that fewer than 20% of construction jobs on large Minnesota wind energy projects were held by local workers. In 2019, by contrast, the same organizations indicate that local residents accounted for over 50% of the wind energy construction workforce, and they expect local workforce participation to be even higher in 2020. Local ratepayers and communities are also benefiting from the transparency provided by reporting requirements that are shining a light on industry hiring practices.

Like Minnesota, North Dakota has skilled local construction workers and workforce organizations that are capable of recruiting, training, and deploying new workers through registered apprenticeship programs. There is no reason North Dakota workers shouldn't enjoy the same opportunities that are being provided to workers across the Red River Valley.

About Local Jobs North

Local Jobs North Dakota & Minnesota seeks to promote good, family-supporting construction jobs for North Dakota and Minnesota workers through research and advocacy. Our goal is to educate the public and policy makers about the social and economic benefits of using local workers.

www.locajobsnorth.org

About the Author

Lucas Franco is the Research Manager for LIUNA Minnesota & North Dakota, which represents more than 12,000 unionized construction laborers across Minnesota and North Dakota and is affiliated with the half-million member Laborers International Union of North America. He completed his Ph.D. in Political Science from the University of Minnesota in 2019. He has published numerous articles and reports on employment trends in the construction industry.

Contact the author for comments or questions.

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**North Dakota Legislative Testimony
SB 2301
February 2021**

**Lucas Franco, PhD
LIUNA Minnesota and North Dakota
Testimony in Support of SB 2301**

Good afternoon Chairman Kreun and members of the Energy and Natural Resources Committee.

My name is Lucas Franco.

I am the Research Manager for LIUNA Minnesota & North Dakota. We represent 12,000 construction workers across the two states and 550,000 across the US and Canada.

Our members work in a wide array of infrastructure construction from coal fired power plants to pipelines to wind farms. They are worried about the future as coal facilities close, and more concerned than ever to ensure that energy investments in North Dakota continue to create high-quality jobs for local residents.

Unfortunately, many North Dakota residents are currently missing out on work opportunities, especially in the renewable energy industry, because of a heavy reliance on non-local workers in these industries.

Problem: Reliance on Non-local Workers

Many wind and solar developers make big promises about the use of local labor on new projects, but they ultimately fail to prioritize local workers. Instead they rely on traveling workers from Texas and California.

The heavy reliance on non-local workers is causing North Dakota workers and communities to miss out on good work opportunities and hundreds of millions of dollars in lost investment.

Over the last few years I've conducted extensive research into the socioeconomic impacts of the use of local versus non-local workers on wind farm projects in both Minnesota and North Dakota.

In 2019, I authored a report on the socioeconomic impacts of local versus non-local labor on nine major wind farm projects that were either seeking permits or in the pre-construction phase across North Dakota at the time.

I have attached this report as part of my written testimony.

In the report I found the following:

- As of 2019, non-local construction workers accounted for an estimated 86% of construction workers on major wind energy projects, while local workers accounted for just 14%.
- A local construction worker could be expected to spend roughly three times more locally than a non-local worker over the short-term (\$52,000 versus \$16,000).
- If 50% to 70% of work on all nine projects were performed by local workers, the total projected economic impact of wind farm construction employment, including the value of deferred fringe benefits, would fall between \$170 million and \$210 million.
- If just 10% to 30% of the work were performed by local workers, the total projected economic impact would be reduced by over \$80 million to between \$87 million and \$127 million.
- As of 2019, we estimated that shifting to greater reliance on local workers could generate an estimated \$14.9 million per year in additional local economic activity.

The reliance on non-local workers is costly. In more recent research, I've detailed how North Dakota workers account for less than 10% of workers on two wind farm projects currently under construction. This at a time when thousands of North Dakota construction workers are out of work due the COVID-19 induced economic crisis. This low level of local workforce utilization stands in sharp contrast to projects like Sunflower Wind that used a majority local workers.

Is it possible to build wind farm projects with a majority local workforce? Absolutely. We've seen it before and now more than ever we have thousands of construction workers eager for work.

Solution: Workforce Transparency

We've found that one of the best ways to incentivize the use of local labor is to ensure greater transparency through the permitting process. Almost every major wind developer will make big promises of local workforce utilization as they are trying to build public support for a project, but as soon as permits are secured, they often rely on traveling crews and put little effort into local recruitment. Workforce reporting provides critical transparency, which allows the public to hold renewable energy developers accountable to the promises they make to local communities.

Minnesota workers and communities faced a similar problem a few years ago. Between 2017 and 2018, building trades organizations estimated that fewer than 20% of workers on construction jobs on large Minnesota wind energy projects were local workers.

One of the steps taken to address this issue was to include workforce reporting as part of the permitting process through the Minnesota Public Utilities Commission (MNPUC). Today, the MNPUC requires wind energy project owners to file quarterly reports on the use of local and non-local labor and considers local job impacts when permitting wind energy facilities.

The new emphasis on local workers is paying dividends. In 2019, local residents accounted for over 50% of the wind energy construction workforce, and the share of local workers has only increased since then.

Like Minnesota, North Dakota has skilled local construction workers and workforce organizations that are capable of recruiting, training, and deploying new workers through registered apprenticeship programs. There is no reason North Dakota workers shouldn't enjoy the same opportunities that are being provided to workers across the Red River Valley.

SB 2301 would help to ensure that local workers and local communities benefit from new clean energy projects.

Thank you for your time.

Testimony in support of Senate Bill 2301

Kayla Abrahamson – Bowman, North Dakota

701-440-1175

Kaylahansey5@gmail.com

Dear members of the Senate Energy and Natural Resources Committee,

I am respectfully submitting written testimony in favor of Senate Bill 2301 – which stands to put North Dakota workers first in the renewable energy industry. I live in District 39 and Sen. Dale Patten represents me and hundreds of construction workers in the area.

I am a lifelong Bowman County resident and have chosen to work in the construction industry because of great wages and benefits and flexibility of acquiring new jobs skills on projects across the state. Two years ago I was fortunate to get on with the Laborers International Union of North America Local 563. My first project was to inspect and coat miles of pipeline sitting near Gascoyne, ND that was marked for the Keystone XL project.

At this stage in my career, I want to stay in North Dakota, build North Dakota projects and be close to my family. I want to know that state agency leaders, legislators and contractors are looking at North Dakota workers first during the hiring process. North Dakota citizens are our greatest asset. For years when the oil boom brought in thousands of workers, we didn't have to worry about finding something locally. But as our energy industry – all aspects of it – ebbs and flows with the markets, there are years where jobs become more scarce. For more than five years, we need to make local workers a priority.

I grew up on a farm and understand the importance of protecting land – our more precious resource. I personally wouldn't want our land left a mess after a windfarm, solar farm or other energy-related project were built. As a construction worker I take great pride in my work as do my coworkers.

Please consider committee passage of this bill for current workers and future generations of workers that want to stay, work and raise families in the state.

Thank you.

Kaya Abrahamson

Testimony in Support of Senate Bill 2301

Sarah Bryson, Mandan, ND

701-425-7006

Sbryson13@gmail.com

For several years, I've been working in the construction industry, primarily working at our state's power generation facilities and on pipelines. I've chosen this career because of excellent wages and benefits for my family and I want to continue my career within North Dakota and not have to travel out of state

North Dakota's economy is continually going through fluctuations. Up until late 2015, the state had experienced years of a major boom due to the oil industry. Our state's overall unemployment was basically as low as it could go. Fast forward to now and the landscape of business and industry has changed. Lower oil prices and COVID19 have contributed to a higher unemployment rate. We are facing serious times of uncertainty in our overall energy industry. With GRE's announcement to close Coal Creek, affecting those employees and many more at Falkirk Mine, there will be local North Dakotans looking for new careers. It could also be years before we see oil boom times.

Senate Bill 2301 is a bill that takes a step in the renewable energy industry to choose North Dakota workers first. There are still a large number of construction workers forced to work out of state when companies bring in all their out-of-state workers. Supporting SB 2301 is a way to help our workers keep up full time work in state by encouraging contractors to report local hire and work to recruit local people in stronger way.

Thank you for your time and attention to this important matter.

Sarah Bryson

Testimony in Support of Senate Bill 2301

Daniel Corona, Construction Worker

Williston, North Dakota

Dcorona1212@gmail.com

701-580-2434

Dear Senators of the Energy and Natural Resources Committee. I am submitting testimony in support of Senate Bill 2301.

I am a native of Illinois and several years ago moved to North Dakota – which was the biggest land of opportunity when oil made the state the second largest producer in the U.S. for while.

Fast forward to now. I am a resident of Williston, living here with my daughter. I am part of a cross-section of transplant residents that now call North Dakota home and plan to stay here and grow my construction career in the state. I do not want to travel outside the state, because I want to be home to help my teenage daughter with school and extra-curricular activities.

My skilled construction experience in the last six years includes pipeline installation, heavy highway work, maintenance in power plants and I was part of finishing Dakota Gasification's urea production plant. I will continue my training opportunities to expand into renewable generation projects as that market grows in the northern plains.

As the Bakken has remained stagnant for a few years and I hear we may not see an uptick in the industry for more than three years – I want to know that I will still be able to find work here in North Dakota. I've kept track of various projects and applied for many and am turned out, most often pushed aside by workers that are here in the state for the brief construction window.

I realize many companies coming in from out-of-state need a core of their technical experts – but North Dakota has a large group of union and non-union workers with extensive experience in building renewables.

Senate Bill 2301 is a positive step forward for the state's workers who want to stay rooted here and work on career growth.



NORTH DAKOTA STATE BUILDING AND CONSTRUCTION TRADES COUNCIL

2901 Twin City Dr. Suite 201
Mandan, North Dakota 58554
(701) 663-8821

© GCU 250 C

February 4, 2021

To the Honorable Curt Kreun and Member Senators of the Energy and Natural Resources Committee

RE: Senate Bill 2301; Utilizing Local Workers

Representing workers in the commercial, industrial, and residential construction industries from foundation to finish, we are committed to promoting, recruiting, and developing careers in the skilled trades in North Dakota. With new forms of electrical generation being developed to complement the “all-of-the-above” directive of the state, having a reporting mechanism to identify local workforce utilization would be fundamental to promoting jobs for North Dakotans. As such, the North Dakota State Building and Construction Trades Council is in support of SB 2301.

With this bill, we feel it would contribute to local economic impacts, address local workforce development, and utilize more fully the resources of the state of North Dakota for its citizenry.

We respectfully urge a do pass recommendation for SB 2301.

With Kindest Regards, I am

Jason Ehlert
President
Lobbyist No. 347
Jason@ndbtu.org

Thomas Gullikson
[5476 Sweet Clover Lane](#)
[Williston, ND 58801](#)
tgully101@gmail.com

Support of SB2301

My name is Tom Gullikson. I moved to Williston in 2013. I have been working in the oilfield since 2011. Prior to 2011 I had worked in the pipeline and wind tower industry. I support this bill because I would like to see more jobs available to people like myself here in Williston.

The last four years I have had some work in North Dakota but I have had to take on work that provides a dignified way of life in places like Detroit, Michigan; Cleveland, Ohio; and Pittsburgh, Pennsylvania. It has been taxing on my family. I believe that we as a society owe it to people in these industries that are dwindling down to provide an avenue that we can move on into something else I believe this bill will help support that not only for myself but others wishing to enter into new industries and transitioning to and from current industries.

Chairman Kreun, members of committee

Marc A. Jurek, Ironworker's Local 512 Region C Business Representative
410 S. 22nd St. Bismarck, ND 58504
701-220-6383

Thursday, February 4, 2021

Support for SB 2301

Thank you for taking the time to read this testimony today. I am the Business Representative for Local 512. I cover the entire state of North Dakota. My duties as a Business Agent is to travel the entire state of North Dakota to talk to Local 512 members, Owners, End Users, and General Contractors. I must always pay special attention to the different websites like Dodge and the Builders Exchanges to stay on top of all future construction work. I then inform our local signatory contractors of future jobs in the steel erection industry to bid. When the bid letting day comes hopefully, our contractors are awarded a few of the projects they bid on. Usually, months later when the job starts, the contractor calls Local 512 for Ironworkers. I then dispatch our members to the jobsite to work and all needs are met. When that job is complete and the member is laid off, the member calls me to have their name entered on the out of work list, hoping to be dispatched right away to the next job.

Working as the Business Agent in North Dakota the last ten years has changed dramatically. From the oil boom out west, the possible closing of Great River Energy- Coal Creek Station, and Falkirk Mine. In 2011, we had roughly 45 members in the Ironworkers working at the coal fired power plants throughout the area. At the present time we have 3 working. During the oil boom we had workers here from Texas, Louisiana, Oklahoma and everywhere in between. Ironworkers Local 512 did not have enough workers to man the job and sometimes not the right qualifications for the job. At that busy time the out of state workers were very much needed and in demand. As of today, Ironworkers Local 512, have a lot of highly skilled and trained Ironworkers, due to past experience and the new training center. Good paying skilled labor jobs have gotten a lot harder to get lately, it is a shame the local people of North Dakota who are well trained and hard workers have no hope at all getting hired because of the out of state contractors, who are awarded the windfarms, refinery work, natural gas power plants, pipelines, transmission lines, etc. and continually bring with them their own work force. It is ok for these out of state contractors to come into the area, bid the job, and if they were low bidder awarded the job. It is okay for the out of state contractors to bring in their management and foreman level. The rest of the manpower needs to be our local people. North Dakotan's want to work in their home state to be able to build a future for them and their families. They want to enjoy what the state of North Dakota has to offer and most important employment.

I'm asking you to help ensure that the people of North Dakota should be used to cover the work in the state of North Dakota. We North Dakotan's, have laid down family roots, will help support our economy with the hard-earned money earned in North Dakota, just like their forefathers did before them. I urge the committee to pass S.B. 2301. Thank you for allowing me this opportunity to testify.

Senate Bill 2301

Presented by: **Brian Kroshus, Public Service Commissioner**

Before: **Senate Energy and Natural Resources Committee**
 The Honorable Curt Kreun, Chairman

Date: **February 4, 2021**

TESTIMONY

Mr. Chairman and Committee members, I'm Commissioner Brian Kroshus of the North Dakota Public Service Commission. I'm providing some individual thoughts on SB 2301.

I would like to express my support for the concept and intent of SB 2301, which is to promote the use of local workforce for infrastructure project construction in North Dakota.

I recognize there are potential language challenges related to SB 2301 as expressed in commission testimony, but I would encourage all involved to work to address those issues in order to preserve the intent and spirit of SB 2301.

While North Dakota is rich in natural resources, our greatest resource continues to be the people who live and work here. They take great pride in the work they do and make our state a better place to live, work and raise families.

The use of local workforce provides benefits beyond the immediate construction of a facility. The economic benefits include support for local communities and schools, reducing the outward migration of workers and their families to other states and providing opportunities for those just entering the workforce, including those born and raised in North Dakota.

North Dakota currently faces significant economic challenges and uncertainty related to our state's energy industry. An onslaught of unfavorable policy from the federal level will negatively impact the future extraction, production and use of fossil fuels.

As a state, we need to continue promoting the use of our talented workforce to help offset those impacts. The work local laborers provide is done with both pride and a strong sense of ownership.

North Dakota workers are often recognized as some of the best and hardest working people in the country. I would encourage companies doing business in our state to take full advantage of the services they offer.

With few exceptions, local industry workforce groups and their representatives have participated and taken an active role in numerous siting cases and hearings for projects throughout the state. Their interest and support of the North Dakota economy extends beyond jobs, it includes a desire to see our state advance and grow.

It would be appropriate to recognize the many local workers and their contributions to our state. They help move our economy forward and the work they do serves a common good all North Dakotans benefit from.

Infrastructure integrity and safety begins with the first shovel of dirt moved or piece of steel placed. Ensuring long-term system safety and reliability for any project, begins with proper training and necessary knowledge, held by those doing the work.

Again, as stated, nobody does it better than those representing North Dakota's talented and diverse workforce.

We must continue to do our part to recognize and support their efforts and further promote our state's greatest resource, the people who live and work here.

Mr. Chairman and members of the committee, this concludes my testimony.



North Dakota AFL-CIO

1323 East Front Ave.

Bismarck ND 58504

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701-526-8787

**Testimony of Landis Larson, ND AFL-CIO President
In Support of SB 2301
February 4, 2021**

Chairperson Kreun and members of the Committee:

My name is Landis Larson, President of the North Dakota AFL-CIO. The North Dakota AFL-CIO is the federation of labor unions in North Dakota, representing the interests of all working people in our state.

I am testifying on behalf of the North Dakota AFL-CIO in support of Senate Bill 2301.

We know that when workers are able to put their skills and talents to work closer to home, it's good for everyone: families, communities, local businesses and more. It's common sense. Senate Bill 2301 simply adds a little more accountability through reasonable reporting of the number of local vs out-of-state workers on very limited and specific projects. This data will give decision-makers another important tool to ensure the most effective use of our limited resources and continue a discussion about the importance of keeping our talented workforce close to home. I think we can all agree that is a good thing.

I recommend a "Do Pass" recommendation on Senate Bill 2301.

Respectfully Submitted,
Landis Larson
North Dakota AFL-CIO President

Testimony in support of SB2301

Aaron J. Long
5373 123rd Ave NW
Epping ND 58843
406-212-7259 (cell)
701-859-3661 (home)
aaronlong84@yahoo.com

Dear Chairman and members of the committee

I'm writing to you today in regards to the proposal of Senate Bill 2301. As a 4th generation North Dakotan, I would like to extend my approval of all aspects of the Bill. With so many different things going on in our nation currently, I feel that the changes to the Bill would greatly help the people and industry of North Dakota. With the attack on the current oil and gas industry there runs a possibility that up to 30,000 current oil and gas workers in North Dakota could lose their jobs on any given day. With myself being one of those oil and gas workers, this Bill leaves a small glimmer of hope that if the oil and gas industry does fall, that I and thousands of other North Dakotans can take our skill sets to another energy industry close to home so we can continue to thrive here in the state we call home.

With North Dakota's rate of unemployment in December of 2020 at 4.1% SB301 would also help lower that rate and get North Dakotans back to work. North Dakotans should have preference of employment for any aspect of the construction and operation of these incoming new energy facilities in the state. The changes also put checks and balances in place to make certain that these companies and lower-level government are abiding by the law in every aspect that they are required to. It's time to put North Dakotans first.

Thank you,

Aaron J. Long

Preston Messerschmidt, New Salem, North Dakota

North Dakota National Guard

Laborers Local 563

701-214-1947

prestonmesserschmidt@gmail.com

Members of the Senate Energy and Natural Resources Committee. My name is Preston Messerschmidt and I live in New Salem, ND. I am one person who would positively be impacted by passage of Senate Bill 2301, which would help to take a stand for North Dakota workers.

First and foremost I am a proud member of the North Dakota National Guard, a commitment of service I consider a great honor. I am also a construction worker and for the last two years I have been forced to travel out of state to work on windfarm projects.

When I am working out of state and my National Guard weekend training happens I am driving back at my own expense to meet my commitment. I would love to stay in North Dakota near my family and be able to be home each evening.

This bill will help keep track of local hire and help make North Dakotans a priority in building projects.

I urge the committee to vote yes on SB2301 and help local workers.

Thank you,

Preston Messerschmidt

Testimony to support SB2301

Meagan Schrader, Registered Nurse

1802 North 22nd Street, Bismarck, ND 58501

(701) 426-9863

Dear Chairman Kreun and members of the committee,

Thank you for taking the time to review and consider my testimony on behalf of Senate Bill 2301. My name is Meagan Schrader. I am a registered nurse and have been a resident of North Dakota for most of my life. I am writing to you in full support of SB 2301.

I can recall, years ago, when North Dakota was experiencing the oil boom. We had a significant number of individuals travel from out of state to help maintain oil and gas companies. When that oil boom was over, these out of state workers moved back home. Not only did the money they earned go with them, but they also collected unemployment from North Dakota. This money didn't come back to our communities. Instead, it was recirculated in many other states. This had a large effect on North Dakota and almost made our unemployment go bankrupt. We cannot let this repeat itself. We have to avoid allowing other industries in North Dakota hire out of state workers to collect money from North Dakota unemployment and spend that money in other states.

If we start focusing on local hire, we are ensuring that the money earned from wages and unemployment return back into our communities. In the past year, I have seen businesses close or struggle to keep their doors open. I have seen employees of these businesses struggle every month to provide for their families because of the decrease in wages or simply because businesses could no longer afford to keep them employed. Supporting local hire would put that money back into the pockets of our entrepreneurs and their employees.

To add to that, we have very significant changes coming; to include the closure of one of North Dakota's largest coal-fired power plants. This is going to leave many North Dakotan's jobless. Supporting this bill will allow these individuals to have an opportunity to learn a new trade and continue to work in North Dakota. In turn, we would see a decrease in our unemployment numbers and an increase in North Dakota residents being home with their families every night.

It is time that we start taking care of the people that make North Dakota such a great place to live and I believe that approving this bill is a perfect way to start.

Thank you for your time and consideration.

Sincerely,

Meagan Schrader, RN

Support of SB3201

Clifford Stargile, Mandan, ND

Construction worker

701-400-8372

cstargile@gmail.com

I moved to North Dakota from Wisconsin in 2008 to work in the construction industry. My family and I are now North Dakotans and plan to stay here. I have extensive experience in pipelines, commercial builds and have spent 100s of hours in the state's coal-fired power plants. I love working in the construction industry because of the flexibility of hours and projects I am able to be part of. Construction will be my lifelong career and I want to know that residents of the state will maybe be given priority on projects over out-of-state workers.

I read Senate Bill 2301 and urge the Energy and Natural Resources Committee to pass this bill for consideration of the full Senate. I have attended PSC hearings and listen to companies testify about their local hire practices. I don't believe some out-of-state contractors work hard to find local labor, because I've witnessed experience people apply for jobs and never get consideration.

I see part of the bill is asking for reports to the Public Service Commission regarding local workers vs. non-local workers. This to me is a good step for companies to show good faith efforts to find North Dakota workers.

Hiring local benefits communities and the state as a whole because North Dakota workers will spend more of their dollar in state. This bill is a good measure to put North Dakota first.

Thank you,
Clifford Stargile

Testimony in Support of Senate Bill 2301

Henry Tapia, Construction Worker

105 1st Ave, Washburn, North Dakota 58577

Tapiah333@yahoo.com

Dear Senators, I am submitting testimony to support Senate Bill 2301, which is a good start to fight for North Dakota construction workers. After seven years of being in the state I now consider myself a North Dakotan, having moved here from Illinois with promise of abundant work. My work has predominately been in central North Dakota's coal-fired power plants and for the last year I've been working with commercial contractors – expanding my skills and training.

As I have watched my own hours being cut working within the power plants due to shortened outages and major changes in technology – I am looking to take more training and become skilled in other areas of construction so my family and I can remain living in the state we call home.

As our energy industry evolves in many various formats, I want to expand into new areas of construction and want to have a long-term career in the state. Keeping track of a contractor's commitment to local hire is a strong step toward protecting local workforce, which should always be a priority.

Thank you for your time, I would ask you to vote yes on SB 2301.

Henry Tapia

2021 SENATE STANDING COMMITTEE MINUTES

Energy and Natural Resources Committee Peace Garden Room, State Capitol

SB 2301
2/5/2021

A BILL for an Act to create and enact a new section to chapter 49-22 of the North Dakota Century Code, relating to certificate reporting requirements for an applicant; to amend and reenact sections 49-22-02 and 49-22-03, subsection 1 of section 49-22-08, and section 49-22-09 of the North Dakota Century Code, relating to providing a definition of a local worker, application for certificate, and factors to be considered when evaluating an application and designation of sites, corridors, and routes.

Chairman Kreun called the committee work to order at 9:25am
Senators Roers, Schaible, Bell, Patten, Piepkorn, and Kreun all present

Discussion Topics:

- Regarding challenges of workplace
- Varying specializations of labor
- Questions of the Benefit

Senator Roers moved DO NOT PASS (9:31am)

Senator Bell seconded DO NOT PASS (9:31am)

DO NOT PASS	Vote
Senator Curt Kreun	Y
Senator Jim P. Roers	Y
Senator Dale Patten	Y
Senator Merrill Piepkorn	N
Senator Donald Schaible	Y
Senator Jessica Unruh Bell	Y

Motion Passed 5-1-0

Senator Schaible will carry

Chairman Kreun called the hearing to a close at 9:36am

Dave Owen, Committee Clerk

REPORT OF STANDING COMMITTEE

SB 2301: Energy and Natural Resources Committee (Sen. Kreun, Chairman)
recommends **DO NOT PASS** (5 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). SB
2301 was placed on the Eleventh order on the calendar.