

# MICROFILM DIVIDER

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ROLL NUMBER

DESCRIPTION

3004

2001 HOUSE NATURAL RESOURCES

HCR 3004

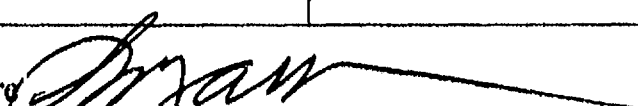
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HCR 3004

House Natural Resources Committee

☐ Conference Committee

Hearing Date January 11, 2001

Tape Number	Side A	Side B	Meter #
1	x		2,745 to 4268
Committee Clerk Signature 			

Minutes: Chairman Earl Rennerfeldt, Vice Chair Jon O. Nelson, Rep. Brekke, Rep. DeKroy, Rep. Drovdal, Rep. Galvin, Rep. Keiser, Rep. Klein, Rep. Nottestad, Rep. Porter, Rep. Weiler, Rep. Hanson, Rep. Kelsh, Rep. Solberg, Rep. Winrich, Rep. Solberg.

Chairman Rennerfeldt: We will open the hearing on HCR 3004.

John Walstad, Attorney - Legislative Council: I served as committee council for interim taxation committee where this bill originated. The committee studied a variety of topics, the Lignite Industry and Agriculture. The resolution before you is phrased in terms of agriculture, but the committee could just have well included lignite in the resolution. The Kyoto Protocol was a treaty on how to reduce global warming by reducing green house gases to a level 7 % below 1990 levels. This is a substantial reduction in green house gases. This would have a significant impact on ND Lignite Industry and the fuel industry, but this resolution is phrased in terms of the impact on agriculture in this state. Reason being if this treaty is fully implemented, fuel costs would increase substantially. It is easy to see that fuel increases would significantly impact the

intense use of fuels in farming. Another aspect of the resolution - it urges congress not to approve the Kyoto Protocol. Congress has been pretty cool towards this treaty. I don't think congress will approve it. Concern exists that the administration would implement part or all of the Treaty through federal regulations through the EPA. The resolution talks not only about urging congress not to implement the treaty, but also about the impact on lignite, fuel and agriculture. I am guessing the Kyoto Protocol is not very popular in this state. Are there any questions?

Chairman Rennerfeldt: Are there any questions on the committee? If not, thank you John.

John Walstad: Thank you.

Chairman Rennerfeldt: Anyone else care to testify in favor of this?

John Dwyer - President of the Lignite Council: The council consists of the producers of lignite energy and the rural electric cooperatives that provide electricity from coal. The Lignite Industry is very supportive of this resolution. The Industrial Commission through the Lignite Research program funded a study of Kyoto Protocol on Agriculture. (See attached brochure).

As pointed out by John Walstad this is not just an issue for lignite but also for agriculture in the state of ND. Because of the higher carbon basis of lignite, the impact from lignite generated electricity is greater. The significant thing about this resolution isn't the treaty itself. What is happening is back door implementation of the treaty by the EPA. There are a lot of regulations being put in place or that have been put in place. I will outline a couple for you. Backing off on coal based fuels would have the same impact on the fuel sources. For example, haze reduction which is not an environmental issue, but which is achieved by cutting emissions. The state must come up with the implementation plan to cut emissions which would end in the same result as the treaty outlines. This is an example of the back door implementation which is very important to the state of ND. Another example is No Nox rules based on the output from a ton of coal,

Page 3

House Natural Resources Committee

Bill/Resolution Number HCR 3004

Hearing Date January 11, 2001

which penalizes lignite which has lower Btu's than other coals. Mercury regulations are another example. PSD regulations are another example. Regulations that are being put in place as a way to achieve the same results as the Kyoto Treaty and have the same impact on agriculture and energy. Mr. Chairman on behalf of the Lignite Industry we urge the committee to Do Pass. I will be happy to answers any questions if I can.

Chairman Rennerfeldt: Do we have any questions of the committee? Thank you John.

Dale Niezwaag - Basin Electric Cooperative: Basin is a wholesale producer of power for ND, SD and Wyoming. I am here to state that Basin is favor of HCR 3004. (See resolution passed at Basin annual meeting November 1999, attached)

Chairman Rennerfeldt: Are there any questions of the committee? Thank you Dale.

Brian Kramer - ND Farm Bureau: We would like to go on record as supporting HCR 3004. It would be very detrimental to the agriculture in this state. We feel it is something we need not put forward and we hope you will support this bill.

Chairman Rennerfeldt: Any questions of the committee? Thank you. Is there anyone else that would like to testify in favor of this bill? Opposed? If not I will close the hearing. Can we act on this one.

Rep. Solberg: I move we Do Pass.

Rep. Nottelstad: I second.

Chairman Rennerfeldt: Is there any further discussion? I have a motion and a second, call the roll.

**ROLL CALL - Yes 14, No 0; 1 absent. Committee recommends DO PASS.**

**Representative Nottelstad will carry.**

**Hearing Closed.**

Date: 1-11-01  
Roll Call Vote #: 1

**2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. HCR 3004**

House Natural Resources Committee

☐ Subcommittee on \_\_\_\_\_

or

☐ Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass

Motion Made By Rep. Lyle Hansen Seconded By Rep. Darrell D. Nottestad

Representatives	Yes	No	Representatives	Yes	No
Earl Rennerfeldt - Chairman	X		Lyle Hanson	X	
Jon O. Nelson - Vice Chairman	X		Scot Kelsh	X	
Curtis E. Brekke	X		Lonnie B. Winrich	X	
Duane DeKrey	X		Dorvan Solberg	X	
David Drovdal	X				
Pat Galvin	X				
George Keiser	X				
Frank Klein	X				
Darrell D. Nottestad	X				
Todd Porter					
Dave Weiler	X				

Total (Yes) 14 No 0

Absent Rep. Todd Porter

Floor Assignment Rep. Darrell D. Nottestad

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

**REPORT OF STANDING COMMITTEE (410)**  
January 11, 2001 12:13 p.m.

**Module No: HR-03-0891**  
**Carrier: Nottestad**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HCR 3004: Natural Resources Committee (Rep. Rennerfeldt, Chairman) recommends DO PASS and BE PLACED ON THE CONSENT CALENDAR (14 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HCR 3004 was placed on the Tenth order on the calendar.**

2001 SENATE NATURAL RESOURCES

HCR 3004



2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HCR 3004

Senate Natural Resources Committee

☐ Conference Committee

Hearing Date 1-25-01

Tape Number	Side A	Side B	Meter #
1		X	29.0 - 44.3
1-26-01 2	X		9.6 - 13.3
Committee Clerk Signature <i>Janet Garner</i>			

Minutes:

SENATOR FISCHER opened the hearing on HCR 3004, A RESOLUTION URGING CONGRESS NOT TO IMPLEMENT OR ALLOW IMPLEMENTATION OF THE KYOTO PROTOCOL BECAUSE OF THE POTENTIALLY DISASTROUS IMPACT ON AMERICAN AGRICULTURE.

DALE NIEZWAGG, representing Basin Electric Power Cooperative testified in support of HCR 3004. (See attached testimony).

SENATOR CHRISTMANN who served on the interim taxation committee which was assigned a study regarding what could be done to help farming and ranching in North Dakota as a whole. Among the conclusions was how limited the legislature was to have a broad impact on agriculture, but did find a number of things that can be done out of Washington so a number of resolutions were filed.

Page 2  
Senate Natural Resources Committee  
Bill/Resolution Number HCR 3004  
Hearing Date 1-25-01

JOHN DWYER, representing the Lignite Council testified in support of HCR 3004, presented a flyer about the impact of the Kyoto Protocol on farms including the economic impact.

There was no neutral testimony given.

HERMAN J. WILSON, a retired physician testified in opposition to HCR 3004. He felt he needs to be morally objective to the resolution and felt the resolution should be returned for more research.

SENATOR FISCHER closed the hearing on HCR 3004.

January 26, 2001

SENATOR FISCHER reopened the committee meeting on HCR 3004.

SENATOR TOLLEFSON made a motion for a "Do Pass" of HCR 3004.

SENATOR CHRISTMANN second the motion.

SENATOR FISCHER called for a roll vote of HCR 3004. The vote indicated 7 YAYS, 0 NAYS, 0 ABSENT OR NOT VOTING.

SENATOR CHRISTMANN will carry HCR3004.

Date: 1-26-01  
Roll Call Vote #: 1

**2001 SENATE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. HCR 3004**

Senate NATURAL RESOURCES Committee

☐ Subcommittee on \_\_\_\_\_  
or  
☐ Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass

Motion Made By Tollefson Seconded By Christmann

Senators	Yes	No	Senators	Yes	No
Sen. Thomas Fischer, Chairman	✓		Sen. Michael A. Every	✓	
Sen. Ben Tollefson, Vice Chair.	✓		Sen. Jerome Kelsh	✓	
Sen. Randel Christmann	✓				
Sen. Layton Freborg	✓				
Sen. John T. Traynor	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Christmann

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

**REPORT OF STANDING COMMITTEE (410)**  
January 26, 2001 2:53 p.m.

**Module No: SR-14-1779**  
**Carrier: Christmann**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HCR 3004: Natural Resources Committee (Sen. Fischer, Chairman) recommends DO PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HCR 3004 was placed on the Fourteenth order on the calendar.**

2001 TESTIMONY

HCR 3004

**Basin Electric Power Cooperative  
Resolution E-3, Global Climate Change  
Adopted at the Annual Membership Meeting,  
November 10, 2000**

**WHEREAS, a global warming agreement was written in Kyoto, Japan in December, 1997 which would require the United States and a handful of developed nations to reduce greenhouse gas emissions to 1990 levels by 2008 to 2012, and**

**WHEREAS, according to the federal government's independent energy forecasting agency, the Energy Information Administration (EIA), a 35 percent reduction in fossil fuel consumption would be necessary to meet treaty requirements, and**

**WHEREAS, economic forecasts completed to date predict gasoline prices would escalate as much as 65 cents per gallon and, according to the EIA, could cost the U.S. economy \$348 billion in 2012 alone. The treaty could cost the U.S. 1 million to 3 million jobs as manufacturers relocate to exempt nations such as China, India, Mexico and Brazil, and**

**WHEREAS, it is not scientifically clear that global climate change is being induced by mankind's release of "greenhouse gas emissions", and**

**WHEREAS, global climate changes have been recorded taking place for millions of years in the past, and**

**WHEREAS, many scientists believe that there is no convincing evidence that human release of carbon dioxide or other greenhouse gases is causing or will cause any catastrophic heating of the earth's atmosphere or disruption of the earth's climate, and**

**WHEREAS, there is substantial scientific evidence that increases in atmospheric carbon dioxide produce many beneficial environmental effects on plants and animals;**

**NOW, THEREFORE, BE IT RESOLVED, that Basin Electric Power Cooperative urges the United States Senate to reject the global warming agreement that was written in Kyoto, Japan, and any other similar proposals; and**

**BE IT FURTHER RESOLVED, that Basin Electric urges the Administration and Congress to insure that the provisions of the Kyoto Agreement are not implemented through regulatory actions in the absence of Senate ratification of the proposed treaty.**



For more information, contact:

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*This publication summarizes three 1999 reports on state farm energy use and the Protocol, and a previous summary document, all researched for the Research Council by Douglas Tiffany and Dwight Asher. Tiffany is a fellow in the Department of Applied Economics at the University of Minnesota. Asher is a farm management specialist in the Department of Agricultural Economics at North Dakota State University. Contact the Lignite Research Council for more information or for copies of the original documents.*

Energy and Agriculture

# The Kyoto Protocol

and Its High Cost to Farmers

A Primer on the Kyoto Protocol  
and Its Impact on Farms  
In Minnesota and the Dakotas



# The Kyoto Protocol would significantly reduce farm income in Minnesota and the Dakotas.<sup>1,2</sup>

Carbon permit fees would cut total state farm income by up to 6 percent in Minnesota and South Dakota and up to 9.5 percent in North Dakota.

Farmers in the three states would pay maximum annual fees totalling more than \$1.1 billion. More than 150,000 farm families would be affected.

Some farms would pay more, some less, based on commodity energy use. But every farm would pay.

Minnesota farmers would pay almost half the annual three-state fee total — up to \$529 million. North Dakota farmers, on their large acreages, would pay the most per farm, on average. Statewide impacts would be most severe in the two Dakotas, where farms account for a higher percent of the gross state product.

1. All state information in this brochure is based on 1996 data.
2. All ranges of impacts/costs are based on estimated minimum carbon permit fees of \$100/mc and maximum of \$265/mc (mt = metric ton of carbon).

## TYPICAL ANNUAL PER-FARM FEES

South Central (Swine Farrow-Finish): \$12,900-\$34,100  
Central (Dairy): \$7,400-\$19,500

## TOP FEE-PAYING COMMODITIES

Based on Total Annual Fees:

Corn: \$88.4-\$234.2 million

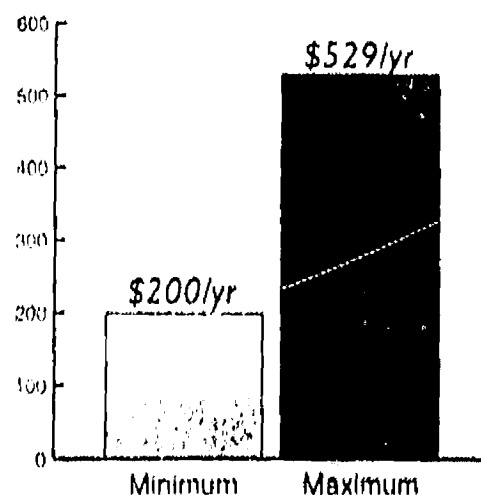
Soybeans: \$20.8-\$55.0 million

Based on Annual Fees Per Unit of Production:

Irrigated Potatoes: \$36.10-\$95.60/acre

Milk: \$26.80-\$72.60/head

## ANNUAL REDUCTION IN TOTAL FARM INCOME (MILLION \$)





# Fee Impacts

## DAKOTA

### TYPICAL ANNUAL PER-FARM FEES

Red River Valley (Cash Crops): \$10,500-\$27,800

Central (Irrigated Potatoes): \$5,100-\$13,400/pivot

### TOP FEE-PAYING COMMODITIES

Based on Total Annual Fees:

Wheat: \$60.0-\$159.1 million

Barley: \$13.4-\$35.6 million

Based on Annual Fees Per Unit of Production:

Carrots: \$17.80-\$47.20/acre

Irrigated Potatoes: \$39.00-\$103.30/acre

## SOUTH DAKOTA

### TYPICAL ANNUAL PER-FARM FEES

Eastern (Beef Cattle Finishing): \$5,900-\$15,700

Central (Cash Crops): \$5,800-\$15,500

### TOP FEE-PAYING COMMODITIES

Based on Total Annual Fees:

Corn: \$30.2-\$80.0 million

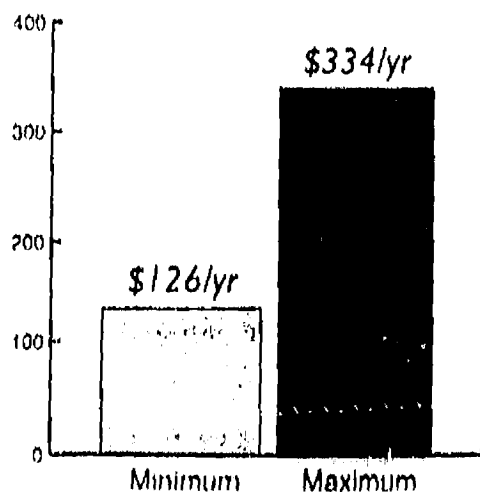
Wheat: \$19.8-\$52.6 million

Based on Annual Fees Per Unit of Production:

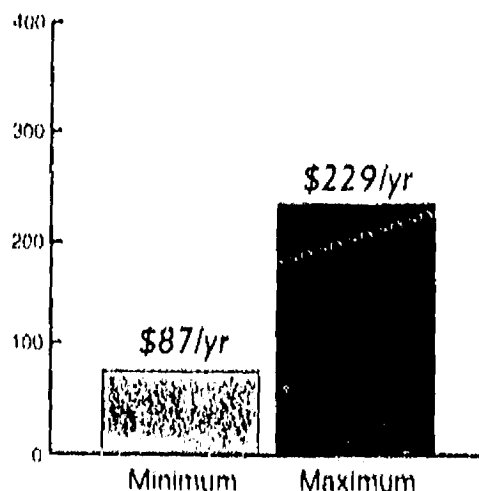
Corn: \$8.20-\$21.60/acre

Sunflowers: \$5.23-\$13.85/acre

### ANNUAL REDUCTION IN TOTAL FARM INCOME (MILLION \$)



### ANNUAL REDUCTION IN TOTAL FARM INCOME (MILLION \$)



## TERMS OF KYOTO

Concerned about global warming, 38 industrial countries negotiated the Kyoto Protocol in Kyoto, Japan in 1997. The treaty calls for:

- A 7 percent cut in U.S. greenhouse gas emissions — mostly carbon dioxide — below 1990 levels
- Carbon permit fees tied to fuel use to accomplish the 7 percent goal

Fuels are targeted because carbon-containing fuels release carbon dioxide when they are used or burned. Some scientists believe this is a major cause of global warming.

Under Kyoto, carbon permit fees would be applied to fuel users in developed countries from 2008 through 2012. Estimates of the fees range from \$100 to \$265 per metric ton (mt) of carbon.

## ECONOMIC IMPACTS

In theory, fees applied to fuel use would slow fuel consumption. That might happen. But the real slowdown would be in U.S. economic growth.

If ratified by the Senate, or enacted by executive order or regulation, Kyoto would hamper all U.S. fuel-consuming businesses. Some businesses would not survive. For all, prices would rise.

All sectors of the economy — manufacturing, farming, retail, education, government, housing — would suffer.

## FARMS AND FUEL

Across America, family farms would feel the full force of Kyoto. Farms of every type depend on fuel.

Fuels and lubricants keep machinery running and get products to market. Electricity — generated by burning fossil fuels — dries grain and warms livestock. Irrigation is made possible by electrical- and diesel-powered pumps. Fuels power the manufacture of fertilizer and pesticides, the costs of which are passed on to farmers.

The impact of carbon permit fees would vary from farm to farm. But individual farmers everywhere — and their state farm economies — would bear the price of the international agreement.

## BETTER ANSWERS

Scientists disagree about the causes of global warming and the need for the Kyoto Protocol. Less drastic, longer term measures may be more appropriate:

- Expand voluntary emission reductions
- Support research and education on climate change
- Develop and deploy new technologies to reduce greenhouse emissions

From turkeys  
pigs to corn,  
soybeans, wheat  
and potatoes, farm  
products need fuel.  
Through fuel-  
related fees,   
farmers would pay  
the high price of  
Kyoto.

Voluntary emission  
reductions,  
research,  
education, and  
new technologies  
may be far better  
answers than the  
Kyoto Protocol.

The Kyoto Protocol  
permits developed  
countries, while  
allowing developing  
countries  
unchecked growth.

U.S. economic  
impacts would be  
severe. The cost of  
doing business  
would rise  
nationwide, driven  
up by fees based on  
fuel use.

# State Legislation/Resolutions



States passing resolutions opposing Kyoto Protocol

