

Feb 3, 2021

To: House Finance and Taxation Committee

RE: Support of House Bill 1412

From: Zac Smith, communications and government relations director, NDAREC

Chairman Headland and members of the House Finance and Taxation committee, the North Dakota Association of Rural Electric Cooperatives (NDAREC) represents sixteen electric distribution cooperatives and five generation and transmission cooperatives that generate, transmit, and distribute electricity across the state of North Dakota. NDAREC supports HB 1412 on behalf of its members.

HB 1412 provides temporary tax relief from coal conversion taxes for lignite plants in North Dakota. North Dakota's electric cooperatives currently operate five coal-based power plants in the state as well as a plant that converts coal to byproducts for sale. You have already heard and will continue to hear throughout this legislative session of the challenges facing the lignite industry. I do not need to restate them here today. I simply offer that the tax relief offered by 1412 is a real, tangible help to the challenging economics for coal-based generation. The bill accomplishes this without impacting revenue to the counties or the lignite research fund. This temporary relief will provide economic stability for the industry as North Dakota Electric Cooperatives continue to develop carbon capture and search for a path forward for lignite.

I thank the Committee for its time and consideration and would urge a Do Pass recommendation on House Bill 1412.