

Testimony in Support of HB 1412  
Wade Boeshans - BNI Energy President and General Manager  
February 3, 2021

Chairman Headland and members of the House Finance and Taxation Committee:

My name is Wade Boeshans, President and General Manager of BNI Energy and Chairman of the Lignite Energy Council Board of Directors. I appreciate the opportunity to submit comments in support of House Bill 1412.

We are a native North Dakota company employing approximately 180 employees between our mining facility headquarters office. Our company roots trace back to 1930, when our predecessors began mining lignite near Noonan, ND. Today, BNI mines about 4.5 million tons of lignite per year, and are proud of our responsible and award-winning mining and reclamation process.

The lignite industry is facing unprecedented challenges due to historically low electric market prices, state and federal policies and activist pressures against fossil fuels that have stymied growth and threaten to shut down the industry. The two primary challenges facing the industry are market competitiveness and Environmental, Social and Governance (ESG) pressures. ESG pressures restrict the Lignite Industry's access to insurance and capital markets and pressure the industry to reduce CO2 emissions. Market pressures threaten the industry's ability to continue compete and be profitable in the market. Electricity generated from lignite competes head to head with other generation fuel types like wind, nuclear and natural gas in a regional market.

The Lignite Energy Council has developed five North Dakota legislative priorities to address market and ESG challenges:

- 1) Coal conversion tax relief
- 2) Develop a North Dakota insurance product to provide access to affordable property insurance.
- 3) Develop a low-interest loan program to provide access to capital for CO2 capture, storage and utilization projects.
- 4) Provide sales-tax exemptions for CO2 storage projects.
- 5) Continued investment in research and development.

It is critical for North Dakota to provide coal conversion tax relief to the lignite plants to help improve the market competitiveness of the industry. Currently, the lignite industry provides more than \$125 million in annual state and local tax revenues. House Bill 1412 will provide immediate economic relief and stability for the industry as it develops carbon capture and storage solutions and expanded uses for lignite.

Temporarily focusing resources into research now will foster industry growth and benefit North Dakota in the long-term. It is important to note this bill would not divert or negatively impact county tax revenue. It would provide a five-year stabilization period to ensure our long-standing industry can continue to operate in our state, support our local communities, and employ North Dakota citizens.

For these reasons, BNI Energy supports House Bill 1412 and asks the committee for a favorable consideration of a “DO-PASS” recommendation.