

March 31, 2021

To: Senate Appropriations Committee

RE: Support of House Bill 1412

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

Chairman Holmberg and members of the Senate Appropriations 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. North Dakota's cooperatives have a long legacy of utilizing our state's natural resources to provide affordable and reliable service to our members, particularly with lignite coal, and proudly so. The communities that host these generating facilities are in many cases our employees and member owners as well, and we value the relationship and responsibility we have back to them.

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 lignite research fund or the counties unless the county voluntarily chooses to forego additional severance tax. 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.