Testimony of Dakota Resource Council
House Bill 1412
March 31st, 2021

Chairman Holmberg & members of the committee, my name is Scott Skokos and I am testifying on behalf of Dakota Resource Council and our members. Thank you for allowing me to testify in opposition of HB 1412.

Dakota Resource Council (DRC) is a non-partisan grassroots group of landowners, ranchers, farmers, and other citizens. We are concerned about the implications of the proposed tax cut in HB 1412.

We believe HB 1412 to be a form of corporate welfare for the coal industry, especially if we do not cut the spending that is associated with the amount of money lost from the coal tax revenue to the state. How is the state general fund going to make up for this lost revenue? In the current scenario, it could become a burden on taxpayers to cover that lost revenue from coal through additional sales or property taxes. In our view, there are better options to help communities and workers transition than place nostalgia over common sense. In our view, we need to be honest about the future in our rapidly changing energy economy and make fiscally responsible decisions, not give bailouts to special interest groups.

DRC cares about people working in the coal industry and what will happen to coal communities as plants and mines close. However, there is no transparency in HB 1412 as to where the money saved from the tax cut will go. There is nothing in this bill to prevent the money saved from the tax cuts from lining coal executive's pockets prior to closure or bankruptcy. CEO bonuses before closures are common and have happened countless times around the country over the last several years, including a recent example from the last few months when Lighthouse Resources gave over half a million dollars in bonus payments in the year leading up to the company's bankruptcy filing.[1] These bonuses were also given to "insiders" and "senior" employees. If the purpose of this bill is to truly help coal communities and people working in the coal industry over the long-term, would it not be wise to earmark these taxes and invest in economic diversification, community development, retraining, and transition planning for coal communities? The national trends and experts say coal is in decline and will be completely retired in the not-so-distant future.[2] Banks, investors, and finance experts acknowledge coal's decline. We stand on the side of promoting an equitable transition for coal communities, not giving bailouts to the coal industry, based on those facts and trends.

We also believe that those taxes (while they are still available) could instead be used for a transition fund for communities reliant on coal. The taxes from the cut could be used for retraining programs for people working in the coal industry. These types of programs are already happening in other states such as Colorado. Specifically, Colorado Governor Jared Polis created an Office of Just Transition to support coal workers, employers, and communities as they plan for the future closings of coal plants upon which their communities rely on.[3] Therefore, we do not support a tax cut for the coal industry as we need to use those taxes to help communities, families and people working in the coal industry have an equitable transition and there is nothing to stop this tax cut from being pocketed by executives before closure. In addition, if there is no replacement of revenue to the state general fund, it could be an unfair burden on taxpayers in ND and creates a large subsidy to the coal industry.

I urge the committee to oppose HB 1412 and recommend a **DO NOT PASS** on HB 1412.

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[1] https://trib.com/business/energy/bankrupt-coal-firm-execs-received-700-000-in-bonuses-but-workers-could-lose-pensions/article_401685aa-808f-586f-99dc-5515415a3d5d.html
[2] https://www.eia.gov/todayinenergy/detail.php?id=44115
[3] https://cdle.colorado.gov/the-office-of-just-transition