



North Dakota House of Representatives

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COMMITTEES:

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Chairman Wanzek and Members of the Government Operations Division Committee,

Thank you for allowing me to testify today in support of House Bill 1279. For the record, I am Representative Anna Novak from District 33, where lignite power plants are more than just facilities—they are lifelines for our communities. This bill isn't just about helping an industry; it's about protecting affordable energy for every North Dakotan and ensuring a reliable power grid that sustains our way of life.

Lignite power plants are the backbone of North Dakota's energy grid, providing power 24/7, rain or shine, cold snap or heatwave. For ratepayers, this means affordable electricity that doesn't fluctuate wildly with market demands or weather conditions. With increasing reliance on intermittent energy sources like wind and solar, it's crucial to maintain a stable, always-available energy source that keeps our grid reliable and energy prices consistent.

The coal severance tax is the tax the coal mines pay for removal of the coal from the ground. That tax is not impacted by this bill, locally or statewide. The tax that this bill targets is the coal conversion tax, which is the tax the lignite power plants pay for converting the coal for electricity generation. The local portion of the coal conversion taxes will not be impacted by this bill. Jonathan Fortner from the Lignite Energy Council has been working with the Senate Finance and Tax Committee and Senate Leadership to come up with a compromise in the bill from what version came over from the House. I'll allow him to explain those details to the committee.

HB1279 provides lignite power plant operators with the financial stability needed to manage the rising costs of maintenance, upgrades, and legal challenges driven by federal overreach and inflation—costs that would otherwise trickle down to ratepayers. By extending the coal conversion tax relief, the bill helps keep these expenses manageable, protecting families and businesses from unexpected increases in their electricity bills. This bill provides an incentive for our utilities to remain in coal. Natural gas is also a great source of baseload electricity, but it's important to keep coal part of the mix for when natural gas prices spike! Coal has the most level pricing for electricity and is good for North Dakota consumers.

At the same time, this bill is a forward-looking measure that ensures lignite remains a cornerstone of affordable and reliable energy for North Dakota, not just for today but for the next decade and beyond. It supports predictable and fair electricity rates while enabling continued investment in innovative technologies, making this vital resource more sustainable for the future.

I wanted to address one good and valid question that was asked in the Senate Finance and Tax Committee, which was "now that Trump is in office, don't things look better for the coal industry? Is this bill needed?"

It's true, that President Trump is supportive of the coal industry and his election means that the target isn't on coal's back for a little while. But there are several lawsuits that are playing out in the courts. Trump getting elected doesn't wave a magic wand and make them disappear. As you're all likely aware, legal expenses cost a tremendous amount of money. It's also worth noting that while President Trump isn't a big fan of the renewable energy industry because of its unreliability, the Production Tax Credit, which offers huge federal financial incentives for renewables is still in place...and likely will remain in place because Congress has to act on that, and there just simply aren't the votes to take that tax credit away because there are red states that have a lot of renewables.

I urge this committee to support HB1279, not just for the sake of the industry, but for the sake of the hardworking ratepayers who deserve affordable and reliable power. Let's keep North Dakota's energy affordable, stable, and independent.

Thank you for your time and consideration, Mr. Chairman and members of the committee. With that, I'll stand for any questions.