

2023 HOUSE APPROPRIATIONS

HB 1369

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Brynhild Haugland Room, State Capitol

HB 1369
1/25/2023

Relating to a fertilizer development fund; to provide for a legislative management report

10:16 AM Chairman Vigesaa- Meeting was called to order and roll call was taken:

Members present; Chairman Vigesaa, Representative Kempenich, Representative B. Anderson, Representative Bellew, Representative Brandenburg, Representative Kreidt, Representative Martinson, Representative Mitskog, Representative Meier, Representative Mock, Representative Monson, Representative Nathe, Representative J. Nelson, Representative O'Brien, Representative Pyle, Representative Richter, Representative Sanford, Representative Schatz, Representative Schobinger, Representative Strinden, Representative J. Stemen and Representative Swiontek.

Members not Present: Representative Hanson

Discussion Topics:

- Industrial Commission Powers
- Hydrogen Plants
- Anhydrous Production

Representative Brandenburg -Introduces HB 1369 and spoke in favor.

Doug Goehring Ag Commissioner- Testifies in favor. (Testimony #16732)

Representative Mitskog- Spoke in favor.

Garrett Goldfinger- Director of Nextera Energy Resources- Spoke in favor.

Jonathan Fortner Lignite Energy Council- Support Bill amendment (Testimony #16731& #16604)

Ed Kessel- ND Grain Growers Association -Testifies in favor (Testimony #16509)

Matt Perdue- ND Farmers Union- Testifies in favor (Testimony #16641)

Phil Murphy -ND Soybean Growers- Spoke in favor.

Chairman Vigesaa Closed the meeting for HB 1369 at 11:06 AM

Risa Berube, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Brynhild Haugland Room, State Capitol

HB 1369
2/8/2023

Relating to a fertilizer development fund; to provide for a legislative management report

4:14 PM Chairman Vigesaa- Meeting was called to order and roll call was taken:

Members present; Chairman Vigesaa, Representative Kempenich, Representative B. Anderson, Representative Bellew, Representative Brandenburg, Representative Hanson, Representative Kreidt, Representative Martinson, Representative Mitskog, Representative Meier, Representative Mock, Representative Nathe, Representative J. Nelson, Representative Pyle, Representative Richter, Representative Sanford, Representative Schatz, Representative Schobinger, Representative G. Stemen and Representative Swiontek.

Members not Present- Representative Monson, Representative O'Brien and Representative Strinden

Discussion Topics:

- Fertilizer Development Fund
- Language for the Commence Budget

Representative Brandenburg Move for a Do Not Pass

Representative Pyle- Seconds the motion.

Roll Call Vote

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Larry Bellew	Y
Representative Mike Brandenburg	Y
Representative Karla Rose Hanson	Y
Representative Gary Kreidt	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	Y
Representative Corey Mock	Y
Representative David Monson	A
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Emily O'Brien	A

Representative Brandy Pyle	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Mike Schatz	Y
Representative Randy A. Schobinger	Y
Representative Greg Stemen	Y
Representative Michelle Strinden	A
Representative Steve Swiontek	Y

Motion Carries 20-0-3 Representative Brandenburg will carry the bill.

Chairman Vigesaa Closed the meeting for HB 1369 4:17 PM

Risa Berube, Committee Clerk

REPORT OF STANDING COMMITTEE

HB 1369: Appropriations Committee (Rep. Vigesaa, Chairman) recommends **DO NOT PASS** (20 YEAS, 0 NAYS, 3 ABSENT AND NOT VOTING). HB 1369 was placed on the Eleventh order on the calendar.

TESTIMONY

HB 1369



**North Dakota Grain Growers Association
Testimony in Support of
HB 1369
House Appropriations Government Operations
Division
January 25, 2023**

Chairman Monson, members of the House Appropriations Government Operations Division, for the record my name is Ed Kessel. I own and operate a family farm in the Belfield area and I am also the President of the North Dakota Grain Growers Association (NDGGA). I appear before you today in both capacities in support of HB 1369.

There are a number of reasons to support HB 1369:

1. Locally produced fertilizer helps to ensure a stable supply of fertilizer especially for North Dakota farmers. It also buffers logistical challenges throughout the supply chain like low/high water events on the Mississippi River, problems with rail delivery, as well as global events to include pandemics and wars
2. Plants would utilize North Dakota Natural Resources to add value to local communities through job creation, local property tax, and reliable consumption of natural gas and electrical power demand.
3. U.S. companies and importers throughout the world are showing interest in lower carbon commodities. The proposed fertilizer plants would help put North Dakota farmers in a great position to supply this demand.

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At the 2022 NDGGA Annual Meeting the NDGGA membership adopted the following resolution: "NDGGA supports adding fertilizer production capacity in North Dakota." North Dakota wheat and barley farmers depend on a reliable fertilizer supply which helps them feed the world. HB 1369 will help to accomplish this.

Therefore the North Dakota Grain Growers Association respectfully requests that the House Appropriations Governmental Operations Division give HB 1369 a Do Pass recommendation and would hope the full House concur.



January 25, 2023

Chairman Vigesaa and House Appropriations Committee Members,

On behalf of the members of the Lignite Energy Council, I am submitting testimony today in support of House Bill 1369.

In the interest of maintaining parity among the fertilizer production industry, the Lignite Energy Council is asking that coal be included as an eligible feedstock and participant for potential projects under the program established by this legislation.

The Dakota Gas plant has been a major contributor to regional fertilizer production for the last three decades. As the state looks to expand value-added Ag and Energy opportunities, lignite has and can continue, to provide a significant contribution to the ongoing development of this industry.

We ask for your favorable consideration of this amendment.

Thank you,

Jonathan Fortner

VP of Government Relations



Contact:

Matt Perdue, Lobbyist

mperdue@ndfu.org | 701.641.3303

**Testimony of
Matt Perdue
North Dakota Farmers Union
Before the
House Appropriations Committee
January 25, 2023**

Chairman Vigesaa and members of the committee,

Thank you for the opportunity to testify in support of House Bill No. 1369. My name is Matt Perdue, and I am testifying on behalf of North Dakota Farmer Union's (NDFU) members.

NDFU supports HB 1369, which will support the development of new fertilizer plants in North Dakota. Over the last two years, global supply chain disruptions have caused fertilizer prices to skyrocket. Because North Dakota is located at the end of the supply chain, the impacts have been severe for North Dakota producers. NDFU firmly believes increasing in-state fertilizer production is critical to the long-term success of our state's family farmers.

Through much of 2021, anhydrous ammonia and urea prices were more than double the five-year average prices. This was particularly challenging for North Dakota producers who already pay more than farmers in other parts of the country. Over the last five years, the average Northern Plains ammonia price was 53% higher than the average price in the U.S. gulf.

Fertilizer production will create new synergies between our state's two largest industries: agriculture and energy. North Dakota has abundant natural gas resources and is positioned to be a leader in emerging clean hydrogen markets. Expanding fertilizer production will add value to those processes and improve profitability for family farmers.

Thank you for the opportunity to testify. We respectfully request a "Do Pass" recommendation on HB 1369. I will stand for any questions.

SECTION 1. A new section to chapter 54-17 of the North Dakota Century Code is created and enacted as follows:

Fertilizer development fund - Fertilizer development council - Access to council records - Industrial commission powers - Legislative management report - Continuing appropriation.

1. There is created in the state treasury the fertilizer development fund. The fund consists of all moneys transferred to the fund by the legislative assembly; interest upon moneys in the fund; and donations, grants, and other contributions received by the commission for deposit in the fund. All moneys in the fund are appropriated to the commission on a continuing basis to provide grants and other financial assistance and for administrative and operating costs of the fertilizer development council pursuant to this section.

2. To be eligible for a grant or financial assistance from the fund, the fertilizer development project must be located within the state, and the owner of the fertilizer development project must be an entity domiciled in the United States or Canada. Grant awards and financial assistance are limited to twenty percent of the estimated project costs before the start of construction of the fertilizer plant. ~~Fifty percent of the grant awards and financial assistance must be designated for one or more fertilizer development projects that use hydrogen produced by the electrolysis of water. Fifty percent of the grant awards and financial assistance must be designated for one or more fertilizer development projects that use natural gas.~~ Grant awards and financial assistance must be designated for one or more fertilizer development projects that use hydrogen produced by the electrolysis of water, or projects that use natural gas or coal. A project may not receive more than fifty percent of the grant awards and financial assistance.

3. The fertilizer development council:

a. Consists of the following members:

- (1) The commissioner of commerce or the commissioner's designee to serve as chairman;
- (2) A representative of the agriculture industry appointed by the governor;
- (3) A representative of the biodiesel industry appointed by the governor;
- (4) A representative of the biomass industry appointed by the governor;
- (5) A representative of the wind industry appointed by the governor;
- (6) A representative of the ethanol industry appointed by the governor;
- (7) A representative of the advanced biofuel and sugar-based biofuel industry appointed by the governor; ~~and~~
- (8) A representative of the petroleum industry appointed by the governor; ~~and~~
- (9) A representative of the lignite industry appointed by the governor

COMMISSIONER
DOUG GOEHRING



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Testimony of Doug Goehring
Agriculture Commissioner
House Appropriations Committee
Brynhild Haugland Room
January 25, 2023

Chairman Vigesaa, and members of the House Appropriations Committee, I am Agriculture Commissioner Doug Goehring and I'm here today in support of House Bill 1369 regarding the creation of a fertilizer development fund to support fertilizer production in North Dakota.

Fertilizer is an essential component to food security. As a leading producer in dozens of different commodities, North Dakota utilizes a large amount of fertilizer every year. A reliable and consistent supply of fertilizer is critical to maintaining crop yields which drive our state's agriculture sector. North Dakota, on average, consumes approximately 2.5 million tons of fertilizer every year, with roughly 1.5 million tons being nitrogen. However, only about 20% of that product is currently produced here. The resources needed to manufacture fertilizer are abundant, reliable, and cheap in North Dakota. Between 2020 and 2021 the price of nitrogen fertilizer increased 400%. Additionally, estimated anhydrous production will need to increase by 40% by 2050 to feed the world's demand. Agriculture and the public gain the biggest benefits from projects that this legislation could support.

Chairman Vigesaa, and committee members, thank you for your time and I'd be happy to answer any questions you may have.