



**COMMENTS REGARDING SALES AND USE TAX EXEMPTION FOR WIND TURBINES
AUGUST 30, 2016, 11:30 A.M.
ENERGY DEVELOPMENT & TRANSMISSION COMMITTEE
HARVEST ROOM, STATE CAPITOL
SENATOR RICH WARDNER, CHAIRMAN**

JUSTIN DEVER – CO-DEPUTY COMMISSIONER, ND DEPARTMENT OF COMMERCE

Good morning, Mr. Chairman and members of the committee, my name is Justin Dever and I serve as Co-Deputy Commissioner for the North Dakota Department of Commerce. I am speaking today on behalf of Al Anderson, the Commerce Commissioner and chairman of the EmPower North Dakota Commission.

As you may recall, the EmPower ND Commission provided a set of recommendations to this Committee on May 11th. Since that time, the EmPower ND Commission has finalized its report. I have provided copies of the report, which is also available on the EmPower ND website at www.EmPowerND.com. The EmPower ND Commission operates on a consensus basis and all recommendations were approved unanimously.

The EmPower ND Commission recommends that the legislature “remove the sunset provision on the sales tax exemption provided for the construction of wind powered electrical generating facilities.” This recommendation is part of an ongoing effort by the EmPower ND Commission to achieve parity in the way state tax policy treats the various energy sectors. Last session, the legislature made progress in this regard by approving SB 2037 (2015) which removed income tax and property tax incentives for new wind projects.

The state currently provides a sales tax exemption for equipment related to electrical generation facilities, whether it uses wind, natural gas or coal to generate the power. On December 31, 2016, the sales tax exemption for wind will expire, while the exemption related to other fuel sources will continue indefinitely. The EmPower ND Commission is asking that this sunset be removed and that all fuel sources be treated equally.

I would like to speak a bit about the mechanics of the bill. Section 1 simply removes the sunset for the sales tax exemption for wind-powered electrical generating facilities. Section 2 removes the sunset for the same exemption for the use tax. You may notice that the current date listed is January 1, 2015. This is due to a mistake that was made in HB 1382 (2013) which extended the sunset on the sales tax exemption, but neglected to do so for the corresponding use tax exemption. Section 3 is the effective date for the Act and has a retroactive application in order to not leave a gap since the sunset date is December 31, 2016.

Mr. Chairman and members of the Committee, thank you for allowing me the time to visit with you today. That concludes my testimony and I am happy to entertain any questions.