

Thompson, Emily L.

From: Jean Schafer <JeanS@bepc.com>
Sent: Wednesday, March 2, 2016 2:58 PM
To: Dockter, Jason D.; Thompson, Emily L.
Cc: Dale Niezwaag; Don Boehm
Subject: Follow up on the electrical generating facilities sales tax exemption
Attachments: Gen Facil Sales Tax Repeal Testimony 1.13.2016 .pdf

Chairman Dockter:

I wanted to reach out to highlight an issue and provide some further comments regarding the electrical generating facilities sales tax exemption discussion from the March 1 Political Subdivision Taxation interim committee meeting. I have reattached the testimony provided by Don Boehm on behalf of Basin Electric and restate that Basin Electric has utilized the exemption extensively to date. In the testimony Mr. Boehm covered the annual tax revenues provided to the state and additional jobs added as a result of those projects.

As you evaluate the incentive we wanted to highlight the additional jobs added by Basin Electric and all the utilities who provided testimony covering the projects utilizing the exemption. We would encourage you to note the two categories on your checklist relating to the employment opportunities and the effective use of state resources as they relate to this incentive.

As an addition to our testimony, although the industry has received a stay on the Clean Power Plan rule, one intent of the exemption expansion in 2005 was to respond to environmental upgrades (HB 1268) and emission reductions (HB 1498).

We do know that power generation utilizing lignite in the future will require significant investments on behalf of the energy generation industry, and although this exemption to date has not been utilized in this fashion, it could become vital as we move into a carbon constrained future. These environmental upgrades and repowering investments are extremely expensive and at the end of the day every exemption available will help us keep costs down for our member-owners at the end of the line.

Thank you for your time and allowing us to add this additional information to our testimony. If we can provide further information to your evaluation process in relation to this exemption please don't hesitate to contact us.

Jean Schafer

Legislative Representative
 Basin Electric Power Cooperative
 Government Relations
 1717 E Interstate Avenue | Bismarck, ND 58503
 Direct: 701.557.5415 | Cell: 701.400.5814
JeanS@bepc.com | basinelectric.com

