

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1435

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Yolanda Rickford
Operator's Signature

10/16/83
Date

2003 HOUSE NATURAL RESOURCES

HB 1435

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Operator's Signature

10/16/03
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1435

House Natural Resources Committee

Conference Committee

Hearing Date February 7, 2003

Tape Number	Side A	Side B	Meter #
3	xx		1,875-end
3		xx	0-338
Committee Clerk Signature <i>Gia Myers</i>			

Minutes:

Chair Nelson called the hearing on HB 1435 an act to provide a renewable energy production incentive; and to provide an appropriation to order.

Rep. Severson: Introduced HB 1435. Referred questions to other sponsors.

Rep. Monson: Referred most questions to other experts.

Rep. Kelsh: (See Attached Testimony labeled 9a) Testified as to the importance of creating a wind energy program that keeps the profits in state.

Rep. Solberg: This is only directed at privately owned.

Rep. Kelsh: This is limited to local landowners under 2 kW.

Rep. Solberg: Would that affect co-ops?

Rep. Kelsh: The large wind energy producers mostly from out of state. This is designed for smaller operators with ownership in North Dakota.

Rep. Solberg: Would this amendment change the intent of the bill?

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J. Costa Richardson
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Jay Haley: Architect. Testified in favor of HB 1435. This bill is a seed pouring exercise.

Chair Nelson: Is there any difficulty plugging this into the grid.

Jay Haley: Transmission is definitely an issue for power generation in North Dakota. They have to request from the local utility. They have to pay any costs of studies of putting the electricity into the grid. They would have to live up to the requirements of the utility company.

Chair Nelson: How does this work in practice?

Jay Haley: This is happening all over the country today.

Rep. Solberg: Are they required to accept this power?

Jay Haley: If they can meet the requirements they have the right to put the power on the line and the local utility has to receive it from the qualifying facility.

Rep. Keiser: It seems to me with all of the requirements on these producers we may have to this on larger scale than one single operator. What are the problems we run into with transmission and over capacity on the local utility.

Jay Haley: These are 2 mw size or less. You see this in other parts of the country. This can be beneficial because there is generation on the end. This small distributed generation type of an application and Edgely and Ellendale. That is an entirely different effect on the grid.

Rep. Keiser: What is the typical cost of the study?

Jay Haley: It is hard to say because this has not been standardized yet in the country. There has been an attempt to. It is within the financial feasibility of the project where there is some standardized project.

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Rep. Nottestad: The utilities are mandated to take the power. Is there any responsibility to pay for updates.

Jay Haley: If the new generator causes problems. They are responsible for impact studies and upgrade costs. The last guy on will be responsible for upgrades.

Rep. Solberg: Do you have many individual investors check into the possibility of these projects?

Jay Haley: There has been a steady stream of interested parties.

Rep. Solberg: What is the cost for the equipment for one of these generator.

Jay Haley: About a million dollars a megawatt.

Kathy Oz: Xcel energy. Testified in support of HB 1435 with proposed an amendment. The bill needs to be amended so that all interested parties can participate in this program.

Rep. Keiser: This changes the whole ball game from the little guy to helping the big guy.

Rep. Solberg: How many states do you operate in?

Kathy Oz: 12

Brian Kramer: ND Farm Bureau: Testified in support of HB 1435. We are firm supporters of wind energy development. We hope you are too and will support this bill with us.

Chair Nelson: What do you think of the amendment?

Brian Kramer: Difficult to answer. We are looking at this for the impact of the landowners.

Rep. Drovdal: Spoke about the difficulty of finding investment capital.

Mark Sitz: North Dakota Farmer's Union. Testified in support of HB 1435. This is a supplemental income to remain on the land.

Chair Nelson closes the hearing on HB 1435.

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House Natural Resources Committee

Bill/Resolution Number 1435

Hearing Date February 7, 2003

Chair Nelson reconvened HB 1435 for afternoon committee work.

Chair Kelsh moved an amendment. Seconded by **Rep. DeKrey**.

Rep. Drovdal: Why remove an investment capital source?

Rep. Kelsh: The purpose is to encourage landowner farmer investment in a project.

Rep. Klein: The utilities can push out the little guys.

Amendment passes by voice vote.

Rep. Porter: I cannot support this bill because of the funding sources we have to use for this bill. We have to turn down other projects to make ends meet. We have a huge concern over the flat economy and the money situation. Numerous pieces of legislation in Human Services that have had less funding than 1/2 million dollars. They were good programs that have been defeated because of the budget concerns. I would otherwise support it.

Rep. Kelsh proposed an amendment creating a contingent that the project would have to live up to in order to receive the incentive.

Passed by voice vote.

Rep. Klein moved a **Do Pass with Amendment**.

Rep. Kelsh seconded.

The motion carried by a vote of 12-1-1. **Rep. Kelsh** will carry.

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Salvatore Rickford
Operator's Signature

10/16/03
Date

FISCAL NOTE
 Requested by Legislative Council
 03/19/2003

Amendment to: HB 1435

1A. **State fiscal effect:** Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

1B. **County, city, and school district fiscal effect:** Identify the fiscal effect on the appropriate political subdivision.

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2. **Narrative:** Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.

Engrossed HB 1435 with Senate Amendments establishes an incentive program for renewable wind energy production. The owner of a qualified wind energy conversion facility is entitled to incentive payments of one and one-half cents per kilowatt hour of electricity produced by the facility. While the total amount of incentive payments is limited to \$500,000 for the 2003-05 biennium, any incentive payment is contingent upon an increase in income tax revenues from the qualified wind energy facilities. Therefore, the net fiscal impact to the state is zero.

The Tax Department has some concerns with the confidentiality of income tax records that may be required to be certified under Section 7 of Engrossed HB 1435.

3. **State fiscal effect detail:** For information shown under state fiscal effect in 1A, please:

A. **Revenues:** Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

B. **Expenditures:** Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

C. **Appropriations:** Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.

Name:	Kathryn L. Strombeck	Agency:	Tax Department
Phone Number:	328-3402	Date Prepared:	03/20/2003

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K. Costa
 Operator's Signature

10/16/03
 Date

FISCAL NOTE
 Requested by Legislative Council
 02/11/2003

Amendment to: HB 1435

1A. **State fiscal effect:** Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

1B. **County, city, and school district fiscal effect:** Identify the fiscal effect on the appropriate political subdivision.

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2. **Narrative:** Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.

Engrossed HB 1435 establishes an incentive program for renewable wind energy production. The owner of a qualified wind energy conversion facility is entitled to incentive payments of one and one-half cents per kilowatt hour of electricity produced by the facility. While the total amount of incentive payments is limited to \$500,000 for the 2003-05 biennium, any incentive payment is contingent upon an increase in individual income tax revenues from the qualified wind energy facilities. Therefore, the net fiscal impact to the state is zero.

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C. **Appropriations:** Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.

Name:	Kathryn L. Strombeck	Agency:	Tax Department
Phone Number:	328-3402	Date Prepared:	02/13/2003

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