

2009 SENATE FINANCE AND TAXATION

SB 2032

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2032

Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: 01/27/2009

Recorder Job Number: 7819

Committee Clerk Signature

Care Wining

Minutes:

Chairman Cook: Opened hearing on SB 2032.

Tim Dawson, Legislative Council: Explanation of the bill.

Shane Goettle, Commissioner, North Dakota Department of Commerce: See Attachment #1 for testimony in support of bill.

Chairman Cook: Explain the comment you made where I heard you say 2015.

Shane Goettle: The current expiration date for this particular incentive was 2011, and what this bill does is move it to 2015.

Senator Triplett: That is the next one.

Senator Dotzenrod: Would this exemption also apply to an individual home owner that bought a wind generator for their home?

Shane Goettle: No

Chairman Cook: You mentioned the word competitive, who are we competing with?

Shane Goettle: For the existing grid we are competing with South Dakota, Minnesota, and northern Iowa. Long term if there is regional build out, our competition gets broader.

Senator Hogue: What is your thought about kicking the date a couple more years down the road as incentive for the developers that see the exemption?

Shane Goettle: That is why we kept the expiration in place; we want it to provide an incentive, and to not single out wind from all of the others.

Chairman Cook: I suppose we could just put that 2015 sunset in all the other sales tax exemptions?

Shane Goettle: That is certainly an option.

Senator Anderson: In Section 2 I read that as 100KW on a different part of that.

Shane Goettle: I am not as familiar with the statute as I should be. I will get back to that.

John Olson, Ottertail Power Company: Testified in Support of Bill. We believe that these incentives, these credits are a good for North Dakota being in competition for windmill energy.

Bruce Eckre, Hartland Wind Farm: Testified in Support of Bill. Looking at putting a new wind farm up using jet engines.

Shane Goettle: Answer to Senator Anderson question. For a wind generation facility, the nameplate is 100 KW or more as defined in Subdivision 2 of Section 1c. , that is about 1000 light bulbs; probably not going to be a home-based project.

Senator Triplett: I have a question of tax dept.

Dan Rause, Legal Council to Tax Commissioners Office: Appeared to answer questions.

Senator Triplett: The fiscal note shows not fiscal impact at the top, but the narrative shows there could be some. What amount of sales tax do we give up?

Dan Rause: We struggle with that. We don't, as a policy, speculate because that could get us into great trouble.

Senator Triplett: Tell us what you know about the cost of putting up a wind tower and what the sales tax exemption would be.

Dan Rause: Could I get back to you on that with possibly an example of a recent project.

Senator Triplett: That is fair.

Chairman Cook: I assume that there have been wind farms built here recently that were able to take advantage of sales tax exemptions.

Dan Rause: Yes.

Chairman Cook: Do we have an idea of how much sales tax has been exempted in this biennium so far.

Dan Rause: I will get that for you.

Senator Dotzenrod: Is there difficulty in distinguishing between the cost of the tangible property and the installed price?

Dan Rause: I don't believe so in dealing with these situations in the past.

Chairman Cook: Any further testimony? (No) Closed hearing on SB 2032.

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2032

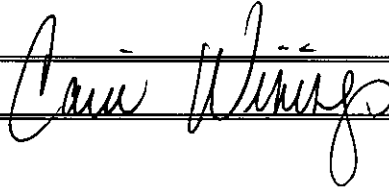
Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: 01/27/2009

Recorder Job Number: 7899

Committee Clerk Signature



Minutes:

Chairman Cook: Reopened the hearing on SB 2032.

Senator Triplett: I liked the suggestion of a timed incentive better than a limitless incentive.

Chairman Cook: Are you referring to extending the sunset to 2015?

Senator Triplett: Yes, and I think that Shane Goettle agreed that it might be a better incentive.

Chairman Cook: I tend to think that is a good idea. So that option we are talking about is deleting the language on the top of page 2, lines 3 and 4, and also on page 3, lines 15 and 16, changing 2011 to 2015, is that correct?

Senator Hogue: Yes, I don't have a good feel of how much the state tax benefits, but I do think that if you keep the carrot out in front of them a bit as opposed to letting them chew on it. It tends to be more helpful. I would support pushing it out and not removing it.

Vice Chairman Miller: Does it help us in a manor to hurry the process? Does it benefit anything for a longer growth process?

Chairman Cook: I think everyone might react to it a little differently, but I think the real benefit is that it forces this issue to be revisited. It allows us to watch this industry. There is a lot to learn about wind turbines.

Senator Anderson: Why did we pick 2015 as opposed to 2013?

Chairman Cook: I think to take some time to make it through the hoops to get the facilities built.

Senator Hogue: It does say construction by January 1, which means the end of 2014. If you went to 2013, that would mean the end of 2012. That would give only 3 years.

Senator Oehlke: On a different part of this bill, where we are talking about applying this tax benefit to expanding existing power plants, it must be a lot less expensive to expand the existing system then to start a whole new one. Do they really need the incentive for that part of it?

Discussion: There was some discussion by the committee on the language referring to Senator Oehlke's question.

Senator Oehlke: I think leaving it 2011 wouldn't be bad to have a chance to look at it earlier.

Senator Triplett: Let's average the numbers.

Vice Chairman Miller: Would an even number like 2012 be better to revisit it?

Senator Triplett: We always meet 6 months of one biennium to get ready for the next one.

Senator Dotzenrod: I would be in favor of the 2015 time period. There are a lot of hoops to jump through and I think it takes quite a bit of time.

Chairman Cook: I am comfortable with 15.

Discussion: Some additional discussion occurred over the date.

Senator Anderson: How picky do we get with these things? The heading of this thing gives you no clue that it also includes coal generation, and I don't know if that is important or not.

Chairman Cook: All we are doing for coal generation is for expanding plants.

Senator Hogue: I don't think this bill is dealing with coal fired plants, if you look at the definition of power plants; power plants has several different meanings and one them relates to a

conversion of coal which is subsection 1 and that is not amended, subsection 2 is amended which relates to wind powered electrical generation.

Senator Triplett: I think down at the bottom of the page relates to all power plants.

Senator Oehlke: Motioned to amend the bill. (See amendment for motion specifics)

Senator Dotzenrod: Seconded the motion.

A roll call vote was taken on the amendment. Yea: 7, Nay: 0, Absent: 0

Senator Oehlke: Motioned for a Do Pass as amended.

Senator Dotzenrod: Seconded the motion.

A Roll Call Vote was taken. Yea: 7, Nay: 0, Absent: 0

Senator Triplett will carry the bill.

FISCAL NOTE
Requested by Legislative Council
01/30/2009

Amendment to: SB 2032

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.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Engrossed SB 2032 extends the sunset on the sales and use tax exemption for wind-powered electrical generating facilities. It also includes plant expansions in the sales and use tax exemptions for power plants.

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The extension of the sunset until 2015 could have a negative fiscal impact beginning with the final six months of the 2009-2011 biennium only, if any plants would be constructed during that timeframe. It is not known if the inclusion of power plant expansions in the existing sales tax exemption language would have a negative fiscal impact in the 2009-2011 biennium as it would depend on any qualifying plant expansions that would occur.

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, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name:	Kathryn L Strombeck	Agency:	Office of Tax Commissioner
Phone Number:	328-3402	Date Prepared:	01/31/2009

FISCAL NOTE
Requested by Legislative Council
12/08/2008

Bill/Resolution No.: SB 2032

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.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

SB 2032 removes the sunset on the sales and use tax exemption for wind-powered electrical generating facilities. It also includes plant expansions in the sales and use tax exemptions for power plants.

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The removal of the sunset could have a negative fiscal impact beginning with the final six months of the 2009-2011 biennium only, if any plants would be constructed during that timeframe. It is not known if the inclusion of power plant expansions in the existing sales tax exemption language would have a negative fiscal impact in the 2009-2011 biennium as it would depend on any qualifying plant expansions that would occur.

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, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name:	Kathryn L. Strombeck	Agency:	Office of Tax Commissioner
Phone Number:	328-3402	Date Prepared:	12/31/2008

Date: 01/27/09

Roll Call Vote #: 1

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. : 2032

Senate Finance and Taxation Committee

Check here for Conference Committee

Legislative Council Amendment Number 90193.0201

Action Taken Do Pass Do Not Pass Amended

Motion Made By Sen. Oehlke Seconded By Sen. Dotzenrod

Senators	Yes	No	Senators	Yes	No
Sen. Dwight Cook - Chairman	/		Sen. Arden Anderson	/	
Sen. Joe Miller - Vice Chairman	/		Sen. Jim Dotzenrod	/	
Sen. David Hogue	/		Sen. Constance Triplett	/	
Sen. Dave Oehlke	/				

Total: Yes _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Date: 01/27/09

Roll Call Vote #: 2

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.: 2032

Senate Finance and Taxation Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass Do Not Pass Amended ^{AS}

Motion Made By Sen Oehlke Seconded By Sen. Dotzenrod

Senators	Yes	No	Senators	Yes	No
Sen. Dwight Cook - Chairman	✓		Sen. Arden Anderson	✓	
Sen. Joe Miller - Vice Chairman	✓		Sen. Jim Dotzenrod	✓	
Sen. David Hogue	✓		Sen. Constance Triplett	✓	
Sen. Dave Oehlke	✓				

Total: Yes 7 No 0

Absent 0

Floor Assignment Senator Triplett

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2032: Finance and Taxation Committee (Sen. Cook, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2032 was placed on the Sixth order on the calendar.

Page 2, line 3, remove the overstrike over "~~, on which construction is~~"

Page 2, line 4, remove the overstrike over "~~completed before January 1,~~", after "2011" insert "2015", and remove the overstrike over the second overstruck comma

Page 3, line 15, remove the overstrike over "~~, on which construction is~~"

Page 3, line 16, remove the overstrike over "~~completed before January 1,~~", after "2011" insert "2015", and remove the overstrike over the second overstruck comma

Renumber accordingly

2009 HOUSE FINANCE AND TAXATION

SB 2032

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2032**

House Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: February 25, 2009

Recorder Job Number: 9709

Committee Clerk Signature



Minutes:

Chairman Belter: We will open the hearing on SB 2032.

Tim Dawson, Legislative Council: Committee members, you know why I am here. I was the staff member for the Energy Development and Transmission Committee and this bill 2032 extends the exemption from sales and use tax for materials used in the construction or expansion of a wind-powered facility to the year 2015 as well. As introduced, the bill would have made the exemption permanent. If you look through the bill, the changes are fairly clear. On page 2, line 4, the date of 2011 has been crossed off and the new date of 2015 has been inserted. If you look at the bottom, there is some new language that relates to the expansion, not just the construction of a wind tower facility. All that is contained in the title. This bill is fairly described in its title. That concludes my presentation.

Representative Drovdal: In the last bill we had some questions concerning the January 1 date. If we wanted to leave this active until the 2015 session gets a chance to look at it, could we change that date—instead of January 1 to June 30 or some date like that so it could be left to review in 2015?

Tim Dawson: That would be a reasonable thing to do to accomplish your purpose.

Representative Drovdal: What would be a good date? August 1 would be better or June 30?

Tim Dawson: I don't know why the date was chosen in the first place. Maybe it coincides with federal tax credits or something like that, but the state date doesn't need to be coupled to that date.

Representative Drovda: The reason I am asking which date is because if we pass this bill and it goes into effect what date? August 1, June 1, July 1?

Tim Dawson: August 1.

Representative Froseth: Regardless of whether we change that date or not, it would still have to be reviewed by the 2011 session because this expires January 1, 2011 so it would be in the same situation it was in today. It will have to come back next session to be reviewed to continue the second biennium after this.

Tim Dawson: If it was changed to 2015, of course there is a legislative session between now and then.

Shane Goettle, ND Department of Commerce: Chair of ND Empower Commission.

(Testimony 1) I will refer to my previous written testimony. This was a bill that was introduced at the endorsement of the Empower North Dakota Commission. As we proposed it, the interim Energy and Transmission Committee had looked at it as a permanent sales tax incentive on the basis that all other industries had permanence when it comes to sales and use tax. We asked ourselves why wind should be singled out as not having that same kind of permanence and we didn't have a sufficient answer in response. That is why we had proposed it originally as being permanent. Your colleagues in the other chamber decided to align this with the other tax incentives and so put in the 2015 date. I should mention with respect to the previous question that I think another consideration to put into your thinking on this is that the wind projects are a long-term planning kind of thing. Something that expires immediately after a session might be problematic from the standpoint of having uncertainty as

to what the tax incentive might be for a project in the wings for that summer. Having at least some sort of gap between when you reconsider this as a matter of policy and the long-term planning is something to consider in your deliberations on this.

Representative Weiler: What kind of money are we talking about? I apologize, Mr. Chairman, but this probably goes more towards 2031 where we change it from 3% to 1½%; but for a typical project of more than 100 kilowatts, what kind of money are we talking about that this is going to save the company as compared to the total dollar amount they are going to spend to get this thing up and running? I would just like to know how big a deal this is. You probably don't have that, but if there is any way you get some figures together for us.

Shane Goettle: I think we could do that. I wouldn't be able to stand up here and process that.

Representative Wrangham: What do you mean when you say all other industries have permanent exemptions? Power doesn't.

Shane Goettle: In the energy industry, the other industries enjoy a permanent sales and use tax exemption.

Representative Grande: Along the same line though, what do the wind facilities pay in lieu of them because when you lump it all in, oil pays "in lieu of". They pay the production tax. Is wind going to pay on production; should we put a production tax on?

Shane Goettle: There is no "in lieu of" for the wind.

Chairman Belter: Any other questions? Any other testimony in support of 2032? Any opposition? Any neutral testimony on 2032? Any questions of the Tax Department on 2032? If not, we will close the hearing on SB 2032.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2032

House Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: March 2, 2009

Recorder Job Number: #9955

Committee Clerk Signature

Marlys Hinkle

Minutes:

Chairman Belter: Opened the hearing for SB 2032.

Rep Brandenburg: This is just a sales tax exemption isn't it?

Chairman Belter: Yes and what it does is it expands it to new plants and to expansion of existing power plants.

Rep Brandenburg: I was wondering did EXCEL talk to you about an amendment?

Chairman Belter: (No answer seemed to given). There was unorganized discussion.

Rep Brandenburg: Made a motion as do pass

Rep Kelsch: Second the motion.

Rep Schmidt: The influx of the Wind Towers we have now, these taxes are not keeping them out. There is a big bunch of them coming all over the state. Did these Wind towers get this exemption?

Rep Brandenburg: These exemptions have been given to numerous industries such as ethanol plants and there construction sites. This is pretty much standard.

Rep Schmidt: Then why do we need a new law? They got it now.

Rep Brandenburg: Because it has a sunset on it.

Rep Schmidt: You testified the other day that the old plants are not going to get what the plants that are going up now are getting. It is all connected together here.

Chairman Belter: That was on property tax.

Rep Brandenburg: The wind tower plant that was put in Edgeley and Kulm was taxed 3%. Another one which was (inaudible) was also at 3% and the one in Wilton is 1 ½ %. Remember when the first ones came in to the state there was a cost of 1 million dollars in iron and labor costs. Now you are talking about 2 million dollars in costs.

No further discussion.

Do Pass with **9 yes 4 No and 0 absent.**

Casrrier is Rep Brandenburg.

Date: March 2, 2009

Roll Call Vote #: 1

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2032

House FINANCE AND TAXATION Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass Do Not Pass Amended

Motion Made By Brandenburg Seconded By Kelsh

Representatives	Yes	No	Representatives	Yes	No
Chairman Wesley R. Belter	/		Representative Froelich		/
Vice Chairman David Drovdal	/		Representative Kelsh	/	
Representative Brandenburg	/		Representative Pinkerton	/	
Representative Froseth	/		Representative Schmidt		/
Representative Grande	/		Representative Winrich		/
Representative Headland	/				
Representative Weiler		/			
Representative Wrangham	/				

Total (Yes) 9 No 4

Absent 0

Floor Assignment Representative Brandenburg

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
March 2, 2009 3:54 p.m.

Module No: HR-37-3857
Carrier: Brandenburg
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2032, as engrossed: Finance and Taxation Committee (Rep. Belter, Chairman)
recommends **DO PASS** (9 YEAS, 4 NAYS, 0 ABSENT AND NOT VOTING).
Engrossed SB 2032 was placed on the Fourteenth order on the calendar.

2009 TESTIMONY

SB 2032

#1 .

**DEPARTMENT OF COMMERCE TESTIMONY ON SENATE BILLS 2032, 2031, & 2033
JANUARY 27, 2009, 9:00 A.M.
SENATE FINANCE AND TAXATION COMMITTEE
LEWIS AND CLARK ROOM
SENATOR DWIGHT COOK, CHAIRMAN**

SHANE GOETTLE – COMMISSIONER, ND DEPARTMENT OF COMMERCE

Good morning, Mr. Chairman and members of the committee, my name is Shane Goettle, Commissioner of the North Dakota Department of Commerce. I also serve as chairman of the EmPower North Dakota Commission.

The EmPower North Dakota Commission was established by the 2007 legislative assembly and its members were appointed by the Governor. It is an industry lead effort that allows all of our energy industries, both renewable and traditional, to have a voice into the state's energy policy.

On behalf of the EmPower ND Commission, I am here today to speak in favor of Senate Bills 2032, 2031, and 2033. All three of these bills have been recommended by the Commission and were approved by the interim Energy Development and Transmission committee. A complete list of bills recommended and supported by the Commission is below:

- House Bill No. 1032 - Siting Jurisdiction for Certain Gas Pipelines.
- House Bill No. 1352 – State Energy Policy.
- Senate Bill No. 2031 - Property Tax Reduction for Wind Towers.
- Senate Bill No. 2032 - Sales and Use Tax Exemption for Wind Towers.
- Senate Bill No. 2033 - Income Tax Credit for Renewable Energy Devices.
- Senate Bill No. 2034 - Oil Extraction Tax Exemption for Tertiary Recovery Using Carbon Dioxide.
- Senate Bill No. 2035 - Sales and Use Tax Exemption for Beneficiated Coal Plant and Severance Tax Exemption for Beneficiated Coal in Agricultural Commodity Processing.
- Senate Bill No. 2036 - Coal Conversion Tax Exemption for Repowering Beneficiated Coal Plant.
- Senate Bill No. 2037 - Sales and Use Tax Exemption for Gas From Oil Wells.

You have three of these bills before you today that extend or make permanent tax incentives for wind energy. The EmPower ND Commission felt it was important to extend these key incentives that have allowed North Dakota to be competitive with neighboring states.

SB 2032 makes permanent the sales and use tax exemption for wind towers. This mirrors other industries that also have permanent sales and use tax exemptions. SB 2031 and SB 2033 extend the sunset dates to 2015 for the reduced property tax valuation and the income tax credit. Periodic reviews are in order and the sunset of 2015 will allow a future consideration of whether these incentives are still appropriate.

Mr. Chairman and members of the Finance and Taxation Committee, I respectfully request your favorable consideration of Senate Bills 2032, 2031, and 2033. That concludes my testimony and I am happy to entertain any questions.

**DEPARTMENT OF COMMERCE TESTIMONY ON SENATE BILLS 2031, 2032, 2033, 2035, & 2037
FEBRUARY 25, 2009, 9:00 A.M.
HOUSE FINANCE AND TAXATION COMMITTEE
FORT TOTTEN ROOM
REPRESENTATIVE WES BELTER, CHAIRMAN**

SHANE GOETTLE – COMMISSIONER, ND DEPARTMENT OF COMMERCE

Good morning, Mr. Chairman and members of the committee, my name is Shane Goettle, Commissioner of the North Dakota Department of Commerce. I also serve as chairman of the EmPower North Dakota Commission.

The EmPower North Dakota Commission was established by the 2007 legislative assembly and its members were appointed by the Governor. It is an industry lead effort that allows all of our energy industries, both renewable and traditional, to have a voice into the state's energy policy.

On behalf of the EmPower ND Commission, I am here today to speak in favor of Senate Bills 2031, 2032, 2033, 2035, and 2037. All five of these bills have been recommended by the Commission and were approved by the interim Energy Development and Transmission committee. A complete list of bills recommended and supported by the Commission is below:

- House Bill No. 1032 - Siting Jurisdiction for Certain Gas Pipelines.
- House Bill No. 1352 – State Energy Policy.
- Senate Bill No. 2031 - Property Tax Reduction for Wind Towers.
- Senate Bill No. 2032 - Sales and Use Tax Exemption for Wind Towers.
- Senate Bill No. 2033 - Income Tax Credit for Renewable Energy Devices.
- Senate Bill No. 2034 - Oil Extraction Tax Exemption for Tertiary Recovery Using Carbon Dioxide.
- Senate Bill No. 2035 - Sales and Use Tax Exemption for Beneficiated Coal Plant and Severance Tax Exemption for Beneficiated Coal in Agricultural Commodity Processing.
- Senate Bill No. 2036 - Coal Conversion Tax Exemption for Repowering Beneficiated Coal Plant.
- Senate Bill No. 2037 - Sales and Use Tax Exemption for Gas From Oil Wells.

Senate Bills 2031, 2032, and 2033 extend our state's tax incentives for wind energy development to 2015. The combination of favorable property tax treatment, sales and use tax exemptions, and income tax credits has allowed North Dakota to be competitive with neighboring states as companies decide where to locate new wind farms. Periodic reviews are in order and the sunset of 2015 will allow a future consideration of whether these incentives are still appropriate.

SB 2035 gives equal tax treatment to beneficiated coal as coal in its natural form.

SB 2037 clarifies that the sales and use tax exemption for gas gathering equipment applies to oil wells.

Mr. Chairman and members of the Finance and Taxation Committee, I respectfully request your favorable consideration of Senate Bills 2031, 2032, 2033, 2035 and 2037. That concludes my testimony and I am happy to entertain any questions.