

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE APPLICATION
OF SCS CARBON TRANSPORT LLC FOR
A PERMIT TO CONSTRUCT A CARBON
DIOXIDE TRANSMISSION PIPELINE

HP22-001

SUPPLEMENTAL TESTIMONY OF

JAMES POWELL

ON BEHALF OF

SCS CARBON TRANSPORT LLC

May 5, 2022

Q. Mr. Powell, have you previously offered written testimony in this proceeding?

A. Yes, I have.

Q. What is the purpose of your supplemental testimony today?

A. The purpose of my supplemental testimony is to provide for consideration and support the Ernst & Young economic data which was prepared under my direction and at the Project's request.

Q. Tell us more about the report.

A. Certainly, we asked Ernst & Young to analyze the Project's economics and tax contributions during construction and while in operation for consideration both by the Project and by stakeholders all along the route.

Q. Did the study look at Project expenditures in detail?

A. Yes, it did. We gave the Study authors our estimate of project costs along with our plans for construction and operation.

Q. Does the report discuss projected taxes due to governmental entities?

A. Yes, it does. We looked at both sales taxes and property taxes. It is important to note that taxes are determined by the taxing jurisdictions and are not under Project control. We made assumptions with respect to Project taxes, nonetheless, in order to inform ourselves and our stakeholders of expectations for the Project.

Q. What were the sales tax projections to be expected in South Dakota?

A. State sales tax projections are \$24.8 million during the construction of the Facility and \$0.5 million annually during the operations of the Facility from direct, indirect, and induced activity.

Q. How are property taxes expected to be calculated?

A. Property taxes are expected to be calculated for this Project as they would be for any other pipeline operating in South Dakota. The Applicant was pleased to support legislation at the 2022 South Dakota Session to ensure that this Project will be centrally assessed for purposes of property taxation.

Q. Can you describe central assessments?

A. Not as well as others can, I am sure. However, my understanding of state law is that the Project provides, on an annual basis, information to the Department of Revenue in order for it to assess the value of the Facility. I understand, then, that the value of the Facility is apportioned to each of the counties in which the Facility operates and has the tax regime from the counties, school districts, and cities, if any, applied to it at the county level.

Q. What are the projected property taxes for the Facility?

A. According to the 2021 levies, Exhibit A should provide a reasonable approximation of the Project taxes in the counties and school districts along the pipeline route. The numbers are our approximation, I'll remind you, but we believe them to be reasonably accurate, and we are relying on them for budgeting purposes.

Q. Are the Project taxes counted as local effort for purposes of state aid education funding?

A. I am told that they are.

Dated this 5th day of May, 2022.

/s/ James Powell

James Powell