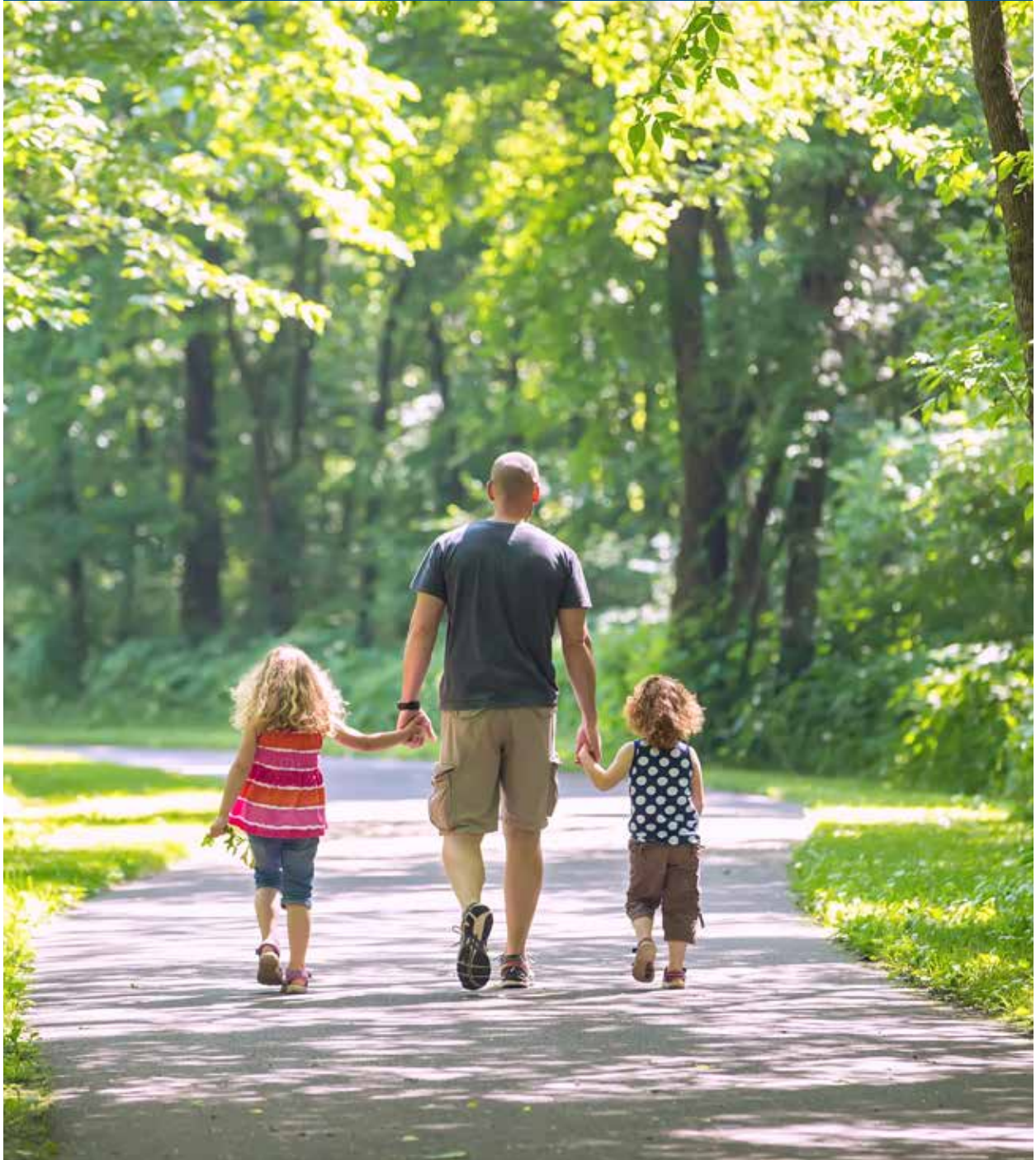


HOW PIPELINES CAN SPUR IMMEDIATE POST-COVID ECONOMIC RECOVERY



MINNESOTA



Opposition to Line 3 Replacement Project Threatens:

- \$35M/Yr in new tax revenue on top of current \$30M/Yr
- \$2B billion in economic activity, \$162M in local construction-related spending
- 8,600 jobs worth \$167 million in payroll

The Line 3 modernization is once again stalled by an appeal filed by the state agency charged with spurring Minnesota's economic development, but which instead has aligned with anti-energy activists who oppose the essential upgrade to infrastructure that has served the state for over 50 years. This latest legal salvo is confounding given the ready spending and jobs it can create immediately, and especially since it has faced

the most extensive, exhaustive environmental review in state history.

CURRENT ECONOMIC CHALLENGES

Although below the national average, Minnesota hit its highest-ever recorded unemployment rate in May 2020 at 9.9%.⁶³ Working families and those struggling to get by have been hit the hardest like many other areas of the country.

An analysis by IHS Markit found that half of all African-American workers in Minnesota lost their jobs during the pandemic.⁶⁴ The harmful ripple effects have bled into the workforces of non-profits as well. Nearly a third of non-profit workers have lost their jobs, with charitable giving declining by \$1 billion just in the month of April, according to a study by the Minnesota Council of Nonprofits.⁶⁵

Like most of the rest of the country, tourism and events in the Twin Cities have also been hard hit. Nearly 50% of all events at St. Paul's RiverCentre have been postponed or canceled, along with the traditional sports seasons for the state's professional teams.⁶⁶ And after 27 years in business, the Wabasha Street Caves will be shutting its doors for good, putting an end to a historic destination that began as a silica mine and later served as a speakeasy nightclub and hideout for gangsters in the 1930s and '40s.⁶⁷

The cascade effect has tremendously hurt restaurants, small businesses, and retailers that are struggling to survive. Scores of restaurants

63 <https://www.bizjournals.com/twincities/news/2020/06/18/minnesota-unemployment-rate-may-2020.html>

64 <https://www.startribune.com/half-of-black-workers-in-minnesota-have-lost-work-during-pandemic/571820441/>

65 <https://www.startribune.com/about-a-third-of-all-nonprofit-workers-in-minnesota-have-filed-for-unemployment-during-covid-19/571796602/>

66 <https://minnesota.cbslocal.com/2020/06/25/covid-19s-impact-on-the-twin-cities-economy-is-causing-ripple-effects/>

67 <https://www.twincities.com/2020/05/16/wabasha-street-caves-st-paul-closing-in-november-another-victim-of-the-coronavirus-pandemic/>

have announced they will never reopen. With sales off more than 50%, restaurant owners like Hector Ruiz are paying themselves less than minimum wage just to keep their staff employed.⁶⁸

Given these ongoing challenges, it is perplexing to consider the continued, persistent push to delay and obstruct critical pipeline replacement projects that could instantly reinvigorate economic activity. Coupled with harmful proposed electrification mandates, which remove choices for families and businesses and will increase costs, it begs the question of whether Minnesotans can afford higher prices amid all this economic uncertainty.

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LINE 3 REPLACEMENT PROJECT

Line 3 in Minnesota is over 50 years old and needs modernization to 364 miles of it spanning three states. With all necessary permits in North Dakota approved and replacement construction complete in the Wisconsin segment, Line 3 continues to face unnecessary delays in Minnesota. Out-of-state anti-energy groups keep litigating endlessly with the sole purpose of

delaying and driving up costs. Activists use child protesters and instigators as a way to stall the project by making the clearly false argument that Minnesota's economy does not need the energy; energy, in fact, that it uses every single day. To the further detriment of the public, they have aligned with the very state agency charged with promoting economic development, a dynamic that requires affordable, reliable energy. The Department of Commerce in August filed another appeal, after Line 3 has undergone the most extensive review in state history – lasting six years, incorporating 70 public hearings, and creating over 13,500 pages of expert environmental analysis.

Line 3 has literally kept Minnesota's economy moving for 52 years, by transporting oil to two in-state refineries, and helping neighboring states feed their refineries, too. What comes back from them is the gasoline, diesel, and jet fuel that supports Minnesotans' daily lives, their ability to travel, and more importantly, the agricultural base, manufacturing and tourism.

Unlike other professions, farming has always been a calling fraught with challenges from nature to foreign markets. Energy costs can make or break a farmer's ability to keep working the land. Energy is necessary to run generators, tractors, and other farm implements, and it makes the fertilizer that helps bring crops to market.

Farmers' cash expenses for total energy consumption run anywhere between 28%-52% of their expenditures, depending on the

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crop, according to the USDA.⁶⁹ With economic hardships falling especially hard on our dairy farmers, keeping energy costs low is essential for a healthy agriculture sector and the overall Minnesota economy.⁷⁰

Look at manufacturing, which is the largest contributor to Minnesota's gross domestic product and is part of the industrial base that uses a third of the state's energy.⁷¹ Manufacturing creates 324,000 jobs and contributes more than \$52.7 billion a year to the economy, and its competitiveness relies on stable, affordable energy.⁷² Delaying Line 3 puts that reliability, which every business needs to forecast and plan, into jeopardy.

The jet fuel Line 3 carries makes it possible for more than 400,000 takeoffs and landings to occur every year at Minneapolis-St. Paul International Airport. In 2017, a record 38 million passengers and tourists traveled through it. That supports 86,900 jobs and generates \$15.9 billion in total economic output for the Twin Cities metropolitan area.⁷³

Contrary to opposition opinions, the updates to the existing pipeline's path with new, larger-diameter steel pipe will improve public safety, while minimizing disruptions to farmland and local indigenous religious sites. Creating even further goodwill with the public, the operator created funds to cover the cost of taking Line 3 out of service in the future, and changed parts of the route to accommodate the requests of

important stakeholders, including Minnesota's indigenous populations.

Regardless of the delays, the \$2.9 billion project continues to receive strong support from the State Public Utilities Commission after the lengthy review process.

Now, with economic difficulties, a collapse in tourism and the unemployment rate at 8.6%,⁷⁴ building Line 3 could bring stable funding for public services through property tax revenue, which will expand by \$35 million in the first year of operation from the current more than \$30 million a year.⁷⁵ Additionally, it could provide \$2 billion in economic activity and 8,600 jobs that would generate \$167 million in payroll and \$162 million in construction-related spending locally⁷⁶ – giving the state a shot in the arm, and people the dignity of a hard day's work.

⁷⁰ <https://extension.umn.edu/news/minnesota-dairy-farmers-covid-19-presents-another-hurdle>

⁷¹ <https://www.eia.gov/state/?sid=MN#tabs-2>

⁷² <https://mn.gov/deed/ed/minnesota-industries/manufacturing/overview/>

⁷³ <https://www.mspairport.com/news-and-media/news/msp-international-airport-sets-new-passenger-record-2017#:~:text=In%202017%2C%20a%20record%2038%2C034%2C341,37%2C604%2C373%20was%20set%20in%202005.>

⁷⁴ <https://www.bls.gov/web/laus/laumstrk.htm>

⁷⁵ <https://www.enbridge.com/projects-and-infrastructure/public-awareness/minnesota-projects/line-3-replacement-project>

⁷⁶ Ibid