Trump Homeland Security Pick Gov. Kristi Noem (R-SD) Disclosed Stake In International Ethanol Company That Could Conflict With Noem's Potential Control Of Transportation Security Administration And U.S. Customs And Border Patrol

SUMMARY: President-elect Donald Trump has <u>picked</u> South Dakota Governor Kristi Noem (R-SD) to lead the U.S. Department of Homeland Security (DHS). In her most recent financial disclosure, Gov. Noem <u>reported</u> that she and her husband Bryon Noem were invested in Granite Falls Energy, a "<u>fuel-grade ethanol, distillers' grains, and crude corn oil</u>" company that sells on the international market. Noem previously disclosed this investment during her time in Congress, reporting <u>up to \$70,000</u> in dividends from Granite Falls LLC from 2010 to 2019, not including any dividends she has continued to earn since.

An Accountable.US review has found that Gov. Noem's stake in Granite Falls could pose conflicts with her potential role as DHS secretary:

Granite Falls Energy LLC is invested in a controversial multi-billion dollar carbon dioxide pipeline likely to be overseen by DHS's Transportation Security Administration (TSA) and could qualify for federal carbon sequestration payments:

- As DHS Secretary, Gov. Noem would <u>control</u> the Transportation Security Administration (TSA), which <u>oversees security</u> for pipelines carrying hazardous liquids, including carbon dioxide.
- In 2023, Gov. Noem's stake in Granite Falls Energy drew controversy for its partnership with a
 <u>multi-billion dollar carbon dioxide pipeline</u> project criticized for safety concerns, potential damage to
 farmland, and risks to South Dakotans' property rights. Notably, the pipeline could <u>qualify</u> for federal
 carbon sequestration incentive payments.
- Noem has also been <u>involved</u> with pipeline policy while Governor, signing a pipeline taxation bill <u>praised by Granite Falls' CEO</u> and the company leading the pipeline project, Summit Carbon Solutions.

Gov. Noem's stake in Granite Falls Energy—which exports ethanol and other products—could also benefit from her potential control of U.S. Customs and Border Protection (CBP), which oversees exports, controls border crossings that affect the biofuels industry, and administers potential new tariffs on ethanol:

- Granite Falls Energy sells on the <u>international market</u>. If confirmed as DHS secretary, Gov. Noem
 would be <u>in charge</u> of DHS agency U.S. Customs and Border Protection (CBP), which <u>oversees</u> all
 exports valued at over \$2,500 or those requiring an export license.
- CBP, which <u>administers tariffs</u> on imported goods, has overseen an <u>import duty for fuel</u> <u>ethanol</u>—meanwhile, Trump's proposed tariffs could <u>benefit</u> the U.S. biofuels industry.
- In 2023, a bioethanol executive <u>praised</u> CBP after it reopened two Texas rail crossings—which were <u>closed</u> so CBP could redirect personnel to help the U.S. Border Patrol—saying industry "<u>can rest easy knowing that their goods can again flow freely to one of our most important export markets.</u>"

 An export industry lawyer has complained about CBP's "record" numbers of inspections on export shipments since Russia's invasion of Ukraine. If confirmed, Gov. Noem could be in a position to reduce these export inspections.

Dept. Of Homeland Security (DHS) Nominee Kristi Noem Disclosed A Stake In International Ethanol Company Granite Falls Energy LLC, Which Is Invested In A Controversial Multi-Billion Dollar Carbon Dioxide Pipeline Likely To Be Overseen By DHS's Transportation Security Administration (TSA) And Could Qualify For Federal Carbon Sequestration Payments.

In Her Latest Financial Disclosure, Trump Homeland Security Secretary Nominee South Dakota Gov. Kristi Noem Reported An Investment In Ethanol Company Granite Falls Energy LLC, Which Sells On The International Market.

South Dakota Governor Kristi Noem, Trump's Nominee To Be Secretary Of The Dept. Of Homeland Security (DHS), Had A Net Worth Of About \$2.3 Million In 2017, Near The End Of Her Tenure In The U.S. House. "Kristi Noem: Homeland Security Secretary [...] The South Dakota Governor was worth an estimated \$2.3 million in 2017, according to OpenSecrets, primarily stemming from her investments and her insurance business, Noem Insurance." [Newsweek, 11/18/24]

• Kristi Noem Has Been Governor Of South Dakota Since 2019, Previously Serving In The U.S. House From 2011 To 2019. "NOEM, Kristi, a Representative from South Dakota; born in Watertown, Codington County, S.Dak., November 30, 1971; graduated from Hamlin High School, Hayti, S.Dak., 1990; attended Mount Marty College, Yankton, S.Dak.; attended Northern State University, Aberdeen, S.Dak., 1990-1992; B.A., South Dakota State University, Brookings, S.Dak., 2011; farmer; rancher; member of the South Dakota state house of representatives, 2007-2010; elected as a Republican to the One Hundred Twelfth and to the three succeeding Congresses (January 3, 2011-January 3, 2019); was not a candidate for reelection to the One Hundred Sixteenth Congress in 2018; Governor of South Dakota, 2019-present." [Biographical Directory of the United States Congress, accessed 11/18/24]

In Her U.S. House Termination Disclosure, Filed January 2019, Noem Disclosed That Her Investment In Granite Falls Energy LLC Was Worth \$15,001-\$50,000:

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[U.S. House of Representatives, 01/02/19]

January 2023: Gov. Noem Disclosed That She And Her Husband Bryon Noem Were Invested In Granite Falls Energy, A "Fuel-Grade Ethanol, Distillers' Grains, And Crude Corn Oil" Company That Sells On The International Market:

| Name of Candidate or Family Member | Name the Source of Funds (Ex: current employer, SD Legislature, 401K, benefits, etc.) | Relationship to funds (Ex: employee, officer, director, associate, partner, shareholder, owner, member, proprietor, etc.) |
|---------------------------------------|---|---|
| Bryon Noem (spouse) | Noem Insurance, Inc. Pierre Car Wash, LLC Cash rent, pasture of Chad & Chris Noem | Spouse salary, Owner Owner Landowner |
| Kristi Noem | Governor salary Publishing agreement | Governor salary, Employee Author |
| Kristi and Bryon Noem | Granite Falls Energy | Stock dividend, shareholder |
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[Search for "Noem," South Dakota Secretary of State, <u>01/07/23</u>]

Granite Falls Energy Produces "Fuel-Grade Ethanol, Distillers' Grains, And Crude Corn Oil" And Sells These Products "On The International Market." "Granite Falls Energy, LLC ('GFE') is a Minnesota limited liability company currently producing fuel-grade ethanol, distillers' grains, and crude corn oil near Granite Falls, Minnesota and sells these products, pursuant to marketing agreements, throughout the continental U.S. and on the international market. GFE's plant has an approximate annual production capacity of 63 million gallons but is currently permitted to produce up to 70 million gallons of undenatured ethanol on a twelve-month rolling sum basis." [Granite Falls Energy, accessed 11/18/24]

Noem Reported Earning Up To \$70,000 In Dividends From Granite Falls LLC While She Had To File Congressional Financial Disclosures From 2010 To 2019.

From 2010 To 2019, Noem Disclosed Earning Up To \$70,000 In Dividends From The Granite Falls Plant. "Noem's congressional disclosure forms, which require only an estimated range of income rather than an exact amount, say she made between \$25,006 and \$70,000 in dividends from the plant between her first run for Congress in 2010 until the end of her service as a U.S. representative in early 2019. The state-level disclosures she's filed since then only require the identification of income sources, not amounts." [South Dakota Searchlight, 06/30/23]

<u>As DHS Secretary, Gov. Noem Would Control The Transportation Security</u> <u>Administration (TSA), Which Oversee Security For Pipelines Carrying Hazardous Liquids, Including Carbon Dioxide...</u>

DHS Oversees The Transportation Security Administration (TSA), Which Oversees Pipeline Security Through Its Office of Security Policy and Industry Engagement's Surface Division. "Under the provisions of the Aviation and Transportation Security Act (Public Law 107-71), the Transportation Security Administration (TSA) was established on November 19, 2001 with responsibility for civil aviation security and 'security responsibilities over other modes of transportation that are exercised by the Department of Transportation.' On September 8, 2002, TSA initiated its pipeline security efforts. Those responsibilities now reside within the Office of Security Policy and Industry Engagement's Surface Division." [Transportation Security Administration, April 2021]

• The Department Of Homeland Security Oversees The Transportation Security Administration (TSA). [U.S. Department of Homeland Security, accessed 11/18/24]

TSA Oversees The Security Of Pipelines Carrying Hazardous Liquids, Including Carbon Dioxide, In Addition To Pipelines Carrying Natural Gas. "In 2002, President George W. Bush signed the Homeland Security Act of 2002 (P.L. 107-296) creating DHS. Among other provisions, the act transferred TSA from DOT to DHS (§403). The Implementing Recommendations of the 9/11 Commission Act of 2007 (P.L. 110-53) directed TSA to promulgate pipeline security regulations and carry out necessary inspection and enforcement if the agency determines that regulations are appropriate (§1557(d)). Thus, TSA has primary responsibility and regulatory authority for the security of natural gas and hazardous liquid (e.g., oil, refined products, and carbon dioxide) pipelines in the United States." [Congressional Research Service, 09/09/21]

...In 2023, Gov. Noem Drew Scrutiny For Her Stake In Granite Falls Energy, Which Was Partnered In A Controversial Multi-Billion Dollar Carbon Dioxide Pipeline Project, Which Could Qualify For Federal Carbon Sequestration Incentive Payments...

2023: Gov. Noem Drew Scrutiny For Her Stake In Granite Falls Energy, Which Was Partnered With Summit Carbon Solutions, Which Was Proposing A "Controversial" Multi-Billion Dollar Carbon Dioxide Pipeline Which Would Transport Emissions From 34 Ethanol Plants To A Sequestration Site In North Dakota. "Gov. Kristi Noem is an investor in an ethanol plant that's partnered with a company proposing a controversial carbon dioxide pipeline. The ethanol plant is Granite Falls Energy in Granite Falls, Minnesota. Noem's financial disclosures from her former service in Congress and her current time as governor reveal that she and her husband are investors in the plant. Summit Carbon Solutions, a company proposing a carbon pipeline through South Dakota, lists Granite Falls Energy as one of its partners. [...] Ethanol is a fuel additive made primarily from corn. Summit's multi-billion-dollar project would capture carbon dioxide emissions from 34 ethanol plants in the upper Midwest. The gas would be liquefied and transported by pipeline for underground sequestration in North Dakota." [South Dakota Searchlight, 06/30/23]

• The Summit Carbon Solutions Pipeline, Which Would Transport Carbon Dioxide Through A "Hazardous Liquid Pipeline," Faced Opposition Over "Safety Concerns, Damage To Farmland And Property Values And An Infringement On Property Rights." "Ethanol plants emit carbon dioxide as part of the fermentation process in turning corn into fuel. That carbon can be captured, compressed and put into a hazardous liquid pipeline. Summit announced its plans in 2021 and had hoped to begin construction in 2023, but has faced pushback from some landowners and several legal challenges as it has tried to obtain the needed permits. Supporters view the project as vital to helping the ethanol industry compete in low-carbon fuel markets. Ethanol is a key market for corn growers. Opponents cite safety concerns, damage to farmland and property values and an infringement on property rights. Some landowners also have complained about Summit's business practices." [North Dakota Monitor, 11/15/24]

The Pipeline Project Could Qualify For Federal Incentive Payments Of \$85 For Every Metric Ton Of Carbon Sequestered. "The pipeline project would qualify for incentive payments from the federal government of \$85 per metric ton of carbon sequestered, for removing heat-trapping carbon from the atmosphere. It could also allow participating ethanol producers to sell their products in states and countries with stricter emissions standards." [South Dakota Searchlight, 06/30/23]

...Noem Has Also Been Involved In Carbon Pipeline Policy While Governor,
Signing A Taxation Bill Praised By Granite Falls' CEO And The Company Leading
The Pipeline Project.

Noem Was Previously "Involved In Carbon Pipeline Policymaking" While Governor, Signing A March 2022 Bill Establishing Taxes For Carbon Dioxide Pipelines, Which Was Favored By Summit Carbon Solutions And Granite Falls' CEO. "Noem has been involved in carbon pipeline policymaking. In March 2022, she signed a bill that established taxes for carbon dioxide pipelines similar to oil and natural gas pipelines. Summit Carbon Solutions testified in favor of the bill. At that time, Granite Falls Energy was already a partner with Summit, according to multiple media reports. About a month after Noem signed that bill into law, Granite Falls CEO Jeffrey Oestmann said the proposed pipeline is vital to the company's survival." [South Dakota Searchlight, 06/30/23]

November 2023: North Dakota Regulators Approved A 333-Mile Route Permit For The Summit Carbon Solutions Pipeline. "North Dakota regulators on Friday approved a route permit for the Summit Carbon Solutions pipeline, a significant win for what the company says is the world's largest carbon capture project. The three-person Public Service Commission voted unanimously to approve the pipeline permit. The commission had denied Summit a route permit in 2023, but changes the company made to its route helped convince the commission to reverse its position. Summit plans to put 333 miles of pipeline through North Dakota, part of a 2,500-mile network of pipelines in five states. The pipelines are planned to connect 57 ethanol plants, including Tharaldson Ethanol at Casselton, to an underground carbon storage site west of Bismarck." [North Dakota Monitor, 11/15/24]

Gov. Noem's Stake In Granite Falls Energy—Which Exports Ethanol And Other Products—Could Also Benefit From Noem's Potential Control Of U.S. Customs And Border Protection (CBP), Which Oversees Exports, Controls Border Crossings That Affect The Biofuels Industry, And Administers Potential New Tariffs On Ethanol.

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[U.S. House of Representatives, 01/02/19]

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| Name the Source of Funds (Ex: current employer, SD Legislature, 401K, benefits, etc.) | Relationship to funds (Ex: employee, officer, director, associate, partner, shareholder, owner, member, proprietor, etc.) |
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| Noem Insurance, Inc. Pierre Car Wash, LLC Cash rent, pasture of Chad & Chris Noem | Spouse salary, Owner Owner Landowner |
| Governor salary Publishing agreement | Governor salary, Employee Author |
| Granite Falls Energy | Stock dividend, shareholder |
| | benefits, etc.) Noem Insurance, Inc. Pierre Car Wash, LLC Cash rent, pasture of Chad & Chris Noem Governor salary Publishing agreement |

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If Confirmed As DHS Secretary, Noem Would Be In Charge Of DHS Agency U.S. Customs And Border Protection (CBP), Which Oversees All Exports Valued At Over \$2,500 Or Those Requiring An Export License.

DHS Controls U.S. Customs And Border Protection (CBP), Which Oversees All Exports Valued At \$2,500 Or Those Requiring An Export License. "For all exports from the United States valued at over \$2,500, or that require any type of export license, all export information is required to be filed with CBP and the Census Bureau through the Automated Export System (AES). CBP's National Targeting Center analyzes the information to determine which cargo to select for an intensive examination." [American Bar Association, 05/09/24]

• The Department Of Homeland Security Oversees U.S. Customs And Border Protection. [U.S. Department of Homeland Security, accessed 11/18/24]

CBP, Which Administers Tariffs On Imported Goods, Has Overseen An Import Duty For Fuel Ethanol—Meanwhile, Trump's Proposed Tariffs Could Benefit The U.S. Biofuels Industry.

CBP Administered An Import Duty For Fuel Ethanol Until 2011. "Until recently, ethanol and biodiesel, the two most widely used biofuels, received significant government support under federal law in the form of mandated fuel use, tax incentives, loan and grant programs, and certain regulatory requirements. While the mandate remains, several tax incentives and other programs have terminated in recent years. The 22 programs and provisions listed in this report were established over the past three decades, and were administered by five separate agencies and departments: Environmental Protection Agency, U.S. Department of Agriculture, Department of Energy, Internal Revenue Service, and Customs and Border Protection. These programs targeted a variety of beneficiaries, including farmers and rural small businesses, biofuel producers, petroleum suppliers, and fuel marketers." [Congressional Research Service via EveryCRSReport, 01/11/12]

U.S. Customs and Border Protection (CBP)—Import Duty for Fuel Ethanol

- · Administered by: U.S. Customs and Border Protection
- Annual funding: N/A
- Established: 1980 by the Omnibus Reconciliation Act of 1980 (P.L. 96-499); amended by the Tax Reform Act of 1986, §423 (P.L. 99-514) extended by the Tax Relief and Health Care Act of 2006, §302 (P.L. 109-432); further extended by the Food, Conservation, and Energy Act of 2008, §15333 (P.L. 110-246), and the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312), §708
- Scheduled termination: Expired December 31, 2011
- Description: A 2.5% ad valorem tariff and a most-favored-nation duty of \$0.54 per gallon of ethanol (for fuel use) applies to imports into the United States from most countries through the end of 2011; most ethanol from Caribbean Basin Initiative (CBI) countries may be imported duty-free.
- · Covered Entities: Fuel ethanol importers
- For more information: CRS Report RS21930, <u>Ethanol Imports and the Caribbean Basin Initiative (CBI)</u>, by [author name scrubbed]; Senate Finance Committee, Summary of House-Senate Agreement on Tax, Trade, Health, and Other Provisions, December 7, 2006.

[Congressional Research Service via EveryCRSReport, 01/11/12]

CBP "Administers The Collection Of Tariffs" On Imported Goods. "How Is U.S. Tariff Policy Administered? U.S. Customs and Border Protection (CBP) administers the collection of tariffs at U.S. ports of entry according to rules and regulations prescribed by the Secretary of the Treasury." [Congressional Research Service, 10/03/24]

President-Elect Trump's Proposed Tariffs On All Imported Goods Could Benefit The U.S. Biofuels Industry. "The US oil industry could be negatively affected by Donald Trump's proposed tariffs, which could lead the industry to pass on higher costs of imported crude and production supplies to consumers as higher gasoline prices, observers say. [...] One area of US fuel production where tariffs could be viewed more favorably is the biofuels industry. While US imports of ethanol are negligible, some producers have pushed back on foreign feedstocks, like Chinese cooking oil, being eligible for new clean fuel tax credits under the Biden Administration's signature Inflation Reduction Act. The industry has also lobbied against what it says is a lopsided US trade policy with Brazil, which has restricted access there to US-produced ethanol while being allowed to sell its own products in the US market. However, benefits specific to US ethanol trade policies would likely be outweighed by concerns if broad tariffs lead other countries to retaliate, Renewable Fuels Association President Geoff Cooper said." [S&P Global, 11/01/24]

• Trump Has "Proposed Tariffs On All US Imports As High As 20%, As Well As A Tariff As High As 60% On Chinese Goods." "Throughout his 2024 campaign, the former president has proposed tariffs on all US imports as high as 20%, as well as a tariff as high as 60% on Chinese goods if elected to a second term, arguing that such policies would promote domestic manufacturing and reshoring of jobs across the US economy." [S&P Global, 11/01/24]

Headline: US ELECTIONS: Oil, biofuel industries weigh uncertain impact of Trump tariffs [S&P Global, 11/01/24]

In 2023, A Bioethanol Executive Praised CBP After It Reopened Two Texas Rail Crossings—Which Were Closed So CBP Could Redirect Personnel To Help The U.S. Border Patrol—Saying Industry "Can Rest Easy Knowing That Their Goods Can Again Flow Freely To One Of Our Most Important Export Markets."

2023: CBP Benefited The Bioethanol Industry When It Reopened Two Rail Crossings In Texas, With An Executive Saying, "'The Bioethanol Industry And Its Farm Partners Can Rest Easy Knowing That Their Goods Can Again Flow Freely To One Of Our Most Important Export Markets.'" "Growth Energy CEO Emily Skor on Dec. 22 issued the following statement after U.S. Customs and Border Protection (CBP) announced that it would reopen two rail crossings in Eagle Pass and El Paso, Texas: 'We're grateful to CBP for listening to the chorus of industry voices calling for a better approach, and we're grateful to our biofuels champions on the Hill who delivered our message and helped find a solution to this urgent issue. The bioethanol industry and its farm partners can rest easy knowing that their goods can again flow freely to one of our most important export markets." [Ethanol Producer Magazine, 12/26/23]

CBP Closed The Rail Crossings In Order To Redirect Personnel To Assist U.S. Border Patrol To Address "Increased Levels Of Migrant Encounters At The Southwest Border." "CBP is continuing to surge all available resources to safely process migrants in response to increased levels of migrant encounters at the Southwest Border, fueled by smugglers peddling disinformation to prey on vulnerable individuals. After observing a recent resurgence of smuggling organizations moving migrants through Mexico via freight trains, CBP is taking additional actions to surge personnel and address this concerning development, including in partnership with Mexican authorities. 'Beginning December 18, 2023 at 8:00 AM local time, CBP's Office of Field Operations will temporarily suspend operations at the international railway crossing bridges in Eagle Pass and El Paso, Texas in order to redirect personnel to assist the U.S. Border Patrol with taking migrants into custody. CBP will continue to prioritize our border security mission as necessary in response to this evolving situation." [U.S. Customs and Border Protection, 12/17/23]

An Export Industry Lawyer Has Complained About CBP's "Record" Numbers Of Inspections On Export Shipments Since Russia's Invasion Of Ukraine.

2024: A Lawyer Who Represents Exporters Complained That CBP's Detention Of Shipments Would Result In Exports Being Delayed By "Days Or Months." "Detentions Causing Export Delays In practice, when shipments are declared for export to CBP through filing Electronic Export Information (EEI) in the AES, CBP's National Targeting Center (NTC) identifies shipments that require more attention. Often the follow-up is simply a document request by CBP; sometimes it results in a physical inspection and examination by CBP. But increasingly, the export shipment is referred to BIS for investigation to identify all parties involved in the transaction and verify the information submitted is accurate. The shipment is detained by CBP during the investigation, which may last days or months." [American Bar Association, 05/09/24]

• The Lawyer Complained That Since Russia's 2022 Invasion Of Ukraine, CBP Has Stopped And Examined Exports "In Record Numbers," Often Transferring Examinations To Other DHS Agencies, Including The Homeland Security Investigations (HSI) And Immigration and Customs Enforcement (ICE). "Ever since the Russian invasion of Ukraine on February 24, 2022, CBP has utilized the required export data from AES to target more shipments than ever before. Shipments that are licensed for export, as well as shipments declared as 'NLR' (No License Required) but that appear to describe or contain items that may require an export license, are now being stopped and examined in record numbers. Upon physical examination by CBP officers, CBP often then transfers responsibility for further action to its sister agency – Homeland Security Investigations (HSI), Immigration and

Customs Enforcement (ICE), U.S. Department of Homeland Security – or to the BIS." [American Bar Association, <u>05/09/24</u>]

• The Lawyer, Peter Quinter, Is A "Globally Ranked U.S. Customs And International Trade Law Counselor And Advocate" Who Represents Exporters And Other Parties Involved In Trade. "Globally ranked U.S. Customs and international trade law counselor and advocate, Peter Quinter, represents individuals and companies involved in the wide variety of legal issues associated with international trade and transportation, including litigation before federal courts across Florida and before the U.S. Court of International Trade in New York. Peter is a Florida Bar Board Certified international law attorney. Peter represents importers, exporters, customs brokers, international freight forwarders and other companies involved in a myriad of industry sectors and international supply chain matters, such as regulatory compliance and enforcement by the U.S. Department of Homeland Security (DHS) including U.S. Customs and Border Protection (CBP), Transportation Security Administration (TSA) and Immigration and Customs Enforcement (ICE)." [Gunster, accessed 11/18/24]