

TESTIMONY OF PHILIP JOHNSTON
GENERAL MANAGER, ENVIRONMENTAL BUSINESS DEVELOPMENT CENTER
DAIKIN APPLIED AMERICAS

BEFORE THE MINNESOTA HOUSE LABOR
AND INDUSTRY FINANCE AND POLICY COMMITTEE

HEARING ON SENATE FILE 1939

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Good morning/afternoon Chair Nelson, Vice Chair Berg and members of the Committee. My name is Phil Johnston, and I am General Manager of the Environmental Business Development Center for Daikin Applied Americas. I regret that I cannot attend in person because of family matters.

Thank you for providing me with the opportunity to share our support for SF 1939, sponsored by Senator Xiong, and to speak to the direct impacts on Minnesota-based manufacturers and the overall HVACR industry.

Daikin Applied is part of Daikin Industries Ltd, a global manufacturer of HVAC, air filtration, and fluorochemicals with 88,000 employees worldwide including more than 20,000 employees here in the United States.

Daikin Applied is headquartered in Plymouth with 737 employees, where it also has a \$60M state of the art R&D facility. Daikin Applied employs more than 1,250 Minnesotans at two manufacturing facilities in Faribault and one factory in Owatonna, where they manufacture premium efficiency custom packaged direct expansion and air handlers that are used to improve the comfort and health of the air we breathe while at school, work or play in commercial buildings like schools, universities, hospitals, and businesses. Since 2018, \$240 million has been invested and 570 new highly skilled jobs have been added across all these Minnesota locations.

Daikin Applied equipment can be found in Minnesota and all over the world, in famous buildings like World Trade Center Tower One and here at home within Target Field and the Wells Fargo Mortgage Building.

Over the past decade, Minnesota-based companies, and the HVACR industry at large, have spent hundreds of millions of dollars preparing for the phase down of hydrofluorocarbons (HFCs). We have invested in research and development, facility construction and expansion, and training, to ensure that when the federal regulations go into effect U.S. manufacturers can maintain technological leadership in the global HVACR marketplace.

However, the return on this investment depends on the passage of SF 1939. This minor update to the building codes provided by SF 1939 is required to allow for the federal transition to happen on time. It will provide Daikin, and the HVACR industry, with the certainty needed to comply with the federal regulations. The timing of this is particularly important in Minnesota, which is the perfect place for us to roll out new equipment and run pilots.

As members of the Committee may be aware, the federal American Innovation and Manufacturing Act (AIM Act) is phasing down the production and import of a class of chemicals known as hydrofluorocarbons (HFC), which are primarily used as refrigerants in air conditioners and refrigerators, along with other applications, such as foams, solvents, and fire suppressants. The AIM Act implements language that was first agreed to under the Bush Administration,

supported by President Obama, and signed into law by President Trump. Of the 34 Senate cosponsors, 17 were Democrats and 17 were Republicans.

I hope you all will join me in supporting this legislation for the betterment of the environment and the benefit of the economy here in Minnesota. Thank you for your consideration.