

ANNUAL AUDITS OF RENAISSANCE FUND ORGANIZATIONS
DECEMBER 11, 2013, 1:20 P.M.
BUDGET SECTION
SENATE CHAMBER, STATE CAPITOL
REPRESENTATIVE CHET POLLERT, CHAIRMAN

ANDREA PFENNIG – PROGRAM ADMINISTRATOR, ND DEPARTMENT OF COMMERCE

Mr. Chairman, committee members, my name is Andrea Pfennig, and I manage the Renaissance Zone program for the Department of Commerce.

I am here today to report on the status of Renaissance Fund Organizations (RFO). Specifically, I'll give a brief overview of the current RFOs and their audits and a summary of the activity of the RFO credits.

The purpose of a Renaissance Fund Organization is to raise funds to be used to finance zone projects and other projects located in designated Renaissance Zones. There are currently fifty-five cities that have a Renaissance Zone. Of those, eight have a Renaissance Fund Organization. The cities with a RFO include: Casselton, Fargo, Jamestown, Hazen, Mayville, West Fargo, Hope, and Grand Forks. The City of Fargo has two RFOs established. Mayville, Hazen, and Hope each manage their own RFO. The other RFOs are managed by a private entity.

I have received the yearly financial audits from two of the RFOs to date. None of the audits received have had findings. One of the RFOs has not had any activity since authorization and did not require an audit. The RFOs in Casselton, Jamestown, West Fargo, and Fargo are in the process of closing out and therefore did not require an audit. I expect to receive the remaining audits shortly. This leads us to the activity of the credits.

Since 1999, a total of \$8.5 million in tax credits has been authorized for projects by Legislature. To date, \$11,086,732 has been invested by RFOs, and \$5,543,366 worth of credits has been claimed. RFOs have been divided into 3 categories based on population to ensure that cities of all sizes with established renaissance zones have an opportunity to access the tax credits.

Table 1 reflects the total credits allowed, the amount of credits claimed, and the amount of credits currently available per category. Of the \$2,956,634 credits available, \$563,750 of credits have been reserved for use by the Fargo RFO, \$500,000 has been reserved for the Hope RFO, and \$1.2 million has been reserved for the Grand Forks RFO. The reserved credits can be used by other RFO's if not claimed in a timely manner. Uncommitted credits can also be shifted to other categories based on demand.

Table 1: RFO Tax Credit Summary

	Total Credits Authorized	Total Credits Claimed	Total Credits Available	
			Committed Credits	Uncommitted Credits
Category 1 (0- 5,000 population)	\$958,366	\$458,366	\$500,000	\$0
Category 2 (5,001 – 30,000 population)	\$250,000	\$250,000	\$0	\$0
Category 3 (Over 30,000 in population)	\$7,291,634	\$4,835,000	\$1,763,750	\$692,884
Totals	\$8,500,000	\$5,543,366	\$2,263,750	\$692,884

Table 2 reflects the amount of credits claimed by city.

Table 2: Credits Claimed by City

Category	City	Total Credits Claimed
1	Casselton	\$37,500
1	Hazen	\$15,500
1	Mayville	\$117,650
1	Hope	\$287,716
2	Jamestown	\$150,000
2	West Fargo	\$100,000
3	Fargo	\$4,835,000
	Total	\$5,543,366

Mr. Chairman and members of the committee, this concludes my report on current RFOs and the activity of the RFO credits. I would be happy to answer any questions.