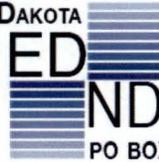


ECONOMIC DEVELOPMENT ASSOCIATION OF NORTH DAKOTA



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**Testimony of Keith Lund, President
Economic Development Association of North Dakota
July 30, 2014**

I'm Keith Lund, Vice President of the Grand Forks Region Economic Development and President of the Economic Development Association of North Dakota (EDND). On behalf of EDND, I would like to thank the committee for the opportunity to testify today regarding the bill draft to evaluate economic development tax incentives.

EDND represents more than 80 state economic development organizations on the front line of economic development efforts throughout North Dakota. The primary purpose of the organization is to support the creation of new wealth and the diversification of North Dakota's economy.

Our organization is supportive of the committee's efforts to demonstrate the value of the state's investment in business support programs to grow and diversify North Dakota's economy. In addition, I would like to reiterate EDND's willingness to be a resource to the committee in making sure tax incentives are meeting legislative intent and effectively meeting the changing needs of our economy. We too want to assure North Dakota taxpayers these investments are a return on their investment.

EDND has been involved in the various meetings regarding this bill during the last nine months. We have met with representatives from the North Dakota Department of Commerce, the North Dakota Tax Department, PEW Charitable Trusts, the Center for Regional Competiveness, Chairman Cook and Senator Grindberg, and other key stakeholders.

Our board and membership have reviewed the bill draft. We believe this is a unique model other states will follow in which all state economic development tax incentives would be evaluated by the legislature every six years. And, the concept is included in EDND's 2015 Legislative Agenda.

The only change our organization recommends is to insert the stakeholders on page three, line 18, after the word shall. The sentence would then read: "By October first of each odd-numbered year, the interim committee assigned the study responsibility under this section shall work with the department of commerce, tax commissioner, economic development foundation and any other state agency or instrumentality to determine and approve."

We believe the evaluation process will be more effective if state agencies, EDND and other key stakeholders are involved in developing the matrix and goals that will be used to evaluate each incentive.

EDND supports a periodic review of these investments and agrees that it is important for a number of reasons. It demonstrates to the public that these investment decisions are not taken lightly, and it confirms that the investments have a net gain to the state.

Although much of the information important to this task is already collected, it may not be compiled and comprehensively analyzed. In other cases, the information may not be available due to confidentiality issues. Any analysis of the effectiveness of tax incentives needs to consider what information is required and address any impediments in attaining the information. We believe the companion bill will help address these challenges.

EDND recommends creating and appropriately resourcing a system whereby tax incentives are placed on a regular schedule for review against pre-established goals. Thank you again for involving us in the process. EDND is willing to work with legislators and state agencies to develop a matrix and goals to effectively evaluate our economic development tax incentives.