

RENAISSANCE FUND ORGANIZATION AUDITS
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BUDGET SECTION
SENATE CHAMBER, STATE CAPITOL
REPRESENTATIVE CHET POLLERT, CHAIRMAN

RIKKI ROEHRICH – PROGRAM ADMINISTRATOR, ND DEPARTMENT OF COMMERCE

Mr. Chairman, committee members, my name is Rikki Roehrich, 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 at some point established a Renaissance Fund Organization. These cities include: Casselton, Fargo, Jamestown, Hazen, Mayville, West Fargo, Hope, and Grand Forks. The City of Fargo has had 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 independent financial audits from three of the RFOs to date, which have not had any 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 have closed out and therefore did not require an audit. I expect to receive the remaining audit shortly, and do not anticipate any finding. 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, \$11,211,732 has been invested in RFOs, and \$5,605,866 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 on the following page reflects the total credits allowed, the amount of credits claimed, and the amount of credits currently available per category. Of the \$2,929,134 credits available, \$563,750 of credits have been reserved for use by the Fargo RFO, \$465,000 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 2 indicates the amount of credits claimed by each city.

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)	\$985,866	\$520,866	\$465,000	\$0
Category 2 (5,001 – 30,000 population)	\$250,000	\$250,000	\$0	\$0
Category 3 (Over 30,000 in population)	\$7,264,134	\$4,835,000	\$1,763,750	\$665,384
Totals	\$8,500,000	\$5,605,866	\$2,228,750	\$665,384

Table 2: Credits Claimed by City

Category	City	Status	Total Credits Claimed
1	Casselton	Closed	\$37,500
1	Hazen	Active	\$15,500
1	Mayville	Active	\$145,150
1	Hope	Active	\$322,716
2	Jamestown	Closed	\$150,000
2	West Fargo	Closed	\$100,000
3	Fargo	1 Active, 1 Closed	\$4,835,000
	Total		\$5,605,866

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.