

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 (RFOs). Specifically, I'll give a brief overview of the current RFOs, their annual 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 projects located in designated Renaissance Zones. There are currently fifty-eight 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.

The annual independent financial audits from Fargo, Hope, Mayville and Hazen have not had any findings and all conform to acceptable accounting practices. The RFO in Grand Forks has not had any activity since authorization and, therefore, does not require an audit. Additionally, the RFOs in Casselton, Jamestown, West Fargo, and Fargo's 2nd RFO have closed out and no longer require an audit. This leads us to the activity of the credits.

Since 1999, a total of \$10.5 million in tax credits has been authorized for projects by Legislature, with a \$2 million increase during the last biennium. To date, \$11,230,732 has been invested in RFOs, and \$5,615,366 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 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 \$4,884,634 credits available, \$1.2 million has been reserved for the Grand Forks RFO, \$563,750 of credits have been reserved for use by the Fargo RFO, and \$465,000 has been reserved for the Hope 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)	\$2,135,866	\$530,366	\$465,000	\$1,140,500
Category 2 (5,001 – 30,000 population)	\$250,000	\$250,000	\$0	\$0
Category 3 (Over 30,000 in population)	\$8,114,134	\$5,229,650	\$1,763,750	\$1,515,384
Totals	\$10,500,000	\$5,615,366	\$2,228,750	\$2,655,884

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	\$154,650
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		\$5,615,366

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.