



**DEPARTMENT OF COMMERCE TESTIMONY REGARDING ECONOMIC DEVELOPMENT TAX  
INCENTIVES**

**APRIL 26, 2016, 9:40 A.M.**

**POLITICAL SUBDIVISION TAXATION COMMITTEE  
REPRESENTATIVE JASON DOCKTER, CHAIRMAN**

**JUSTIN DEVER – CO-DEPUTY COMMISSIONER, ND DEPARTMENT OF COMMERCE**

Good morning, Mr. Chairman and members of the committee, my name is Justin Dever and I serve as a Co-Deputy Commissioner for the North Dakota Department of Commerce. I have been asked to provide an update on Commerce's progress in compiling an estimated return on investment analysis.

To date, we have provided this committee with our completed evaluation of the Agricultural Commodity Processing Facility Tax Credit and Seed Capital Investment Tax Credit, including an estimated return on investment. We have also provided this committee with information regarding the investments made by Angel Funds that were facilitated through the Angel Fund Investment Tax Credit, as well as some follow-up information regarding those companies having an in-state presence or connections to the state. As mentioned previously, data limitations include not having information prior to 2011 and not knowing the amounts of investments made into the individual companies.

Unless directed otherwise by this committee, our next targets are the New or Expanding Business Income Tax Exemption and the New Jobs Credit from Income Tax Withholding. Other incentives we will be analyzing this interim, as time allows, include: Manufacturing Automation Tax Credit, Telecommunications Infrastructure Sales Tax Exemption, Internship Program Credit Workforce Recruitment Credit, Research Expense Tax Credit, and Renaissance Zone Income Tax Credits and Exemptions.

There are four tax incentives that have little or no use and thus don't really have much to analyze. These include: Certified Nonprofit Development Corporation Investment, Wage and Salary Credit, Soybean or Canola Crushing Facility Credit, and Microbusiness Income Tax Credit.

An additional two incentives are used, but due to the small number of claimants, most of the information is confidential. These include the Biodiesel Fuel Credits and Electrical Generating Facilities Sales Tax Exemption.

Finally, the Geothermal, Solar, Wind, and Biomass Energy Device Credit has expired for new projects.

## Conclusion

Mr. Chairman and members of the Political Subdivision Taxation Committee, thank you for allowing me to visit with you today. That concludes my testimony and I am happy to entertain any questions.

## Completed

- Agricultural Commodity Processing Facility Tax Credit
- Seed Capital Investment Tax Credit

## Partially Completed

- Angel Fund Investment Tax Credit

## Potential Information for Future Meetings

- New or Expanding Business Income Tax Exemption
- New Jobs Credit From Income Tax Withholding
- Manufacturing Automation Tax Credit
- Telecommunications Infrastructure Sales Tax Exemption – reportable information for 2011 & 2014
- Internship Program Credit
- Workforce Recruitment Credit – reportable information for 2011
- Research Expense Tax Credit
- Renaissance Zone Income Tax Credits and Exemptions

## Tax Incentives with Little or No Use

- Certified Nonprofit Development Corporation Investment Credit – zero use since 2006
- Wage and Salary Credit – zero use since 2011; less than five use 2006-2010
- Soybean or Canola Crushing Facility Credit – zero use since 2009
- Microbusiness Income Tax Credit – three or less use since 2007

## Limited Information Due to Confidentiality (fewer than five claimants)

- Biodiesel Fuel Credits
- Electrical Generating Facilities Sales Tax Exemption

## Expired for New Projects

- Geothermal, Solar, Wind, and Biomass Energy Device Credit