



**DEPARTMENT OF COMMERCE TESTIMONY REGARDING ECONOMIC DEVELOPMENT  
PROGRAMS THAT MAY HELP EXPAND NATURAL GAS SERVICE  
MAY 24, 2016, 2:05 P.M.  
ECONOMIC IMPACT COMMITTEE  
SENATOR CONNIE TRIPLETT, CHAIRMAN**

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

Good afternoon, Chairwoman Triplett 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 information regarding any economic development programs that may help expand natural gas service for industrial opportunities and the importance of natural gas in terms of competitiveness and diversification.

Economic Development Programs

The economic development programs in the state are focused primarily on economic development projects and may not be a good fit for expanding natural gas service. As a state, we support economic development projects through various tax incentives and other financing mechanisms, including:

- Tax exemptions including sales, income, and property taxes.
- Income tax credits for investors in certain projects such as Ag Commodity Processing Facilities and Seed Capital companies.
- Assistance with financing.
  - This includes direct financing through the ND Development Fund or the New Venture Capital Program.
  - It also includes interest rate buydowns through the Partnership for Assisting Community Expansion (PACE), Ag PACE, Flex PACE.
  - The Bank of North Dakota also provides loan guarantees through the Beginning Entrepreneur Loan Guarantee or the Farm Real Estate Loan Guarantee Program.
- We do offer grant programs in a few targeted areas. This includes the Agricultural Products Utilization Commission (APUC) grants for value-added agriculture, as well as entrepreneurship vouchers and grants for innovative, startup companies.

These tools help companies be more competitive and provide cost savings that could be used to by the company to pay for costs associated with bring natural gas to their site. However, these incentives apply equally across the state for both communities that have natural gas and those that don't.

Although not specifically an economic development program, the North Dakota Pipeline Authority could be leveraged to expand natural gas across the state. The legislature established the Pipeline Authority in 2007 in order to facilitate development of pipeline facilities to “support the production, transportation, and utilization of North Dakota energy-related commodities.” The Pipeline Authority has broad ability to participate in pipelines, but not necessarily a lot of funding to do so.

#### Importance of Natural Gas

Communities with access to natural gas may have an advantage in attracting large economic development projects over other communities that don't have natural gas. This is especially true for energy-intensive industries, such as large manufacturers.

That is not to say that having natural gas is the only factor. Depending on the type of business, other factors such as access to rail, availability or quality of water resources, or availability of a skilled workforce can be equally important.

#### Conclusion

Madam Chairman and members of the Economic Impact Committee, thank you for allowing me to visit with you today. That concludes my testimony and I am happy to answer any questions.