

**DEPARTMENT OF COMMERCE'S ANNUAL REPORT ON RENAISSANCE ZONE  
POLITICAL SUBDIVISION TAXATION COMMITTEE  
OCTOBER 13, 2016, 10:05 AM  
HARVEST ROOM  
REPRESENTATIVE JASON DOCKTER, CHAIRMAN**

Mr. Chairman, Members of the Committee, my name is Rikki Roehrich and I manage the Renaissance Zone Program for the Department of Commerce. I am here today to give the annual report on the Renaissance Zone in accordance with NDCC 40-63-03.2. The information in this report is for the time period of January 1, 2015 through December 31, 2015.

The Renaissance Zone program is a tool to help cities revitalize their communities. By offering both state and local tax incentives for 5 years, both residents and business owners are provided with an incentive to invest in their community. Since the program's inception, there have been 1,533 projects approved. Of those projects, a total of 1,175 projects have been completed.

As of 2015, the total number of Renaissance Zones within the state is 58. During that time five communities with established zones reached their expiration date and requested an extension and all have been approved for a partial or full extension. In 2015, 72 projects were approved at the state and local level and 59 projects were completed.

The estimated property tax and state tax liability for the 59 projects completed is as follows:

- State single family, business and investor income tax exemptions \$1,155,624.09
- Historical tax credits \$250,000
- Property tax exemption \$2,876,910.44

According to a survey of Renaissance Zone communities, in 2015:

- 11 new businesses created
- 15 business expansions
- 38 commercial buildings constructed or rehabilitated for business expansion
- 13 commercial buildings or space in buildings leased
- 122 new jobs created
- 105 new residents

The Renaissance Zone continues to be a vital economic tool for smaller communities. In 2015, 31 of the completed projects were in towns with a population less than 2,500.

For example, the City of Crosby notes that:

*Crosby has found the Renaissance Zone to be extremely beneficial. We have had 15 projects completed since 2005 and currently have a few pending projects. In our small community, which is a quite a distance from any other pharmacy, grocery store and other retail businesses, it is crucial to be able to retain our existing businesses. Being able to have some incentives to offer, has given an extra driving force to those looking to expand, purchase or rehabilitate their properties, which in turn has created a better quality of life and an inviting atmosphere to our community. The benefits of the Renaissance Zone are nice and add additional support to the*

*commercial businesses cash flow, which can increase our property tax values and sales tax revenue.*

Larger cities are also seeing a revitalization of their downtown communities, as well as increased property values. For example, the City of Fargo has had a total of 247 projects approved since establishing a Renaissance Zone in 1999. Of those, 87 have been completed that were a new construction or rehabilitation project. The initial property value of those projects totaled \$28,182,120. The post-completion property value of those projects is \$174,004,946.

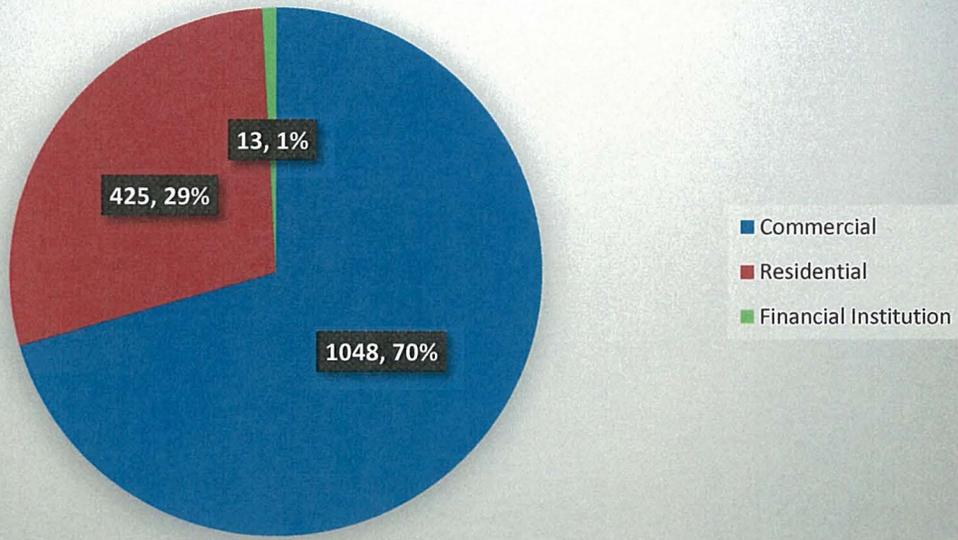
The charts on the following page illustrate the number of commercial and residential projects completed in 2015 and over the course of the program. The charts reflect that the percentage of commercial versus residential projects in 2015 was generally consistent with the overall performance of the program. In 2015, 39% of the projects were residential compared to 29% since program inception. Similarly, 61% of the projects were commercial projects in 2015, while 70% have been commercial projects over the course of the program. A very small percentage of projects have involved financial institutions, which are no longer eligible to be included in the program.

This data indicates that Renaissance Zone is functioning as intended. It is serving as a tool for economic development and revitalizing communities.

Following the Renaissance Zone program data is the report on properties located in TIF and Renaissance Zone with the potential to receive benefits from both programs. Three cities reported having properties in both: Bismarck, Hazen and Mandan. The data indicates that most of these only receive benefits from one program or the other-with only several in Mandan receiving both.

Chairman Dockter, Members of the Committee, this concludes my update. I am happy to answer any questions you may have about the Renaissance Zone program.

## Since Program Inception



## In 2015

