ECONOMIC DEVELOPMENT ASSOCIATION OF NORTH DAKOTA

PO BOX 1091 • BISMARCK, NORTH DAKOTA 58502

Testimony of Keith Lund
Economic Development Association of North Dakota
Interim Political Subdivision Taxation Committee
January 13, 2016

Chairman Dockter and members of the Interim Political Subdivision Taxation Committee, my name is Keith Lund, vice president of the Grand Forks Region Economic Development Corporation and past president of the Economic Development Association of North Dakota (EDND). On behalf of EDND, I would like to provide our organization's comments on the economic development tax incentives study.

EDND represents more than 80 state economic development organizations on the front line of economic development efforts throughout North Dakota. The primary purpose of the organization is to support the creation of new wealth and the diversification of North Dakota's economy.

Our organization is supportive of efforts to demonstrate the value of the state's investment in business support programs to grow and diversify North Dakota's economy. We too want to assure North Dakota taxpayers these investments are a return on their investment.

Investment Tax Credit Evaluation

The tax credits being evaluated are important tools in supporting entrepreneurship, innovation and start-up companies in the state. These tax credits continue to help meet the need for economic diversification in North Dakota and focus on developing new business in the state. They have played an important role in securing investments for new business opportunities in North Dakota and have also been helpful in expanding the opportunities available in our state.

State tax credits for seed funding and angel funds are essential to the availability of private equity for fast growth companies. State tax credits also have no transaction costs, like with loans, grants or investments, yet economic development is encouraged. Tax credits, like

those under consideration, remain necessary to continue the growth and diversification of our economy.

Tax Incentive Elimination

In looking at the elimination of some of the state's existing tax incentives, we feel the biodiesel tax credits still merit some consideration. Although these credits have not been utilized recently, they are examples of supporting new wealth within the state. Without these credits in place, North Dakota will find itself at a disadvantage with biodiesel companies performing a multi-state search for a new or expanding location. These credits could continue to be advantageous in bringing new opportunity and wealth to the state.

We believe the electrical generating facilities sales tax exemption continues to be important for growing and strengthening our state's energy sector and overall economy. Not only does electrical generation support jobs in the state, with thousands currently employed, it also helps maintain competitive energy costs for new and existing businesses. Also, wind-powered generation helps the economy of rural communities across the state with jobs and landowner payments.

The tax credits and incentives under consideration by the committee are valuable to investors and our state, and we look forward to working with the committee to demonstrate their value.