



DEPARTMENT OF COMMERCE TESTIMONY ON
COMPARISON OF AG COMMODITY PROCESSING FACILITY INVESTMENT TAX CREDIT AND
SOYBEAN AND CANOLA CRUSHING FACILITY EQUIPMENT CREDIT
WEDNESDAY, JUNE 29, 2016
POLITICAL SUBDIVISION TAXATION COMMITTEE
REPRESENTATIVE JASON DOCKTER, CHAIRMAN

PAUL LUCY – DIRECTOR, ECONOMIC DEVELOPMENT & FINANCE DIVISION - ND DEPARTMENT OF COMMERCE

Good morning, Mr. Chairman and members of the committee, my name is Paul Lucy, Director of the Economic Development & Finance Division of the ND Department of Commerce.

At your committee hearing on April 26th there was a request that I provide you with information that provides a comparison of the Agriculture Commodity Processing Facility Investment Tax Credit and the Soybean and Canola Crushing Facility Equipment Credit.

Both programs provide a credit on income tax. The basic differentiation of the two programs is as follows:

- Soybean and Canola Crushing Facility Equipment Credit (N.D.C.C 57-38-30.6)
 - Income tax credit of 10% per year for five years of the cost of equipment installed
 - Total cumulative credit per taxpayer cannot exceed \$250,000
 - The credit goes directly to the operating company with the tax liability
 - Unused credits may be carried forward 5 years
 - Created to incentivize companies to locate in North Dakota and enhance the long-term competitiveness of those companies that do locate in North Dakota.
- Agriculture Commodity Processing Facility Investment Tax Credit (N.D.C.C 57-38.6)
 - Income tax credit of 30% of the qualified investment into a qualified company
 - The credit goes directly to the investor(s) in the company
 - Total cumulative credit per taxpayer cannot exceed \$250,000
 - Only investors/taxpayers with a ND tax liability are eligible for the credit
 - Unused credits may be carried forward 10 years
 - Created to motivate private investment into value-added agriculture processing ventures in North Dakota to establish more such businesses in the state.

Even though the Soybean and Canola Crushing Facility Equipment Credit may have had limited use up to this point, we do see a project(s) on the near horizon that may possibly utilize the program if we are successful in getting that project(s) to commit to establishing operations in North Dakota.

Mr. Chairman and members of the Political Subdivision Taxation Committee, that concludes my testimony and I am happy to answer any questions.