

Testimony of Carol Peterson

Economic Development Coordinator, City of Milnor

701-427-9414 milnoreconomicdev@hotmail.com

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I come before you today as the Economic Development Coordinator and a citizen of Milnor, ND to discuss an issue in our community.

Our community, Milnor, North Dakota is located in southeastern North Dakota along North Dakota Highway # 13. We are 40 miles west of Wahpeton and ten miles east of Gwinner. The southeastern part of the State is a diverse economy of agriculture and manufacturing. Bobcat, located in Gwinner, is the largest manufacturer in North Dakota and has provided livelihoods for many people in our area. There are additional businesses in our area that support our citizens and many other industries that are spinoffs doing contract work for the Doosan Bobcat Factory.

In 2012 and 2013, Milnor had a crisis in our community. We had no daycare available in Milnor as several individuals that had in-home daycares had quit or retired. We worked with several individuals to encourage private businesses to fill this need, but no one was interested. After several meetings and a survey was done, we put together a plan for a new 5,000 square foot childcare center for our community and applied for a grant from the ND Dept of Commerce for \$187,500. In the fall of 2013, we were very fortunate to receive the \$187,500 grant. We formed a 501 (c) 3 non-profit corporation, Youth Opportunity Unlimited, Inc. (a/k/a YOU), which was incorporated as a community owned corporation. We chose a Board of Directors and a fundraising committee. We applied for additional grants from a variety of agencies and businesses and did fundraising and we soon had the funds (along with a loan from our local bank) to start construction. Construction began in July of 2014.

Reminiscent of years ago when people got together for an "old fashioned barn raising", the Milnor community came together preparing the building site for the new childcare center. Our community took a low-lying lot next to our Park and built it up and prepared it for the new business. Twenty-two volunteers donated their time hauling clay and dirt, packing and leveling. An additional seven community minded people and businesses donated equipment. After the lot was level and ready for construction, local contractors started the building process. The facility was built in 2014 and opened for business as a licensed childcare center and preschool in 2015. We worked with a variety of state and local agencies such as Department of Commerce, Child Aware, ND Health Dept., ND Fire Marshall and the Sargent County Social Services throughout the process to give our children a safe place to play and learn. We opened the 50' by 100' licensed childcare facility even though additional work would need to be done. Since the opening we have added a fenced playground, cement in the parking lot and presently we are putting in flooring to cover the cement floor we have been using thus far. The project is still a work in progress.

YOU, Inc. owns and leases the building to a childcare provider that runs the business - Camryn's Clubhouse. As you are probably aware, childcare is highly sought after, hard for families to find and is a low margin business. The YOU offers low rent on the building to encourage the new business and to keep the daycare rates as reasonable as possible. It is important to offer this service to our community.

The childcare center was built in the Milnor Renaissance Zone and received a five-year real estate exemption. This exemption finalized in 2019. The YOU Board of Directors applied in 2019 to the City of Milnor to exempt the building from future real estate taxation based on the ND Century Code 57-02-08:

Property Exempt From Taxation. The exemption is - 36. The governing body of the city, for property within city limits, or of the county, for property outside city limits, may grant a property tax exemption for the portion of fixtures, buildings, and improvements, used primarily to provide early childhood services by a corporation, limited liability company, or organization licensed under chapter 50-11.1 or used primarily as an adult day care center. However, this exemption is not available for property used as a residence.

The City of Milnor conferred with their legal counsel, LeeAnn Even, of Even Law office who in turn conferred with some state agencies and determined that this section only allowed the exemption to a childcare business/operator that owns its own building, not a building owned by the community and leased to a childcare business. The City stated that they wanted to work with the YOU in exempting the building, but was unable to due to how the law was written.

We would like to have our state government clarify this exemption and make it more workable for communities like ours. There are a lot of costs involved for our community based corporation to keep a daycare in Milnor. Not only do we have maintenance on the building, but there are many projects still waiting to be done to make this facility a completed childcare center. We also have the costs of facility insurance, liability insurance, director's insurance, special assessments, etc. The Board of Directors are volunteers and take no salary. Volunteers are also used as much as possible for maintenance when possible. Real estate taxes will add a large burden to the YOU and the release from this would be a big benefit to keeping the doors open on this facility.

In January 2020, I contacted Senator Jim Dotzenrod in regard to this issue. He understood our situation and started working with committee members to prepare a bill for the 2021 legislative session. Since the election, I have asked Senator Jason Heitkamp and Representative Kathy Skroch to continue Senator Dotzenrod's work on the bill.

I, along with many others would like to see ND Century Code 57-02-08 (36) a more workable solution for childcare centers. Please consider looking into this issue and making the changes necessary to allow the YOU and others to qualify for the exemption. Thank you for your time.

Respectfully, Carol Peterson, Economic Development Coordinator, Milnor, ND.