

2011 SENATE FINANCE AND TAXATION

SB 2059

2011 SENATE STANDING COMMITTEE MINUTES

Senate Finance and Taxation Committee
Lewis and Clark Room, State Capitol

SB 2059
1/26/2011
Job Number 13423

Conference Committee

A. Rittmiller

Explanation or reason for introduction of bill/resolution:

Creation of a technology impact zone program

Minutes:

Written Testimony Attached

Chairman Cook opened the hearing on SB 2059.

Tony Grindberg – (See attached testimony A in favor of SB 2059)

Senator Schneider - (See attached testimony B in favor of SB 2059)

Keith Lund, Economic Development Association of North Dakota - (See attached testimony C in favor of SB 2059)

Chairman Cook asked for testimony opposed to SB 2059. No one came forward.

Chairman Cook asked for neutral testimony for SB 2059. No one came forward.

Myles Vosberg, Tax Department – We do have a few questions, or may think the language on this bill may need a little bit of work yet. One of those items would be the ratio calculation on page 3 starting on line 7. I think that language needs to be amended. Looking at the language it talks about in 'sub a' there, all of the revenue of the zone is determined, the sales tax collected, and then in 'sub b' it talks about determining the revenue if there's subdivisions within that county. I think the language is incorrect there. It looks like we are dividing the total revenue by the political subdivision revenue instead of the other way around so I think that needs to be tweaked a little bit. Then in section 2 there is an expiration date, but there is no effective date, so we may want to consider that too. I don't know if this would be effective August 1st then or because there is some sales tax reimbursement involved and a tax provision that would make it July 1st or what the situation would be there. Also on page 2 line 20, where it talks about a semiannual payment that is made before July 1st and before December 31st I think we need to clarify the period of revenue we are reimbursing. It is not specifically stated so I'm assuming that is a 6 month period. The intent there is for the first 6 months of the year to be included in that reimbursement then the date should probably be August 1st so that we would have the statistics in for the first 6 months of the year and so that would be an area to look at. The other area, is, as you know we had the bill on the retailer compensation and the proposal

there will change the way the reporting is done by the retailers and we lose some of the detail that we have now which is going to make it difficult for us to determine specific locations in some cases. Those were the comments that I had.

Chairman Cook – You said it would make it difficult. Is it still possible though?

Myles Vosberg, Tax Department – It may not be possible at all depending on the level of detail that we need.

No further action was taken.

Chairman Cook closed the hearing on SB 2059.

2011 SENATE STANDING COMMITTEE MINUTES

Senate Finance and Taxation Committee Lewis and Clark Room, State Capitol

SB 2059
2/14/2011
Job Number 14467

Conference Committee

A. Bittmiller

Explanation or reason for introduction of bill/resolution:

Creation of a technology impact zone program

Minutes:

Committee Work

Chairman Cook opened discussion on SB 2059.

Donnita Wald, Tax Department – What we did with the technology impact zone amendments, which we did work with Senator Clark during the interim, in the mean time after looking at it more thoroughly we determined that the distribution of the sales tax revenue formula was not going to work. So basically what these amendments do, the meat of them, start on page 2 line 22. What this says is that the first amendment is, we are going to take 6 months of sales tax revenue starting July 1, 2011 through December 31, 2011, add that up, and on the last day of February 2012 we will certify that amount to the State Treasurer who will distribute the sales tax revenue from the zone to that zone.

Chairman Cook – You are going to total the amount of sales tax generated by a zone.

Donnita Wald, Tax Department – That's correct.

Chairman Cook – So you will identify the addresses within the zone that have tax permit numbers.

Donnita Wald, Tax Department – That is correct. Then the second distribution will be based on the first 6 months of the calendar year, sales tax revenue that was generated within the TIS, that's what we've called it. We will certify that amount to the State Treasurer and she will distribute that on the 30th day of September. So we have just set up two 6 month periods. The bill as introduced did not clarify what periods that sales tax revenue that was going to be distributed was calculated on so that is what we decided to do. We said 1, we have to set that period that we are going to collect and distribute, and 2, set up better payment dates than what they had in the original bill.

Chairman Cook – So you are taking the excess sales tax that is generated in the second 6 months over the first 6 months? Does that include both state and local?

Donnita Wald, Tax Department – It's just the state sales tax.

Chairman Cook – So the local still goes to the local government. The state sales tax, the increase of that then, 100% of the increase goes back to the zone?

Donnita Wald, Tax Department – It's not the increase, it's all of the state sales tax revenue from that zone. We don't measure in increase.

Chairman Cook – Including the sales tax that zone is delivering today?

Donnita Wald, Tax Department – That is correct. So say for instance Cass County creates a TIS with Fargo, West Fargo, and Casselton, that can all be one technology impact zone. We will calculate the state sales tax revenue 100% of it from all those political subdivisions in that zone and distribute that sales tax to that zone.

Chairman Cook – For the entire year?

Donnita Wald, Tax Department – I believe it's until the award is paid back, because what this bill does is, the state will match what the TIS puts up to develop the zone. Then the sales tax revenue is used to give back to the zone. It's kind of like paying them back for what they put into it.

Chairman Cook – So this would reduce the amount of money that goes back to the local governments.

Donnita Wald, Tax Department – That is correct. We also wanted to clarify in the amendment what the effective date was for this. What we did in order to put this new language in is pretty much deleted page 2 and 3 of the bill and added an effective date.

Vice Chairman Miller – Can a potential district already be generating sales tax through some other means?

Donnita Wald, Tax Department – I'm not aware of any other program that is similar to this that uses state sales tax dollars in this kind of created zone entity.

Chairman Cook – I think his question is, can a zone that's created already have businesses located in that zone that are collecting and remitting sales tax.

Donnita Wald, Tax Department – Yes, I'm sorry Vice Chairman Miller I misunderstood your question.

Chairman Cook – Perceivably a city, especially a small one could create their entire city into a technology park and all of the sudden keep all of the state sales tax?

Donnita Wald, Tax Department – That is correct.

Senator Oehlke – Do these amendments change the fiscal note at all?

Donnita Wald, Tax Department – No.

Senator Dotzenrod – In these zones, you mentioned the money is refunded back to the zone, but is that, by zone, is the zone going to be a separate account? Separate from the county and the city and their books? I don't see anything in here that says there is a board or that this has certain members like a 5 member board or who the zone really is. Are you refunding to existing local governments or to economic development board or who is actually going to get this money?

Donnita Wald, Tax Department – A number of political subdivisions can come together to create the zone. If you look on page 1 lines 12 through 23 it says that the zone can be 1 or more cities or counties working together, the boundaries of that zone have to be 100% of that political subdivision, so you couldn't cut Bismarck in half, they have to have the matching funds, and they may apply with a local government or nonprofit local economic development organization.

Senator Dotzenrod – So by creating these zones we are not actually creating a new board. There is not a new group of people with elected members that we are forming here. They are going to partner up under the way this is envisioned here you could have a community or a county or a local economic development board that would sort of serve as the organization that would receive the money that would be responsible to gather the matching funds. They would make the decisions about where this money is going to get spent.

Donnita Wald, Tax Department – The bill does not address what exactly that board is, if there is indeed a board. It sounds kind of what I understood it was going to be partnership almost, kind of like a joint powers agreement. The Department of Commerce too, also can establish different qualifying requirements.

Senator Triplett – If you look on page 2 between lines 17 through 19, the department can award only 4 during the next biennium and then a total of 8 over any time period I presume. If someone was really creative and gathered the state together, in say, the 8 regions that Human Services uses, theoretically you could cover the entire state with 8 of these zones by dividing them as region 1 through 8 of the Human Services zones and all of the states sales tax could end up going to local technology parks. Is that correct?

Chairman Cook - \$3 million cap.

Senator Dotzenrod – The matching money that gets put up, we are not really concerned in this bill where that comes from. They could get it from their local property owners, they could use their local sales tax revenues, and we don't really try to get in to that in this bill. We just require that they have to come up with the money from someplace.

Donnita Wald, Tax Department – That's correct.

Chairman Cook – Could they form a tax increment financing district to come up with that money? There is nothing in here that prohibits that.

Donnita Wald, Tax Department – No, there is nothing in the bill that prohibits that.

Chairman Cook closed discussion on SB 2059.

2011 SENATE STANDING COMMITTEE MINUTES

Senate Finance and Taxation Committee
Lewis and Clark Room, State Capitol

SB 2059
2/14/2011
Job Number 14517

Conference Committee

A. Bittmiller

Explanation or reason for introduction of bill/resolution:

Creation of a technology impact zone program

Minutes:

Committee Work

Chairman Cook opened discussion on SB 2059.

Chairman Cook – We have amendments for this offered by the Tax Department just to make it workable.

Senator Triplett – I will move the amendments.

Seconded by **Senator Burckhard**.

Chairman Cook – All in favor say yea. (7-0-0)

Vice Chairman Miller – I just want to point out something that bothers me about this in a main sense. You can declare a district and there are businesses that are generating sales tax in that district currently, and then after this is put into effect, all that money goes back right to that district. It doesn't really make it known what those new tech based businesses, what they are actually contributing toward the sales tax base. That bothers me. I will move to Do Not Pass.

Seconded by **Senator Dotzenrod**.

Senator Hogue – I hate to mix my bills but I think this would be a better approach for our business improvement districts rather than going through the special levy process, but I just hate to start creating these zones where we start peeling away sales tax revenue.

Senator Triplett – I support the motion as the bill is drafted. I think Vice Chairman Miller hit the nail on the head. If it was an incremental financing I would be more likely to vote for it although I'm still not sure but would at least be more likely to. When they just take the whole pie that doesn't make rational sense to me as tax policy.

Chairman Cook – I don't know if there is anything they could do with the sales tax, tax increment financing district that would make me start to like it.

Senator Dotzenrod – It does seem like, if you look across the state, we have created these economic hubs, the major cities that are collecting, I think 85% of the sales tax is collected in like, 8 cities in the state. Not that it's necessarily bad, but what it does is, the retail customers that are coming in from around there are providing the business, the sales tax revenues, which goes into the state, but now if we adopt this approach we are going to have sort of a mechanism by which those cities can come back and reclaim some of the sales tax money that was collected by putting up matching funds and sort of having a dollars worth to spend by putting up 50 cents of their own money. It does seem like we are sort of creating a larger concentration of those dollars.

Chairman Cook – It's ironic I think that the sales tax dollars used as the development tool comes from the state and not the city that's generating sales tax dollars also.

Chairman Cook – We have a Do Not Pass as Amended motion on SB 2059. Ask the clerk to take the roll. (7-0-0)

Carried by **Senator Dotzenrod**.

FISCAL NOTE
 Requested by Legislative Council
 02/17/2011

Amendment to: SB 2059

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

| | 2009-2011 Biennium | | 2011-2013 Biennium | | 2013-2015 Biennium | |
|----------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | | | | | | |
| Expenditures | | | | | | |
| Appropriations | | | | | | |

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

| 2009-2011 Biennium | | | 2011-2013 Biennium | | | 2013-2015 Biennium | | |
|--------------------|--------|------------------|--------------------|--------|------------------|--------------------|--------|------------------|
| Counties | Cities | School Districts | Counties | Cities | School Districts | Counties | Cities | School Districts |
| | | | | | | | | |

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill creates a technology impact zone program. The program would allow a local government to qualify for reimbursement of sales tax dollars to be used for technology-based economic development efforts.

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

This bill creates a technology impact zone program under which an applicant city or county, or group of cities and counties, may apply to the Department of Commerce to be designated as a technology impact zone. Each designated zone would receive semiannual distributions of sales and use taxes attributed to that zone to be used to support regional technology-based economic development initiatives.

An exact fiscal impact cannot be determined because it is unknown how many local governments will apply for and receive designation as a technology impact zone and how much sales tax revenue will be attributed to each designated zone in a given biennium. The bill limits the number of zones to eight zones and has a lifetime cap of \$3,000,000 per zone. Thus, the overall fiscal impact over multiple bienniums would be limited to \$24,000,000.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

None.

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The amount of state sales and use taxes attributed to a technology impact zone would be distributed to that zone, with a lifetime cap of \$3,000,000 per zone. With a limit of eight zones statewide, the total possible state expenditures over multiple bienniums would be \$24,000,000.

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and*

appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.

The amounts necessary to make distribution payments are appropriated to the state treasurer as a standing and continuing appropriation out of sales and use taxes deposited in the general fund.

| | | | |
|----------------------|--------------|-----------------------|------------------------|
| Name: | Justin Dever | Agency: | Department of Commerce |
| Phone Number: | 328-7258 | Date Prepared: | 02/17/2011 |

FISCAL NOTE

Requested by Legislative Council
12/21/2010

Bill/Resolution No.: SB 2059

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

| | 2009-2011 Biennium | | 2011-2013 Biennium | | 2013-2015 Biennium | |
|----------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | | | | | | |
| Expenditures | | | | | | |
| Appropriations | | | | | | |

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

| 2009-2011 Biennium | | | 2011-2013 Biennium | | | 2013-2015 Biennium | | |
|--------------------|--------|------------------|--------------------|--------|------------------|--------------------|--------|------------------|
| Counties | Cities | School Districts | Counties | Cities | School Districts | Counties | Cities | School Districts |
| | | | | | | | | |

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill creates a technology impact zone program. The program would allow a local government to qualify for reimbursement of sales tax dollars to be used for technology-based economic development efforts.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

This bill creates a technology impact zone program under which an applicant city or county, or group of cities and counties, may apply to the Department of Commerce to be designated as a technology impact zone. Each designated zone would receive semiannual distributions of sales and use taxes attributed to that zone to be used to support regional technology-based economic development initiatives.

An exact fiscal impact cannot be determined because it is unknown how many local governments will apply for and receive designation as a technology impact zone and how much sales tax revenue will be attributed to each designated zone in a given biennium. The bill limits the number of zones to eight zones and has a lifetime cap of \$3,000,000 per zone. Thus, the overall fiscal impact over multiple bienniums would be limited to \$24,000,000.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

None.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The amount of state sales and use taxes attributed to a technology impact zone would be distributed to that zone, with a lifetime cap of \$3,000,000 per zone. With a limit of eight zones statewide, the total possible state expenditures over multiple bienniums would be \$24,000,000.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency*

and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.

The amounts necessary to make distribution payments are appropriated to the state treasurer as a standing and continuing appropriation out of sales and use taxes deposited in the general fund.

| | | | |
|----------------------|--------------|-----------------------|------------------------|
| Name: | Justin Dever | Agency: | Department of Commerce |
| Phone Number: | 328-7258 | Date Prepared: | 01/03/2011 |

February 14, 2011

JB
2-15-11

PROPOSED AMENDMENTS TO SENATE BILL NO. 2059

Page 1, line 3, after the semicolon insert "to provide an effective date;"

Page 2, line 20, after "zone" insert ", up to the amount awarded by the department,"

Page 2, line 20, after "is" insert "calculated and"

Page 2, line 22, remove "A distribution to a zone, up to the amount awarded by the department, is based"

Page 2, replace lines 23 through 25 with:

"On or before February 29, 2012, and the last day of February of each subsequent year, the tax commissioner shall determine, based on the best information available, and certify to the state treasurer an amount for payment to a technology impact zone identified in subsection 5 equal to the sales and use tax revenue generated by the cities and counties in the zone during the last six months of the previous calendar year. The state treasurer shall pay the distribution amount to the technology impact zone on or before March 31, 2012, and March thirty-first of each subsequent year.

- b. On or before August 31, 2012, and August thirty-first of each subsequent year, the tax commissioner shall determine, based on the best information available, and certify to the state treasurer an amount for payment to a technology impact zone identified in subsection 5 equal to the sales and use tax revenue generated by the cities and counties in the zone during the first six months of the current calendar year. The state treasurer shall pay the distribution amount to the technology impact zone on or before September 30, 2012, and September thirtieth of each subsequent year."

Page 2, line 26, replace "b." with "c."

Page 2, remove lines 30 and 31

Page 3, remove lines 1 through 15

Page 3, line 16, after the first boldfaced period insert "**EFFECTIVE DATE -**"

Page 3, line 16, after "effective" insert "for taxable events beginning after June 30, 2011, and"

Page 3, line 16, replace "July 31" with "June 30"

Re-number accordingly

Date: 2-14-11
Roll Call Vote # 1

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2059

Senate Finance and Taxation Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment

Rerefer to Appropriations Reconsider

Motion Made By Senator Triplett Seconded By Senator Burckhard

| Senators | Yes | No | Senators | Yes | No |
|----------------------------|-----|----|-----------------|-----|----|
| Dwight Cook – Chairman | | | Jim Dotzenrod | | |
| Joe Miller – Vice Chairman | | | Connie Triplett | | |
| Randy Burckhard | | | | | |
| David Hogue | | | | | |
| Dave Oehlke | | | | | |
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Total (Yes) 7 No 0

Absent 0

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Verbal vote

Date: 2-14-11
Roll Call Vote # 2

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2059

Senate Finance and Taxation Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Senator Miller Seconded By Senator Dotzenrod

| Senators | Yes | No | Senators | Yes | No |
|----------------------------|-----|----|-----------------|-----|----|
| Dwight Cook - Chairman | X | | Jim Dotzenrod | X | |
| Joe Miller - Vice Chairman | X | | Connie Triplett | X | |
| Randy Burckhard | X | | | | |
| David Hogue | X | | | | |
| Dave Oehlke | X | | | | |
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Total (Yes) 7 No 0

Absent 0

Floor Assignment Senator Dotzenrod

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2059: Finance and Taxation Committee (Sen. Cook, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2059 was placed on the Sixth order on the calendar.

Page 1, line 3, after the semicolon insert "to provide an effective date;"

Page 2, line 20, after "zone" insert ", up to the amount awarded by the department."

Page 2, line 20, after "is" insert "calculated and"

Page 2, line 22, remove "A distribution to a zone, up to the amount awarded by the department, is based"

Page 2, replace lines 23 through 25 with:

"On or before February 29, 2012, and the last day of February of each subsequent year, the tax commissioner shall determine, based on the best information available, and certify to the state treasurer an amount for payment to a technology impact zone identified in subsection 5 equal to the sales and use tax revenue generated by the cities and counties in the zone during the last six months of the previous calendar year. The state treasurer shall pay the distribution amount to the technology impact zone on or before March 31, 2012, and March thirty-first of each subsequent year.

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Page 3, line 16, after "effective" insert "for taxable events beginning after June 30, 2011, and"

Page 3, line 16, replace "July 31" with "June 30"

Re-number accordingly

2011 TESTIMONY

SB 2059

SENATE BILL NO. 2059 - TECHNOLOGY IMPACT ZONE

The 2009-10 interim Legislative Management Workforce Committee recommended Senate Bill No. 2059, which provides for the creation of a technology impact zone (TIZ) program. Senate Bill No. 2059 creates a new section to North Dakota Century Code Chapter 54-60, which addresses the powers, duties, and programs of the Department of Commerce.

The new section directs the Department of Commerce to administer the TIZ program. The program expires August 1, 2023. The substance of the TIZ program is:

- The purpose of the program is to provide financial support for regional technology-based economic development efforts.
- The purpose is attained by providing a TIZ with a state sales and use tax reimbursement in an amount equal to the amount of the TIZ award made by the Department of Commerce. Therefore, if a TIZ is awarded \$3 million under the program, the TIZ receives this award in the form of a sales and use tax reimbursement in the amount of \$3 million.

- In order to qualify as a TIZ, the applicant:
 - Must be one or more cities or counties which are working together to further technology-based economic development efforts. A local economic development organization may be a coapplicant.

Must have 1-to-1 matching funds that equal the amount of the TIZ award amount;

Shall establish a plan for how the TIZ award funds will be used;

Shall indicate whether the technology-based economic development efforts are significantly supported by an institution of higher education under the control of the State Board of Higher Education;

Shall meet any additional qualifying requirements established by the Department of Commerce; and

May be awarded no more than \$3 million under the program.

- The boundaries of the TIZ are the boundaries of the applicant cities and counties.
- A TIZ award must be used:
 - To support technology-based economic development initiatives that do not include regular economic development operational funding;

In a manner that aligns with the North Dakota Economic Development Foundation's strategic plan for economic development; and

In accordance with the applicant's plan as established in the application.

- There is a maximum of eight TIZs that can be established under this program, of which no more than four zones can be awarded during the 2011-13 biennium.

NOTE: Page 2, line 17, contains a typographical error on this provision, and the bill's reference to the 2013-15 biennium should be changed to refer to the 2011-13 biennium.

The procedure established to implement the sales and use tax reimbursement to a qualified applicant is:

- The reimbursement may be distributed to the local government or nonprofit local economic development organization applicant.
- The Department of Commerce and the Tax Commissioner are directed to work together to share necessary information.
- The state shall make semiannual reimbursement installments.
- The source of the reimbursement installments is the sales and use taxes deposited in the state general fund.

NOTE: You might want to amend this language on page 2, lines 28 and 29, to clarify the continuing appropriation does not take place before the distribution to the state aid distribution fund.

- The reimbursement installment is made as follows:

If the TIZ is a single political subdivision, that zone received 100 percent of the installment.

If the TIZ encompasses more than one political subdivision, each political subdivision in the zone receives an amount equal to the sales and use tax revenue generated within that individual political subdivision. This formula is based on the previous year's sales and use taxes collected from each zone county, divided by the amount collected by each of the political subdivisions in that county.

NOTE: Page 2, line 23, contains a typographical error referring to subsections 2 and 3; however, the subdivision should instead reference subsections 9 and 10.

**TESTIMONY OF SEN. MAC SCHNEIDER (DISTRICT 42 – GRAND FORKS)
SENATE FINANCE AND TAXATION COMMITTEE
SENATE BILL 2059**

Mr. Chairman, members of the committee, I was a member of the interim Workforce Committee chaired by Sen. Grindberg and strongly support the passage of Senate Bill 2059.

This legislation, which is loosely based off of an Indiana's certified technology park program, will assist in the creation, expansion and clustering of high-technology businesses in our state. Through investments in research and development and public-private partnerships like the Centers of Excellence program, North Dakota has seen great success in attracting high-technology companies like NovaDigm Therapeutics of Los Angeles and spawning home-grown ventures like Avianax, a pharmaceutical and biotechnology firm.

The technology impact zone concept identified in this legislation is yet another tool for aggressive, technology-based economic development that local governments, private sector leaders and higher education officials can use to cooperatively build off of these successes.

Thank you for your consideration.



Testimony of

Grand Forks Region Economic Development Corporation

SB 2059

January 26, 2011

Chairman Cook and members of the committee, my name is Keith Lund. I am the Vice President of the Grand Forks Region Economic Development Corporation. I am providing testimony today in support of SB 2059 in this capacity.

For our state to grow and diversify, we need to focus our efforts on creating a climate that fosters partnerships, collaboration and the pooling of resources. We are pleased that the opportunity envisioned by the creation of Technology Impact Zones as described in SB 2059 does just that.

National trends indicate that future growth will be largely dependant on our region's ability to innovate and capitalize upon technology-based economic development. After all, there are over 43,000 post-secondary students within a one-hour drive of Grand Forks and we want to keep as many of them in our region and state as possible.

The underlying principal of SB 2059 is that it integrates State of North Dakota economic development priorities, the capabilities of the State's institutions of higher education, and local economic development strategies. Technology Impact Zones would provide critical new resources to support strategic infrastructure and will be a catalyst for technology-based economic development.

Chairman Cook, we encourage favorable consideration of SB 2059 by the Senate Finance and Taxation committee and the North Dakota legislature.

With Kind Regards,

A handwritten signature in black ink, appearing to read 'K. Lund', is written over a horizontal line.

Keith Lund
Vice President