

FISCAL NOTE
Requested by Legislative Council
04/13/2017

Amendment to: HB 1182

- 1 A. **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.*

| | 2015-2017 Biennium | | 2017-2019 Biennium | | 2019-2021 Biennium | |
|-----------------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | | | | | | |
| Expenditures | | | | | | |
| Appropriations | | | | | | |

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

| | 2015-2017 Biennium | 2017-2019 Biennium | 2019-2021 Biennium |
|-------------------------|--------------------|--------------------|--------------------|
| Counties | | | |
| Cities | | | |
| School Districts | | | |
| Townships | | | |

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

Engrossed HB 1182, First Engrossment with Senate Amendments, provides new notice requirements affecting cities that grant property tax incentives, broadens the scope of the law governing the interim study of tax incentives, and provides for a legislative study.

- 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.*

Section 1 of the bill provides that, before a city may grant a property tax incentive with an anticipated duration of over five years, it must provide written notice to each county and school district that would be affected by the incentive. The county or school district then has thirty days in which to indicate whether or not it chooses to participate and allow the incentive to reduce its share of the property tax levied. If a county or school district elects to not participate, it must provide its reason for doing so and indicate whether it is willing to negotiate the terms of the incentive.

Sections 2 and 3 of the bill place the same requirements (described above for Section 1) in the laws governing the new or expanding business property tax exemption and tax increment financing, respectively.

Section 4 changes the law governing the interim legislative study of tax incentives to broaden its scope to include local tax incentives as well as state tax incentives, and adds certain sales and use tax exemptions to the statutory list of specific incentives to be studied.

Section 5 provides Legislative Management shall consider an interim study of the effect of city development projects on property taxes, and the return on investment resulting from such projects.

Sections 1 through 3 of the bill relate to property tax incentives granted by cities, with respect to which the new notice requirements may affect how property tax burdens are shifted among property owners. None of the sections have any impact on state general fund revenues for the 2017-19 biennium.

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.*

- 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.*

- 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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Name: Kathryn L. Strombeck

Agency: Office of Tax Commissioner

Telephone: 701.328.3402

Date Prepared: 04/14/2017

FISCAL NOTE
Requested by Legislative Council
02/09/2017

Amendment to: HB 1182

- 1 A. **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.*

| | 2015-2017 Biennium | | 2017-2019 Biennium | | 2019-2021 Biennium | |
|-----------------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | | | | | | |
| Expenditures | | | | | | |
| Appropriations | | | | | | |

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

| | 2015-2017 Biennium | 2017-2019 Biennium | 2019-2021 Biennium |
|-------------------------|--------------------|--------------------|--------------------|
| Counties | | | |
| Cities | | | |
| School Districts | | | |
| Townships | | | |

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

Engrossed HB 1182 makes changes to the law governing the renaissance zone program, which provides income and property tax benefits for eligible investments.

- 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.*

Section 2 of the bill repeals the provisions that (1) allow the income and property tax incentives only one time with respect to zone project property and (2) provide that, if the zone project property is transferred during its five-year benefit period, the benefit must be prorated between the transferor and transferee. (Note: These provisions are reinstated in section 3 of the bill, but only for the income tax benefits under the program.)

Section 3 of the bill places a sunset date of January 1, 2018, on the income tax benefits (other than the historic property and renaissance fund organization credits), which limits the benefits to zone projects approved before the sunset date. Section 3 of the bill also reinstates the one-time benefit and transfer provisions repealed by section 2 of the bill, but only for the income tax benefits under the program. (Note: The latter change means that the property tax exemptions under the program may be granted more than once for a parcel of property, and that the remaining property tax exemption eligibility does not transfer to a new owner if the property is transferred before the end of its benefit period.)

Sections 4 and 5 of the bill amend the individual income tax provisions to provide that the income tax benefits (other than the historic property and renaissance fund organization credits) may be claimed on returns filed for the 2018 through 2022 tax years, after which they are no longer allowed. This is to allow taxpayers to claim the income tax benefits with a five-year benefit period that are attributable to zone projects approved before the January 1, 2018, sunset date.

Section 6 of the bill repeals the historic property and renaissance fund organization credits (effective for tax years after 2017, as provided in section 7 of the bill).

Section 7 makes the changes in the bill effective for tax years after 2017.

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.*

Since its creation in 1999, there has been significant qualifying investment activity under the renaissance zone program. The income tax benefits (other than the historic property and renaissance fund organization credits) will be phased out under the bill, with tax year 2022 being the last year in which they will be allowed. The historic property and renaissance fund organization credits will be repealed for tax years after 2017. The program will continue to exist and, after the income tax benefits are fully phased out, will only provide property tax benefits.

With respect to the property tax benefits, the bill removes the limitation on the number of times they may be granted for a given property. The property tax exemptions will continue to cause a shifting of property tax burdens to other property owners through the 2017-19 biennium. The amount of that shift is unknown and is dependent upon future activity under the program, as approved by local governing bodies.

With respect to the income tax benefits, there is a reasonable expectation that, if not phased out or repealed, significant investment activity qualifying for those benefits would continue under the program. The income tax benefits allowed for zone projects approved before the sunset date will continue to have a negative effect on state general fund revenues through the 2017-19 biennium and until their complete phase-out after tax year 2022. The income tax benefits will no longer be available for new projects approved on or after the sunset date, which will have a positive effect on state general fund revenues starting in the second year of the biennium.

If enacted, Engrossed HB 1182 is expected to have a positive fiscal effect on state general fund revenues, starting with the second year of the 2017-19 biennium. The amount of that effect is uncertain because it is dependent on the level of new investment activity that would occur after 2017 if the income tax benefits were continued. Based on income tax returns filed for the 2010 through 2015 tax years, the estimated reduction in state general fund revenues attributable to the income tax benefits has ranged from \$1.6 million to \$4.9 million per year, with an average of \$3.1 million per year.

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.*

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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Name: Kathryn L. Strombeck

Agency: Office of Tax Commissioner

Telephone: 701.328.3402

Date Prepared: 02/10/2017

FISCAL NOTE
Requested by Legislative Council
01/09/2017

Bill/Resolution No.: HB 1182

- 1 A. **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.*

| | 2015-2017 Biennium | | 2017-2019 Biennium | | 2019-2021 Biennium | |
|-----------------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | | | | | | |
| Expenditures | | | | | | |
| Appropriations | | | | | | |

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

| | 2015-2017 Biennium | 2017-2019 Biennium | 2019-2021 Biennium |
|-------------------------|--------------------|--------------------|--------------------|
| Counties | | | |
| Cities | | | |
| School Districts | | | |
| Townships | | | |

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

HB 1182 authorizes cities and counties to establish development zones and phases out the renaissance zone program.

- 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.*

Section 1 of the bill authorizes a county to establish and operate development zones in which a partial or complete exemption from the county portion of property tax may be granted on property located in the zones.

Section 2 of the bill authorizes a city to establish and operate development zones in which a partial or complete exemption from the city portion of property tax may be granted on property located in the zones.

Sections 3 through 9 and 11 place a sunset date of January 1, 2018, on the renaissance zone program. Zones and tax incentives approved before this sunset date will be allowed to continue for five years to allow taxpayers to claim tax benefits earned on qualifying transactions occurring up through the end of the 2017 calendar year. (A number of the tax incentives under the program have a five-year duration.) The program and its tax incentives are repealed for tax years after 2022.

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.*

Sections 1 and 2 of HB 1182 authorize the granting of partial property tax exemptions for property in a development zone. To the extent political subdivisions utilize the property tax exemption features, the property tax burden is shifted onto other property owners in the taxing district. The extent to which this will occur is unknown.

The renaissance zone program provides both property and income tax incentives.

Based on the statewide interest in and use of the renaissance zone program since its creation in 1999, there is a

reasonable expectation that, without the sunset, significant investment activity would continue under the program. Transactions approved before the sunset date that qualify for the property tax incentives will continue to cause a shifting of property tax burdens to other property owners through the 2017-19 biennium and until the program's repeal at the end of the 2022 tax year. The amount of that shift is unknown and is dependent upon the actions of local governing bodies up to the sunset date.

Similarly, transactions approved before the sunset date that qualify for the income tax incentives will continue to have a negative effect on state general fund revenues through the 2017-19 biennium and until the program's repeal at the end of the 2022 tax year. The income tax incentives will no longer be allowed for new transactions occurring after 2017, which will have a positive effect on state general fund revenues starting in the second year of the biennium.

Based on income tax returns filed for the 2010 through 2015 tax years, the estimated total reduction in state general fund revenues attributable to the income tax incentives under the program has ranged from \$1.6 million to \$4.9 million per year, with an average of \$3.1 million per year. These numbers reflect both new projects approved during the year as well as projects approved in prior years. If enacted, HB 1182 is expected to have a positive fiscal effect. The amount of that effect is uncertain because it is dependent on the amount of new investment activity that would occur after 2017 if the program were continued.

- 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.*
- 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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Name: Kathryn L. Strombeck

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Date Prepared: 01/17/2017

2017 HOUSE FINANCE AND TAXATION

HB 1182

2017 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Fort Totten Room, State Capitol

HB 1182
1/18/2017
27048

- Subcommittee
 Conference Committee

Committee Clerk Signature

Mary Brucker

Explanation or reason for introduction of bill/resolution:

A bill relating to development zones and relating to the renaissance zone program.

Minutes:

Attachments 1, 2, 3a, 3b, 3c, 4, 5, 6, 7, 8, 9, 10

Chairman Headland: Opened hearing on HB 1182.

Representative Rick Becker: Introduced bill. Distributed testimony. See attachment #1. This bill removes the renaissance zone program from the Department of Commerce. This was to ensure there was no language that would prohibit the local subs from forming their own renaissance zones and doing what they like with that rather than being confined to the state regulations. There are two aspects to the renaissance zones; one is the abatement of property tax and one is the abatement of income tax. My contention is that with the renaissance zone we need to have a mechanism by which we can encourage development in cities, especially in the downtown areas. This holds the program closer to the city and closer to the citizens. My question is why are the people in the smaller towns helping to subsidize the program through income tax for a program which will benefit the larger cities downtown? This bill recognizes there may be a reason for a renaissance zone program to help the locals, it keeps the program closest to the people it affects, and it takes away the unfair aspect of an income tax abatement which is then born by people all throughout the state. The intent is to get small businesses to come to areas that the locals feel need a little help. The interest abatement isn't going to be effective at all to get your typical small business. (Representative Becker then reviewed the statistics from the testimony he distributed. Ended testimony at 12:55)

Chairman Headland: Are there any questions? Is there any support for HB 1182?

Dustin Gawrylow, North Dakota Watchdog Network: I'm in support of keeping it local. I am in support of removing the income tax portion of it.

Chairman Headland: Further testimony in support? Is there any testimony in opposition?

Blake Crosby, Executive Director of the North Dakota League of Cities: Distributed testimony in opposition. See attachment #2. Mr. Crosby will be submitting additional testimony for committee review. Ended testimony at 19:45.

Chairman Headland: The bill sponsor seems to focus on the income tax component of the renaissance zone package. Can you briefly touch on why the importance of that component in a refurbishing project that takes a lot of money is important to that piece of the development of a building that has probably sat vacant for years?

Blake Crosby: There are going to be folks that do this for a living so I would have you ask them this question.

Representative B. Koppelman: On a property that is worth \$100,000 and they do \$1 million improvement under the renaissance zone area, is the \$100,000 portion of that still paying tax throughout the duration of the renaissance zone or are the cities allowed to take that tax to zero even on the part they were paying prior to the improvement?

Blake Crosby: I would refer that question to one of the experts.

Chairman Headland: Is there further opposition?

Dave Piepkorn, Fargo City Commissioner and Deputy Mayor: Distributed testimony. See attachment #3a and b. Ended testimony at 25:57.

Representative Hogan: Does your renaissance zone committee look at the income tax credit?

Dave Peipkorn: Yes we do and we do a scoresheet for each property. Distributed the scoresheet. See attachment #3c.

Representative Hogan: I'm interested in the income tax component and if there is date on how you monitor the implications.

Jim Gilmour, Director of Planning and Development in Fargo: The state now caps the amount of income that is exempt; \$500,000 is the most state income you can exempt so at 2.9% that equals about \$14,500 a year. This is something that allows them for the first five years to put some of that back in the business.

Representative Hogan: Do you have any summary information on the income tax like you do on the property tax?

Jim Gilmour: I don't have that.

Representative Steiner: If it is so successful then why should we take it to the local level and have them decide and remove the program away from its current position?

Jim Gilmour: The new proposed program would only allow the city to exempt the city portion of the property tax which is 20% of the property tax so it wouldn't be as large of a savings.

Chairman Headland: Has any other political subdivisions objected and stopped a project because of the impact it would have on them?

Jim Gilmour: When we renewed our renaissance zone plan we had letters of support from schools, park district, and county. It wasn't necessarily a requirement but we wanted to demonstrate local support. The county commissioner is a member of our renaissance zone authority.

Chairman Headland: I'm interested because I signed on to a bill that would allow them to opt out if they needed too.

Representative B. Koppelman: Is there anything in the bill that would prohibit you from creating some sort of joint powers agreement between the other political subdivisions for making these decisions?

Jim Gilmour: Not on this bill. This bill doesn't provide any exemption from the school district taxes; it just allows the cities and counties to do it.

Chairman Headland: There is another bill in the senate.

Representative Ertelt: You stated that in the development of properties who have participated in the renaissance zone plan thus far the property value increases for that particular property as well as for the other properties around it who are not necessarily participating in the program. Do you agree that this is an indirect property tax increase for those who are not participating in the program?

Dave Peipkorn: No, I wouldn't agree with that. This is an economic development tool. This has taken a lot of effort. If you were to discontinue this, it would affect every town in North Dakota. We are in competition all day every day not just in the state but around the country. This is very important. We have to do economic development in North Dakota. The renaissance zone has been a phenomenal success and to just end it because of politics would be a huge mistake in my opinion.

Representative Olson: We discussed the income tax exemption portion. Would you have been able to do this without the income tax exemption portion of the current program?

Dave Peipkorn: It wouldn't have been as appealing. A five-year exemption went very fast. It's a great program and it has been very successful.

Representative Olson: At what point do we retire it?

Dave Peipkorn: We are never going to hang a sign saying "Mission Accomplished." Economic development, especially downtown, needs to continue. The renaissance zone is an important tool; it's not the only tool.

Representative Olson: What time does the playing field go back to even?

Dave Peipkorn: That might be at some point but we are not close at this time. We have much further to go.

Chairman Headland: Is there further opposition?

Jim Neubauer, City Administrator for the City of Mandan: Distributed written testimony. See attachment #4. Ended testimony at 45:35.

Chairman Headland: Any questions? Is there further opposition?

Jason Tomanic, Assistant City Administrator for the City of Bismarck: Distributed testimony. See attachment #5. I am not taking a position of support or opposition of this bill. I will try to answer any questions you may have.

Chairman Headland: Do you have any idea why it hasn't worked out in rural America? Has it moved investment in some of those areas into the populated areas?

Jason Tomanic: I certainly can't speak for some of the smaller towns in North Dakota. I wouldn't say that they have moved to bigger city areas, at least not in the case of Bismarck's scenario. Of the projects that have occurred in Bismarck I'm not aware of any business that chose to leave its small community to come to Bismarck. Most of the businesses that are new to Bismarck, over 50 new businesses due to the renaissance program, were local residents already. The renaissance program was certainly an incentive to set up shop in downtown Bismarck.

Representative Trottier: If someone develops property and has the property tax abatement included in it, what happens if they sell the property?

Jason Tomanic: The property tax exemptions are tied to the property for five years. If a business owner holding company chooses to sell that property it is transferable.

Representative Hogan: How much did the income tax credit weigh in your businesses deciding to be in the program?

Jason Tomanic: In Bismarck the state income tax exemption was a private number. We did not follow up with the income tax exemption. On a number of occasions some of the applicants indicated the exemptions didn't make or break the project; it incentivized the project and enhanced the project to be that much more.

Representative Hogan: What was the impact on low income housing?

Jason Tomanic: Absolutely. The one area of the renaissance zone that lacked the success has been housing. This is a big struggle with Bismarck. There are buildings downtown that have mixed use; they have housing components tied to them. We don't have large tracks of land primed for demolition or complete renovation to encourage that housing component. We've seen modest success with housing downtown and very little success with low income housing.

Chairman Headland: It seems like the income tax exemption on a renaissance zone is quite important to the success. Would we create a statewide renaissance zone if we eliminated income tax in this state? You don't need to answer that.

Representative B. Koppelman: Do you think having the political subdivisions coming together to create a zone if there is some merit to that part of this bill or in a senate bill if it's doing the same thing?

Jason Tomanic: I believe there is value in collaboration with all the political subdivisions. If it's only a city property tax exemption, I don't know that it's enough of an incentive for some businesses to make that initial purchase with intent of improving the property. I believe it takes an entire 100% property tax exemption to really make those projects valuable for some of these more challenging older buildings.

Representative Trottier: Would renaissance zone be killed if the income tax exemption came off?

Jason Tomanic: I believe it would be detrimental if the state income tax exemption was taken away.

Representative Schobinger: How many of those businesses would be considered manufacturing and of those how many jobs did they create?

Jason Tomanic: In the downtown area of Bismarck manufacturing businesses are not very common; it is not allowed by zoning. The businesses that have located downtown are professional services, restaurants, retail, etc. Of those businesses we've tracked over 450 full time employment positions that are new to downtown Bismarck as a result of the program.

Chairman Headland: Is there further opposition?

Rickie Roehrich, Program Manager for the Renaissance Zone in Bismarck: I'm testifying as a neutral party. The current statute for renaissance zone requires that each community write a development plan and that is the governing document for their renaissance zone. There are 58 different plans. The second issue is about the income tax exemption. In the smaller cities projects such as a lease would not be allowed under the development plan because that only gets a state income tax exemption. As a tenant a lease project would not get any property tax benefits. If you come in as a lease in a smaller town you would get the state tax benefits for five years. In smaller towns that could mean the difference between preventing a vacancy or having a new tenant move in.

Chairman Headland: When you're talking about a person with a lease, they are receiving the income portion of the benefit but isn't the property owner receiving property tax abatement?

Rickie Roehrich: That is correct.

Chairman Headland: The full benefit is being shared. You would think the person with the lease is somehow benefiting from the exemption that the owner of the property is receiving.

Rickie Roehrlich: One would hope but that is not guaranteed.

Representative Schobinger: Since inception of these zones, how many manufacturing businesses have located within these zones and how many jobs have been created?

Rickie Roehrlich: I don't have the data for the life of the program. In 2015 across the state there were 11 new businesses created, 15 expansions, 38 commercial buildings constructed or rehabilitated, 13 commercial buildings leased, 122 new jobs created, and a total of 105 new residents to renaissance zone communities.

Chairman Headland: Could you distribute that information to our intern for us?

Representative Schobinger: No real information on those businesses that were strictly manufacturing?

Rickie Roehrlich: We've never looked at that data strictly from a manufacturing view. If you eliminate the program right now it would be a detriment to many communities.

Chairman Headland: Further opposition?

Nathan Schneider, Director of Business Development for the Bismarck-Mandan Development Association: Distributed testimony. See attachment #6. Ended testimony at 1:04:05

Representative Schobinger: When the zones were set up was there a great enough push for the types of jobs that when the commodity prices go down there is possibly some other place to go?

Nathan Schneider: A lot of our incentives in our state are geared towards primary sector businesses like manufacturing, food processing, technology, agriculture, etc. The renaissance zone was a way to encourage investment in our downtowns. The zoning was already set up in our downtowns to preclude some manufacturing businesses.

Representative Howe: Can you talk about the diversity in downtown Bismarck?

Nathan Schneider: BMD has not taken a position on this bill. I'm here for EDND. When you look at the communities of EDND it's not just Bismarck or Fargo; it's communities like Bowman that have taken advantage of the renaissance zone program and have grown their downtown. We represent the community of New Salem that has done four projects in their renaissance zone. It's not just about Bismarck, Fargo, Grand Forks, and the bigger communities; it's really about the smaller communities that have taken advantage of the program and has grown their local businesses.

Blake Crosby: There was a question asked on small town use of renaissance zones. Over 50% of all the cities in North Dakota have a population of less than 200 and they haven't participated in the renaissance zone program because they don't have the administrative capacity to do so nor do they have the population to do so. Seventy percent of all small

businesses fail in the first five years providing the income tax incentives lowers that percentage of failure. This is very important to small businesses. We are not dealing with the jobs that we had five or ten years ago; we are dealing with entrepreneurs. Renaissance zones are critically important to the young entrepreneurs to get started. We put manufacturing on the outskirts of a population area so they have access to rail, trucks, transportation, etc. and that can't happen downtown. We are looking at a brand new diversity here. Renaissance zones allow a third leg of the economic stool for the young entrepreneurs that is not subject to commodity swings. With that we need those tax incentives so those young men and women can come back to North Dakota, start up a business, and get jump started.

Chairman Headland: Is there any further testimony? Seeing none we will close the hearing.

Additional written testimony submitted but were not present during the hearing. See attachments #7 and #8.

Blake Crosby also submitted written testimony in opposition from Nancy Simpson (attachment #9) and Robert C. Davis (attachment #10).

2017 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Fort Totten Room, State Capitol

HB 1182
1/23/2017
27254

- Subcommittee
 Conference Committee

Committee Clerk Signature

Mary Brucher

Explanation or reason for introduction of bill/resolution:

A bill relating to development zones and relating to the renaissance zone program.

Minutes:

No attachments

Chairman Headland: Opened up discussion. We have Representative Becker here. This is an important piece of legislation. There was a lot of opposition to the current draft of the bill. Out of respect to its author and the committee we should come up with something. I would like to generate some discussion.

Vice Chairman Dockter: Many of the school districts are against this. This bill would not affect the school districts, correct?

Representative Rick Becker: It will not affect the school districts or park boards. There was a concern in the media about what would remain if this bill passes was an abatement of the city's portion of the property taxes but that's not true. This just takes the state out. The city who governs how the taxing is done for the park board and school board determines how they want their renaissance zone program to look. My assumption is that those cities that like the renaissance zone program will continue to operate pretty much how it is operating now. This gives freedom to the locals. The biggest decision is deciding if income tax abatement is a proper tool for local development. My position is that it isn't. If that is the committee's overall assessment in the end, then the subsequent question is why have a statewide program? We can give it to the locals who answer directly to the people it affects and nobody else is affected.

Representative Mitskog: Do you see any value in having oversight by Commerce?

Representative Becker: I do not. The cities conduct nearly every other facet of their business. The property taxes affect them and their citizenry and nobody else. I would think they would know what is best for them and if they misstep they are very close to the voters and can be replaced.

Representative Mitskog: To me there is good collaboration now between locals and the state. Have communities complained about lack of control? I've heard overwhelmingly support for the current system.

Representative Becker: There is good collaboration because that is how the program was set up. What downside is there to move it to local control? With the income tax abatement, it makes sense that the state is the primary entity because obviously it is state involvement. If that is removed, then what role is there for the state?

Representative Hogan: On the renaissance zone, page three of the bill, the duration of renaissance zone status is not to exceed five years. A city could only designate a year for five years and then at the end of five years what would happen, could they re-designate?

Representative Becker: The reason the five years is there is because an enrollee's involvement lasts five years. This is what remains from the state program. New applicants can only come in through the end of this year. This places control of the program run by the subs to be whatever duration they want it to be.

Representative Hogan: That helps clarify. Another issue was setting up an interagency joint powers agreement to do renaissance zones so the major taxing entities (schools, parks, cities) could be a renaissance zone joint powers. The decision about it was not just city based because it has implications for all of the jurisdictions. Did you think about that when you drafted the bill?

Representative Becker: I didn't think about a joint power because I don't see that this excludes any of those that would be participating in a joint powers agreement which would require a joint powers commission to even come into play. They are not excluded because the locals set it up however they like. No joint powers are needed.

Representative Hatlestad: This program, as it exists now in law, will expire December 31, 2017?

Representative Becker: Those involved now get a five-year tax exemption.

Representative Hatlestad: When will the program as it exists now expire?

Representative Becker: In five years, eleven months, and one week; 2023.

Representative Hatlestad: If I'm in the program now?

Representative Becker: If you're in the program now it expires when the five-year term from when you first entered the program expires. New participants can come in to the program through the end of 2017. Beginning January 1, 2023 there isn't anybody any longer having an income tax abatement by the state if this bill passes.

Chairman Headland: Any other questions?

Representative Mitskog: In the beginning of your bill it states anyone can apply to the Department of Commerce. There's going to be some Commerce involvement then, right?

Representative Becker: Are you referring to page two, line four? That is not new language. The only change in this is how we will continue to conduct business until January 1 of next year.

Representative Mitskog: Then there will be no Commerce involvement?

Representative Becker: There will be no involvement from the Department of Commerce for any new applicants to any local renaissance zone program. The Department of Commerce will maintain their involvement with the existing renaissance zone enrollees until the five-year term is up for all of them. The very latest could be December 31, 2022.

Representative Hogan: The second section is the income tax credit. You are proposing to eliminate the income tax credit on these projects. Do you think that we'll have a significant result in reducing the number of groups who apply for a renaissance zone status?

Representative Becker: The benefit to participating in a renaissance zone program for the income tax part of it is that of the net profit on their taxes after depreciation, amortization, etc., they don't have to pay that two percent of that number. The vast majority of businesses that are starting up are probably going to be negative or a relatively small number. You can have applicants to the renaissance zone program who are not incentivized to do anything specifically but they exist in what is already renaissance zones. Those applicants are not what the program was designed for in the first place.

Chairman Headland: I'm struggling a bit with the bill. Couldn't we just kill the renaissance zone program without having to create these new zones? Can't the city or county already provide a full property tax exemption to any new business? If they're home rule, I don't know why they couldn't provide full exemption for any renovation of a dilapidated building.

Representative Becker: There is a two-step process; should the state run it and should there be income taxes. It's my feeling that the number of people in North Dakota and the number of legislators will agree to that statement once they get the full handle of it is going to be relatively high. If you don't have renaissance zones I think that would be a lesser number. There are a number of people like the idea to have the locals continue. This gets the state out of it for those cities that want to continue with renaissance zones then it allows them to do it.

Representative Hogan: The structure of the state program has really helped teach them how to do that. Local capability in terms of developing an economic development plan, the statewide structure really helped them to focus on their basic infrastructure. Do you think over time we would lose that?

Representative Becker: I agree with you completely. Without state involvement originally it would have been very disjointed. Having been in place for two decades I think it's known and if a city or county commission or auditor is a new person all you have to do is call your

neighboring town and there would still be people in the Department of Commerce at least for the next five years that are still running what is left of the program.

Representative Hogan: The Commerce Department has kept data and maintained some kind of accountability. Do you think we'll lose that data?

Representative Becker: I don't know how much value the data is. The income tax on the Department of Commerce side is a guess. The property tax they can figure out. I don't know why they wouldn't continue to have that data. I think the numbers are still readily available to the subs if the income tax is taken out of it.

Representative Hogan: And to the state?

Representative Becker: And to the state as well. They are the ones who provide it to the state now.

Chairman Headland: If we decided to put this to the vote of the citizens whether they wanted to stay in the renaissance zone project or not, how do you think the citizens would vote on that?

Representative Becker: In Bismarck, I think it would pass. I think TIF has been a greater concern and also stacking is a concern. The renaissance zone is perceived as being a net positive for the city. Statewide, I don't think people know about it.

Chairman Headland: That's the problem.

Representative B. Koppelman: Is there anything that would prohibit the stacking of those? Some might say if you don't have the reporting directly to the Department of Commerce the locals might have less oversight and there would be more of a tendency to stack it or use it in combination with other incentives. That may take it away from being a positive program.

Representative Becker: I don't believe there is anything in law now that prevents stacking. Cities are able to stack now. The recourse now is for citizens to say they like economic development and subsidies that spur development but it's almost free to be an entrepreneur with no risk because you're stacking all these incentives. This doesn't increase the likelihood of that because they can do that now.

Chairman Headland: Are there any other questions for Representative Becker? I'm just not sure if the program without the income tax credits would be very effective at all. With that line of thought I don't know how to fix this bill without changing it in a hog-house fashion. I'd like committee input.

Representative Olson: A program like this shouldn't operate on income tax credits. If it's going to be successful it should stand on its own merits and not dipping into income tax revenues on a state level. You have existing businesses, existing income tax payers that are more than eager to move into a renaissance zone and escape the income tax burden. That provides the renaissance zone participants the ability to get operating businesses into

those areas that are operating and not on an even playing field. You not only have the property tax exemption; you have the income tax exemption.

Chairman Headland: Dee Wald is here to answer any of our questions and give us a history of this.

Dee Wald, General Counsel for the Tax Commissioner's Office: After they started with the income tax exemption and the business exemption for having a business and for living in a home then it was expanded for leasing. The stacking issue was allowed so I could own a building, I could have my business in the building, I could get an income tax exemption for the business income, I could lease that building to another tenant. The second floor rental income would be exempt as would the business who I rented to then their business would be exempt as well as third floor where I have an apartment. I rent that out and the homeowner gets the exemption and so does the business get the exemption. There are stacking of credits on this. Because of that issue the 2013 session we put a \$500,000 cap on what you could claim for tax credits under the program, for every credit you could possibly have.

Representative Olson: Is that \$500,000 in credits or deductions?

Dee Wald: They are deductions; none of these are a tax credit.

Representative B. Koppelman: Of the \$500,000 that doesn't take into account the benefit you receive from the property tax abatement, correct?

Dee Wald: You are correct, that doesn't include the property tax. I'm giving the information based on the income tax that would be administered.

Chairman Headland: Who tracks this, Commerce I assume?

Dee Wald: We administer the tax credit so we have that information.

Chairman Headland: It would be nice to know how many examples of brushing up against the caps there would be.

Representative B. Koppelman: Is there any way to tell the timeframe we approved those tax credits?

Dee Wald: We don't approve the tax credits. Once the zone is created and the city approves the zone they get the credits automatically so there is no approval by the state whatsoever. I have some stats here; 2014-15 has the most data and in 2014 the estimated tax reduction was about \$2.5 million, 2015 was \$1.6 million, and over the life of the program there has been about \$38 million in estimated tax reduction since 1999.

Representative Hogan: If we eliminated the income tax portion of this are there any unintended consequences that would hurt the economic development or the intent of the renaissance zones?

Dee Wald: Because the bill currently runs through 2023 that allows everybody who is in the renaissance zone now to keep getting the credits and benefits. I can't speak to the negative impacts.

Representative Ertelt: Is the \$500,000 cap per individual taxpayer or per property?

Dee Wald: It is per individual.

Chairman Headland: That's a lifetime cap correct?

Dee Wald: That is a lifetime cap.

Representative Steiner: In a previous handout it states in 2015 we could possibly be giving out \$1.65 million for five years and at the end of that we don't give out \$1.65 million anymore because it goes to the local development to handle it and income is out of it. Is that how you understand the bill?

Dee Wald: Assuming everything stays the same \$1.63 million beginning January 1, 2018 and possibly further, so you are correct.

Chairman Headland: What direction do we need to go on this bill?

Representative B. Koppelman: When they were in here I didn't get the impression they were asking us to take their income tax break away; I was hearing just the opposite. I don't see that being the highest on their radar. The ability is to offer property tax abatements because they see that as being a money generator down the road. If the maximum cap is \$500,000 with deduction and our highest tax bracket is 2.9% in the state that means the most dollars they are crediting away is \$14,500. There are buildings that have had a \$200,000 value before and now will have a \$2 or \$3 million value now; that property tax abatement by far dwarfs the ability of their income tax credit to do real well. I think by simply giving local control and letting them operate under the same template makes sense. I'm supportive of the concept.

Chairman Headland: Would you go over your calculation again?

Representative B. Koppelman: If it's \$500,000 deduction you take that times .029 (2.9%) which equals \$14,500, so that's the most taxes an individual could avoid. To me that is not big money in the grand investment world.

Representative Mitskog: I just completed a renaissance zone project this past year and this program allowed me to do a bigger project than I otherwise would have done. I didn't even consider the income tax portion of it. Every community that has a renaissance zone has to have an authority. I've never heard that local control was an issue.

Representative Olson: If the Department of Commerce is not involved in the initial approval or that approval by the city commission it gets sent to them after the fact. How much input does Commerce actually give to the plans that are submitted to them and have gone through the process of the local level? As I understand it, all that happens at the local level and then

it is given to them. It seems like the League of Cities may have resources that smaller communities could draw on or the economic development associations may be able to provide some type of input as to approving those programs.

Representative Mitskog: The group in Wahpeton that has been tasked with oversight and making recommendations to the city council is our planning commission. Our planning commission will go through the application. Before that the applicant goes to the economic development office and completes paperwork. This paperwork is then reviewed by that office then the applicant has to submit to the tax department. Then it comes back to the economic development director office and goes to the planning commission. A recommendation is then made.

Chairman Headland: Any taxpayer, if they have enough taxable income, can possibly deduct the \$14,500 per year for five years.

Dee Wald: If you divide that 14 by 5 then it would be that every five years.

Chairman Headland: Is that available to each partner or a group?

Dee Wald: If the business is a partnership then that exemption would flow down to the partners/members according to their capital interest and the LLC.

Chairman Headland: Does everyone get the \$14,500?

Dee Wald: Yes.

Representative B. Koppelman: I find the testimony to be concerning. They don't understand that it's going to continue. They think we are going to take their golden goose away. I would encourage us to go through this and makes sure it does what Representative Becker is expecting it to do. If we find that there is not a resource for small towns through EDND or others, it's best that Commerce doesn't give the authority that can give approval of the program if we're not going to have it be a state program.

Representative Mitskog: I think there is miscommunication that's gone across the state to communities that the renaissance zone concept is going away. I'm usually all about local control but I think when we're talking about property tax there is benefit to having some state oversight and knowing what communities are doing in tracking that. I'm all for removing the income tax portion of this because I don't know how necessary this is.

Representative Olson: It might be helpful for us to get Rickie Roerich from Commerce here to see what she does.

Dee Wald: When we calculated the tax credit the \$500,000 cap is for projects approved after the effective date. The income tax exemption for years prior to 2013 are not affected by the cap.

Representative B. Koppelman: If that's the case that proves my point even further. That says now you've got some project prior to 2013 that are potentially getting more than \$14,500

and you look at the total number claimed of \$1.7 million then divide that out not just by \$14,500 but then larger amounts. That says the income tax is even that much less consequential to the individual taxpayer.

Dee Wald: On pages two and three of the bill it describes what Commerce does.

Representative Toman: Last session they wanted to expand the renaissance zone footprint. Mandan has been having that problem. I told them that if we move it back to local control then you can make the entire city a renaissance zone if you take the Department of Commerce out of here. Then you could ask the voters if they want that or not rather than having to wait that 15 years. I think moving it to local control gives them more latitude to incentivize more areas rather than just the areas they are restricted to in the current code.

Representative Hogan: On section four of the bill it starts with "before January 1..." so after January 1 would these rules and responsibilities go away?

Dee Wald: After 2018 and when the development zone becomes effective Commerce does not have a role to play in that anymore.

Representative Hogan: This will be gone then?

Dee Wald: Even though this may go away they have some type of blueprint that is already here.

Representative Olson: It says before January 2018 is the deadline for application to the Department of Commerce but after that the Department of Commerce would still be required to continue monitoring the progress, promote it, and continue to report to the governor and Legislative Management on an annual basis until all designated zones expire. The lag time would be through 2023 at which time the Department of Commerce would be out of it entirely.

Representative Trotter: When the entity submits a plan for the renaissance zone can they change the terms?

Dee Wald: Yes.

Chairman Headland: But they can't change the terms of the income tax. It's a philosophical decision whether we believe the state should be involved in local renovation that's occurred with renaissance zones. I don't know that I'm ready to make that decision yet. I wish we could get a better handle on costs associated with renovating some of these properties. I think renaissance zones were developed to save some of the architecture from the early years. The costs of doing this are probably greater than rebuilding which is why they put in income tax reductions to help with those costs and the partnership with the state and developers.

Representative Olson: The income tax exemptions should have occurred by now to a large degree. They would have increased the value of the overall area making it more attractive for people to come. At what point does this program outweigh its usefulness? It theoretically has to at some point otherwise why not just extend it to the entire city? In addition to

renovation we still have the stacking and a lot of people taking advantage of the income tax portion of the plan that isn't directly related to saving old buildings or making them nicer. Maybe this is a happy medium rather than completely eliminating the program. The state portion is going away. The program has been successful. I think giving a blanket income tax credit the way we do really is causing the state to be investing directly into the different towns which may or may not be taking advantage of it. It is an equity issue too. How much do we want to invest in making downtowns better? I don't think it's necessarily increasing the overall tax base, only for particular areas. We have social programs that are seriously underfunded right now and we don't want to raise taxes. If we're not going to raise taxes, then an option we have it to cut the corporate welfare.

Chairman Headland: We'll continue this discussion later once we can get Commerce here.

Representative Mitskog: Can you expound on your comment about not expanding tax rate? Is that property tax rates?

Representative Olson: It is my belief that investment will occur based on entrepreneurial needs, designs, or desires and that state intervention to decide where that investment should be directed doesn't create it out of nothing, it directs investment that is ready to occur to go into a particular area. The renaissance zone wants to target the investment. It's not that it necessarily creates more investment, it just redirects it more.

Representative Mitskog: It definitely does direct investment in certain areas. In Wahpeton we don't have a thriving downtown. We really needed to be creative with tax incentives to save our historic corridor in our downtown district. In the last session we were allowed to expand the boundaries. There were buildings that needed work and there were tenants or property owners that didn't have the means to make that investment. With the help of programs like this it will allow property owners to do that. It was a factor for me staying in a residential house that was outside the zone and putting money into it versus taking my investment to a vacant building that was valued at \$118,000 and now with my investments and improvements to the property it is going to be nearly \$700,000 in valuation. It factors in. Not every community is as vibrant as Fargo, Bismarck, Grand Forks, or hub cities.

Representative Olson: I would be interested in continuing this conversation with you outside of committee time.

Chairman Headland: Adjourned committee meeting.

2017 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Fort Totten Room, State Capitol

HB 1182
2/7/2017
27990

- Subcommittee
 Conference Committee

Committee Clerk Signature

Mary Bruecker

Explanation or reason for introduction of bill/resolution:

A bill relating to development zones and relating to the renaissance zone program.

Minutes:

No attachments

Vice Chairman Dockter: Opened up for discussion. This is the bill that wants to get rid of the income tax so it's just a local issue then the local municipalities can decide if they want to abate property tax or not.

Representative B. Koppelman: I'm having an amendment prepared. We are putting in language that would eliminate the state income tax credit having to do with renaissance zones and having renaissance zones become local entities. The main difference is with where the bill was initially to where it may end up is whether or not the city could, with support of the other political subdivisions, use the other property tax abatements as a tool. I ask that we hold this for a little longer.

Vice Chairman Dockter: When do you think you'll have those amendments?

Representative B. Koppelman: Tomorrow afternoon.

Vice Chairman Dockter: Does anyone else have any questions or concerns?

Representative Mitskog: This is an issue that came about because of an issue with Burleigh County and the city of Bismarck. It has been a successful program all over the state. We heard overwhelming testimony that this has worked to revitalize the downtowns and they're not done with it yet. I don't think the income tax is necessary in this. I believe the state should have some oversight for some checks and balances. The Commerce Department has the expertise for communities to give them advice for the process.

Vice Chairman Dockter: Are you thinking about an amendment?

Representative Mitskog: Yes.

Vice Chairman Dockter: Can you get that for tomorrow afternoon's discussion?

Representative Mitskog: Yes.

Representative Hogan: I have concerns of bidding wars if we go with the local cities establishing their own renaissance zones. The current structure establishes a level and consistent playing field. I totally agree that the income tax needs to go away so I hope we can get an amendment on that first. If there are two amendments that might be helpful so we can vote on the two issues separately.

Vice Chairman Dockter: Representative B. Koppelman, you'll work on that?

Representative B. Koppelman: Yes. I don't think it would permit a local political subdivision to have a renaissance zone that would be whatever they wanted. I think there would be some additional flexibility for cities in that they wouldn't necessarily have to have strict contiguous block restrictions and could possibly have additional islands or pockets of development. That might also allow cities to pull their areas out of the renaissance zone. Those type of individual interests don't necessarily fit the one size fits all state program. It's not to say it would have to be in absence of any input from the Department of Commerce. The locals could be able to tailor their program more to their liking.

Representative Hatlestad: My people are absolutely opposed to any changes in the program. It's worked extremely well for them. If it ain't broke don't fix it.

Vice Chairman Dockter: A lot of people I've talked with indicate the income tax isn't an issue, it's the property tax. I understand Williston has benefited and so have several other communities.

Representative Mitskog: Maybe we need to have someone from the Commerce Department come back and answer these questions. There is a lot of flexibility for our communities to reconfigure renaissance zones and shift them.

Vice Chairman Dockter: There are 57 different plans out there and each local entity gets to tailor their plan according to their needs within the state law.

Representative Mitskog: There is further support of not wanting to change this, communities have leeway in flexibility for doing their own thing.

Vice Chairman Dockter: We want to make it local control. That is one of the premises of this bill to get the state out of it by not having income tax anymore and going to local municipalities to see if they want renaissance zones and how they want to run it.

Representative Toman: We're not getting rid of it because they can transition from the current plan but not be limited by the block limitation. In Mandan, they wanted to expand the blocks last session of renaissance zones. If we were to pass this and they could transition into this, they could make all of Main Street and the strip a renaissance zone without having to cycle things in and out of that. How is that removing or limiting renaissance zones?

Vice Chairman Dockter: We could have someone from the Tax Department go over the current statute and the bill to answer those questions. We should get someone from the Commerce Department and the Tax Department to come tomorrow afternoon before we take action.

Representative B. Koppelman: In talking with cities about what their opposition was to the initial bill, the number one thing they said was the bill eliminated their ability to pledge those property taxes toward the initiative as well. Other political subdivisions, like school districts, should be at the table and ask to be included in this. If the political subdivisions have a good working relationship with the cities, townships, and counties then if they all agreed to no levies by a certain project the city could approve those projects individually with the authority of all those three political subdivisions. That is missing in the current bill and is the key thing that would turn the tide for the people who had opposition.

Representative Steiner: I would hope that we maintain the sunset in the bill. I think it's a 20-year window. Is this an ongoing deal where they will always get a tax break downtown?

Vice Chairman Dockter: I agree with you. Fargo wanted to start expanding the blocks because they were running out of projects to do. It's getting to the point of just doing the whole city. When is it enough?

Representative Hogan: In a city the size of Fargo we would start with a small area. The zones have changed based on the demographic changes and the financial issues. I am concerned with limiting that timeframe because based on the size of the city you have a small percentage of your city being eligible for renaissance zones. The time frame for how long an individual property is eligible needs to be limited. To limit the whole community creates an undue burden by size.

Representative B. Koppelman: If we were to make this local the only person they are accountable to is their taxpayer. If they wanted to do a citywide assessment and the city is supportive of it then do we want to have to have them come back to us every time they want to tweak things? Once we're not in control then maybe we shouldn't have a sunset because we're turning it over to local control. The main reason we probably had a sunset on it before was because the state was giving up income tax revenue but if that goes away I don't know if there would be as much of a need for a sunset.

Vice Chairman Dockter: That's part of the reason for the bill, local control, and they can decide if they want to continue the property tax abatement. We'll discuss this bill tomorrow afternoon. Representative B. Koppelman and Representative Mitskog will work on their amendments and bring them as well. Commerce Department should be contacted to be here tomorrow afternoon.

Meeting adjourned.

2017 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Fort Totten Room, State Capitol

HB 1182
2/8/2017
28069

- Subcommittee
 Conference Committee

Committee Clerk Signature

May Brucher

Explanation or reason for introduction of bill/resolution:

A bill relating to development zones and relating to the renaissance zone program.

Minutes:

Attachment 1

Representative B. Koppelman: Distributed proposed amendments 17.0280.01002. See attachment #1. Explained the amendments. The reason this was a hog house was because it was a cleaner way to print it. Most of the things in here were in Representative Becker's bill except we removed a lot of it so it only includes the elimination of any income tax benefits people were currently receiving through property incentives such as the renaissance zone.

Chairman Headland: Emily, would you walk us through the amendment please?

Emily Thompson, Counsel, Legislative Council: Explained the proposed amendments. The amendment is a hog house. It repeals the income tax portion of the renaissance zone program and the property program stays in tact as it currently is without any changes. In sections 1 and 2 are clean up language. In section 2 subsection 6 it was more for the effective date drafting purposes. This same language was added in on page 5 of the amendment because that pertains to section 40-63-04, the income tax exemptions.

Chairman Headland: How do you prorate income tax when there's a transfer? What are you going to do if it happens mid tax year?

Emily Thompson, Counsel, Legislative Council: You may have to discuss that with the tax department.

Representative B. Koppelman: We made sure for somebody who does something before the end of 2017 they would get their full benefit like the program is written now so they wouldn't have the rules changed halfway through.

Emily Thompson, Counsel, Legislative Council: That's correct. Section 40-63-06, the historic preservation and renovation tax credit, is being repealed starting January 1 of next year. If you made that investment any time throughout the end of this year you qualify. There is a five-year carry forward. This credit is earned at the time of the investment so repealing

that section of law wouldn't eliminate that taxpayer's ability to claim the credit in years four and five or however many years they could carry that forward. Section 40-63-07 is an income tax credit for investments in renaissance fund organization. It has a five-year carry forward but you earn that credit at the time of the investment. Even if that section of code drops out of law January 1, 2018 you have still earned that credit amount so you won't be deprived of the carry forward amounts. One of the credit exemptions was left in law, 63-04 on page 4 of your hog house. This is not being repealed effective January 1, 2018 because unlike those other two sections it's not a matter of earning that credit when you make the investment and having the five years where you get to carry forward. This one you receive it in each of the five years as stated on page 4, subsection 2 of the amendment. Section 4, page 5 is the income tax imposition section of code and it lists all the credits you can claim under North Dakota law. Language here keeps the code nice and clean; it will automatically get pulled out by the code reviser once that date passes. Section 5 has to do with an exemption because you can still be exempt from a portion of your income tax versus getting a credit for whatever your income tax might be.

Representative Steiner: The hard stop for the income portion is January 1, 2018 and anything prior will roll forward so they have one more year of that?

Emily Thompson, Counsel, Legislative Council: That is correct. The hard cutoff date is the end of this year. You can continue to invest and get the income tax credit and if you earn it anytime this year you can carry forward for five years. For investments prior to the end of this year you can get an income tax exemption or credit on the income from that property you invested in before the end of this year for up to five years.

Chairman Headland: Which was the intent of the original bill of Representative Becker. Does anyone have any questions?

Vice Chairman Dockter: Could someone from tax come up?

Chairman Headland: How are you going to prorate the income tax in the middle of the tax year?

Matt Peyerl, Office of State Tax Commissioner: If you get project approval in the middle of a tax year we prorate the number of months for that 12 months. If they get the exemption October 1 then we would take the entire year of income and give a 3/12 exemption on what a full year equivalent would be. It's based on the number of months.

Chairman Headland: Is there anything else?

Representative B. Koppelman: MADE A MOTION TO ADOPT THE AMENDMENT 17.0280.01002.

Representative Olson: SECONDED

Chairman Headland: Discussion?

Representative Olson: I think this bill is a lot better now. There were concerns with the previous form that it would turn the renaissance zone into a wild west situation. One of the most compelling concerns I heard was that some localities may become even more aggressive than others and start poaching from others. We want to definitely avoid that. This is a good way to start taking the foot off the pedal. We've had a very friendly tax environment in North Dakota; we have very low taxes to a point we're giving away tax revenues. We don't like to raise taxes in the state. This is one of those sensible things where you can still be a conservative and make sure your revenues are not going away to places you might not need them. This is a great way not to have to raise taxes. We can eliminate some of the unnecessary incentives and exemptions. I support the bill in its present form.

Representative Ertelt: These property tax exemptions are granted by the cities and they are not just giving away that political subdivisions property taxes. I believe the amendment is running a bit contrary to the sponsor's intent with the bill. I'll be opposing this.

Representative B. Koppelman: I spoke with the bill sponsor about that issue. We talked about the intent of the state being taken out of the income tax game of incentivizing or picking winners and losers through that. I believe these amendments honor that. The second intent was to have the state get out of the game of managing local political subdivisions and how they do their renaissance zone through their property tax piece. He indicated to me his intent was that the locals would be able to do the entire renaissance zone program locally just like they are today. Council indicated to me that was not quite the case in how the bill ended up getting drafted because it left some holes in place such as school districts and park districts. I believe this does honor the intent of the bill sponsor as it is related to income tax credits.

Representative Hatlestad: People in our district has had extensive success with this program. It's not broken, don't fix something.

Chairman Headland: Is there anything else?

ROLL CALL VOTE: 10 YES 4 NO 0 ABSENT

MOTION CARRIED TO ADOPT AMENDMENT 17.0280.01002.

Chairman Headland: We have amended version of HB 1182 before us.

Representative Steiner: MADE A MOTION FOR A DO PASS AS AMENDED

Representative Olson: SECONDED

Chairman Headland: Discussion?

ROLL CALL VOTE: 10 YES 4 NO 0 ABSENT

MOTION CARRIED

Representative B. Koppelman will carry this bill.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1182

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact sections 40-63-02, 40-63-03, and 40-63-04, and subsections 7 and 8 of section 57-38-30.3 of the North Dakota Century Code, relating to renaissance zone tax credits and exemptions; to repeal sections 40-63-06 and 40-63-07 of the North Dakota Century Code, relating to renaissance zone income tax credits; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 40-63-02 of the North Dakota Century Code is amended and reenacted as follows:

40-63-02. Eligibility - Local zone authority designation.

Any incorporated city may apply to the department of commerce division of community services to designate a portion of the city as a renaissance zone. Any individual, partnership, limited partnership, limited liability company, trust, or corporation may apply for ~~a tax credit or exemption under sections 40-63-04 through 40-63-07~~ tax benefits under this chapter. The governing body of a city may designate a local zone authority to implement a development plan on behalf of the city.

SECTION 2. AMENDMENT. Section 40-63-03 of the North Dakota Century Code is amended and reenacted as follows:

40-63-03. Renaissance zones.

1. A city may apply to the department of commerce division of community services to designate a portion of that city as a renaissance zone if the following criteria are met:
 - a. The geographic area proposed for the renaissance zone is located wholly within the boundaries of the city submitting the application.
 - b. The application includes a development plan.
 - c. The proposed renaissance zone is not more than thirty-four square blocks, except in a city with a population of greater than five thousand the renaissance zone may exceed thirty-four square blocks at the rate of one additional block for each additional five thousand population to a maximum size of forty-nine blocks. Population is based upon the most recent federal decennial census or federal census estimate.

If a city finds that renaissance zone projects have satisfactorily completed one or more blocks within the renaissance zone, the city may apply for and the department of commerce division of community services may approve withdrawal of those blocks from the

2/6/17 DR

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renaissance zone and replacement of those blocks with other blocks that otherwise meet the requirements of this chapter.

- d. Except as provided under subdivision g, the proposed renaissance zone has a continuous boundary and all blocks are contiguous.
 - e. The proposed land usage includes both commercial and residential property.
 - f. The application includes the proposed duration of renaissance zone status, not to exceed fifteen years. Upon application by the city, the department of commerce division of community services may extend the duration of renaissance zone status in increments of up to five years.
 - g. The proposed renaissance zone may have a single exception to the continuous boundary and contiguous block requirements under subdivision d if the area of the excepted noncontiguous blocks does not exceed three square blocks.
2. The department of commerce division of community services shall:
- a. Review all applications for renaissance zone designation against the criteria established in this section and designate zones.
 - b. Approve or reject the duration of renaissance zone status as submitted in an application.
 - c. Approve or reject the geographic boundaries and total area of the renaissance zone as submitted in an application.
 - d. Promote the renaissance zone program.
 - e. Monitor the progress of the designated renaissance zones against submitted plans in an annual plan review.
 - f. Report on renaissance zone progress to the governor and the legislative management on an annual basis until all designated zones expire.
3. The department of commerce division of community services shall consider the following criteria in designating a renaissance zone:
- a. The viability of the development plan.
 - b. The incorporation and enhancement of unique natural and historic features into the development plan.
 - c. Whether the development plan is creative and innovative in comparison to other applications.
 - d. Public and private commitment to and other resources available for the proposed renaissance zone, including the provisions for a renaissance fund organization.
 - e. How renaissance zone designation would relate to a broader plan for the community as a whole.

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- f. How the local regulatory burden, in particular that burden associated with the renovation of historic properties and that burden associated with mixed use development, will be eased for developers and investors in the renaissance zone.
 - g. The strategies for the promotion, development, and management of the zone, including the use of a local zone authority if designated.
 - h. Any other information required by the office.
4. The department of commerce division of community services may not designate a portion of a city as a renaissance zone unless, as a part of the application, the city provides a resolution from the governing body of the city that states if the renaissance zone designation is granted, persons and property within the renaissance zone are exempt from taxes as provided in ~~sections 40-63-04 through 40-63-07~~this chapter.
5. A city may not propose or be part of more than one renaissance zone.
6. ~~A parcel of property may be exempted from property taxes under section 40-63-05 only once, but during the five taxable years of eligibility for that exemption, the property tax exemption transfers with the transfer of the property to a qualifying user. The ownership or lease of, or investment in, a parcel of property may qualify for exemption or credit under section 40-63-04 only once, but during the five taxable years of eligibility for that exemption or credit, the exemption or credit under section 40-63-04 transfers with the transfer of the property to a qualified user and with respect to the year in which the transfer is made must be prorated for use of the property during that year.~~
7. A city may apply to the department of commerce division of community services at any time during the duration of a zone to expand a previously approved renaissance zone that is less than the maximum size allowed under subdivision c of subsection 1. If the expansion is approved by the department of commerce division of community services, the blocks in the expansion are eligible for up to fifteen years of renaissance zone status.
- ~~8-7.~~ The use of grant funds as the sole source of investment in the purchase of a building or space in a building does not qualify a taxpayer for any tax exemption or credit available under the chapter, and grant funds may not be counted in determining if the cost of rehabilitation meets or exceeds the current true and full value of the building.
- ~~9-8.~~ If a portion of an approved renaissance zone is not progressing, the city may request the department of commerce division of community services to permit deleting that portion and to make an adjustment of the boundaries to add another equal, contiguous area to the original zone.
- ~~10-9.~~ If within a renaissance zone there is property that is included in a tax increment financing district, the city in which the property is located shall provide the department of commerce an annual report regarding any such property at the time requested by the department of commerce. The report required under this subsection must identify the property, provide the expected duration of inclusion of the property in the tax increment financing district and the renaissance zone, and identify any property and

income tax benefits of the property and the expected duration of those benefits. The department of commerce shall deliver an annual report compiling the information required under this subsection to the legislative management interim committee on taxation issues or upon request of any other interim committee of the legislative management.

SECTION 3. AMENDMENT. Section 40-63-04 of the North Dakota Century Code is amended and reenacted as follows:

40-63-04. (Effective for the first five taxable years beginning after December 31, 2017) Income tax exemptions.

1. An individual taxpayer who purchases or rehabilitates single-family residential property for the individual's primary place of residence as a zone project before January 1, 2018, is exempt from up to ten thousand dollars of personal income tax liability as determined under section 57-38-30.3 for five taxable years beginning with the date of occupancy or completion of rehabilitation.
2. A taxpayer that purchases, leases, rehabilitates, or makes leasehold improvements to residential, public utility infrastructure, or commercial property for any business or investment purpose as a zone project before January 1, 2018, is exempt from tax on income derived from the business or investment locations within the zone for five taxable years, beginning with the date of purchase, lease, or completion of rehabilitation.
 - a. The maximum amount of income that a taxpayer may exempt from tax under this subsection for any taxable year is five hundred thousand dollars. The limitation in this subdivision applies to the sum of the exempt income derived from the taxpayer's business and investment interests in all zone projects.
 - b. If a zone project consists of a physical expansion of an existing building owned and used by the taxpayer for business or investment purposes, the amount of income exempt from tax under this subsection is limited to an amount equal to the income derived from the business, or from the investment use of the building, during the taxable year multiplied by a ratio equal to the square footage added by the expansion divided by the total square footage of the building after expansion.
3. If the cost of a new business purchase, leasehold improvement, or expansion of an existing business, approved as a zone project, exceeds seventy-five thousand dollars, and the business is located in a city with a population of not more than two thousand five hundred, an individual taxpayer may, in lieu of the exemption provided in subsection 2, elect to take an income tax exemption of up to two thousand dollars of individual income tax liability as determined under section 57-38-30.3. The election must be made on the taxpayer's return as originally and timely filed. The election is irrevocable and binding for the duration of the exemptions provided in subsection 2 or this subsection. If an election is not made on the original return, the taxpayer is only eligible for the exemption provided in subsection 2.

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4. If a property owner not participating in a renaissance zone project is required to make changes in utility services or in a building structure before January 1, 2018, because of changes made to property that is part of a zone project, the owner of the nonparticipating property is entitled to state income tax credits equal to the total amount of the investment necessary to complete the required changes. The credit must be approved by the local renaissance zone authority. The credit must be claimed in the taxable year in which the related project was completed. The credit may not exceed the taxpayer's tax liability, and an unused credit may be carried forward up to five taxable years.
5. The ownership or lease of, or investment in, a parcel of property may qualify for an exemption or credit under this section only once, but during the five taxable years of eligibility for that exemption or credit, the exemption or credit under this section transfers with the transfer of the property to a qualified user and with respect to the year in which the transfer is made must be prorated for use of the property during that year.
6. The exemptions provided by this section do not eliminate any duty to file a return or to report income as required under chapter 57-38.

SECTION 4. AMENDMENT. Subsection 7 of section 57-38-30.3 of the North Dakota Century Code is amended and reenacted as follows:

7. A taxpayer filing a return under this section is entitled to the following tax credits:
 - a. Family care tax credit under section 57-38-01.20.
 - b. Renaissance zone tax credits under ~~sections~~ section 40-63-04, 40-63-06, and 40-63-07 (effective for the first five taxable years beginning after December 31, 2017).
 - c. Agricultural business investment tax credit under section 57-38.6-03.
 - d. Seed capital investment tax credit under section 57-38.5-03.
 - e. Planned gift tax credit under section 57-38-01.21.
 - f. Biodiesel fuel or green diesel fuel tax credits under sections 57-38-01.22 and 57-38-01.23.
 - g. Internship employment tax credit under section 57-38-01.24.
 - h. Workforce recruitment credit under section 57-38-01.25.
 - i. Angel fund investment tax credit under section 57-38-01.26.
 - j. Microbusiness tax credit under section 57-38-01.27.
 - k. Marriage penalty credit under section 57-38-01.28.
 - l. Homestead income tax credit under section 57-38-01.29.
 - m. Commercial property income tax credit under section 57-38-01.30.
 - n. Research and experimental expenditures under section 57-38-30.5.
 - o. Geothermal energy device installation credit under section 57-38-01.8.

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- p. Long-term care partnership plan premiums income tax credit under section 57-38-29.3.
- q. Employer tax credit for salary and related retirement plan contributions of mobilized employees under section 57-38-01.31.
- r. Automating manufacturing processes tax credit under section 57-38-01.33 (effective for the first five taxable years beginning after December 31, 2012).
- s. Income tax credit for passthrough entity contributions to private education institutions under section 57-38-01.7.

SECTION 5. AMENDMENT. Subsection 8 of section 57-38-30.3 of the North Dakota Century Code is amended and reenacted as follows:

- 8. A taxpayer filing a return under this section is entitled to the exemption provided under section 40-63-04 (effective for the first five taxable years beginning after December 31, 2017).

SECTION 6. REPEAL. Sections 40-63-06 and 40-63-07 of the North Dakota Century Code are repealed.

SECTION 7. EFFECTIVE DATE. This Act is effective for taxable years beginning after December 31, 2017."

Renumber accordingly

Date: 2-8-17
Roll Call Vote #: 1

2017 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1182

House Finance and Taxation Committee

Subcommittee

Amendment LC# or Description: 17.0280.01002

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By Rep. Koppelman Seconded By Rep. Olson

| Representatives | Yes | No | Representatives | Yes | No |
|---------------------------|-----|----|------------------------|-----|----|
| Chairman Headland | ✓ | | Representative Hogan | ✓ | |
| Vice Chairman Dockter | ✓ | | Representative Mitskog | ✓ | |
| Representative Ertelt | ✓ | ✓ | | | |
| Representative Grueneich | ✓ | ✓ | | | |
| Representative Hatlestad | | ✓ | | | |
| Representative Howe | | ✓ | | | |
| Representative Koppelman | ✓ | | | | |
| Representative Olson | ✓ | | | | |
| Representative Schobinger | | ✓ | | | |
| Representative Steiner | ✓ | | | | |
| Representative Toman | ✓ | | | | |
| Representative Trottier | ✓ | | | | |
| | | | | | |
| | | | | | |

Total (Yes) 10 No 4

Absent 0

Floor Assignment _____

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

Date: 2-8-17
 Roll Call Vote #: 2

**2017 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 1182**

House Finance and Taxation Committee

Subcommittee

Amendment LC# or Description: 17.0280.01002

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Rep. Steiner Seconded By Rep. Olson

| Representatives | Yes | No | Representatives | Yes | No |
|---------------------------|-----|----|------------------------|-----|----|
| Chairman Headland | | ✓ | Representative Hogan | ✓ | |
| Vice Chairman Dockter | ✓ | | Representative Mitskog | ✓ | |
| Representative Ertelt | ✓ | | | | |
| Representative Grueneich | ✓ | | | | |
| Representative Hatlestad | | ✓ | | | |
| Representative Howe | | ✓ | | | |
| Representative Koppelman | ✓ | | | | |
| Representative Olson | ✓ | | | | |
| Representative Schobinger | | ✓ | | | |
| Representative Steiner | ✓ | | | | |
| Representative Toman | ✓ | | | | |
| Representative Trottier | ✓ | | | | |
| | | | | | |
| | | | | | |

Total (Yes) 10 No 4

Absent 0

Floor Assignment Rep. Koppelman

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

REPORT OF STANDING COMMITTEE

HB 1182: Finance and Taxation Committee (Rep. Headland, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (10 YEAS, 4 NAYS, 0 ABSENT AND NOT VOTING). HB 1182 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact sections 40-63-02, 40-63-03, and 40-63-04, and subsections 7 and 8 of section 57-38-30.3 of the North Dakota Century Code, relating to renaissance zone tax credits and exemptions; to repeal sections 40-63-06 and 40-63-07 of the North Dakota Century Code, relating to renaissance zone income tax credits; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 40-63-02 of the North Dakota Century Code is amended and reenacted as follows:

40-63-02. Eligibility - Local zone authority designation.

Any incorporated city may apply to the department of commerce division of community services to designate a portion of the city as a renaissance zone. Any individual, partnership, limited partnership, limited liability company, trust, or corporation may apply for a tax credit or exemption under sections 40-63-04 through 40-63-07 tax benefits under this chapter. The governing body of a city may designate a local zone authority to implement a development plan on behalf of the city.

SECTION 2. AMENDMENT. Section 40-63-03 of the North Dakota Century Code is amended and reenacted as follows:

40-63-03. Renaissance zones.

1. A city may apply to the department of commerce division of community services to designate a portion of that city as a renaissance zone if the following criteria are met:
 - a. The geographic area proposed for the renaissance zone is located wholly within the boundaries of the city submitting the application.
 - b. The application includes a development plan.
 - c. The proposed renaissance zone is not more than thirty-four square blocks, except in a city with a population of greater than five thousand the renaissance zone may exceed thirty-four square blocks at the rate of one additional block for each additional five thousand population to a maximum size of forty-nine blocks. Population is based upon the most recent federal decennial census or federal census estimate.

If a city finds that renaissance zone projects have satisfactorily completed one or more blocks within the renaissance zone, the city may apply for and the department of commerce division of community services may approve withdrawal of those blocks from the renaissance zone and replacement of those blocks with other blocks that otherwise meet the requirements of this chapter.
 - d. Except as provided under subdivision g, the proposed renaissance zone has a continuous boundary and all blocks are contiguous.
 - e. The proposed land usage includes both commercial and residential property.

- f. The application includes the proposed duration of renaissance zone status, not to exceed fifteen years. Upon application by the city, the department of commerce division of community services may extend the duration of renaissance zone status in increments of up to five years.
 - g. The proposed renaissance zone may have a single exception to the continuous boundary and contiguous block requirements under subdivision d if the area of the excepted noncontiguous blocks does not exceed three square blocks.
 2. The department of commerce division of community services shall:
 - a. Review all applications for renaissance zone designation against the criteria established in this section and designate zones.
 - b. Approve or reject the duration of renaissance zone status as submitted in an application.
 - c. Approve or reject the geographic boundaries and total area of the renaissance zone as submitted in an application.
 - d. Promote the renaissance zone program.
 - e. Monitor the progress of the designated renaissance zones against submitted plans in an annual plan review.
 - f. Report on renaissance zone progress to the governor and the legislative management on an annual basis until all designated zones expire.
 3. The department of commerce division of community services shall consider the following criteria in designating a renaissance zone:
 - a. The viability of the development plan.
 - b. The incorporation and enhancement of unique natural and historic features into the development plan.
 - c. Whether the development plan is creative and innovative in comparison to other applications.
 - d. Public and private commitment to and other resources available for the proposed renaissance zone, including the provisions for a renaissance fund organization.
 - e. How renaissance zone designation would relate to a broader plan for the community as a whole.
 - f. How the local regulatory burden, in particular that burden associated with the renovation of historic properties and that burden associated with mixed use development, will be eased for developers and investors in the renaissance zone.
 - g. The strategies for the promotion, development, and management of the zone, including the use of a local zone authority if designated.
 - h. Any other information required by the office.
 4. The department of commerce division of community services may not designate a portion of a city as a renaissance zone unless, as a part of

the application, the city provides a resolution from the governing body of the city that states if the renaissance zone designation is granted, persons and property within the renaissance zone are exempt from taxes as provided in ~~sections 40-63-04 through 40-63-07~~this chapter.

5. A city may not propose or be part of more than one renaissance zone.
6. ~~A parcel of property may be exempted from property taxes under section 40-63-05 only once, but during the five taxable years of eligibility for that exemption, the property tax exemption transfers with the transfer of the property to a qualifying user. The ownership or lease of, or investment in, a parcel of property may qualify for exemption or credit under section 40-63-04 only once, but during the five taxable years of eligibility for that exemption or credit, the exemption or credit under section 40-63-04 transfers with the transfer of the property to a qualified user and with respect to the year in which the transfer is made must be prorated for use of the property during that year.~~
7. A city may apply to the department of commerce division of community services at any time during the duration of a zone to expand a previously approved renaissance zone that is less than the maximum size allowed under subdivision c of subsection 1. If the expansion is approved by the department of commerce division of community services, the blocks in the expansion are eligible for up to fifteen years of renaissance zone status.
- 8-7. The use of grant funds as the sole source of investment in the purchase of a building or space in a building does not qualify a taxpayer for any tax exemption or credit available under the chapter, and grant funds may not be counted in determining if the cost of rehabilitation meets or exceeds the current true and full value of the building.
- 9-8. If a portion of an approved renaissance zone is not progressing, the city may request the department of commerce division of community services to permit deleting that portion and to make an adjustment of the boundaries to add another equal, contiguous area to the original zone.
- 10-9. If within a renaissance zone there is property that is included in a tax increment financing district, the city in which the property is located shall provide the department of commerce an annual report regarding any such property at the time requested by the department of commerce. The report required under this subsection must identify the property, provide the expected duration of inclusion of the property in the tax increment financing district and the renaissance zone, and identify any property and income tax benefits of the property and the expected duration of those benefits. The department of commerce shall deliver an annual report compiling the information required under this subsection to the legislative management interim committee on taxation issues or upon request of any other interim committee of the legislative management.

SECTION 3. AMENDMENT. Section 40-63-04 of the North Dakota Century Code is amended and reenacted as follows:

40-63-04. (Effective for the first five taxable years beginning after December 31, 2017) Income tax exemptions.

1. An individual taxpayer who purchases or rehabilitates single-family residential property for the individual's primary place of residence as a zone project before January 1, 2018, is exempt from up to ten thousand dollars of personal income tax liability as determined under section

- 57-38-30.3 for five taxable years beginning with the date of occupancy or completion of rehabilitation.
2. A taxpayer that purchases, leases, rehabilitates, or makes leasehold improvements to residential, public utility infrastructure, or commercial property for any business or investment purpose as a zone project before January 1, 2018, is exempt from tax on income derived from the business or investment locations within the zone for five taxable years, beginning with the date of purchase, lease, or completion of rehabilitation.
 - a. The maximum amount of income that a taxpayer may exempt from tax under this subsection for any taxable year is five hundred thousand dollars. The limitation in this subdivision applies to the sum of the exempt income derived from the taxpayer's business and investment interests in all zone projects.
 - b. If a zone project consists of a physical expansion of an existing building owned and used by the taxpayer for business or investment purposes, the amount of income exempt from tax under this subsection is limited to an amount equal to the income derived from the business, or from the investment use of the building, during the taxable year multiplied by a ratio equal to the square footage added by the expansion divided by the total square footage of the building after expansion.
 3. If the cost of a new business purchase, leasehold improvement, or expansion of an existing business, approved as a zone project, exceeds seventy-five thousand dollars, and the business is located in a city with a population of not more than two thousand five hundred, an individual taxpayer may, in lieu of the exemption provided in subsection 2, elect to take an income tax exemption of up to two thousand dollars of individual income tax liability as determined under section 57-38-30.3. The election must be made on the taxpayer's return as originally and timely filed. The election is irrevocable and binding for the duration of the exemptions provided in subsection 2 or this subsection. If an election is not made on the original return, the taxpayer is only eligible for the exemption provided in subsection 2.
 4. If a property owner not participating in a renaissance zone project is required to make changes in utility services or in a building structure before January 1, 2018, because of changes made to property that is part of a zone project, the owner of the nonparticipating property is entitled to state income tax credits equal to the total amount of the investment necessary to complete the required changes. The credit must be approved by the local renaissance zone authority. The credit must be claimed in the taxable year in which the related project was completed. The credit may not exceed the taxpayer's tax liability, and an unused credit may be carried forward up to five taxable years.
 5. The ownership or lease of, or investment in, a parcel of property may qualify for an exemption or credit under this section only once, but during the five taxable years of eligibility for that exemption or credit, the exemption or credit under this section transfers with the transfer of the property to a qualified user and with respect to the year in which the transfer is made must be prorated for use of the property during that year.
 6. The exemptions provided by this section do not eliminate any duty to file a return or to report income as required under chapter 57-38.

SECTION 4. AMENDMENT. Subsection 7 of section 57-38-30.3 of the North Dakota Century Code is amended and reenacted as follows:

7. A taxpayer filing a return under this section is entitled to the following tax credits:
 - a. Family care tax credit under section 57-38-01.20.
 - b. Renaissance zone tax credits under ~~sections~~section 40-63-04, 40-63-06, and 40-63-07 (effective for the first five taxable years beginning after December 31, 2017).
 - c. Agricultural business investment tax credit under section 57-38.6-03.
 - d. Seed capital investment tax credit under section 57-38.5-03.
 - e. Planned gift tax credit under section 57-38-01.21.
 - f. Biodiesel fuel or green diesel fuel tax credits under sections 57-38-01.22 and 57-38-01.23.
 - g. Internship employment tax credit under section 57-38-01.24.
 - h. Workforce recruitment credit under section 57-38-01.25.
 - i. Angel fund investment tax credit under section 57-38-01.26.
 - j. Microbusiness tax credit under section 57-38-01.27.
 - k. Marriage penalty credit under section 57-38-01.28.
 - l. Homestead income tax credit under section 57-38-01.29.
 - m. Commercial property income tax credit under section 57-38-01.30.
 - n. Research and experimental expenditures under section 57-38-30.5.
 - o. Geothermal energy device installation credit under section 57-38-01.8.
 - p. Long-term care partnership plan premiums income tax credit under section 57-38-29.3.
 - q. Employer tax credit for salary and related retirement plan contributions of mobilized employees under section 57-38-01.31.
 - r. Automating manufacturing processes tax credit under section 57-38-01.33 (effective for the first five taxable years beginning after December 31, 2012).
 - s. Income tax credit for passthrough entity contributions to private education institutions under section 57-38-01.7.

SECTION 5. AMENDMENT. Subsection 8 of section 57-38-30.3 of the North Dakota Century Code is amended and reenacted as follows:

8. A taxpayer filing a return under this section is entitled to the exemption provided under section 40-63-04 (effective for the first five taxable years beginning after December 31, 2017).

SECTION 6. REPEAL. Sections 40-63-06 and 40-63-07 of the North Dakota Century Code are repealed.

SECTION 7. EFFECTIVE DATE. This Act is effective for taxable years beginning after December 31, 2017."

Renumber accordingly

2017 SENATE FINANCE AND TAXATION

HB 1182

2017 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

House Bill 1182
3/1/2017
Job #: 28549

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact sections 40-63-02, 40-63-03, and 40-63-04, and subsections 7 and 8 of section 57-38-30.3 of the North Dakota Century Code, relating to renaissance zone tax credits and exemptions; to repeal sections 40-63-06 and 40-63-07 of the North Dakota Century Code, relating to renaissance zone income tax credits; and to provide an effective date.

Minutes:

Attachments #: 1, 2, 3, 3A, 4, 5, 6, 7, 7A, 8, 9, 10, 11, 12, 13

All Senators present.

Chairman Cook: Opened the public hearing on HB 1182.

(0:01:00-0:08:25) Representative Rick C. Becker, District 7: This bill addresses the renaissance zone program. What it does is it takes the income tax component out. As you are fully aware, the renaissance zone involves two primary components. One is property tax and the other is income tax. The original bill took out the income tax and asked for the local subdivisions to run their own renaissance zones, that was amended out entirely. The renaissance zone program is therefore entirely intact, except the removal of income tax abatement for those participating in the program.

The reason I believe that is a good idea, is the renaissance zone program, involves property tax, which involves the locals. That is what renaissance zones are about, is improving commonly the downtown areas of various cities that take part in this program. They're seeing the uptick in the economy, activity. The abatement of property tax is a void that is filled in by the remaining property tax owners. If we're going to agree that renaissance zones are a good idea, that the burden is born by the tax payers that reap the benefit. When it comes to income state the whole state fills the void. In a time when we are looking at cutting various services, this is one area where it makes sense from a budget stand point but it is this really the time to be giving income tax abatements to owners that are born by the whole state. Why should small town residents pay and help support the development efforts in larger cities.

Brief background. Was involved in renaissance zone. Commercial real estate, and a bar and grill. Rescinded participation, there are two different, have a tax abatement, born by the same people. If you look at the bill, section 3, was moved to a new location on page six line 12. Removal of income tax abatement. The property tax abatement is what drives the program.

The income tax incentive is a very minor component. Handed out yearly breakdown of income tax credits, **attachment #1**.

Chairman Cook: I didn't pull up the original bill, maybe I should have. This must be a far cry different from what you introduced, is it not.

Representative Rick C. Becker: It's a far cry different in the sense that the original bill had two parts. Strike the income tax abatement and why have the state run it. Let's save money and move the program locally. That way the large cities don't have to ask permission for how they're blocks are structured. They can make their renaissance zone however they want. For any number of reasons, the cities didn't want to have control of their own zones. That part, removing it from the state is the part that made up most of the original bill.

Chairman Cook: You don't see a problem you're trying to correct. You just have a philosophical opinion.

Representative Rick C. Becker: Yes, I have a philosophical component. I do actually think there's a practical standpoint as well. If we save another couple million dollars in the state budget, that's just smart to do.

(0:10:15-0:14:00) Dustin Gawrylow, North Dakota Watchdog Network: appeared in support of HB 1182. **Attachment #2**

Vice Chairman Bekkedahl: On the Bismarck page, is there a dispute on the number of FTE's that were created. Where you surprised by that number?

Dustin Gawrylow: I don't think there's any dispute, I think the question is whether the investment on the public side is worth that. How much tax investment and public investment to create private jobs there should be?

(0:16:25-0:20:45) Blake Crosby: Handed out **attachment #3A** on behalf of Brad Gengler, City Planner, Grand Forks. Presented **testimony #3** in opposition of HB 1182.

(0:21:30-0:26:30) Rikki Roehrich, Renaissance Zone Program Manager, North Dakota Department of Commerce: Handed out **testimony #4** in opposition of HB 1182.

(0:27:00-0:31:45) Thomas Linn, Architectural Project Manager, State Historical Society of North Dakota: presented **testimony #5** in opposition of HB 1182.

Senator Laffen: Is the state historic tax credit program in this bill? This restriction would take out that program?

Thomas Linn: Yes, it would.

(0:32:35-0:40:55) Ellen Huber, City of Mandan Business development & Communications Director. Vice President of EDND: handed out **testimony #6** in opposition of HB 1182.

(0:41:10-0:45:00) Dave Piepkorn, Fargo Deputy Mayor, City Commissioner: testified in opposition of HB 1182. Handed out **attachment #7 and #7A**.

(0:45:30-0:47:30) Michael Hahn, President/CEO, Downtown Community Partnership: presented **testimony #8** in opposition of HB 1182.

(0:47:31-0:57:00) Shannon Duerr, Cavalier County Job Development Authority: presented **testimony #9** in opposition of HB 1182.

Attachment #10 was received from Wishek Job Development Authority.

(0:57:35-1:01:05) Jason Tomanek, Assistant City Administrator, Bismarck: testified in opposition of HB 1182, **Attachment #11**. Handed out **Attachment #12** from the Downtown Business Association of Bismarck in opposition of HB 1182.

(1:01:10-1:03:20) Pamela Link, Laborer's Local 563: The one thing I've heard through all of this testimony, that if you're to remove this, you'll be removing an incentive for developers across the state to decide to go to another state which would be a huge jobs killer. All of the small communities, how many jobs have been created in them. Block 9 in Fargo, over the course of the project could see 40-50 jobs. But from the North Dakota Builders up to 225 jobs. If that project goes away, just from the construction prospective, 225 people, not being able to have a job for 18-20 months. Putting taxes back into the communities. **Laborer's 563 is opposed to HB 1182.**

(1:03:30-1:05:30) Bernie Dardis, Fargo Moorhead West Fargo Chamber of Commerce: Their board of directors voted unanimously against HB 1182. Because of programs like this, you can't park where you want to, you can't get to the bar when you want to, and you can't get to the restaurant and eat at the time you want to eat. Programs like this have real ramifications, sometimes you don't get to eat, drink, or park where you want to. The programs work, maybe there could be some changes, but the programs work. I've been a business man in Fargo for 41 years and never used one of these programs. The average age of people applying for renaissance and/or TIFS are younger. And that's good that we have young entrepreneurs, it's very beneficial to them.

Senator Laffen: I keep reading statistics about 3 million is maybe an average of what renaissance zone costs the state per year. What's the current income tax total per year, just to give me an idea on the scale of what we're giving away.

Ryan Rauschenberger, North Dakota Tax Commissioner: Based on the most recent forecast, as far as total biennial numbers. You're looking for the actual income tax total numbers. We'd be looking at, between corporation and individual, 850-950 million.

Senator Laffen: So close to a billion dollars. This is about a 3 million reductions in a billion dollars' worth of tax.

Commissioner Rauschenberger: Those are biennial numbers and it just depends on what years you look at. Around the 3-million-dollar mark would be correct.

Chairman Cook: Closed the hearing on HB 1182.

Attachment #13 was received after the hearing was held.


2017 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Lewis and Clark Room, State Capitol

House Bill 1182
3/20/2017
Job #: 29422

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact sections 40-63-02, 40-63-03, and 40-63-04, and subsections 7 and 8 of section 57-38-30.3 of the North Dakota Century Code, relating to renaissance zone tax credits and exemptions; to repeal sections 40-63-06 and 40-63-07 of the North Dakota Century Code, relating to renaissance zone income tax credits; and to provide an effective date.

Minutes:

No Attachments

All Senators present. Committee Work on HB 1182.

Chairman Cook: I want to make a suggestion to you of what I'd like to do with this bill and see what your thoughts are. SB 2166 disallowed a piece of property from being in both a renaissance and a TIF zone. We amended it so they had to bring in the schools and I still like that bill better the way I introduced it. I wouldn't mind changing 1182, keeping the renaissance zone, but seeing that you can't be in both renaissance and TIF. No double stacking.

(0:01:01-0:04:22) Committee Discussion about double stacking and benefits received.

Senator Dotzenrod: When Bill Wocken was in here, talking about Bismarck. He said it was hard to do both on the same property. He talked like the primary benefit was doing tax increment financing is that when they want to do small projects, they didn't have to go through a whole bonding process and go through all the legal work. If they used the TIF they could take on smaller projects. The paperwork and legal expense would consume the time and energy to get a bonding package to pay for that. If they had the TIF they can take on the loans and get paid off in about 8 years. Larger way to collect money over a larger area, and select out projects they could do and pay off within that area if I understood him right. It is still a problem for some of the taxpayers. They may not feel the benefit falls to someone else besides them.

Chairman Cook: I don't think you understand him right. I've never seen a TIF project in Bismarck for fewer than the maximum years.

Meeting adjourned.

2017 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

House Bill 1182
3/22/2017
Job #: 29662

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact sections 40-63-02, 40-63-03, and 40-63-04, and subsections 7 and 8 of section 57-38-30.3 of the North Dakota Century Code, relating to renaissance zone tax credits and exemptions; to repeal sections 40-63-06 and 40-63-07 of the North Dakota Century Code, relating to renaissance zone income tax credits; and to provide an effective date.

Minutes:

Attachment #1

All Senators present. Committee work on HB 1182.

Chairman Cook: Handed out proposed amendments, attachment #1. Explained what the amendments did.

Questions about negotiations between the different political subdivisions. Language in section 2 compared to what is in SB 2166.

Senator Unruh move to adopt amendment 17.0280.02001 to Engrossed HB 1182.

Senator Laffen seconded.

Chairman Cook: They have SB 2166 over there. It's been amended to the way it was introduced. A piece of property cannot receive the benefits of both a renaissance zone incentive and TIF at the same time. We're going into a conference committee and will come out with something to send to the governor. The key element in this whole issue of TIF and renaissance zone is the length of time a piece of property is receiving a property tax exemption.

Roll Call Vote was taken: 6 ayes, 0 nays, 0 absent. Motion passed.

Senator Unruh moved a do pass, as amended for Engrossed HB 1182.

Senator Laffen seconded.

Roll Call Vote was taken: 6 ayes, 0 nays, 0 absent.

Senator Cook will carry the bill.

2017 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

House Bill 1182
3/29/2017
Job #: 29782

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact a new section to chapter 40-05 of the North Dakota Century Code, relating to approval of property tax incentives granted by a city; to amend and reenact subsection 7 of section 40-57.1-03, section 40-58-20.2, and subsection 3 of section 54-35-26 of the North Dakota Century Code, relating to approval of property tax incentives granted by a city and evaluation of economic development tax incentives; to provide for a legislative management study; and to provide an effective date.

Minutes:

No Attachments

All Senators present. Committee discussion on HB 1182.

(0:00:18-0:01:09) Chairman Cook: I pulled HB 1182 back. It's the bill that came over as the sunset on the renaissance zone, we amended SB 2166 into it basically. I think this bill when it came to us should have had a positive \$6M fiscal note. If you read the narrative, it never really got scored. I talked to Kathy Strombeck yesterday and she was going to talk to Allen Knutson. She thought it should be scored.

We're going to bring it back here and make sure we find out what the fiscal impact has on our budget is. Then we will deal with it after that.

No action taken.

(0:01:10-end) Committee discussion on other bills, in other sets of minutes.

2017 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

House Bill 1182
4/3/2017
Job #: 29890

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact sections 40-63-02, 40-63-03, and 40-63-04, and subsections 7 and 8 of section 57-38-30.3 of the North Dakota Century Code, relating to renaissance zone tax credits and exemptions; to repeal sections 40-63-06 and 40-63-07 of the North Dakota Century Code, relating to renaissance zone income tax credits; and to provide an effective date.

Minutes:

No Attachments

Senator Dotzenrod absent. Committee work on HB 1182.

Chairman Cook: We have amended this bill, voted on it, and kicked it out of here. It's back in case we want to do anything else with it. As you know, the house has SB 2166 in their possession. It's pretty close to 1182, it has the requirements that we passed over to them, that's in 1182 that's regarding the negotiation with the schools. They added one thing to it, and that was a piece of property can't receive the benefits of both renaissance and TIF. I'm not too fond of the idea. One thing I would consider doing, with committee support, and that would be to lower the amount of time that a piece of property can receive a tax benefit for a TIF, it's currently 25 years. Just want to get a feel for the committee. Approve lowering the time frame, or anything else that would still like to be looked at.

Senator Laffen: Wouldn't have a problem with the double dipping of renaissance zone and TIF, but I would word it a little differently. Rather than saying you can't use both, I would word it that any year of renaissance deducts from the years of TIF. Sometimes the two are different tools. You get one or the other, but you can't get both on top of each other. If you use 5 years of renaissance, it takes off 5 years from TIF. I think that's the way it's actually is being used, but we could put that in statute so that everyone's comfortable, but you're not getting both. You're never getting both. That would limit it that way.

Second part that needs fixing is, as I understand TIF it was only supposed to work one of 3 ways. 1) You renovate the project and it has a new increment. You take the higher taxes over the number of years to pay off a bond, so that the municipality would pass a bond, because they get a low rate, and then they take the increment to pay off the bond. The increment creates the size of the bond, so it's financing the bond. 2) You can get a property tax

exemption instead. It's not as good because you didn't get the money up front, but you don't pay as much tax for that window with TIF, that's the alternate method of TIF. It's just a tax exemption, that's all it is. 3) The city can take the increment and dedicate it to a project.

That's what Fargo is doing with their parking ramps right now. They're taking the increment and dedicating it to a public ramp for the length of the TIF. The city owns the ramp. It's a municipal everyone that uses it has to pay. It's attached to a private project, but the private users have to pay to use it like everyone else. The private project gets renaissance zone for 5 years. The way TIF actually works is you have to start your TIF the day construction starts, so lose one year, next 5 are renaissance zone. Fargo was using the 19 years of increment left to build the ramp.

I think the problem has been Bismarck, it's not using TIF the way it's supposed to be used. TIF always go to A project. Bismarck's putting it into a pot and using it to spend on stuff people don't know about. It was never dedicated upfront. Need to fix in statute that it doesn't allow the money to go into a fund, it goes to a dedicated project that everyone knows up front how long, how much, and what for.

Chairman Cook: I think there was a time when Bismarck's money was going into a fund. The existing TIF in Bismarck that expires in 2026, all of the increment financing that goes in is for a dedicated project.

Senator Unruh: I like Senator Laffen's suggestions with the exception of the length of time. Would rather go with 15 or 20.

Senator Laffen: The problem with going to 15 is, you lose the first year in construction. If it's a public/private project. The private is always going to want the renaissance zone, which takes 5 more years off, so TIF becomes 9 years.

Vice Chairman Bekkedahl: What we've found in our city, with the timing of the certification of the property assessment rules by February 1st, you sometimes lose 2-3 because of tax adjustments.

Senator Laffen: That's why Jim Gilmore said they use 23 years. It's probably for that same reason, they figure 23, less whatever renaissance is taken off it.

Senator Unruh: Honestly, I would like to see some of these phased out over time, a way to start would be to lower times. It was utilized and I think we're approaching the time frame where it has served its purpose.

Chairman Cook: We're going to conference on it, would be nice to get something out that reflects more of what we'd want to defend in a conference committee. Senator Laffen do you need to draft amendments to accomplish what you need to do. Can you get that done today? We may have to come in at 8 or 8:30 tomorrow morning as we've got conference committees now. If I sign the report it goes to the floor as is. Fix it a little better to aid us in conference committee.

Meeting adjourned. No action taken

March 22, 2017

CR
3/24/17
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PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1182

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new section to chapter 40-05 of the North Dakota Century Code, relating to approval of property tax incentives granted by a city; to amend and reenact subsection 7 of section 40-57.1-03, section 40-58-20.2, and subsection 3 of section 54-35-26 of the North Dakota Century Code, relating to approval of property tax incentives granted by a city and evaluation of economic development tax incentives; to provide for a legislative management study; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 40-05 of the North Dakota Century Code is created and enacted as follows:

Duties of cities granting property tax incentives.

1. Notwithstanding any other provision of law, before granting a property tax incentive on any parcel of property that is anticipated to receive a property tax incentive for more than five years, the governing body of a city shall send the chairman of each county commission and the president of each school district affected by the property tax incentive a letter, by certified mail, which provides notice of the terms of the proposed property tax incentive.
2. Within thirty days from receipt of the letter, each affected county and school district shall notify the city, in writing, whether the county or school district elects to participate in granting the tax incentive on the county or school district portion of tax levied on the property. The notification from a county or school district electing not to participate must include a letter explaining any reason for which the entity elected not to participate and whether the county or school district is willing to negotiate the terms of the property tax incentive with the city.
3. If the city does not receive a response from an affected county or school district within thirty days of delivery of the letter, the county and school district must be treated as participating in the property tax incentive.
4. The term "negotiation" as used in this section means the governing body of an affected county or school district may negotiate the terms of participating in the tax incentive, including the duration of the tax incentive and the taxable value selected for the base year for purposes of computing tax increments.
5. If an agreement is reached through negotiation under this section, the property tax incentive must be applied in accordance with the agreement.

SECTION 2. AMENDMENT. Subsection 7 of section 40-57.1-03 of the North Dakota Century Code is amended and reenacted as follows:

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3/24/17

- 7. During the negotiation and deliberation of a property tax exemption or the option to make payments in lieu of taxes under this chapter, a municipality shall include, as nonvoting ex officio members of its governing body, a representative appointed by the school board of each school district affected by the proposed action and a representative appointed by the board of township supervisors of each township affected by the proposed action. Before granting a property tax incentive on any parcel of property that is anticipated to receive a property tax incentive for more than five years, the governing body of a city must comply with the requirements in section 1 of this Act.

SECTION 3. AMENDMENT. Section 40-58-20.2 of the North Dakota Century Code is amended and reenacted as follows:

40-58-20.2. Tax increment financing proposal - Public hearing - Invitation to representatives of affected taxing districts.

- 1. Before approval of a development or renewal plan for any development or renewal area under section 40-58-20, the governing body of the municipality shall conduct a public hearing on the proposal. The governing body shall provide invitations to participate in the public hearing to the governing body of each county, school district, and park district within the development or renewal area. At a minimum, the governing body of the municipality shall provide the following information at the public hearing:
 - 1. a. The anticipated costs of development of property to be reimbursed by tax incentives.
 - 2. b. The anticipated annual revenue from tax increments which will be received to complete the development or renewal plan.
 - 3. c. The anticipated date when the plan will be completed, the costs will be fully paid, and the tax increments will be released.
 - 4. d. The estimate of the dollars annually attributable to the levies from each taxing entity which will be credited to the tax increment fund.
- 2. Before granting a property tax incentive on any parcel of property that is anticipated to receive a property tax incentive for more than five years, the governing body of the municipality must comply with the requirements in section 1 of this Act.

SECTION 4. AMENDMENT. Subsection 3 of section 54-35-26 of the North Dakota Century Code is amended and reenacted as follows:

- 3. The legislative management interim committee assigned the study responsibility under this section may examine economic development tax incentives, shall complete analysis of the ~~state-imposed tax aspects of the~~ incentives it designates for analysis during the interim, and shall approve a plan to provide that each of the economic development tax incentives listed in this subsection is subject to a complete analysis within each six-year period. The interim committee may include in its recommendations any amendments to this section, including amendments to add or remove incentives from the list of incentives subject to analysis under this

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3/24/17
3 of 4

subsection. Analysis must be completed for ~~state-imposed tax aspects of~~ economic development tax incentives, including each of the following:

- a. Renaissance zone credits and exemptions.
- b. Research expense credit.
- c. Agricultural commodity processing facility investment credit.
- d. Biodiesel fuel production facility construction or retrofit credit, biodiesel fuel blending credit, and biodiesel fuel equipment credit.
- e. Seed capital investment credit.
- f. Wage and salary credit.
- g. Internship program credit.
- h. Microbusiness credit.
- i. Angel fund investment credit.
- j. Workforce recruitment credit.
- k. Soybean or canola crushing facility construction or retrofit credit.
- l. Manufacturing automation equipment credit.
- m. New or expanding business exemption.
- n. Manufacturing and recycling equipment sales tax exemption.
- o. Coal severance and conversion tax exemptions.
- p. Oil and gas gross production and oil extraction tax exemptions.
- q. Fuel tax refunds for certain users.
- r. New jobs credit from income tax withholding.
- s. ~~Any economic development tax incentive created by the sixty-fourth legislative assembly~~Development or renewal area incentives.
- t. Sales and use tax exemption for materials used to construct a fertilizer or chemical processing facility.
- u. Sales and use tax exemption for materials used in compressing, gathering, collecting, storing, transporting, or injecting carbon dioxide for use in enhanced recovery of oil or natural gas.
- v. Sales and use tax exemption for enterprise information technology equipment and computer software used in a qualified data center.

SECTION 5. LEGISLATIVE MANAGEMENT STUDY - PROPERTY TAX IMPACTS FROM CITY GROWTH AND DEVELOPMENT. During the 2017-18 interim, the legislative management shall consider studying how city growth and infill development affects property taxes, and evaluate the return on investment for state and community projects. The study must examine various policies affecting city development patterns, including the impact of transfer payments between state and local governments; the cost of government services and infrastructure, including future liability; the amount of tax revenue generated per increment of assumed liability for

downtown areas; and whether certain areas of a city generate more revenue than expenses while other areas generate more expenses than revenue. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-sixth legislative assembly.

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3/24/17
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SECTION 6. EFFECTIVE DATE. Sections 1 through 3 of this Act are effective for property tax incentives approved after December 31, 2017."

Renumber accordingly

Date: 3-24-2017

Roll Call Vote #: 1

**2017 SENATE STANDING COMMITTEE
ROLL CALL VOTES**

BILL/RESOLUTION NO. 1182

Senate Finance and Taxation Committee

Subcommittee

Amendment LC# or Description: 17.0280.02001

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar

Other Actions: Reconsider _____

Motion Made By Unruh Seconded By Laffen

| Senators | Yes | No | Senators | Yes | No |
|---------------------------|-----|----|-----------------------|-----|----|
| Chairman Dwight Cook | X | | Senator Jim Dotzenrod | X | |
| Vice Chair Brad Bekkedahl | X | | | | |
| Senator Lonnie J. Laffen | X | | | | |
| Senator Jessica Unruh | X | | | | |
| Senator Scott Meyer | X | | | | |
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Total (Yes) 6 No 0

Absent 0

Floor Assignment motion passed

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

Date: 3-24-17

Roll Call Vote #: 2

2017 SENATE STANDING COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. 1182

Senate Finance and Taxation Committee

Subcommittee

Amendment LC# or Description: 17.0280.02001 Title. 03000

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By Unruh Seconded By Laffen

| Senators | Yes | No | Senators | Yes | No |
|---------------------------|-----|----|-----------------------|-----|----|
| Chairman Dwight Cook | ✓ | | Senator Jim Dotzenrod | ✓ | |
| Vice Chair Brad Bekkedahl | ✓ | | | | |
| Senator Lonnie J. Laffen | ✓ | | | | |
| Senator Jessica Unruh | ✓ | | | | |
| Senator Scott Meyer | ✓ | | | | |
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Total (Yes) 6 No 0
Absent 0
Floor Assignment Cook

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

REPORT OF STANDING COMMITTEE

HB 1182, as engrossed: Finance and Taxation Committee (Sen. Cook, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1182 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new section to chapter 40-05 of the North Dakota Century Code, relating to approval of property tax incentives granted by a city; to amend and reenact subsection 7 of section 40-57.1-03, section 40-58-20.2, and subsection 3 of section 54-35-26 of the North Dakota Century Code, relating to approval of property tax incentives granted by a city and evaluation of economic development tax incentives; to provide for a legislative management study; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 40-05 of the North Dakota Century Code is created and enacted as follows:

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1. Notwithstanding any other provision of law, before granting a property tax incentive on any parcel of property that is anticipated to receive a property tax incentive for more than five years, the governing body of a city shall send the chairman of each county commission and the president of each school district affected by the property tax incentive a letter, by certified mail, which provides notice of the terms of the proposed property tax incentive.
2. Within thirty days from receipt of the letter, each affected county and school district shall notify the city, in writing, whether the county or school district elects to participate in granting the tax incentive on the county or school district portion of tax levied on the property. The notification from a county or school district electing not to participate must include a letter explaining any reason for which the entity elected not to participate and whether the county or school district is willing to negotiate the terms of the property tax incentive with the city.
3. If the city does not receive a response from an affected county or school district within thirty days of delivery of the letter, the county and school district must be treated as participating in the property tax incentive.
4. The term "negotiation" as used in this section means the governing body of an affected county or school district may negotiate the terms of participating in the tax incentive, including the duration of the tax incentive and the taxable value selected for the base year for purposes of computing tax increments.
5. If an agreement is reached through negotiation under this section, the property tax incentive must be applied in accordance with the agreement.

SECTION 2. AMENDMENT. Subsection 7 of section 40-57.1-03 of the North Dakota Century Code is amended and reenacted as follows:

7. During the negotiation and deliberation of a property tax exemption or the option to make payments in lieu of taxes under this chapter, a municipality shall include, as nonvoting ex officio members of its governing body, a representative appointed by the school board of each school district affected by the proposed action and a representative appointed by the board of township supervisors of each township affected by the proposed action. Before granting a property tax incentive

on any parcel of property that is anticipated to receive a property tax incentive for more than five years, the governing body of a city must comply with the requirements in section 1 of this Act.

SECTION 3. AMENDMENT. Section 40-58-20.2 of the North Dakota Century Code is amended and reenacted as follows:

40-58-20.2. Tax increment financing proposal - Public hearing - Invitation to representatives of affected taxing districts.

1. Before approval of a development or renewal plan for any development or renewal area under section 40-58-20, the governing body of the municipality shall conduct a public hearing on the proposal. The governing body shall provide invitations to participate in the public hearing to the governing body of each county, school district, and park district within the development or renewal area. At a minimum, the governing body of the municipality shall provide the following information at the public hearing:
 - 1- a. The anticipated costs of development of property to be reimbursed by tax incentives.
 - 2- b. The anticipated annual revenue from tax increments which will be received to complete the development or renewal plan.
 - 3- c. The anticipated date when the plan will be completed, the costs will be fully paid, and the tax increments will be released.
 - 4- d. The estimate of the dollars annually attributable to the levies from each taxing entity which will be credited to the tax increment fund.
2. Before granting a property tax incentive on any parcel of property that is anticipated to receive a property tax incentive for more than five years, the governing body of the municipality must comply with the requirements in section 1 of this Act.

SECTION 4. AMENDMENT. Subsection 3 of section 54-35-26 of the North Dakota Century Code is amended and reenacted as follows:

3. The legislative management interim committee assigned the study responsibility under this section may examine economic development tax incentives, shall complete analysis of the ~~state-imposed tax aspects of~~ the incentives it designates for analysis during the interim, and shall approve a plan to provide that each of the economic development tax incentives listed in this subsection is subject to a complete analysis within each six-year period. The interim committee may include in its recommendations any amendments to this section, including amendments to add or remove incentives from the list of incentives subject to analysis under this subsection. Analysis must be completed for ~~state-imposed tax aspects of~~ economic development tax incentives, including each of the following:
 - a. Renaissance zone credits and exemptions.
 - b. Research expense credit.
 - c. Agricultural commodity processing facility investment credit.
 - d. Biodiesel fuel production facility construction or retrofit credit, biodiesel fuel blending credit, and biodiesel fuel equipment credit.

- e. Seed capital investment credit.
- f. Wage and salary credit.
- g. Internship program credit.
- h. Microbusiness credit.
- i. Angel fund investment credit.
- j. Workforce recruitment credit.
- k. Soybean or canola crushing facility construction or retrofit credit.
- l. Manufacturing automation equipment credit.
- m. New or expanding business exemption.
- n. Manufacturing and recycling equipment sales tax exemption.
- o. Coal severance and conversion tax exemptions.
- p. Oil and gas gross production and oil extraction tax exemptions.
- q. Fuel tax refunds for certain users.
- r. New jobs credit from income tax withholding.
- s. ~~Any economic development tax incentive created by the sixty-fourth legislative assembly~~ Development or renewal area incentives.
- t. Sales and use tax exemption for materials used to construct a fertilizer or chemical processing facility.
- u. Sales and use tax exemption for materials used in compressing, gathering, collecting, storing, transporting, or injecting carbon dioxide for use in enhanced recovery of oil or natural gas.
- v. Sales and use tax exemption for enterprise information technology equipment and computer software used in a qualified data center.

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SECTION 6. EFFECTIVE DATE. Sections 1 through 3 of this Act are effective for property tax incentives approved after December 31, 2017."

Renumber accordingly

2017 TESTIMONY

HB 1182

#1 p. 1 of 7
 L-18-17
 HB 1182

| Project Number | Date | Company/Individual/Project | Project Status | City | Completion Historical Property Tax Impact | State Tax Impact |
|----------------|------------|---|----------------------|--------------|---|------------------|
| | 6/10/2013 | Charles Wilson III | Approved | Cando | 1000 | 2500 |
| | 7/30/2014 | Lucky Ducks ND, LLC | Approved | Bismarck | 0 | 40000 |
| 100-B | 1/13/2014 | Langan Engineering & Environmental Services, Inc. | Completed | Bismarck | 0 | 250000 |
| 100-vc | 2/19/2016 | Jerome and Edith Schmidt | Approved | Valley City | 18356 | 16000 |
| 101-B | 9/10/2014 | Heather Kadlec/Kadlec Enterprises | Completed | Bismarck | 6/14/2014 | 30000 |
| 101-vc | 5/19/2016 | Zach and Chelsea Traverse | Completed | Valley City | 6/1/2016 | 25274.96 |
| 102-B | 2/12/2014 | Fireflour Pizza, LLC | Completed | Bismarck | 10/25/2013 | 0 |
| 102-vc | 8/11/2016 | Empty Inc. | Approved | Valley City | | 28035 |
| 103-B | 1/7/2014 | Norma Apartments | Completed | Bismarck | 8/22/2015 | 34740 |
| 103-VC | 9/9/2016 | Valley Lumber Company | Conditional Approval | Valley City | | 40000 |
| 104-B | 5/27/2014 | CC's Physical Therapy | Completed | Bismarck | | 0 |
| 105-B | 6/16/2014 | S. Hessinger-Botsford dba Pure Skin | Completed | Bismarck | 6/15/2014 | 0 |
| 106-B | 6/16/2014 | Lillian Steiner dba Broadway Centre Salon & Spa | Completed | Bismarck | 6/6/2014 | 0 |
| 107-B | 9/5/2014 | Lucky Ducks LLC | Completed | Bismarck | 6/15/2014 | 40000 |
| 108-B | 11/6/2014 | George Yineman | Completed | Bismarck | 1/1/2015 | 5000 |
| 109-b | 12/12/2014 | William F. Cleary | Completed | Bismarck | 10/13/2014 | 25000 |
| 10-BOW | 7/25/2012 | Melissa & Tyler Senn | Completed | Bowman | 9/1/2014 | 5950 |
| 10-COOP | 6/28/2012 | Kjell Haaland | Completed | Cooperstown | 2/1/2012 | 6600 |
| 10-CRO | 9/15/2014 | Ronelle & Dustin Lindsey | Completed | Crosby | | 3500 |
| 10-FIN | 4/14/2014 | Shawn K. Reimers | Completed | Finley | 4/30/2014 | 4350 |
| 10-GW | 10/23/2012 | Ray-Mac Inc | Conditional Approval | Gwinner | | 18082.82 |
| 10-hope | 4/22/2015 | Ihry Larck Properties, LLC | Completed | Hope | 10/22/2015 | 65798 |
| 10-ROCK | 2/21/2013 | Lesmeister Enterprises, LLC | Completed | New Rockford | 8/7/2013 | 24750 |
| 10-WASH | 3/6/2012 | Justin Hoag | Terminated | Washburn | | 1500 |
| 11*-RUG | 5/27/2014 | Fruition Developments | Approved | Rugby | | 16135.21 |
| 110-b | 3/4/2015 | Gulch Holdings II, LLC | Completed | Bismarck | 7/22/2015 | 20000 |
| 111-b | 3/24/2015 | Juniper, LLC | Completed | Bismarck | 5/21/2015 | 25000 |
| 112-b | 4/20/2015 | Terra Nomad Company | Completed | Bismarck | 6/30/2015 | 11000 |
| 113-b | 6/2/2015 | Leon Schoch | Completed | Fargo | 1/9/2015 | 25000 |
| 114-b | 6/2/2015 | The Barber's Wife, LLC | Approved | Bismarck | 7/14/2015 | 5000 |
| 116-b | 8/10/2015 | Kevin Reisenauer | Completed | Bismarck | 7/23/2015 | 25000 |
| 117-B | 11/23/2015 | 100 West Main LP | Approved | Bismarck | | 160000 |
| 118-B | 12/16/2015 | Glasser Images, LLC | Completed | Bismarck | 4/1/2016 | 500 |
| 119-B | 2/11/2016 | River Road Partners, LLC | Approved | Bismarck | | 20800 |
| 11-BOW | 1/24/2014 | Cummins Enterprises LLC | Completed | Bowman | 2/24/2014 | 12911.3 |
| 11-CAR | 7/24/2014 | CBS Bar & Grill | Completed | Carrington | 8/4/2014 | 10508 |
| 11-COOP | 6/25/2014 | Cooperstown Griggs County Economic Development | Completed | Cooperstown | 2/1/2015 | 60000 |
| 11-cro | 8/19/2015 | Blaine Petersen | Approved | Crosby | | 2283.5 |
| 11-fin | 10/17/2014 | Warren Archer | Completed | Finley | 12/1/2014 | 4012.8 |
| 11-GW | 10/26/2012 | Seth Aberle | Completed | Gwinner | 8/1/2013 | 12280 |
| 11-hope | 4/22/2015 | Eric Parkman | Completed | Hope | 5/8/2015 | 811.5 |
| 11-ROCK | 10/6/2014 | Micks 281 Service | Approved | New Rockford | | 9905 |
| 11-VEL | 6/10/2014 | Northern Tier Federal Credit Union | Completed | Velva | 11/1/2010 | 28000 |
| 11-WASH | 6/6/2012 | Marvin & Arlene Rau | Completed | Washburn | 7/17/2012 | 2450 |
| 120-B | 7/20/2016 | The Starving Rooster, LLC | Approved | Bismarck | | 25000 |
| 121-b | 11/16/2016 | Steven and Carol Hall | Completed | Bismarck | 11/8/2016 | 25000 |
| 12-BOW | 2/26/2014 | Dan Brosz | Completed | Wahpeton | 7/31/2015 | 12500 |
| 12-coop | 4/14/2016 | Brian Heikkila | Approved | Cooperstown | | 50000 |
| 12-CRO | 3/8/2016 | Edge Technology, LLC | Conditional Approval | Crosby | 3/11/2016 | |
| 12C-WF | 2/29/2012 | Mid America Aviation | Completed | West Fargo | 6/11/2010 | |
| 12-D | 1/14/2014 | AK Investments | Completed | Dickinson | 10/4/2013 | 4500 |
| 12-fin | 4/16/2015 | Brandon Funk | Completed | Finley | 6/15/2015 | 1388 |
| 12-GW | 10/19/2012 | Jon & LaNette Mehus | Completed | Gwinner | 9/1/2013 | 4389.65 |
| 12-hope | 10/14/2015 | Hannah Ellegaard | Completed | Hope | 11/2/2015 | 1236.25 |
| 12-rock | 6/8/2015 | Daniel and Ashley Lies | Approved | New Rockford | | 500 |
| 12-WASH | 7/24/2012 | Dean Swanson | Completed | Washburn | 2/16/2015 | 15200.85 |
| 13-ASH | 10/21/2013 | Joshua Schock | Completed | Ashley | 10/17/2013 | 4500 |
| 13-bow | 10/21/2016 | JW Trimble Holdings LLC dba Focus Eye Care | Completed | Bowman | 12/1/2016 | 5460 |
| 13-COOP | 7/11/2016 | Town and Country Co-Op of Steele County | Conditional Approval | Cooperstown | | 126000 |
| 13-CRO | 4/14/2016 | Crosby Drug LLC | Completed | Crosby | 4/15/2016 | |
| 13-D | 4/11/2013 | American Bank Center | Completed | Dickinson | 1/1/2014 | 60000 |
| 13-DL | 8/15/2012 | Dakota Apple Partnership | Completed | Devils Lake | 10/21/2013 | 95000 |
| 13-fin | 5/6/2015 | Larry Amundson | Completed | Finley | 9/21/2015 | 2891.15 |
| 13-GW | 9/29/2014 | Hillcrest Estates | Completed | Gwinner | 12/24/2014 | 12855 |
| 13-hope | 6/21/2016 | Eric Parkman | Approved | Hope | | 1500 |
| 13-rock | 8/10/2015 | Chad and Amy Wobbema | Conditional Approval | New Rockford | | 2000 |
| 13-wash | 8/14/2015 | Brooke and Travis Strickland | Approved | Washburn | | 300 |
| 14-ASH | 10/31/2013 | Reenie's Repeat Boutique | Completed | Ashley | 9/27/2013 | 2450 |
| 14-cro | 7/21/2016 | Crosby Sell Serve | Approved | Crosby | 4/27/2016 | 600 |
| 14-D | 5/22/2015 | Samira Surani | Conditional Approval | Dickinson | | 105300 |
| 14-DL | 10/4/2012 | Lake Motor Company | Completed | Devils Lake | 1/1/2012 | 20000 |
| 14-fin | 5/11/2015 | Finley Motors Inc. | Completed | Finley | 5/19/2016 | 27834 |
| 14-GW | 9/29/2014 | Hillcrest Estates LLC | Completed | Gwinner | 12/24/2014 | 12855 |
| 14-KEN | 7/12/2012 | Antediluvian LLP | Completed | Kenmare | 6/20/2013 | 95424.4 |
| 14-may | 5/10/2013 | Thomas & Janet Nielson | Completed | Mayville | 1/1/2013 | 1611 |
| 14-rock | 8/10/2015 | Glenda Collier | Conditional Approval | New Rockford | | 2000 |
| 14-UND | 3/22/2012 | Ethan Vaagene | Completed | Underwood | 8/3/2012 | 23840 |
| 14-wash | 8/14/2015 | Shana & Kirk Vollmuth | Approved | Washburn | | 400 |
| 15-ASH | 8/23/2016 | Kary Lindgren dba Farmers Union Insurance | Approved | Ashley | | 12500 |
| 15-CRO | 11/14/2016 | The Depot, LLC | Conditional Approval | Crosby | | 6000 |
| 15-D | 7/21/2015 | BP Marsh Enterprises Inc. | Completed | Dickinson | 9/1/2015 | 15000 |
| 15-DL | 3/3/2014 | Dakota Apple Inc | Approved | Devils Lake | | 0 |
| 15-gw | 8/2/2016 | Brandt French | Completed | Gwinner | 8/30/2016 | 3500 |
| 15-H | 2/24/2012 | Shawn & Tascha McConnell | Completed | Hazen | 9/28/2012 | 18700 |
| 15-MAY | 5/31/2013 | Kjos Farms Family LLLP | Completed | Mayville | 6/1/2012 | 6978 |
| 15-rock | 8/10/2015 | Larry Danduran | Conditional Approval | New Rockford | | 2000 |
| 15-UND | 3/22/2012 | Underwood Arts Council | Completed | Underwood | 4/2/2012 | 976 |
| 15-VEL | 10/3/2012 | Keith Cederstrom | Completed | Velva | 10/30/2013 | 44415 |
| 15-wash | 8/24/2016 | Lauren and Kayla Sweeney | Approved | Washburn | | 5000 |
| 16-d | 6/24/2016 | Kristi Schwartz dba K. Schwartz Properties | Conditional Approval | Dickinson | | 26070 |
| 16-di | 5/13/2015 | LaMotte Properties | Approved | Devils Lake | | 3880 |
| 16-H | 3/11/2013 | Kyle Irwin | Completed | Hazen | | 16600 |
| 16-MAY | 6/4/2013 | Tami & Scott Parker | Completed | Mayville | 1/26/2015 | 20500 |
| 16-rock | 9/9/2015 | EPIC Management, LLC | Approved | New Rockford | | 50000 |
| 16-UND | 4/10/2012 | Legacy solutions | Completed | Underwood | 5/4/2012 | 5512 |
| 16-VEL | 10/1/2012 | Randy & Dorothy Henke | Conditional Approval | Velva | | 5000 |
| 16-WIL | 2/1/2012 | Williston Building LLC | Completed | Williston | 3/4/2013 | 102472.5 |
| 17-di | 5/13/2015 | LaMotte Properties | Conditional Approval | Devils Lake | | 1970 |
| 17-H | 3/12/2013 | Hazen Motor Company | Completed | Hazen | 3/1/2014 | 11625 |
| 17-L | 6/20/2013 | Overn Electric, LLC | Approved | Lisbon | | 50000 |
| 17-MAY | 4/14/2014 | John Murphy | Completed | Mayville | 12/19/2014 | 1123 |
| 17-Rock | 11/30/2015 | AWE, LLC dba Transcript Publishing | Approved | New Rockford | 12/1/2015 | 0 |
| 17-UND | 7/25/2012 | Gary Wolf | Completed | Underwood | 10/14/2013 | 12320 |
| 17-VEL | 11/2/2012 | DRCM LLC dba Dot's Pretzels | Completed | Velva | 12/1/2012 | 0 |

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| 17-WIL | 4/24/2012 | RAD Development-Main, LLC | Completed | Williston | 10/23/2014 | 13500 | 50000 |
| 18-dl | 5/13/2015 | LaMotte Properties | Conditional Approval | Devils Lake | | 2881 | 400 |
| 18-H | 4/16/2013 | Commercial Properties | Conditional Approval | Hazen | | 12500 | 3100 |
| 18-L | 9/23/2014 | First State Bank of North Dakota | Completed | Lisbon | 10/1/2014 | 125000 | |
| 18-MAY | 6/23/2015 | Faye Grandalen | Completed | Mayville | 12/30/2015 | 13750 | 3190 |
| 18-rock | 5/5/2016 | Matthew Ryan Boelke | Approved | New Rockford | | 1870 | 2900 |
| 18-UND | 7/25/2012 | Glenn Earl | Completed | Underwood | 3/29/2013 | 24000 | 10000 |
| 18-wil | 7/16/2012 | LSS Housing Williston LP | Completed | Williston | 11/25/2015 | 250000 | 36000 |
| 19-H | 8/12/2013 | Edward & Melissa Dillman | Completed | Hazen | 9/11/2013 | 13950 | 8795 |
| 19-KEN | 7/22/2013 | Kenmare Community Development Corp. #2 | Completed | Kenmare | 6/23/2014 | 57585 | 0 |
| 19-I | 9/2/2014 | Gordy's Grill and Fill | Completed | Lisbon | 10/1/2015 | 9200 | 8000 |
| 19-may | 5/12/2016 | Ernest Strube | Conditional Approval | Mayville | | 5472 | 50000 |
| 19-UND | 7/25/2012 | Steven Werre | Completed | Underwood | 12/26/2013 | 19200 | 10000 |
| 19-WIL | 9/24/2012 | Zunich Insurance | Completed | Williston | 8/1/2013 | 36890 | 100000 |
| 1-cv | 10/9/2015 | North Star Community Credit Union | Conditional Approval | Cavalier | | | |
| 1-HILL | 3/22/2016 | Ryan Opdahl | Conditional Approval | Hillsboro | | 14000 | 4000 |
| 1-LAK | 1/11/2013 | Lakota RV Service & Repair | Completed | Lakota | 2/15/2013 | 939.2 | 7500 |
| 1-NS | 3/30/2012 | Jane Hoffman | Completed | New Salem | 3/7/2013 | 2950.19 | 500 |
| 1-o | 5/12/2014 | Curtis and Sarah Halmrast | Completed | Oakes | 2/16/2015 | | 1200 |
| 1-PR | 3/22/2016 | Hankey Apartments LLC | Completed | Park River | 12/21/2016 | 2500 | |
| 1-st | 8/12/2015 | Montreal County Promoter, Inc. | Conditional Approval | Stanley | | 1890 | 50000 |
| 206-F | 11/29/2012 | Rhombus Guys Holdings | Completed | Fargo | 8/1/2013 | 0 | 15000 |
| 207-F | 7/25/2012 | Brandt Preferred Co. | Completed | Fargo | 7/26/2012 | 0 | 1888845 |
| 208-F | 3/29/2012 | 23 Broadway, LLP | Completed | Fargo | 8/1/2014 | 70805 | |
| 209-F | 3/29/2012 | Keith McGovern | Completed | Fargo | 10/1/2013 | 80000 | 50000 |
| 20-H | 1/7/2014 | Mark & Wendy Rathjen | Completed | Hazen | 1/3/2014 | 7100 | 1080 |
| 20-may | 6/22/2016 | Steven and April Hastings | Approved | Mayville | | 2250 | 2250 |
| 20-UND | 7/25/2012 | Leanne Schmitz | Conditional Approval | Underwood | | 10560 | 10000 |
| 210-F | 9/12/2013 | Ryan Botner & Joshua Bach | Completed | Fargo | 6/6/2012 | 0 | 15000 |
| 211-F | 7/10/2012 | 720 Holdings, LLC | Completed | Fargo | 4/15/2013 | 78734 | |
| 212-F | 7/10/2012 | Richard Coursey Jr | Completed | Fargo | 7/13/2012 | 30560 | 50000 |
| 213-F | 7/26/2012 | Aldevron | Conditional Approval | Fargo | | 600000 | 120000 |
| 214-F | 7/26/2012 | Bounger Funeral Home Inc | Completed | Fargo | 1/1/2013 | 55000 | 20000 |
| 215-F | 7/26/2012 | JPO Rentals | Completed | Fargo | 6/1/2013 | 16000 | |
| 216-F | 9/6/2012 | Prasad Sawardeker | Approved | Fargo | | 22000 | 50000 |
| 218-F | 1/23/2013 | Westwind Properties, LLP | Approved | Fargo | | 210000 | 208141 |
| 219-F | 6/24/2013 | Lauris Molbert | Completed | Hazen | 2/22/2013 | 25000 | 50000 |
| 21-H | 10/31/2014 | Hazen Family Eyecare, PC | Approved | Hazen | | 10000 | |
| 21-WIL | 6/16/2014 | Renaissance on Main, LP | Completed | Williston | 6/16/2016 | 927100 | 0 |
| 221-F | 8/26/2013 | SMD Broadway, LLC | Completed | Fargo | 5/13/2013 | 0 | 25000 |
| 224-F | 6/24/2013 | Thoreson Steffes | Completed | Fargo | 7/1/2013 | 0 | 25000 |
| 225-F | 6/24/2013 | Mojito Corp | Completed | Fargo | 7/26/2013 | 0 | 7500 |
| 226-F | 7/18/2013 | Kilbourne Group | Conditional Approval | Fargo | | 175000 | 5000 |
| 227-F | 10/17/2013 | Diamond Law Firm | Completed | Fargo | 7/1/2013 | 0 | 50000 |
| 228-F | 8/7/2013 | Cameron Knutson | Completed | Fargo | | 25000 | 17000 |
| 229-F | 8/7/2013 | Land Elements | Completed | Fargo | 9/1/2013 | 0 | 10000 |
| 22-GRaf | 4/14/2014 | Taylor Troutvet | Approved | Grafton | | 0 | |
| 22-h | 5/11/2015 | Brian & Karen Boehm | Approved | Hazen | | 13275 | |
| 22-und | 10/4/2012 | Byron & Betty Luthlie | Approved | Underwood | | 24360 | 5000 |
| 22-WIL | 7/24/2014 | 313 Main St | Conditional Approval | Williston | | 33417 | |
| 230-F | 9/24/2013 | Jay & Christina Taylor | Completed | Fargo | | 25000 | 50000 |
| 231-F | 10/24/2013 | Your Day By Nicole | Completed | Fargo | 12/10/2013 | 0 | 5750 |
| 232-F | 1/7/2014 | Downtown Tavern | Completed | Fargo | 5/1/2014 | 0 | 90000 |
| 233-F | 1/7/2014 | Michael Marcell | Completed | Fargo | 12/31/2013 | 25000 | 35000 |
| 234-F | 9/11/2014 | 1026 NP Avenue LLC | Conditional Approval | Fargo | | 631780 | 500 |
| 235-F | 4/1/2014 | Gregory W. Stumbo dba Stumbo's Coffee Roasters | Completed | Fargo | 6/1/2014 | 0 | 5000 |
| 236-F | 4/1/2014 | Sandra V Christianson | Completed | Fargo | 3/28/2014 | 25000 | 50000 |
| 237-F | 7/2/2014 | Myriad Devices | Approved | Fargo | | 0 | 50000 |
| 238-F | 6/10/2014 | Broadway Show Co. | Completed | Fargo | 6/14/2014 | 2000 | 3000 |
| 239-F | 10/1/2014 | Kilbourne Group LLC | Conditional Approval | Fargo | | 250000 | 5000 |
| 23-Grf | 1/19/2016 | Tractory Supply Company | Completed | Grafton | 5/2/2016 | 88385 | |
| 23-h | 7/13/2016 | Tractor Supply Company | Completed | Hazen | 8/26/2016 | 54500 | 750000 |
| 23-UND | 10/4/2012 | Brian Franssen | Completed | Underwood | 11/20/2013 | 24000 | 5000 |
| 23-wil | 6/13/2016 | Cooks on Main LLC | Conditional Approval | Williston | | 6525 | 375890 |
| 240-F | 10/1/2014 | United Savings Credit Union | Conditional Approval | Fargo | | 136000 | |
| 241-f | 6/5/2015 | Bruce & Nancy Taralson | Completed | Fargo | 2/5/2016 | 25000 | 50000 |
| 242-f | 6/2/2015 | 670 Events Center, LLC | Approved | Fargo | | | 5000 |
| 243-F | 8/25/2015 | DFI Woodrow Wilson LLC | Conditional Approval | Fargo | | 672980 | 1000 |
| 244-F | 8/25/2015 | Northland Hospitality LLC | Conditional Approval | Fargo | | 65350 | 5000 |
| 245-F | 3/1/2016 | Investments on Main, LLC | Conditional Approval | Fargo | | 40000 | 5000 |
| 246-F | 8/23/2016 | Downtown Fargo Real Estate Fund | Conditional Approval | Fargo | | 354382 | 5000 |
| 247-f | 9/8/2016 | Chef's Table Catering | Conditional Approval | Fargo | | | 5000 |
| 249-F | 10/27/2016 | DFI Roberts LLC | Conditional Approval | Fargo | | 743827 | 5000 |
| 24-graf | 6/30/2016 | Darcel Elnarson | Conditional Approval | Grafton | | 4138.45 | 16000 |
| 24-UND | 10/4/2012 | Charles & Susan Stewart | Completed | Underwood | 8/6/2015 | 19976 | 1000 |
| 250-f | 10/28/2016 | DFI Roberts LLC | Conditional Approval | Fargo | | 856764 | 5000 |
| 25-J | 5/13/2013 | Brolin Investing | Conditional Approval | Jamestown | | 270000 | 11200 |
| 25-UND | 10/24/2012 | Lando's & Brando's LLC | Approved | Underwood | | 30974.55 | 10000 |
| 25-wil | 8/11/2016 | Western Cooperative Credit Union | Conditional Approval | Williston | | 26457.05 | |
| 26-BEA | 8/30/2012 | Mattom | Completed | Beach | 12/10/2013 | 10000 | 5000 |
| 26-J | 5/13/2013 | Country Village Apartments | Approved | Jamestown | | 36575 | 5000 |
| 26-M | 3/3/2014 | IRET Properties | Completed | Minot | 4/1/2013 | 31408 | 0 |
| 26-UND | 3/25/2013 | Joshua Troyna | Completed | Underwood | 10/25/2013 | 21100 | 15000 |
| 27-BEA | 7/24/2014 | Tama Smith & Gerald DeMartin | Completed | Beach | 7/1/2014 | 1225 | 2000 |
| 27-BUF | 12/11/2012 | Phillip L. Weshnevski | Completed | Buffalo | 12/2/2012 | 2093.06 | 5000 |
| 27-J | 1/16/2014 | Brick Bar | Approved | Jamestown | | 8800 | 4685 |
| 27-UND | 4/10/2013 | John & Chastity Aasheim | Completed | Underwood | 11/25/2013 | 28000 | 8000 |
| 28-BEA | 1/9/2014 | Beverly Wolff | Completed | Beach | 12/10/2013 | 1000 | 1000 |
| 28-BUF | 8/13/2014 | Jarrod M. Wolf | Completed | Buffalo | 12/8/2014 | 530.31 | 3750 |
| 28-J | 3/7/2014 | Jamestown Rowhomes Limited Partnership | Completed | Jamestown | 11/9/2016 | 94210 | 5000 |
| 28-J | 3/10/2014 | Jamestown Rowhomes LP | Approved | Jamestown | | 94210 | |
| 28-UND | 10/22/2013 | Everett Higginbotham | Approved | Underwood | | 11375 | 5000 |
| 29-BEA | 9/6/2013 | S & V Kukowski, LLC | Completed | Beach | 10/14/2013 | 0 | 5000 |
| 29-buf | 9/17/2015 | Jan Vonbank and Brenda McKenzieVonbank | Completed | Buffalo | 6/22/2015 | 1560.09 | 6560.09 |
| 29-J | 7/10/2015 | Wayne Albin | Completed | Jamestown | 7/1/2015 | 21000 | 3178 |
| 29-UND | 4/14/2014 | Justin Adolf | Completed | Underwood | 4/3/2015 | 26800 | 10000 |
| 29-ken | 6/5/2012 | Carolyn Harris | Completed | Kenmare | | 10000 | 3200 |
| 2-NS | 6/28/2012 | Megan Thiel | Completed | New Salem | 7/10/2012 | 2195 | 500 |
| 2-NWD | 4/5/2016 | Northwood Horizon Homes, LLC | Approved | Northwood | | 24000 | 40000 |
| 2-o | 5/12/2014 | Patrick O'Brien | Completed | Oakes | 2/16/2015 | | 650 |
| 2-st | 9/9/2015 | Gary Hansler | Completed | Stanley | 10/8/2015 | | 50000 |
| 30-BEA | 1/9/2014 | Mary Hauck | Completed | Beach | 1/1/2014 | 0 | 500 |
| 30-buf | 5/27/2016 | Kimberly Hanson and Leroy Haman | Completed | Buffalo | 10/1/2016 | 664.71 | 4000 |
| 30-UND | 4/21/2014 | Underwood Farm Supply, LLC | Completed | Underwood | 4/1/2014 | 101700 | 10000 |
| 31-BEA | 8/7/2014 | Misty Nemitz | Completed | Beach | | | 500 |

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| 31-J | 11/19/2015 | Alice Bletz | Completed | Jamestown | 11/11/2015 | 18060 | 10000 |
| 31-und | 4/8/2016 | Jeremy Rademacher | Completed | Underwood | 4/26/2016 | 20000 | 10000 |
| 32-BEA | 10/22/2015 | Beach Cable, LLC | Conditional Approval | Beach | | 10000 | 10000 |
| 32-J | 1/9/2017 | Ella Rettig | Completed | Jamestown | 9/16/2016 | 15350 | 5000 |
| 32-und | 4/25/2016 | Michael and Cynthia Bjorge | Completed | Underwood | 8/4/2016 | 14475 | 7500 |
| 33-J | 1/9/2017 | Lois Humann | Completed | Jamestown | 11/25/2016 | 16275 | 5000 |
| 33-und | 6/3/2016 | Glenn and Theodora Schmidt | Approved | Underwood | | 18375 | 2500 |
| 34-J | 1/9/2016 | Violet Porterfel | Completed | Jamestown | 9/16/2016 | 14425 | 5000 |
| 34-WAH | 1/23/2013 | Otto's Holdings, LLC | Conditional Approval | Wahpeton | | 6369.3 | 6000 |
| 35-HK | 4/30/2012 | Hankinson Drug, Inc. | Completed | Hankinson | 1/1/2012 | 24000 | 15000 |
| 35-WAH | 6/10/2013 | Harrison Holdings LLP | Completed | Wahpeton | 9/30/2013 | 8030 | 1000 |
| 36-HK | 9/20/2012 | Tamera J. Durant | Completed | Hankinson | 1/1/2013 | | 1000 |
| 36-WAH | 6/10/2013 | Smith Tire & Tread | Completed | Wahpeton | | | 10000 |
| 37-HK | 9/20/2012 | Hankinson Insurance Agency | Completed | Hankinson | 1/1/2013 | | 7500 |
| 37-WAH | 8/7/2013 | Paul & LeeAnn Folden | Completed | Wahpeton | 8/1/2013 | 3184.65 | 20705 |
| 38-WAH | 8/7/2013 | Corner Drug Store of Wahpeton | Completed | Wahpeton | 8/1/2013 | 0 | 7445 |
| 39-WAH | 2/27/2014 | Two Ladies Crafting | Approved | Wahpeton | | | 9150 |
| 3-FIN | 3/12/2012 | Reneae Rayner | Completed | Finley | 11/1/2011 | 3000 | 3500 |
| 3-NS | 3/13/2013 | Clay's Plumbing & Heating | Approved | New Salem | | 15000 | 5000 |
| 3-NWD | 4/22/2016 | Robert and Jennifer Lukens | Approved | Northwood | | 2500 | 10000 |
| 3-O | 9/12/2014 | Nicole Cline | Completed | Oakes | 11/1/2015 | 5000 | |
| 3-st | 9/9/2015 | Gary and Deana Hansler | Approved | Stanley | | | 50000 |
| 40-HK | 8/8/2013 | Hankinson Community Development Corporation | Completed | Hankinson | 1/15/2015 | 1880 | 4.4 |
| 40-MIL | 3/12/2012 | Lois F. Callies | Terminated | Milnor | | 7035 | 600 |
| 40-WAH | 2/27/2014 | James M Anderson ltd | Completed | Wahpeton | 3/5/2014 | | 6000 |
| 41-hk | 3/16/2015 | James D. Kratcha | Completed | Hankinson | 11/1/2015 | 3700 | 5000 |
| 41-MIL | 6/19/2012 | Dahlstrom and Sons Funeral Home | Completed | Milnor | 10/8/2012 | 9750 | 10000 |
| 41-WAH | 3/7/2014 | Susie Whitney | Completed | Wahpeton | 9/30/2014 | 13220.2 | 2000 |
| 42-HK | 1/29/2016 | Schaffer Investments, LLC | Conditional Approval | Hankinson | | 500 | 5500 |
| 42-MIL | 6/11/2012 | Harrison & Gail McCleery | Completed | Milnor | 9/18/2012 | 5318 | 11180 |
| 42-WAH | 3/7/2014 | SMJ Freight, LLC | Completed | Wahpeton | | 0 | 20000 |
| 43-MIL | 8/6/2012 | Terry Wehlender & Carol Stockstad | Completed | Milnor | 1/12/2015 | 6250 | 1100 |
| 43-wah | 10/23/2014 | Dan Moderow LLC | Approved | Wahpeton | | 9990.5 | |
| 44-MIL | 12/27/2012 | EB Farms Inc | Approved | Milnor | | 10962.06 | 25000 |
| 44-wah | 12/15/2014 | Charles Blgwood | Terminated | Wahpeton | | 26960.62 | 22500 |
| 45-LAN | 4/30/2012 | Lyle Lutman | Completed | Langdon | 10/14/2012 | 4152.35 | 4800 |
| 45-MIL | 3/7/2013 | Monty & Roberta Haugen | Completed | Milnor | 12/2/2013 | 11175 | 20000 |
| 45-wah | 12/15/2014 | Blgwoods Electric Motor, Inc. | Terminated | Wahpeton | | | 22500 |
| 46-LAN | 4/30/2012 | Langdon Drug Inc. | Completed | Langdon | 10/14/2012 | 0 | 48000 |
| 46-MIL | 3/7/2013 | Robbie & Lacey Wyum | Approved | Milnor | 10/6/2014 | 11000 | 6495 |
| 46-MN | 2/22/2012 | Scott Johnson | Completed | Mandan | | 14610 | 1000 |
| 46-wah | 9/24/2015 | Allen Yaggle and Alisa Miltskog | Completed | Wahpeton | 6/1/2016 | 30440 | 1200 |
| 47-LAN | 6/15/2012 | D & B Motors | Approved | Langdon | | 27957 | 8340 |
| 47-MIL | 4/13/2013 | Erica Severson | Conditional Approval | Milnor | | 1795 | 2450 |
| 47-MN | 2/29/2012 | Wooddale Drive, LLC | Completed | Mandan | 12/31/2012 | 40000 | 0 |
| 47-wah | 9/24/2015 | Birchwood Investment Properties, LLC | Approved | Wahpeton | | 118816 | 7000 |
| 48-GF | 6/28/2012 | Grand Crush | Approved | Grand Forks | | 0 | 19000 |
| 48-LAN | 6/15/2012 | Darin Kaercher | Completed | Langdon | 12/1/2013 | 6500 | 2250 |
| 48-MIL | 5/8/2013 | Crossroads Electric Inc. | Completed | Milnor | 6/28/2013 | 4030 | 12500 |
| 48-MN | 2/29/2012 | American Bank Center | Completed | Mandan | 1/5/2015 | 182890 | 346550 |
| 48-wah | 10/13/2015 | Joseph Vertin & Sons Funeral Home Co. | Approved | Wahpeton | | 63636.54 | 20000 |
| 49-GF | 9/7/2012 | HB Sound & Light Inc | Completed | Grand Forks | 1/31/2013 | 0 | 12500 |
| 49-MIL | 5/8/2013 | Crossroads Electric Inc. | Completed | Milnor | 9/8/2015 | 2999 | 12500 |
| 49-MN | 8/6/2012 | Mandan Railway Credit Union | Completed | Mandan | 1/29/2013 | 85638 | |
| 49-wah | 5/6/2016 | Dakota Coffee Co., LLC | Completed | Wahpeton | 6/1/2016 | | 4500 |
| 4-FIN | 3/12/2012 | Brad Hegvick | Completed | Finley | 2/15/2012 | 2038.33 | 5000 |
| 4-HOPE | 3/30/2012 | Chad & Shannon Elbert | Completed | Hope | 11/8/2012 | 14500 | 5000 |
| 4-NS | 1/24/2014 | Shelly Bader dba Sache Salon | Completed | New Salem | 6/16/2014 | 7500 | 2500 |
| 4-st | 9/9/2015 | Beverly Neset | Conditional Approval | Stanley | | 1920 | 5000 |
| 50-MIL | 1/8/2014 | Lee & Jennie Hanna | Completed | Milnor | 1/2/2014 | 1397 | 3220 |
| 50-MN | 8/6/2012 | Commercial Properties | Completed | Mandan | 7/30/2013 | 18890 | 5000 |
| 50-wah | 9/23/2016 | Tractor Supply Company | Approved | Wahpeton | | 30605.25 | 90000 |
| 51-GF | 10/1/2012 | Central Park Landing, LLC | Approved | Grand Forks | | | 3500 |
| 51-LAN | 8/13/2014 | James Spanler | Completed | Langdon | 4/1/2015 | 11767.95 | 3000 |
| 51-LAN | 5/22/2013 | Zack Schaefer Real Estate | Terminated | Langdon | | | 20000 |
| 51-MIL | 6/16/2014 | Youth Opportunity Unlimited | Completed | Milnor | 1/12/2015 | 23000 | 200 |
| 51-MN | 8/6/2012 | Eyecare Professionals | Completed | Mandan | 6/1/2013 | | 15000 |
| 51-wah | 1/9/2017 | | Approved | Wahpeton | | | 2500 |
| 52-GF | 1/8/2014 | Kala Storhaug & Ernest McCoy | Completed | Grand Forks | 3/24/2014 | 6600 | 3345 |
| 52-LAN | 8/11/2014 | Kevin Welsh | Conditional Approval | Langdon | | 22359.15 | 4000 |
| 52-mil | 2/23/2015 | Robert Schutt | Approved | Milnor | | 2650 | 5500 |
| 52-MN | 8/6/2012 | Destiny Screen Printing LLC | Terminated | Mandan | 9/1/2012 | | 10680 |
| 53-GF | 4/14/2014 | Brandon and Jessica Seubert | Completed | Grand Forks | 6/5/2014 | 4500 | 500 |
| 53-LAN | 9/25/2014 | Nick Moser | Completed | Langdon | 9/3/2015 | 2830.95 | 1003.6 |
| 53-mil | 3/23/2015 | Chad and Amber Fyre | Completed | Milnor | 11/9/2015 | 20500 | 10000 |
| 53-MN | 1/8/2014 | Crown Equity, LLC | Completed | Mandan | 8/28/2014 | 153660 | 0 |
| 54-GF | 8/25/2014 | Cheryl Halcrow | Approved | Grand Forks | | 5500 | 4500 |
| 54-gf | 8/25/2014 | Cheryl Halcrow | Completed | Grand Forks | 10/30/2014 | 5500 | 4500 |
| 54-lan | 10/10/2014 | The Perfect Blend LLC | Conditional Approval | Langdon | | 1470 | |
| 54-mil | 7/24/2015 | Jerome Bixby | Completed | Milnor | 10/10/2016 | 2400 | 2790 |
| 54-MN | 1/24/2014 | Tami Helmers dba Sweet Beginnings Bakery & We Ship & More | Approved | Mandan | | 0 | 4500 |
| 55-gf | 11/17/2014 | Duane & Heather Wages | Completed | Grand Forks | 3/6/2015 | 6150 | 6000 |
| 55-lan | 1/15/2015 | Glitz & Glam | Conditional Approval | Langdon | | 1897.45 | |
| 55-mil | 7/8/2016 | Differding Construction & Roofing, Inc. | Approved | Milnor | | 11000 | 2755 |
| 55-MN | 1/15/2014 | Andra Miller | Completed | Mandan | 2/19/2015 | 11935 | 1900 |
| 55-WF | 4/20/2012 | Wayward Wind Transportation | Approved | West Fargo | | 0 | 0 |
| 56-gf | 11/21/2014 | Rhombus House of Pizza LLC | Conditional Approval | Grand Forks | | 100000 | 25000 |
| 56-lan | 4/15/2015 | Curtis Burnham | Conditional Approval | Langdon | | | |
| 56-M | 1/25/2012 | Jean & Duane Ofsthun | Conditional Approval | Minot | | 3400 | 2980 |
| 56-MN | 1/15/2014 | M3 Homes | Completed | Mandan | 2/19/2015 | 0 | 6665 |
| 56-WF | 3/30/2012 | Jemco | Completed | West Fargo | | 77400 | |
| 57-gf | 2/19/2015 | Third Street Properties LLC | Completed | Grand Forks | 10/26/2016 | 10000 | 12000 |
| 57-lan | 5/22/2015 | Clouse Trucking LLC | Conditional Approval | Langdon | | 8235.5 | |
| 57-M | 1/25/2012 | Jean & Duane Ofsthun | Conditional Approval | Minot | | 3200 | 2980 |
| 57-MN | 1/15/2014 | ND Real Estate Brokers | Completed | Mandan | 2/19/2015 | 0 | 6665 |
| 57-WF | 4/10/2012 | Roddies Storage II, LLC | Completed | West Fargo | 10/8/2012 | 15000 | 0 |
| 58-lan | 5/29/2015 | Sarah Overby | Conditional Approval | Langdon | | 5449.35 | |
| 58-M | 1/25/2012 | Peter Wahlstrom | Completed | Minot | 4/2/2013 | 8250 | 1200 |
| 58-mn | 12/1/2014 | Casecon Properties Inc. | Completed | Mandan | 7/13/2015 | 20808 | |
| 58-WF | 7/10/2012 | Silver Dollar Inc | Completed | West Fargo | 6/23/2013 | 19725 | 9405 |
| 59-lan | 7/1/2015 | Samuel Preble | Approved | Langdon | | 4960 | |
| 59-M | 1/25/2012 | Archie Robillard | Completed | Minot | 3/1/2012 | 7500 | 11675 |
| 59-mn | 12/1/2014 | MKDQ, Inc. | Completed | Mandan | 7/13/2015 | | 27500 |
| 59-WF | 6/26/2012 | Leler Investments | Completed | West Fargo | 11/20/2012 | 25185 | 4280 |
| 5-CAN | 5/2/2012 | Jeffrey Farbo | Approved | Cando | | 9000 | 8000 |

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|---------|------------|--|----------------------|--------------|------------|------------|-----------|
| 5-FIN | 6/19/2012 | Finley Motors Inc | Completed | Finley | 10/1/2013 | 24900 | 24479 |
| 5-har | 5/27/2015 | Amberland Foods, Inc. | Terminated | Harvey | | 3750 | 90000 |
| 5-HOPE | 7/25/2012 | Patricia & Barry Brendemuhl | Completed | Hope | 10/26/2012 | 3870 | 50000 |
| 5-ST | 3/11/2016 | Michael DeBroeck | Approved | Stanley | | | 50000 |
| 5-WEST | 7/9/2012 | Todd Lesmann | Approved | Westhope | | 14700 | 4750 |
| 60-lan | 7/13/2015 | Josh Plummer | Conditional Approval | Langdon | | | |
| 60-M | 6/27/2012 | Norsk Brothers | Completed | Minot | 1/29/2014 | 140000 | 30000 |
| 60-MN | 8/11/2015 | Icon Architectural Group, LLC | Completed | Mandan | 8/14/2015 | | 4000 |
| 60-WF | 3/4/2013 | Choice Financial | Completed | West Fargo | 11/1/2013 | 65000 | 90000 |
| 61-M | 6/27/2012 | Darrell Zaback | Completed | Minot | 2/1/2013 | 1250 | 480 |
| 61-mn | 6/9/2016 | Kent Schwartz | Conditional Approval | Mandan | | 15772 | 8820 |
| 61-WC | 3/29/2012 | Steve & Jessica Simonson | Conditional Approval | Watford City | | 5319 | 3550 |
| 61-WF | 9/19/2013 | Farmers Union Oil Moorhead dba Petro Serve USA | Completed | West Fargo | 5/12/2015 | 108500 | 146700 |
| 62-lan | 8/10/2015 | Quality Specialty Products & Printing | Conditional Approval | Langdon | | 2284 | |
| 62-M | 7/10/2012 | Minot Artspace Lofts, LP | Completed | Minot | 7/31/2013 | 335000 | 0 |
| 62-mn | 7/13/2016 | Schwartz Family Chiropractic Center | Approved | Mandan | | | 10500 |
| 62-WF | 1/8/2014 | Michael & Deborah Evenson | Approved | West Fargo | 1/23/2015 | 26020 | |
| 63-M | 6/27/2012 | First Avenue Concepts LLC | Completed | Minot | 5/21/2013 | 11250 | 500 |
| 63-mn | 9/23/2016 | Fettig Millwork & Window Inc. | Conditional Approval | Mandan | | 14245 | 7500 |
| 63-VC | 3/13/2012 | George Dutton | Completed | Valley City | 11/21/2012 | 10500 | 5000 |
| 64-M | 6/27/2012 | | Completed | Minot | 12/19/2012 | | 15000 |
| 64-vc | 6/1/2012 | Steven & Janette Hoss | Completed | Valley City | 7/2/2012 | 4400 | 2198 |
| 64-WC | 3/29/2012 | Jeff & Teresa Peters | Conditional Approval | Watford City | | 134.4 | 200 |
| 64-WF | 6/25/2014 | Leier Investments & Real Estate | Approved | West Fargo | | 14920 | 4280 |
| 65-LAN | 1/20/2016 | Stephen Sweet | Approved | Langdon | | 3930 | |
| 65-VC | 6/1/2012 | Bruce & Amy Anderson | Completed | Valley City | 7/24/2012 | 4400 | 2300 |
| 65-WC | 9/6/2012 | David Valenzuela | Completed | Watford City | 4/1/2013 | 1327.95 | 4230 |
| 65-WF | 7/29/2014 | BAJ Properties | Completed | West Fargo | 9/14/2015 | 29836 | 8500 |
| 66-lan | 5/6/2016 | Darrel Kempert | Approved | Langdon | | 1845.75 | 15000 |
| 66-VC | 6/26/2012 | RFM Investments | Completed | Valley City | 12/31/2012 | 63707.6 | 17500 |
| 66-wf | 6/13/2013 | Roddies Storage II LLC | Completed | West Fargo | 12/15/2014 | 16360 | 4000 |
| 67-lan | 7/1/2016 | Hilary Petr | Approved | Langdon | | 4694 | |
| 67-M | 5/31/2013 | Terry Mock | Completed | Minot | 10/23/2013 | 2805 | 1500 |
| 67-VC | 12/28/2012 | REM LLP | Completed | Valley City | 12/20/2012 | 20165 | 0 |
| 67-WF | 11/20/2014 | CMC Properties LLC | Conditional Approval | West Fargo | | 417100 | 10000 |
| 68-lan | 7/1/2016 | Hilary Petr | Approved | Langdon | | 4694 | |
| 68-M | 12/20/2012 | Todd Mock | Completed | Minot | 10/23/2013 | 5000 | 0 |
| 68-VC | 8/31/2012 | Scott & Kay Stanford | Completed | Valley City | 12/9/2013 | 4242 | 644 |
| 68-wf | 3/23/2015 | Kenneth J. Storm | Conditional Approval | West Fargo | | 21218 | 3000 |
| 69-lan | 8/24/2016 | Mostad Properties LLC | Approved | Langdon | | 16516.8 | |
| 69-M | 12/20/2012 | First Avenue Concepts, LLC | Completed | Minot | 5/11/2013 | 15000 | 0 |
| 69-VC | 8/31/2012 | Charles & Carol Olson | Completed | Valley City | 10/8/2013 | 17095 | 6000 |
| 69-wf | 4/7/2015 | Midcontinent Communications | Conditional Approval | West Fargo | | 134741 | 16100 |
| 6A1-MIL | 6/11/2012 | Chitmany and Khamphout Nolmanyvone | Completed | Minot | 5/19/2012 | | |
| 6-BOT | 6/8/2012 | Premise Investments | Completed | Bottineau | 5/15/2013 | 5600 | 3045 |
| 6-BOW | 1/24/2012 | Southwest Abstract & Title Co. | Completed | Bowman | 1/31/2012 | 4875 | 7500 |
| 6-can | 6/10/2013 | Charles Wilson III | Completed | Cando | 6/5/2013 | 1000 | 2500 |
| 6-HOPE | 10/1/2012 | Trevor & Darci McCullough | Completed | Hope | 8/15/2012 | 1726 | 0 |
| 6-st | 11/16/2016 | Brandi Bieri | Conditional Approval | Stanley | | 1437.34 | |
| 6-WI | 5/27/2014 | James Fandrich dba Central Iron Repair and Mfg | Approved | Wishek | | 24735 | 3219 |
| 70-lan | 10/27/2016 | Kyle Moen dba Kyle's Carpentry & More | Conditional Approval | Langdon | | 4125 | 9500 |
| 70-M | 3/22/2013 | Alumni Sultes, LLC | Completed | Minot | 5/23/2014 | 100000 | 10000 |
| 70-vc | 8/31/2012 | LeRoy & Edith Magnuson | Completed | Valley City | 8/15/2013 | 3714.2 | 246 |
| 70-wf | 6/23/2015 | Dakota Tire Service, Inc. | Conditional Approval | West Fargo | | 18730 | 6000 |
| 71-lan | 11/1/2016 | Amber Sigvaldson | Conditional Approval | Langdon | | 9470 | |
| 71-M | 3/22/2013 | James Ryan | Conditional Approval | Minot | | 10000 | |
| 71-VC | 3/13/2013 | First Community Credit Union | Completed | Valley City | 3/6/2014 | 12000 | |
| 71-wf | 6/29/2015 | Arlyn's Insulation, LLC | Conditional Approval | West Fargo | | | 16000 |
| 72-M | 6/17/2013 | Cypress Assets ND, LLC | Conditional Approval | Minot | | 310982 | 84478 |
| 72-wf | 8/24/2015 | Go Cake LLC dba Signs4work.com | Conditional Approval | West Fargo | | | 12000 |
| 73-M | 9/23/2014 | Cypress Assets ND LLC | Approved | Minot | | 1377207 | 397838 |
| 73-wf | 6/28/2016 | Henco Property Leasing LLC | Approved | West Fargo | | 34958 | 25000 |
| 74-M | 9/23/2014 | Cypress Assets, ND LLC | Approved | Minot | | 817438.99 | 217229.15 |
| 74-VC | 6/7/2013 | John & Diane Hill | Completed | Valley City | 5/15/2014 | 17095 | 23750 |
| 74-wf | 6/28/2016 | MSN Investments LLC | Approved | West Fargo | | 39782 | 30000 |
| 75-M | 1/14/2014 | Rosenthal Homes LLC | Completed | Minot | 10/21/2014 | 16500 | 500 |
| 75-VC | 6/7/2013 | George and Mary Ann Stack | Completed | Valley City | 7/15/2014 | 17095 | 0 |
| 76-M | 1/24/2014 | Hight Commercial Properties, LLP | Completed | Minot | 5/30/2014 | 29000 | 29000 |
| 76-VC | 6/7/2013 | Legacy Development LLC | Approved | Valley City | | 17095 | |
| 77-M | 1/24/2014 | Happy Scrappy Inc | Approved | Minot | 11/1/2013 | 0 | 10000 |
| 77-VC | 6/7/2013 | Kenneth and Diane Rasmusson | Completed | Valley City | 7/17/2015 | 3619 | 4500 |
| 78-M | 2/27/2014 | Gourmet Chef Inc | Completed | Minot | 4/24/2014 | | 20000 |
| 78-VC | 6/7/2013 | Legacy Development LLC | Completed | Valley City | 12/31/2014 | 3619 | 3500 |
| 79-M | 10/8/2014 | Norsk Brothers | Conditional Approval | Minot | | 26000 | |
| 79-VC | 2/12/2014 | Bergan Enterprises, LLC | Completed | Valley City | 5/8/2014 | 25000 | 50000 |
| 7-BOT | 1/19/2016 | KFRF - LLC dba Marie's Cafe | Conditional Approval | Bottineau | | 1097 | |
| 7-BOW | 5/17/2012 | Cal & Kendra Meschke | Approved | Bowman | | 7040 | 4000 |
| 7-C | 3/26/2013 | The Portland, LLC | Completed | Casselton | | 125000 | 15000 |
| 7-can | 8/21/2015 | Cando Lumber LLC | Completed | Cando | 10/15/2015 | | 9457 |
| 7-FIN | 12/17/2012 | Scott Rusten | Completed | Finley | 12/28/2012 | | 3000 |
| 7-HOPE | 9/4/2013 | Mark & Diane Jacobson | Completed | Hope | 10/7/2013 | 2411.3 | 4235 |
| 7-st | 11/16/2016 | Brandi Bieri | Approved | Stanley | | 658.16 | |
| 7-WI | 3/11/2016 | Gerald Wald dba Wald Fencing | Completed | Wishek | 3/14/2016 | 23518 | 8500 |
| 80-M | 12/1/2014 | The Starving Rooster, LLC | Approved | Minot | | | 10500 |
| 80-VC | 6/16/2014 | Summit Properties | Completed | Valley City | 11/6/2016 | 19710 | 30000 |
| 81-M | 12/4/2014 | Cypress Assets ND, LLC | Conditional Approval | Minot | | 1377206.98 | 397837.6 |
| 81-vc | 8/27/2014 | S&S Auto Electric, Inc. | Completed | Valley City | 3/25/2015 | 39480 | 3025 |
| 82-M | 10/20/2014 | Concession Services, LLC | Approved | Minot | 6/27/2014 | | 8000 |
| 82-vc | 12/10/2014 | Legacy Development, Inc. | Conditional Approval | Valley City | | 18250 | 75000 |
| 83-B | 3/12/2012 | JL Beers | Completed | Bismarck | 11/7/2012 | 20750 | 9315 |
| 83-m | 12/22/2014 | Alex and Niki Beach (Severson) | Approved | Minot | | 9307.85 | |
| 83-vc | 12/10/2014 | Legacy Development LLC | Conditional Approval | Valley City | | 18250 | 50000 |
| 84-B | 3/12/2012 | Broadway Centre, LLC | Completed | Bismarck | 1/1/2014 | | 15000 |
| 84-M | 10/20/2014 | Houston Engineering, Inc. | Conditional Approval | Minot | | | 50000 |
| 84-vc | 12/10/2014 | Legacy Development LLC | Conditional Approval | Valley City | | 18250 | |
| 85-B | 5/14/2012 | Pine Properties LLC | Completed | Bismarck | 2/1/2014 | 0 | 0 |
| 85-m | 6/5/2015 | The Worst Place | Approved | Minot | | | 5000 |
| 85-vc | 1/15/2015 | Robert and Tamara Drake | Completed | Valley City | 2/23/2016 | 6535 | 585 |
| 86-B | 5/14/2012 | Pine Investments Company, LLC | Completed | Bismarck | 2/1/2014 | | 351020 |
| 86-m | 6/17/2015 | Mike Sartell SSW Inc. and Preferred Restaurant Group | Completed | Minot | 11/10/2015 | 47500 | 6850 |
| 86-vc | 8/10/2015 | Pinnacle Condominiums LLP | Completed | Valley City | 11/23/2016 | 144000 | 50000 |
| 87-B | 5/14/2012 | Pine Enterprises, LLC | Completed | Bismarck | 2/1/2014 | 0 | 0 |
| 87-M | 12/17/2015 | Norsk Brothers, LLC | Conditional Approval | Minot | | 70000 | 10000 |
| 87-vc | 11/16/2015 | Puklich Ketterling Inc. | Conditional Approval | Valley City | | 27475 | 80000 |
| 88-B | 5/14/2012 | Pine Petroleum, LLC | Completed | Bismarck | 2/1/2014 | 0 | 509880 |

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|-------------------|---|----------------------|-------------|------------|----------|---------------|
| 88-M | 3/17/2016 Duemelands Crossroads LLLP | Completed | Minot | 10/24/2016 | 150000 | 18750 |
| 88-VC | 1/25/2016 Fred and Betty Jorissen | Completed | Valley City | 1/25/2016 | 3250 | 8000 |
| 89-B | 3/20/2014 Pine Oil Company | Completed | Bismarck | 2/1/2014 | 0 | 16485 |
| 89-m | 6/16/2016 North Dakota Mattress Ventures, LLC | Completed | Minot | 10/8/2016 | | 312500 |
| 89-VC | 1/25/2016 Mike and Debbie Kohler | Completed | Valley City | 1/22/2016 | 3250 | 55600 |
| 3-BOW | 6/1/2012 Shear Designs | Completed | Bowman | 12/3/2013 | 2272 | 1150 |
| 8-C | 7/13/2013 HFI, LLC | | Casselton | 2/27/2014 | 77505 | |
| 8-CAN | 12/18/2015 Glenn's Plumbing & Heating | Approved | Cando | | 5858 | 0 |
| 8-FIN | 2/12/2013 Marilyn Poole | Completed | Finley | 3/6/2013 | 1768.95 | 545 |
| 8-hope | 9/30/2014 Kent Ithy | Completed | Hope | 5/12/2015 | 11480 | 11480 |
| 8-RUG | 2/7/2012 Jodie & Kevin Kirchofner | Completed | Rugby | 12/6/2010 | 12500 | 4600 |
| 8-WI | 7/27/2016 Ruff Enterprises LLC dba McTwist | Conditional Approval | Wishek | | 5000 | 910 |
| 90-B | 9/18/2012 Kenneth & Dave Clark | Conditional Approval | Bismarck | 2/7/2013 | 23430 | 600 |
| 90-m | 6/16/2016 Micah and Sara Bloom | Conditional Approval | Minot | | 6500 | |
| 90-VC | 1/25/2016 Smith Lumber Company | Conditional Approval | Valley City | | 35000 | 150000 |
| 91-B | 9/18/2012 Bread Poets Baking Company, LLC | Completed | Bismarck | 2/7/2013 | 0 | 12400 |
| 91-m | 10/11/2016 Corridor Investors, LLC | Approved | Minot | | 74952.55 | 250000 - 2.5M |
| 91-VC | 1/25/2016 Smith Lumber Company Inc. | Conditional Approval | Valley City | | 162000 | 0 |
| 91-VC | 1/25/2016 Smith Lumber Company Inc. | Approved | Valley City | | 162000 | 0 |
| 92-B | 9/24/2012 Obermiller Nelson Engineering | Completed | Bismarck | 9/1/2012 | | 10000 |
| 93-B | 10/11/2012 LMBA BMK dba Drunken Noodle | Terminated | Bismarck | | 0 | 150000 |
| 94-B | 12/20/2012 Redland, LLC | Conditional Approval | Bismarck | | 110940 | 45000 |
| 95-B | 1/9/2013 Hump Back Sally's LLC | Terminated | Bismarck | 1/1/2015 | 0 | 45000 |
| 96-B | 9/24/2013 FAASS LAVIDA, LLC | Completed | Bismarck | 8/9/2013 | 0 | 96000 |
| 97-B | 9/26/2013 J&G Inc | Completed | Bismarck | 10/1/2013 | 0 | 40000 |
| 98-B | 2/5/2014 Skjonsby Unlited Inc | Completed | Bismarck | 12/1/2013 | 5500 | 5000 |
| 99-B | 9/12/2013 Arikota LP | Approved | Bismarck | | 100000 | 40000 |
| 9-BOW | 7/25/2012 Stephaniee Germann | Completed | Bowman | 8/1/2012 | 3475 | 8555 |
| 9-c | 10/28/2014 Hagen Dental | Approved | Casselton | 2/27/2014 | | 25000 |
| 9-CAN | 1/25/2016 Sigurd Bjornstad | Completed | Cando | 2/15/2016 | 1831 | 0 |
| 9-CAR | 6/25/2013 Jeremy Risovi | Conditional Approval | Carrington | | 2124.55 | |
| 9-FIN | 11/1/2013 Michael & Cheryl Peterson | Conditional Approval | Finley | | 467 | 0 |
| 9-GW | 9/7/2012 Kenwood and Faye Walock | Approved | Gwinner | | 7168.9 | 0 |
| 9-hope | 4/22/2015 Tyler Flaten | Completed | Hope | 7/27/2015 | 3085.7 | 3475 |
| 9-RUG | 9/16/2013 Daniel Corum | Conditional Approval | Rugby | | 9374.2 | 2500 |
| Fruition Developm | 6/16/2014 Fruition Developments LLC | Conditional Approval | Rugby | | 16135.21 | 270425 |
| Pine Oil Company | 5/14/2012 Pine Oil Company | Approved | Bismarck | | 0 | 16485 |

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**Estimated Reduction in Income and Financial Institution Tax Revenues
Attributable to Renaissance Zone Program Tax Incentives**

Revised: January 11, 2017

Following is the estimated reduction in income and financial institution tax revenues for each tax year since the Program's creation in 1999—

| | <u>Income Exemption ¹</u> | | | |
|--------------|--------------------------------------|---|---------------------------------|---|
| | <u>Income Exempted ²</u> | <u>Estimated Tax Reduction ³</u> | <u>Tax Credits ²</u> | <u>Total Estimated Tax Reduction ⁴</u> |
| 1999 | \$ - | \$ - | \$ 339,391.00 | \$ 339,391.00 |
| 2000 | 88,717.00 | 9,150.49 | 320,353.00 | 329,503.49 |
| 2001 | 1,804,632.00 | 98,683.94 | 403,947.00 | 502,630.94 |
| 2002 | 1,902,517.56 | 113,041.99 | 1,072,960.00 | 1,186,001.99 |
| 2003 | 3,024,795.83 | 203,823.37 | 690,559.94 | 894,383.31 |
| 2004 | 4,325,193.56 | 235,624.25 | 4,253,950.87 | 4,489,575.12 |
| 2005 | 7,466,320.82 | 445,920.73 | 1,629,295.03 | 2,075,215.76 |
| 2006 | 10,738,043.35 | 627,005.04 | 751,990.24 | 1,378,995.28 |
| 2007 | 17,547,372.44 | 991,663.08 | 861,201.94 | 1,852,865.02 |
| 2008 | 22,717,662.75 | 1,299,872.44 | 2,083,688.24 | 3,383,560.68 |
| 2009 | 26,527,515.00 | 1,432,124.06 | 1,474,457.64 | 2,906,581.70 |
| 2010 | 29,960,938.00 | 1,815,079.27 | 1,778,282.00 | 3,593,361.27 |
| 2011 | 44,617,475.00 | 2,435,626.63 | 2,419,659.00 | 4,855,285.63 |
| 2012 | 65,485,152.00 | 2,974,575.03 | 1,299,454.00 | 4,274,029.03 |
| 2013 | 41,556,320.00 | 1,062,257.83 | 729,700.00 | 1,791,957.83 |
| 2014 | 55,158,345.00 | 1,801,601.26 | 770,298.00 | 2,571,899.26 |
| 2015 | 29,214,000.00 | 737,321.01 | 895,378.00 | 1,632,699.01 |
| Total | \$ 362,135,000.31 | \$ 16,283,370.43 | \$ 21,774,565.90 | \$ 38,057,936.33 |

The total estimated tax reduction shown above breaks down among the major tax types as follows—

| | |
|---|-------------------------|
| Individual income tax ⁵ | \$ 22,565,399.16 |
| Corporation income tax ⁵ | 5,945,991.92 |
| Financial institution tax ^{6, 7} | 9,546,545.25 |
| Total | \$ 38,057,936.33 |

See Notes on reverse side.

Prepared by Office of State Tax Commissioner

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Notes—

¹ The tax incentives under the Renaissance Zone Program consist of a business or investment income exemption and several tax credits for income and financial institution tax purposes. A property tax exemption is also available, which is administered at the local government level. This document does not contain any information relating to the property tax exemption.

² The amounts shown for "Income Exempted" and "Tax Credits" are the actual amounts claimed on returns. The amounts shown for "Income Exempted" were adjusted (reduced) to avoid duplication of numbers in the case of an S corporation subject to the financial institution tax, in which case the exempt income is reported on both the corporation's financial institution tax return and the corporation's owners' individual income tax returns.

³ The "Estimated Tax Reduction" attributable to the exempt income was determined by applying an appropriate tax rate: For corporation income tax, the highest marginal tax rate for each year was used. For financial institution tax, a tax rate of 7% was used for 1999 - 2010, and a tax rate of 6.5% was used for 2011. For individual income tax, an average tax rate was used. (A review and recalculation of every individual income tax return would be required to ascertain a more exact number for the tax reduction attributable to the exempt income.)

⁴ The "Total Estimated Revenue Reduction" equals the sum of the "Estimated Tax Reduction" (attributable to exempted income) and the "Tax Credits."

⁵ For income tax purposes, if the taxpayer is a partnership or other type of passthrough entity, the tax reduction will be included in the individual and corporation income tax numbers.

⁶ The financial institution tax reduction affects both the state general fund (SGF) and the financial institution tax distribution fund (FITDF). Monies placed in the FITDF are distributed to the counties. For 1999 through 2010, 2/7ths of the total financial institution tax reduction affected the SGF, and 5/7ths affected the FITDF. For 2011, 3/13ths affected the SGF, and 10/13ths affected the FITDF.

⁷ The financial institution tax was repealed for tax years after 2012. Banks and entities that were subject to the financial institution tax are subject to the income tax starting with the 2013 tax year.

Prepared by Office of State Tax Commissioner

January 18, 2017
House Finance and Taxation
Rep. Headland--Chairperson
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For the record, I am Blake Crosby, Executive Director of the North Dakota League of Cities, representing the 357 incorporated cities across the state. Approximately 77% of the population of North Dakota lives in those cities.

HB 1182 is intended to eliminate Renaissance Zones and replace them with a concept called a development zone. A concept that is untried and untested and perhaps even unusable. A concept that would require cities to spend money having their city attorney review existing ordinances and create new ordinances to make sure there are no conflicting rules.

There is no detail in this bill on the creating a process and rules applying to a development zone. Nothing about creating a development plan, size of the zone, can the zone be in the city and county, zone criteria, historic properties, exemptions, etc. etc.

Why eliminate an economic development tool available to cities that has withstood the test of time and has all the rules and process in place? Since inception in 1999 through 2014, the North Dakota Department of Commerce shows that in 58 Renaissance Zone cities 1,533 projects have been approved and 1,175 projects have been completed. Projects that have addressed urban blight and encouraged business expansion. Projects that have relieved local property tax pressure through increased property valuation. And Renaissance Zones are not just a large city economic development tool, of the 58 cities using Renaissance Zone, twenty have a population of 1000 or less and another 25 are in cities between 1001 and 2500.

On behalf of the North Dakota League of Cities we request a DO NOT PASS on HB 1182.

THANK YOU FOR YOUR TIME AND CONSIDERATION. I will try to answer any questions.

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Testimony Presented on House Bill 1182 to the

House Finance and Taxation Committee

Representative Craig Headland, Chair

for the City of Fargo

by Dave Piepkorn, Fargo Deputy Mayor and City Commissioner

January 18, 2017

Mr. Chairman and Members of the Committee:

The City of Fargo supports the Renaissance Zone Program.

The City of Fargo has used the Renaissance Zone program to encourage redevelopment of downtown Fargo. The incentives provided by this program are short term, limited to five years per property. Since the program was created, 176 properties in downtown Fargo have been granted approval for either major renovation or new buildings.

Key Benefits

- Of the 146 properties that have been approved by the Renaissance Zone Program, and the five-year exemptions that have been completed, there has been an increase in values of \$113 million dollars. At present property tax rates, local governments now collect over \$1.4 million dollars a year in property taxes from these properties.
- All properties in the downtown have benefited from the program. Business activity has increased; more people are living downtown; and property values have increased. Property values have increased in the downtown providing additional property tax revenue for local governments. Prior to the Renaissance Zone Program, downtown property values were changing very little, and some values were declining.
- Downtown Fargo looks much better than it did 15 years ago. Local residents are proud of the downtown, and it is a factor in encouraging businesses to expand in Fargo and draw new residents to the community.

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Renaissance Zone Program Report

Comparative Analysis



Summary Highlights

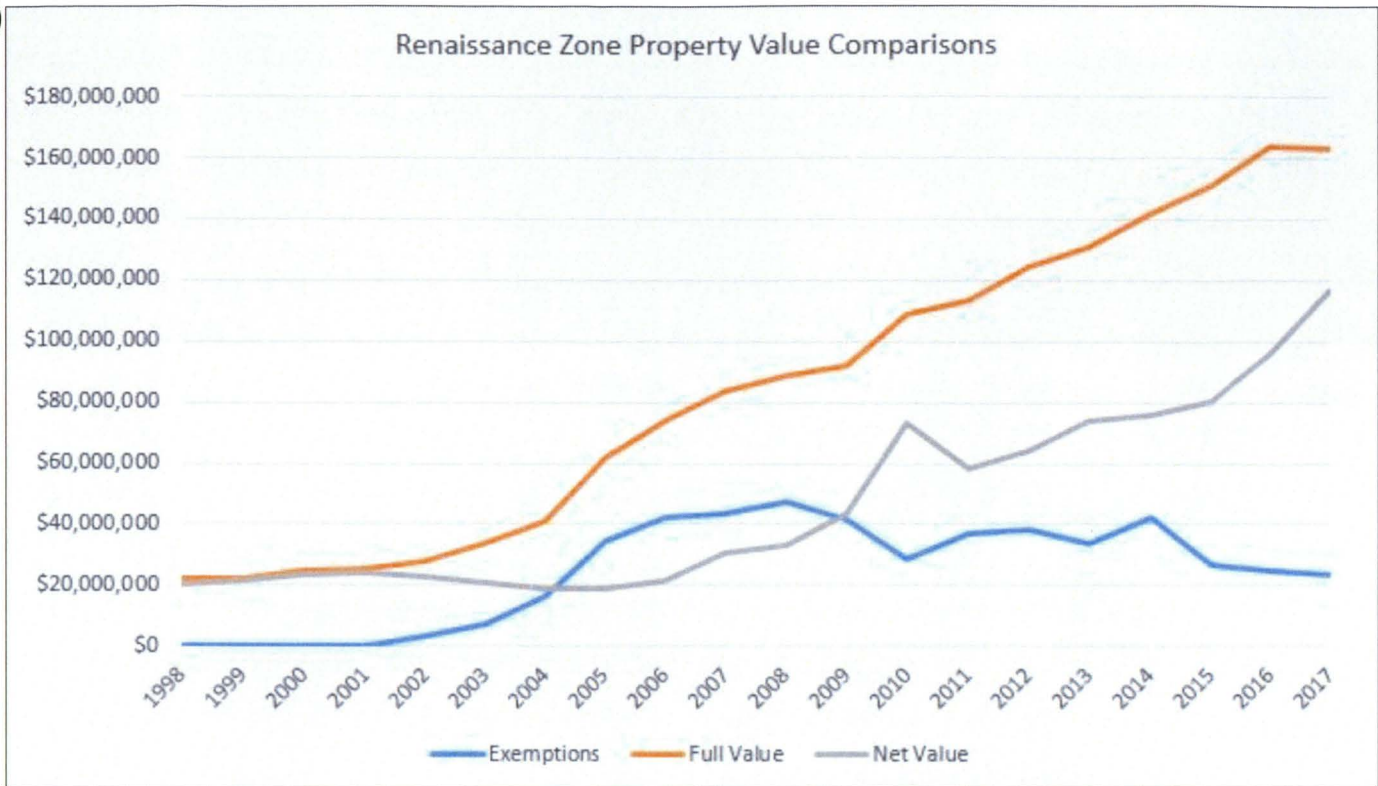
| Total RZ Properties | Total RZ Properties with Completed Exemptions | Ongoing RZ Exemption Properties |
|---------------------|---|---------------------------------|
| 176 | 146 | 30 |

| Full Value | | | |
|------------------|--------------------------------------|----------------------|-------------|
| Total Properties | Full Value-1 Year Prior to Exemption | Full Value-2017 | % Change |
| 146 | \$50,159,900 | \$163,222,100 | 225% |

| Net Value | | | |
|------------------|-------------------------------------|----------------------|-------------|
| Total Properties | Net Value-1 Year Prior to Exemption | Net Value-2017 | % Change |
| 146 | \$44,094,500 | \$116,694,100 | 165% |



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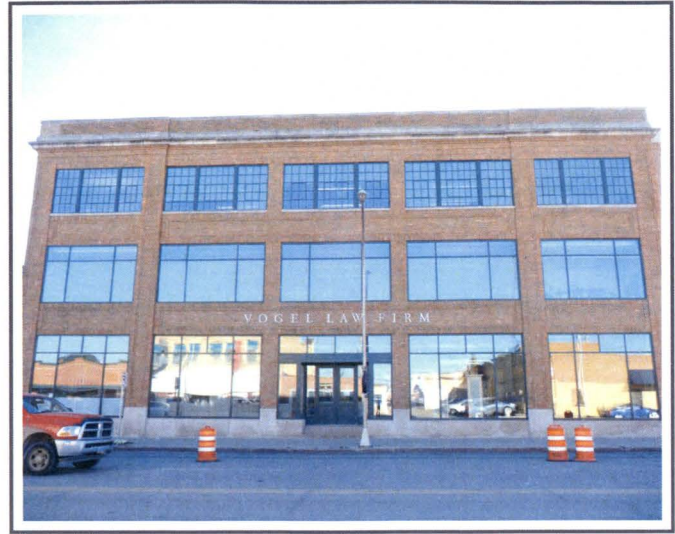


Ongoing Renaissance Zone Projects

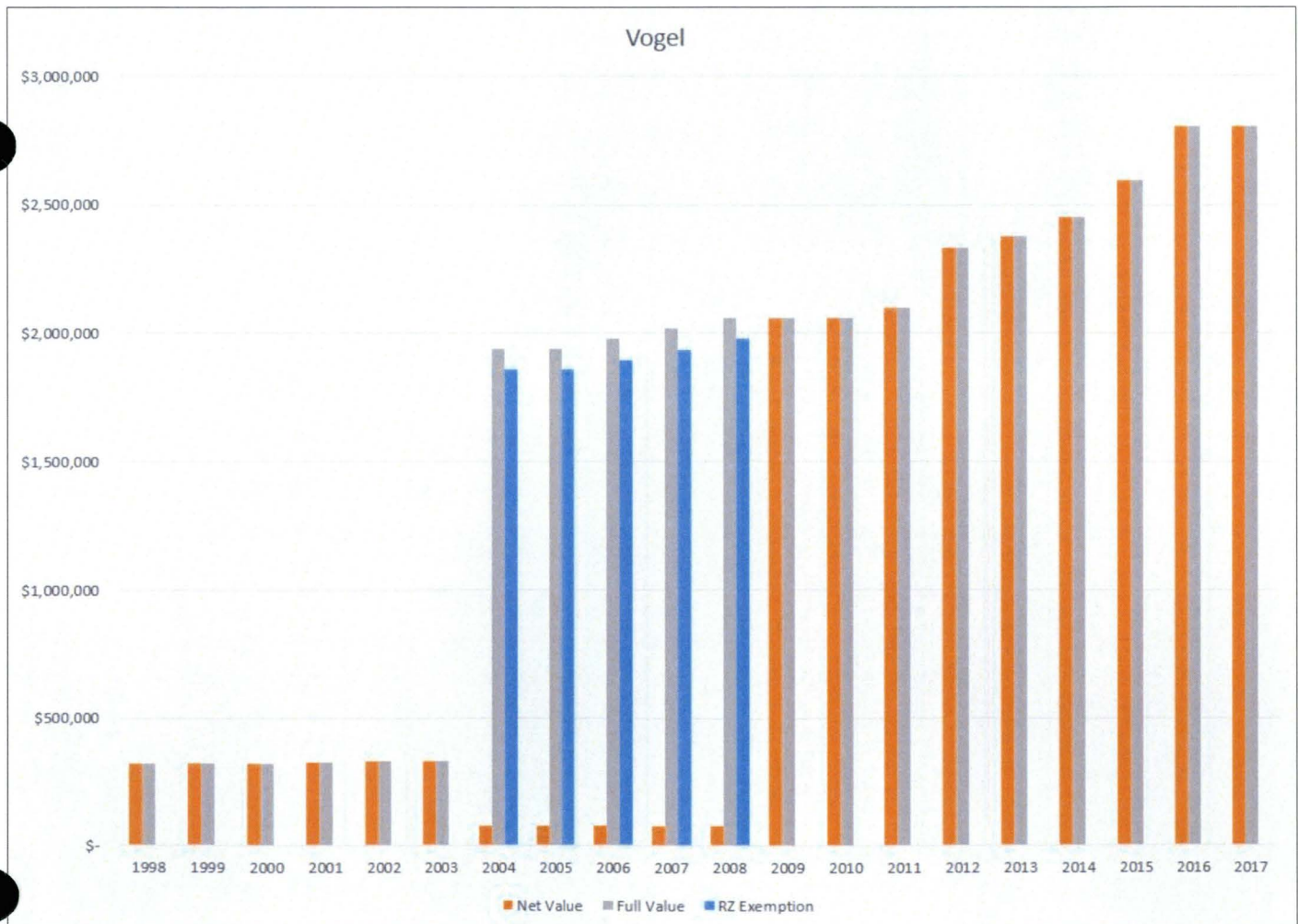
| Ongoing Renaissance Zone Property Values | | | | |
|--|-----------------|--|---------------------|---------------------|
| Exemption Start Year | # of Properties | Full Value of Property 1 Year Before Exemption | 2017 Full Value | Difference |
| 2011 | 18 | \$3,685,500 | \$8,297,400 | \$4,611,900 |
| 2013 | 3 | \$1,099,800 | \$2,079,200 | \$979,400 |
| 2014 | 4 | \$4,639,500 | \$9,667,400 | \$5,027,900 |
| 2015 | 2 | \$4,222,300 | \$6,675,500 | \$2,453,200 |
| 2016 | 3 | \$929,200 | \$2,859,700 | \$1,930,500 |
| Total | 30 | \$14,576,300 | \$29,579,200 | \$15,002,900 |



Before



After



HoDo

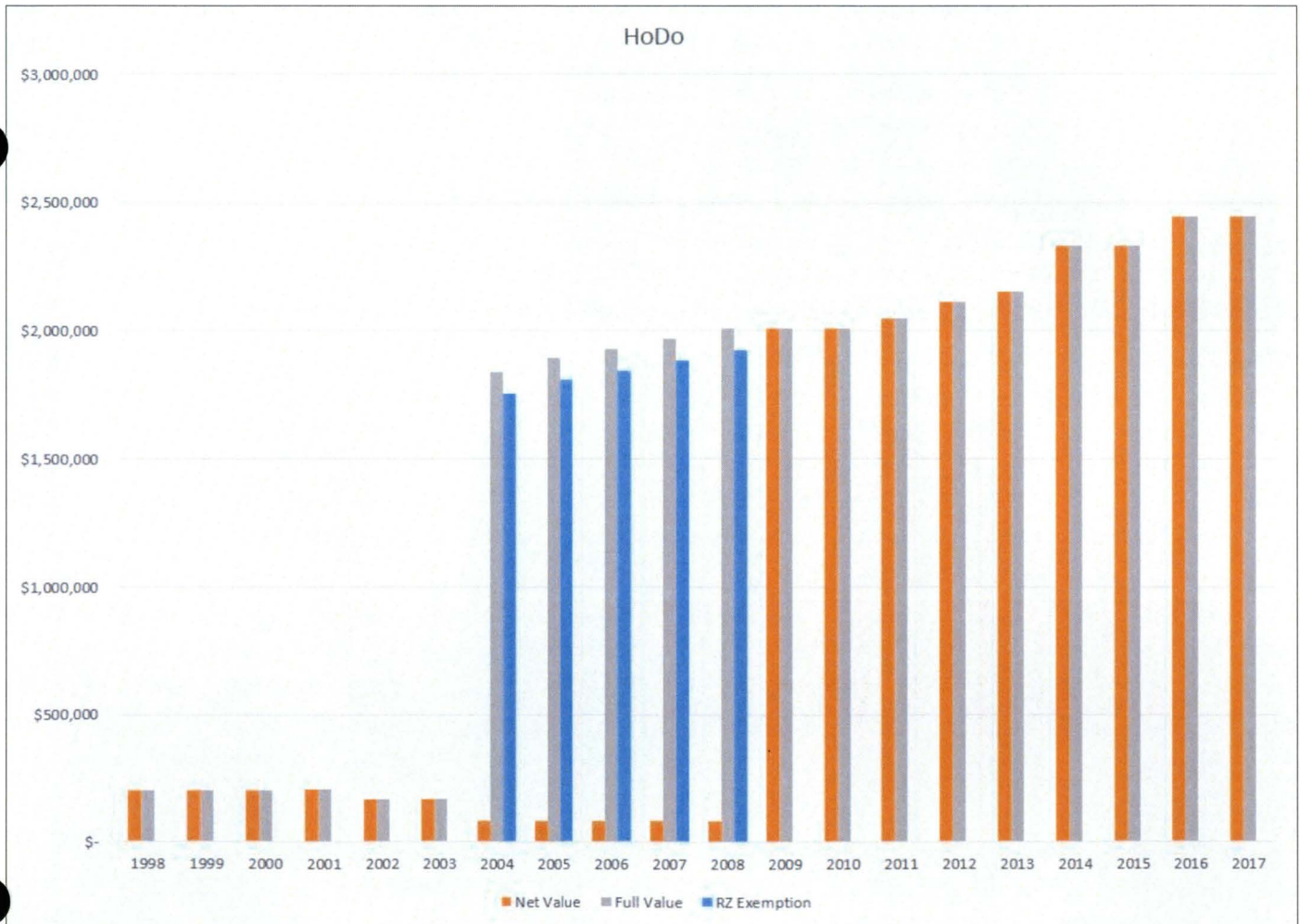
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Before



After



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**Renaissance Zone Scorecard
Minimum Criteria (Rehabilitation Project)**

| | | Staff Rating | Member Rating |
|--|--|--------------|---------------|
| 1 | Use consistent with the plan (as per Vision and Goals) | | |
| 2 | Exterior rehabilitation sufficient to eliminate any and all deteriorated conditions that are visible on the exterior of the building | | |
| 3 | Re-investment that totals no less than 50 percent of the current true and full valuation of the building | | |
| 4 | The investment totals at least \$40 in capital improvements per square foot for commercial properties or \$25 in capital improvements per square foot for residential properties (The authority may waive the square foot investment requirement for certain projects) | | |
| Sub Total | | | |
| Minimum Criteria (Proposals involving new construction or additions) | | | |
| 6 | Use consistent with the plan (as per Vision and Goals) | N/A | NA |
| 7 | Does the investment comply with minimum investment thresholds (locally determined) for residential and commercial projects as set forth in the RZ Plan? | N/A | NA |
| 8 | Tenant must be leasing space in a building that has been approved as a Zone project | N/A | NA |
| Project Review Guidelines | | | |
| 9 | The new construction or proposed improvements are representative of "High Priority Land Uses" as defined in the RZ Plan: <ul style="list-style-type: none"> • Primary sector business • Active Commercial, Specialty Retail and/or Destination Commercial • Mixed use development (combination of housing, commercial, and/or retail uses in a horizontal or vertical fashion) • Large, upscale residential units | | |
| 10 | The investment is located in a 'Target Area' as defined by the RZ Plan: <ul style="list-style-type: none"> • Parcels that have been vacant or underutilized for an extended period of time • Parcels specifically targeted for clearance | | |
| 11 | The project will create civic space or public space and/or will enhance pedestrian connectivity, streetscape amenities or will contribute to street level activation: <ul style="list-style-type: none"> • Incorporation of "civic" or "public" space within a redevelopment proposal will receive additional consideration • Demonstrated commitment to strengthening pedestrian corridors and issues of "connection" • Attention to streetscape amenities • Contribution to street activity | | |
| 12 | Consideration and analysis as to the total actual investment in the project: <ul style="list-style-type: none"> • Consideration can be given for the level of capital investment in a project. (i.e., additional consideration can be given for higher levels of investment) | | |
| 13 | Consideration as to whether the project will include or accommodate the relocation of a business from another North Dakota community: <ul style="list-style-type: none"> • Commercial tenants that are re-locating within the Downtown Area (as defined by the 1996 Downtown Area Plan) are not eligible for tax incentives without special approval from the Zone Authority • Commercial tenants that are relocating from a North Dakota community (other than Fargo) to the Fargo Renaissance Zone are not eligible for tax incentives without special approval from the Zone Authority. | | |
| 14 | Is the project located within a historic district? Will the project fit contextually and will the project contribute or enhance the area from an architectural perspective? <ul style="list-style-type: none"> • Although not included in the Project Review Guidelines, historic preservation is considered an important component of downtown projects even when Historic Preservation and Renovation Tax Credits are not being requested. | | |
| Sub Total | | | |
| Total Rating (100 possible points) | | | |

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CITY DEPARTMENTS



"WHERE THE WEST BEGINS"

CITY OF MANDAN

MANDAN CITY HALL - 205 2nd Avenue NW
MANDAN, NORTH DAKOTA 58554
701-667-3215 • FAX: 701-667-3223 • www.cityofmandan.com

| | |
|-------------------------------|----------|
| ADMINISTRATION | 667-3215 |
| ASSESSING/BUILDING INSPECTION | 667-3230 |
| BUSINESS DEVELOPMENT | 667-3485 |
| CEMETERY | 667-6044 |
| ENGINEER/PLANNING & ZONING | 667-3225 |
| FINANCE | 667-3213 |
| FIRE | 667-3288 |
| HUMAN RESOURCES | 667-3217 |
| LANDFILL | 667-0184 |
| MUNICIPAL COURT | 667-3270 |
| POLICE | 667-3455 |
| PUBLIC WORKS | 667-3240 |
| WASTEWATER TREATMENT | 667-3278 |
| SPECIAL ASSESSMENTS | 667-3271 |
| UTILITY BILLING | 667-3219 |
| WATER TREATMENT | 667-3275 |

Testimony for House Finance and Taxation Committee HB1182— A Bill to Repeal the Renaissance Zone Program January 18, 2017

Chairman Headland and members of the committee, I am Jim Neubauer, city administrator for the City of Mandan. I am here today to testify in opposition to House Bill 1182 on behalf of the City of Mandan.

The Renaissance Zone Program is unique from most of North Dakota's economic development tools in that it encourages investment in downtown and other blighted properties and the attraction and development of a variety of types of businesses as well as housing to these areas. Most of the other economic development incentives still available in our state are limited to certified primary sector businesses.

A major justification of the need for a Renaissance Zone program is because redevelopment projects in downtowns are often more expensive than new development projects of equal square footage. Additional costs might be due to demolition of inferior structures, abatement of asbestos if rehabbing a building, maintaining the historical integrity of a building, the need to upgrade infrastructure such as increasing the size of water lines for fire suppression systems, adding an elevator or means of addressing other accessibility issues. These are just a few examples.

The proposed legislation, contradictory to Governor Burgum's proposed Main Street Initiative, would greatly weaken and even end the Renaissance Zone program as a way to leverage private sector investment in Main Streets and downtown areas.

HB1182 would create inequities between municipalities. Of the 58 cities that have approved Renaissance Zones (see attachment), 44 of these will not have benefited from the 15-year duration of the program as outlined in the initial enabling legislation in 1999, much less the ability for a five-year extension as approved in 2013. This means that unlike Fargo and other larger cities that were ready to jump on the program upon state approval, there are at least 44 other cities including Mandan that will not have the same chance to maximize downtown revitalization results.

(more)

It appears the proposed bill would end the program in 2023, but even more immediately, in 2018, it would eliminate the provision for a state income tax exemption, leaving only the possibility of a local property tax incentive. It would remove the option to extend a zone's duration by five years, it would remove the option of expanding the number of blocks in a zone, and it would remove the option of replacing blocks. Why should some cities be cut short when others were able to participate in this program for 15 to 20 years?

The benefit of undertaking a Renaissance Zone project, the rehab or new construction of a building, for a property owner is currently up to five years of property tax exemption on the value of the building as improved and state income tax exemption, capped in the last legislative session at \$500,000 of income annually for businesses. There are minimum investment requirements based on the assessed value of a building. The Renaissance Zone program functions as both a business retention and recruitment tool in that tenants leasing space in Renaissance Zone projects may also apply for a state income tax exemption.

In the 11 years since Mandan's Renaissance Zone was established, the program has helped bring about a rebirth of our Main Street and downtown area. Program participants have invested or committed to investing \$17.2 million in the rehab or new construction of 31 buildings. The increase in the value of completed projects is four-fold from an initial base value of \$3.7 million. The average period to pay back taxes exempted is 2.2 years. Projects have resulted in 14 new businesses, 16 expansions of existing businesses and retention of seven businesses in the zone. The program has also helped with the addition of 28 market rate housing units in the downtown area and 29 affordable housing units.

An example of a project initially completed in January 2015 is the rehab of a former railroad grocery warehouse that had been underutilized or vacant for roughly a decade. Now known as American Square, the new owner is American Bank Center. The bank initially occupied the first floor of this three-story building and has brought 16 jobs to Mandan as of this month. They are in the process of completing the build-out for the second floor for 27 work stations. They expect to have 20 of these 27 spots filled during the first quarter of 2017. These will be people working in operations, mortgage processing, marketing and more. The third floor of the building remains available for lease and hopefully will soon be the home to another new or expanding business.

Mandan has much more work remaining in the process of revitalizing its Main Street. We ask you to oppose HB1182 to leave the integrity of the Renaissance Zone program in place to help entice further investment in redevelopment of Main Streets and downtowns. Thank you for your consideration. I would be happy to answer any questions you might have or to supply additional information. I can be reached at 701-667-3215 or by e-mail at jneubauer@cityofmandan.com.

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| RENAISSANCE ZONES BY DATE OF APPROVAL | | | | | |
|---|------------|-------------|--------------|------------|-------------|
| 58 Cities (only 11 in place 15+ years) | | | | | |
| CITY | MOA Date | Extension 1 | CITY | MOA Date | Extension 1 |
| Fargo | 12/28/1999 | 12/28/2014 | Rolla | 11/9/2006 | |
| Casselton | 5/17/2000 | 5/17/2015 | Wishek | 11/9/2006 | |
| West Fargo | 6/6/2000 | 6/6/2015 | Kenmare | 11/24/2006 | |
| Valley City | 7/12/2000 | 7/12/2015 | Underwood | 11/24/2006 | |
| Jamestown | 8/7/2000 | 8/7/2015 | Velva | 11/24/2006 | |
| Grand Forks | 2/14/2001 | 2/14/2016 | Mayville | 3/1/2007 | |
| Bismarck | 5/9/2001 | pending | Enderlin | 7/1/2007 | |
| Minot | 11/7/2001 | 11/7/2016 | Cooperstown | 10/8/2007 | |
| Watford City | 3/1/2002 | | Ashley | 11/1/2007 | |
| Carrington | 5/24/2002 | | New Rockford | 1/1/2008 | |
| Buffalo | 12/2/2002 | | Ellendale | 2/1/2008 | |
| Lisbon | 7/1/2003 | | Grafton | 2/1/2008 | |
| Milnor | 10/31/2003 | | Washburn | 3/1/2008 | |
| Hankinson | 12/8/2003 | | Cando | 9/1/2008 | |
| Wahpeton | 12/8/2003 | | Hannaford | 10/1/2008 | |
| Hazen | 12/31/2003 | | Munich | 5/1/2009 | |
| Langdon | 6/21/2004 | | Oakes | 12/1/2009 | |
| Dickinson | 7/1/2004 | | Bowman | 5/5/2010 | |
| Harvey | 9/10/2004 | | Hope | 5/17/2010 | |
| Northwood | 9/20/2004 | | Hebron | 6/24/2010 | |
| Bottineau | 7/1/2005 | | Lakota | 9/27/2010 | |
| Rugby | 7/1/2005 | | Glenburn | 1/1/2011 | |
| Beach | 8/1/2005 | | Anamoose | 2/1/2011 | |
| Crosby | 8/1/2005 | | Park River | 11/1/2011 | |
| Devils Lake | 8/1/2005 | | Finley | 2011 | |
| Mandan | 9/1/2005 | | New Salem | 2011 | |
| Gwinner | 2/1/2006 | | Stanley | 9/9/2014 | |
| Westhope | 7/1/2006 | | Hillsboro | 1/14/2015 | |
| Williston | 8/1/2006 | | Cavalier | 3/17/2015 | |
| Source: N.D. Commerce Department Division of Community Services | | | | | |

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Bismarck

RENAISSANCE ZONE PROGRAM SUMMARY

The Renaissance Zone program was established by the North Dakota legislature in 1999 to provide tax exemptions and credits to both residents and businesses for revitalization and redevelopment activities within the Zone. Bismarck's Renaissance Zone was established in March 2001 and has been expanded over the years to include a 36 block area. The purpose of the program is to encourage reinvestment in downtown properties, which strengthens the core of the community and helps bolster the economy of the whole region.

The Renaissance Zone provides both property and income tax incentives to property and business owners who invest in qualified projects. There are five different types of Renaissance Zone projects: rehabilitation, new construction, purchase with major improvements, lease, and historical preservation and renovation.



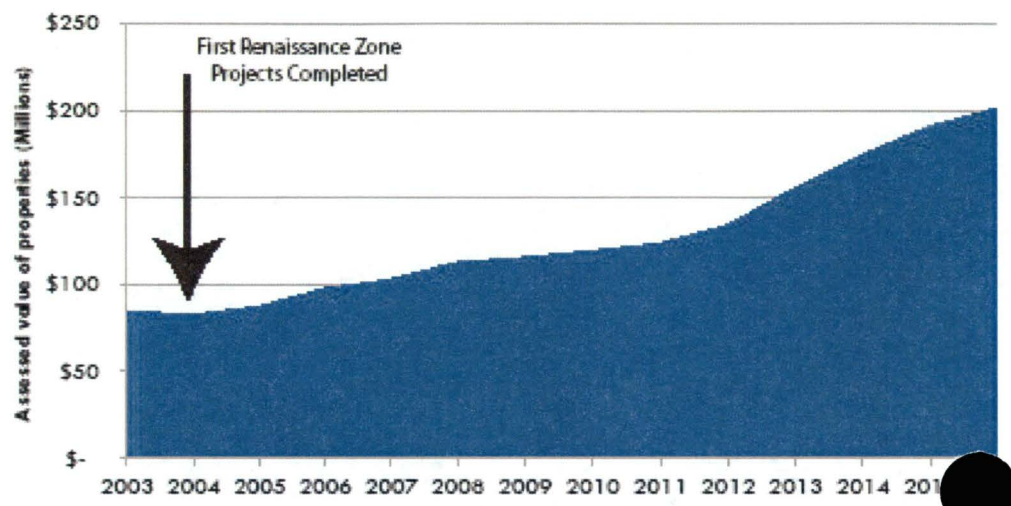
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PROGRAM EVALUATION

The Renaissance Zone is a proven effective tool for revitalizing and strengthening the core of our community

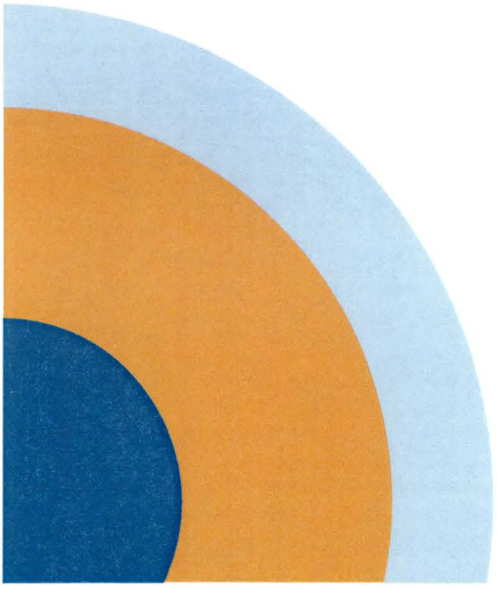
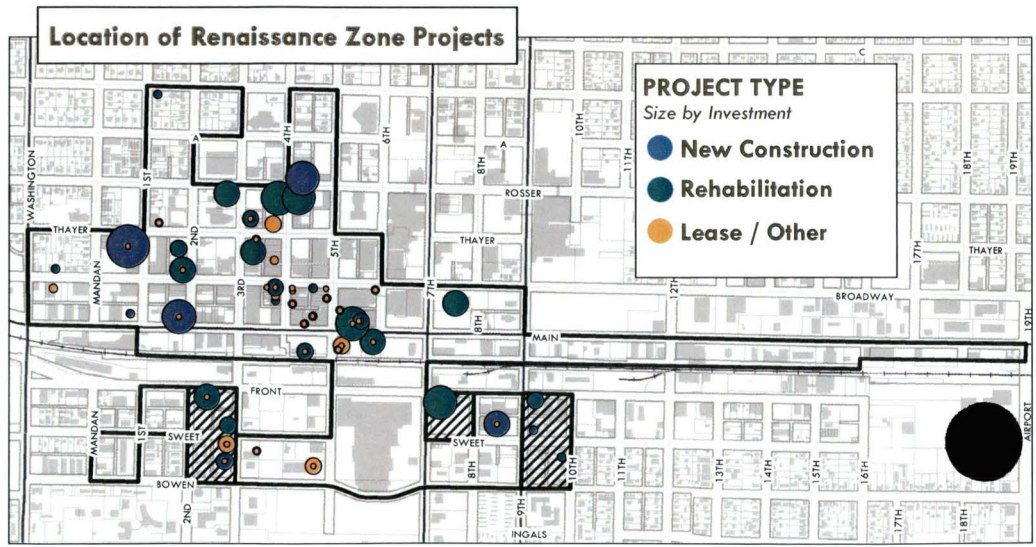
Since the first Renaissance Zone buildings were completed in 2004, overall property values in downtown Bismarck have increased each year. Prior to the program, these same property values were decreasing.

The total assessed value of all properties within the Renaissance Zone, whether a recipient of the tax incentive or not, has grown from \$84,578,100 in 2003 to \$201,152,500 in 2016, which amounts to an average annual rate of growth of 10.6%.



By 2019 the total taxes generated from project parcels is projected to surpass the total taxes exempted from these parcels since the program began.

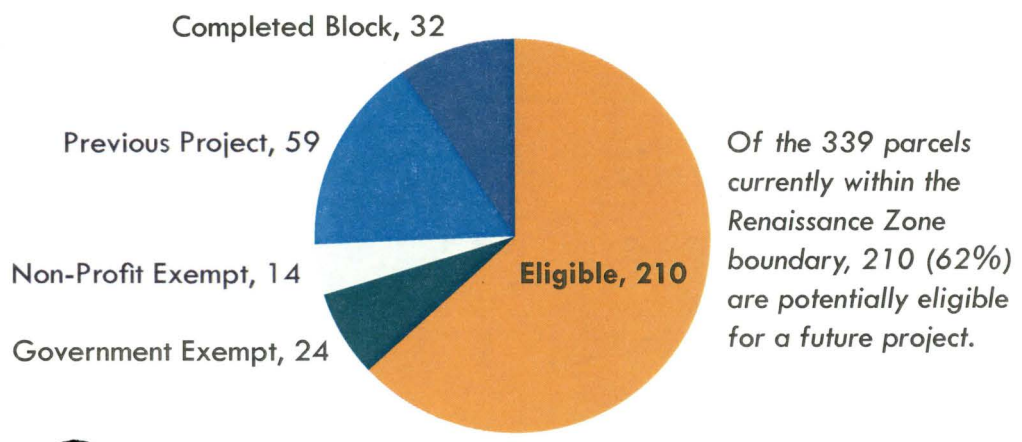
Over the long-term, the net effect of the Renaissance Zone is an increase in tax revenue collected by the City, lessening the burden on other taxpayers. Once each project's five-year tax exemption period is complete, the properties re-enter the tax rolls at a higher taxable value for each year into the future. Every year since 2012, the City of Bismarck has collected more revenue from all Renaissance Zone project parcels than they would have if the program did not exist and the investments were not made.



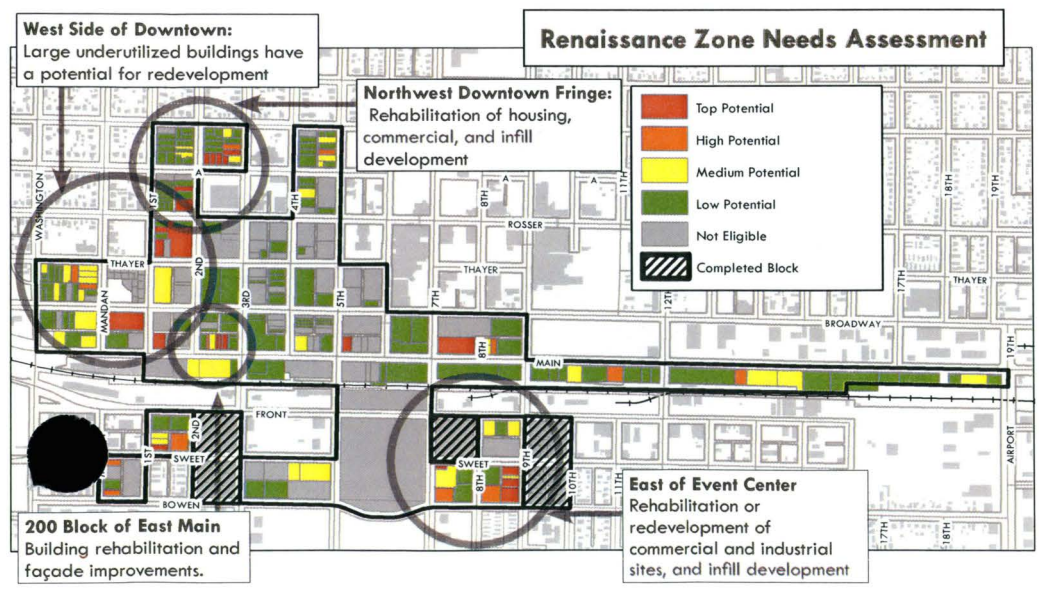
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What's next?

● Despite the effectiveness of the program in spurring redevelopment, there is still a need to address identified medium, high and top potential projects within the Renaissance Zone.



● In 2016, the City of Bismarck performed a Needs Assessment to evaluate areas within the Renaissance Zone boundary that have not met the program's goals. Projects may not be considered eligible if they have previously received Renaissance Zones exemptions, or are owned by a government or non-profit organization. Five blocks have been completed and are no longer eligible. Four hot spots of unimproved areas can be identified within the zone.



BISMARCK RENAISSANCE ZONE GOALS

Establish the Renaissance Zone as the Center of Business Life, Government and Cultural Opportunity for the Bismarck Region.

Promote the Renaissance Zone as the Preferred Location for Hotel, Class A Office Buildings, Specialty Retail, Government and Institutional Uses.

Maximize Accessibility of the Renaissance Zone from Throughout the Region and Provide Safe, Convenient, and Attractive Circulation Within the Zone.

Arrange Compatible Land Uses in Compact and Orderly Ways to Enhance the Functions of the Renaissance Zone.

Encourage a Zone That Upholds Bismarck's Heritage as Well as Recognizes and Takes Advantage of its Pattern of Development.

Achieve High Quality in the Design and Visual Appearance of the Renaissance Zone.

Promote the Renaissance Zone as a Location for Increased Housing Opportunities.

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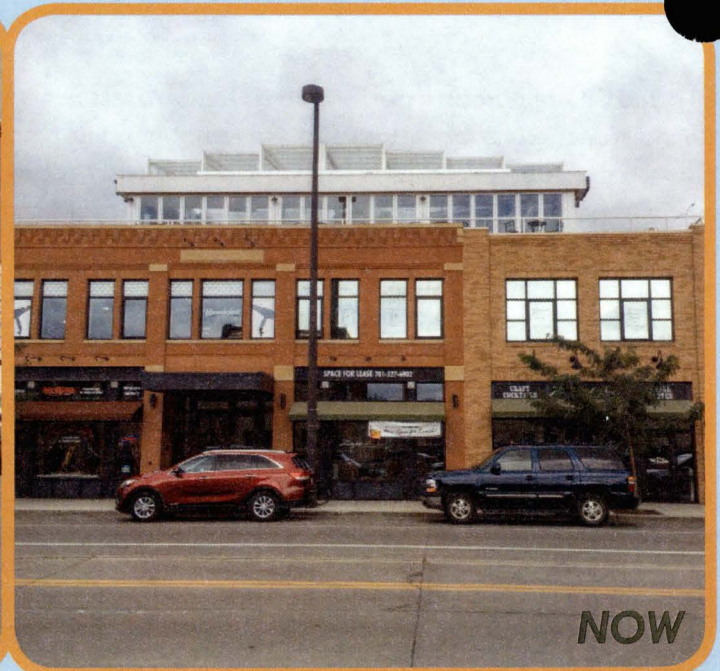
THEN



NOW

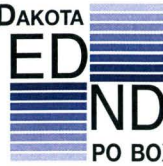
In 2009, a vacant property located along the 400 block of East Main Avenue in the heart of downtown Bismarck applied for Renaissance Zone incentives to make improvements. The building had previously been used as a Chinese restaurant and had fallen into disrepair. The applicant converted the property to an Irish themed pub/restaurant with additional leased spaces on the second floor. Renovations included rebuilding supporting walls, water, sewer and utility upgrades as well as renovations to appropriately restore the character of the 1905 historic two story building. Today the restaurant is a popular place among locals and visitors and the property contributes to the vibrancy of the downtown core.

THEN



NOW

The rehabilitation of an existing two-story building and infill of an adjacent open area along the 500 block of East Main Avenue helped restore the urban edge of one of downtown Bismarck's blocks. The 2011 project consisted of a new, historically appropriate façade spanning 75 feet with large, street-level windows and renovations to existing adjacent two story building. The new infill space combined with the rehabilitated space provides of a restaurant, retail and a bar with a rooftop terrace which offers views of the city. The project utilizes the "lease Renaissance Zone incentive which provides state income tax incentives to occupants who lease and invest in space within a qualifying Renaissance Zone project.



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**Testimony for House Finance and Taxation Committee
HB1182— A Bill to Repeal the Renaissance Zone Program
January 18, 2017**

Chairman Headland and members of the House Finance and Taxation Committee, my name is Nathan Schneider, I am the Director of Business Development for the Bismarck-Mandan Development Association and a member of the Economic Development Association of North Dakota (EDND). I am here today to testify in opposition of HB 1182 on behalf of EDND.

The Renaissance Zone Program is an important economic development tool to assist the communities we serve in revitalizing their downtown's and blighted areas. In a state where a large majority of incentives are geared towards primary sector businesses the renaissance zone program is an option for communities to encourage development by those businesses not deemed primary sector.

The Renaissance Zone Program has been successful in many communities across the state in leveraging private sector investment to improve our downtown and blighted areas. In areas of communities where redevelopment of older buildings can be more expensive than building new elsewhere, the Renaissance Zone can offset some of those additional costs.

It is our presumption that HB 1182 would halt the current Renaissance Zone Program as it stands right now by January 1, 2018, eliminate any opportunity for communities to replace blocks in an existing Renaissance Zone and provide no chance for an extension once passed. For a number of communities across the state with relatively new Renaissance Zone Programs this puts them at a disadvantage to communities that have had their programs for the full fifteen years plus extensions for some of them. Of the 58 communities with Renaissance Zones, 44 will not have been able to see the full potential of the program's fifteen year duration.

Our current Renaissance Zone program as it is right now is doing as it was intended by encouraging investment in our downtown areas in communities big and small. Main streets are the hearts of our communities that create and maintain the sense of place. The program has helped job retention and creation, increases to property tax base, potential for increased sales tax, and improvements to the aesthetics of an area. Areas, in some instances, that were once dynamic neighborhoods in their respective communities. Renaissance Zone has been one part to helping restore vitality to these areas. Help us continue to build on that momentum by opposing HB 1182.

Thank you for your consideration I would be happy to answer any questions you may have.

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HB 1182 Testimony
Bernie Dardis, FMWF Chamber of Commerce
1/18/2017

Good morning Chairman Headland and members of the committee, thank you for allowing me to speak with you today. My name is Bernie Dardis, I am here as a member of the Board of Directors for the Fargo Moorhead West Fargo Chamber of Commerce.

The Fargo metropolitan community is one that has gone through immense growth and change in the last decade, just as many other communities across the state have. One of the most transformed areas of our community is downtown Fargo. If you take a drive through downtown Fargo you will see thriving nightlife, lively retail and business space and engaging community and arts activities. Downtown Fargo hasn't always been described in that manner. With the use of the Renaissance Zone Program, we have been able to transform what was once an under-utilized section of the community and turn it into one of the most thriving portions in the entire metro.

To say that the Renaissance Zone program is important to our downtown redevelopment would be an understatement. It is absolutely imperative to the complete transformation that has taken place. Looking at the numbers when it comes to this program, it is easy to see that it has a strong return on investment. But the transformation that has occurred due to this program goes far beyond that.

Downtown Fargo has become a gem in our region. Thousands of residents are downtown each day to go to work. Thousands of people are able to patronize local shops and restaurants all of which are in a walkable distance. Many college students and professionals live within the boundaries of downtown Fargo. None of this would have occurred to the scale that it is without the smart use of the Renaissance Zone Program.

As the state considers the continued use of certain incentive programs, I urge the committee to review the strategic use of the Renaissance Zone Program in downtown Fargo and is able to see the clear success that it has had for our region.

#8
1-18-17
HB 1182

Williston
Economic Development

January 17, 2017

Representative Craig Headland
Chairman
House Finance and Taxation Committee
600 E. Boulevard Avenue
Bismarck, ND 58505

RE: HB1182

Chairman Headland and members of the committee, please accept this testimony in opposition to House Bill 1182 on behalf of the City of Williston and the Williston Economic Development office.

In the past several years, Williston's downtown has undergone a dramatic revitalization. The majority of the development can be contributed back to the utilization of the Renaissance Zone.

Since 2006, twenty-four projects had been applied for in 11 of our 32 designated blocks. To date: 20 of the projects have been completed, 2 projects have been withdrawn, 1 was determined to be a local project versus a state Renaissance Zone project, and 1 has yet to begin. Of the 20 state projects that have been completed, approximately 21 new businesses and 99 new apartments were created. 8 new structures have been built and 14 buildings have been renovated.

The target goal for investment into the Renaissance Zone in 2006 was \$750,000.00. The 20 completed projects have a total investment cost of \$34-Million and have added over \$18-Million of taxable value to the Renaissance Zone.

Similar to my counterparts in other communities, a major justification of the need for a Renaissance Zone program is because redevelopment projects in downtowns are often more expensive than new development projects of equal square footage. Especially the updated infrastructure needs for older buildings that may require fire suppression systems and elevator access.

As we strive to revitalize our Main Street and downtown, I ask you to oppose HB1182. Thank you for your consideration.

Best Regards



Shawn Wenko
Executive Director
Williston Economic Development

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1-18-17
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To The North Dakota Representatives of the Finance and Taxation Committee:

My name is Nancy Simpson. For the past four months I have been working on the Renaissance Project in Minot. In November 2016, the program was slated to expire, however, with the help of our Renaissance Zone Review Board, I was able to revise our development plan and apply for and receive a 5 year extension for Minot's program. During this time I took it upon myself to prove that this program is beneficial to Minot. I chose 10 completed projects that have reached the end of their 5 year tax exemption; I have attached a graph to show the property value increase from the pre-renovation true and full value to the 2016 current full and true value. As you can see in the spread sheet the increase is \$5,172,000.00. That's approximately a five-fold increase. As I previously stated, this is for ONLY 10 properties, in 15 years there have been 91 applicants 67 of which are completed.

The Renaissance Zone program has and will continue to incentivize economic development in Minot, will help diversify the economy and bring jobs to Minot. To repeal this program would only to a detriment to our City.

I beseech you, representatives of the Finance and Taxation Committee to reconsider and evaluate the benefit of the Renaissance Zone and its success before terminating this valuable program.

Regards,
Nancy Simpson
Concerned Citizen and,
Former Resilience AmeriCorps VISTA

Renaissance Zone Samples

| Exemption Date Range | Pre-Program Value | Current Value | Project # | Number | Address | Business Name/type | Value Increase |
|----------------------|-----------------------|-----------------------|-----------|-----------|----------------|-----------------------------|-----------------------|
| 2003-2007 | \$234,800.00 | \$1,464,000.00 | 1 & 2 | 200 | Broadway South | Planet Pizza | \$1,229,200.00 |
| 2003-2008 | \$47,200.00 | \$177,000.00 | 7 | 101 | Central Ave E | Niess Impressions | \$129,800.00 |
| 2005-2010 | \$320,000.00 | \$1,611,000.00 | 9 | 212 & 216 | Broadway South | Mid-Town Plaza | \$1,291,000.00 |
| 2004-2009 | \$62,000.00 | \$412,000.00 | 12 | 112 | Main St S | Tande Photography | \$350,000.00 |
| 2007-2012 | \$89,000.00 | \$482,000.00 | 19 | 17 | Main St S | IRET | \$393,000.00 |
| 2006-2011 | \$97,000.00 | \$272,000.00 | 20 | 101 | Main St S | Moore's Karate | \$175,000.00 |
| 2006-2011 | \$371,200.00 | \$771,000.00 | 21 | 24 | Central Ave W | Brady Martz & Associates | \$399,800.00 |
| 2008-2013 | \$25,400.00 | \$173,000.00 | 41 | 114 | Main St S | Thomas & Thomas Law Firm | \$147,600.00 |
| 2001-2015 | \$56,600.00 | \$339,000.00 | 44 | 23 | 2nd Ave SE | 2D INK | \$282,400.00 |
| 2011-2015 | \$66,800.00 | \$841,000.00 | 45 | 24 | 1st ST NE | Creative Media | \$774,200.00 |
| Total value | \$1,370,000.00 | \$6,542,000.00 | | | | Total Value Increase | \$5,172,000.00 |

The above spreadsheet shows the value increase experienced by properties that have participated in the Renaissance Zone Program. The above properties have reached the end of their 5 year tax exemptions

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Testimony to the House Appropriations – Education and Environment
Prepared by Robert C. Davis, Director of Planning
City of Minot
robert.davis@minotnd.org

HOUSE BILL NO. 1182

Mr. Chairman, my name is Robert C. Davis and I serve as the Director of Planning for the City of Minot. I am representing the City of Minot in opposition to House Bill 1182.

House Bill 1182 effectively prevents the addition or extension of Renaissance Zones. If granted, this would take away a vital tool for the redevelopment of downtown Minot. Currently, there are 23 blocks and 407 eligible properties in the Minot Renaissance Zone. We hope to see the Renaissance Zone applied to other areas of downtown as older blocks are completed. The bill as it is currently proposed would prevent that.

The Flood of 2011 devastated the downtown area and destroyed much of its infrastructure. The city of Minot has now completed construction of brand new streets and utilities. We are making plans for pedestrian improvements and public places most of which are rooted to the blocks of the Renaissance Zone. The city is planning the development of a Downtown Gathering Place utilizing funds granted through the National Disaster Resilience Grant. The Gathering Space will complement two new parking garages, new streets, sidewalks, lighting fixtures, landscaping, seating areas and work in tandem with Renaissance Zone investment to increasingly make downtown Minot a regional draw.

In November of 2016, the city of Minot updated its Renaissance Zone Development Plan and revised it to allow for greater exterior renovations in an effort to match facades with new sidewalks, benches and streets found in the downtown area. It is our hope to continue addressing urban design concerns and planning in the downtown area with the Renaissance Zone tool being the centerpiece.

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The city of Minot has had success with this program as it has been a proven tool for revitalization of the downtown and surrounding areas. The Planning Department looked at 10 properties located in the Renaissance Zones that had reached the end of their 5 year tax exemptions and compared their pre-program property value to its current value. The pre-program value of the ten properties was \$1,370,000 while the current value of the properties stands at \$6,542,000 representing an increase of \$5,172,000 or a 377% increase. We hope to see both the investment in downtown buildings and its subsequent rise in value increase over time. This will be greatly impeded with the expiration of the Renaissance Zone.

Thank you for allowing me time to detail Minot's support for keeping the Renaissance Zone bill intact as the Zone has been critical for the revitalization of the downtown and is significant for the economic resilience of the city.



Date: Jan. 18, 2017

To: Honorable Craig Headland Finance and Taxation Committee

From: Matt Marshall
800 Fourth Street East, Suite 1
West Fargo, ND 58078

RE: Opposition to HB 1182

Dear Chairman Headland and Finance & Taxation Committee:

Please accept my thanks for your dedicated service to North Dakota. As always, you have a difficult task before you as you consider the state's needs and appropriate programs. The City of West Fargo is opposed to HB 1182. The Renaissance Zone has been an extremely valuable tool in diversifying our tax base and redeveloping the ageing areas of the city. Please take into account the following as you make your decision:

- In the years West Fargo has had the Renaissance Zone available, the city has been able to increase the taxable valuation within the zone by millions of dollars.
- The Renaissance Zone program is responsible for great projects such as:
 - The new Petro serve headquarters.
 - The Wayne transport building.
 - The Silver Dollar renovation.
- The current program is a planning document allowing the city to focus on key goals in a specific area.
- Increased commercial value subsidizes residential properties in the city.

I ask that you defeat House Bill 1182 and keep the Renaissance Zone program for communities to access.

If I can answer any questions, please contact me at 701-433-5311.

Sincerely,

A handwritten signature in black ink, appearing to read 'Matt Marshall', is written over the typed name.

Matt Marshall
Director of Economic Development and Community Services

**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.

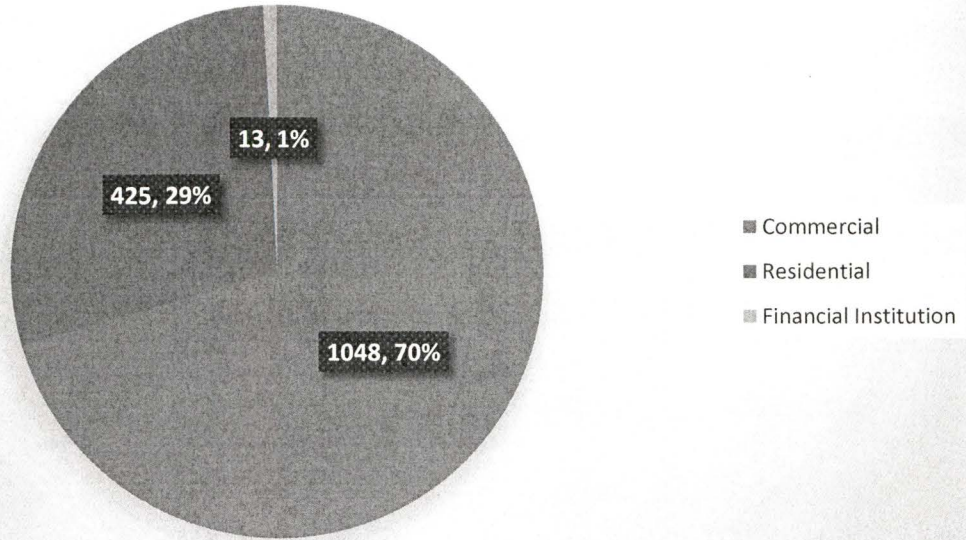
The charts on the following page illustrate the number of commercial and residential projects completed in 2015 and over the course of the program. The charts reflect that the percentage of commercial versus residential projects in 2015 was generally consistent with the overall performance of the program. 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.

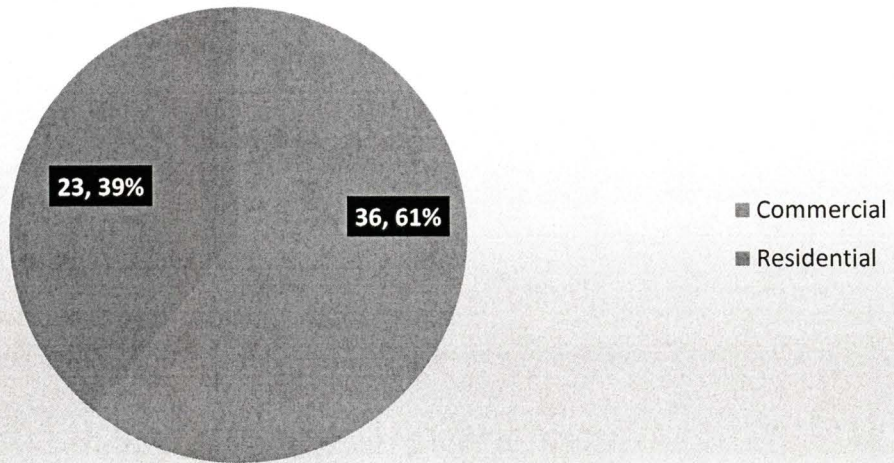
Following the Renaissance Zone program data is the report on properties located in TIF and Renaissance Zone with the potential to receive benefits from both programs. Three cities reported having properties in both: Bismarck, Hazen and Mandan. The data indicates that most of these only receive benefits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



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2-8-17
HB 1182

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1182

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact sections 40-63-02, 40-63-03, and 40-63-04, and subsections 7 and 8 of section 57-38-30.3 of the North Dakota Century Code, relating to renaissance zone tax credits and exemptions; to repeal sections 40-63-06 and 40-63-07 of the North Dakota Century Code, relating to renaissance zone income tax credits; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 40-63-02 of the North Dakota Century Code is amended and reenacted as follows:

40-63-02. Eligibility - Local zone authority designation.

Any incorporated city may apply to the department of commerce division of community services to designate a portion of the city as a renaissance zone. Any individual, partnership, limited partnership, limited liability company, trust, or corporation may apply for a ~~tax credit or exemption under sections 40-63-04 through 40-63-07~~ tax benefits under this chapter. The governing body of a city may designate a local zone authority to implement a development plan on behalf of the city.

SECTION 2. AMENDMENT. Section 40-63-03 of the North Dakota Century Code is amended and reenacted as follows:

40-63-03. Renaissance zones.

1. A city may apply to the department of commerce division of community services to designate a portion of that city as a renaissance zone if the following criteria are met:
 - a. The geographic area proposed for the renaissance zone is located wholly within the boundaries of the city submitting the application.
 - b. The application includes a development plan.
 - c. The proposed renaissance zone is not more than thirty-four square blocks, except in a city with a population of greater than five thousand the renaissance zone may exceed thirty-four square blocks at the rate of one additional block for each additional five thousand population to a maximum size of forty-nine blocks. Population is based upon the most recent federal decennial census or federal census estimate.

If a city finds that renaissance zone projects have satisfactorily completed one or more blocks within the renaissance zone, the city may apply for and the department of commerce division of community services may approve withdrawal of those blocks from the

renaissance zone and replacement of those blocks with other blocks that otherwise meet the requirements of this chapter.

- d. Except as provided under subdivision g, the proposed renaissance zone has a continuous boundary and all blocks are contiguous.
 - e. The proposed land usage includes both commercial and residential property.
 - f. The application includes the proposed duration of renaissance zone status, not to exceed fifteen years. Upon application by the city, the department of commerce division of community services may extend the duration of renaissance zone status in increments of up to five years.
 - g. The proposed renaissance zone may have a single exception to the continuous boundary and contiguous block requirements under subdivision d if the area of the excepted noncontiguous blocks does not exceed three square blocks.
2. The department of commerce division of community services shall:
- a. Review all applications for renaissance zone designation against the criteria established in this section and designate zones.
 - b. Approve or reject the duration of renaissance zone status as submitted in an application.
 - c. Approve or reject the geographic boundaries and total area of the renaissance zone as submitted in an application.
 - d. Promote the renaissance zone program.
 - e. Monitor the progress of the designated renaissance zones against submitted plans in an annual plan review.
 - f. Report on renaissance zone progress to the governor and the legislative management on an annual basis until all designated zones expire.
3. The department of commerce division of community services shall consider the following criteria in designating a renaissance zone:
- a. The viability of the development plan.
 - b. The incorporation and enhancement of unique natural and historic features into the development plan.
 - c. Whether the development plan is creative and innovative in comparison to other applications.
 - d. Public and private commitment to and other resources available for the proposed renaissance zone, including the provisions for a renaissance fund organization.
 - e. How renaissance zone designation would relate to a broader plan for the community as a whole.

- f. How the local regulatory burden, in particular that burden associated with the renovation of historic properties and that burden associated with mixed use development, will be eased for developers and investors in the renaissance zone.
 - g. The strategies for the promotion, development, and management of the zone, including the use of a local zone authority if designated.
 - h. Any other information required by the office.
4. The department of commerce division of community services may not designate a portion of a city as a renaissance zone unless, as a part of the application, the city provides a resolution from the governing body of the city that states if the renaissance zone designation is granted, persons and property within the renaissance zone are exempt from taxes as provided in sections ~~40-63-04 through 40-63-07~~this chapter.
5. A city may not propose or be part of more than one renaissance zone.
6. ~~A parcel of property may be exempted from property taxes under section 40-63-05 only once, but during the five taxable years of eligibility for that exemption, the property tax exemption transfers with the transfer of the property to a qualifying user. The ownership or lease of, or investment in, a parcel of property may qualify for exemption or credit under section 40-63-04 only once, but during the five taxable years of eligibility for that exemption or credit, the exemption or credit under section 40-63-04 transfers with the transfer of the property to a qualified user and with respect to the year in which the transfer is made must be prorated for use of the property during that year.~~
- ~~7.~~ A city may apply to the department of commerce division of community services at any time during the duration of a zone to expand a previously approved renaissance zone that is less than the maximum size allowed under subdivision c of subsection 1. If the expansion is approved by the department of commerce division of community services, the blocks in the expansion are eligible for up to fifteen years of renaissance zone status.
- ~~8-7.~~ The use of grant funds as the sole source of investment in the purchase of a building or space in a building does not qualify a taxpayer for any tax exemption or credit available under the chapter, and grant funds may not be counted in determining if the cost of rehabilitation meets or exceeds the current true and full value of the building.
- ~~9-8.~~ If a portion of an approved renaissance zone is not progressing, the city may request the department of commerce division of community services to permit deleting that portion and to make an adjustment of the boundaries to add another equal, contiguous area to the original zone.
- ~~10-9.~~ If within a renaissance zone there is property that is included in a tax increment financing district, the city in which the property is located shall provide the department of commerce an annual report regarding any such property at the time requested by the department of commerce. The report required under this subsection must identify the property, provide the expected duration of inclusion of the property in the tax increment financing district and the renaissance zone, and identify any property and

income tax benefits of the property and the expected duration of those benefits. The department of commerce shall deliver an annual report compiling the information required under this subsection to the legislative management interim committee on taxation issues or upon request of any other interim committee of the legislative management.

SECTION 3. AMENDMENT. Section 40-63-04 of the North Dakota Century Code is amended and reenacted as follows:

40-63-04. (Effective for the first five taxable years beginning after December 31, 2017) Income tax exemptions.

1. An individual taxpayer who purchases or rehabilitates single-family residential property for the individual's primary place of residence as a zone project before January 1, 2018, is exempt from up to ten thousand dollars of personal income tax liability as determined under section 57-38-30.3 for five taxable years beginning with the date of occupancy or completion of rehabilitation.
2. A taxpayer that purchases, leases, rehabilitates, or makes leasehold improvements to residential, public utility infrastructure, or commercial property for any business or investment purpose as a zone project before January 1, 2018, is exempt from tax on income derived from the business or investment locations within the zone for five taxable years, beginning with the date of purchase, lease, or completion of rehabilitation.
 - a. The maximum amount of income that a taxpayer may exempt from tax under this subsection for any taxable year is five hundred thousand dollars. The limitation in this subdivision applies to the sum of the exempt income derived from the taxpayer's business and investment interests in all zone projects.
 - b. If a zone project consists of a physical expansion of an existing building owned and used by the taxpayer for business or investment purposes, the amount of income exempt from tax under this subsection is limited to an amount equal to the income derived from the business, or from the investment use of the building, during the taxable year multiplied by a ratio equal to the square footage added by the expansion divided by the total square footage of the building after expansion.
3. If the cost of a new business purchase, leasehold improvement, or expansion of an existing business, approved as a zone project, exceeds seventy-five thousand dollars, and the business is located in a city with a population of not more than two thousand five hundred, an individual taxpayer may, in lieu of the exemption provided in subsection 2, elect to take an income tax exemption of up to two thousand dollars of individual income tax liability as determined under section 57-38-30.3. The election must be made on the taxpayer's return as originally and timely filed. The election is irrevocable and binding for the duration of the exemptions provided in subsection 2 or this subsection. If an election is not made on the original return, the taxpayer is only eligible for the exemption provided in subsection 2.

4. If a property owner not participating in a renaissance zone project is required to make changes in utility services or in a building structure before January 1, 2018, because of changes made to property that is part of a zone project, the owner of the nonparticipating property is entitled to state income tax credits equal to the total amount of the investment necessary to complete the required changes. The credit must be approved by the local renaissance zone authority. The credit must be claimed in the taxable year in which the related project was completed. The credit may not exceed the taxpayer's tax liability, and an unused credit may be carried forward up to five taxable years.
5. The ownership or lease of, or investment in, a parcel of property may qualify for an exemption or credit under this section only once, but during the five taxable years of eligibility for that exemption or credit, the exemption or credit under this section transfers with the transfer of the property to a qualified user and with respect to the year in which the transfer is made must be prorated for use of the property during that year.
6. The exemptions provided by this section do not eliminate any duty to file a return or to report income as required under chapter 57-38.

SECTION 4. AMENDMENT. Subsection 7 of section 57-38-30.3 of the North Dakota Century Code is amended and reenacted as follows:

7. A taxpayer filing a return under this section is entitled to the following tax credits:
 - a. Family care tax credit under section 57-38-01.20.
 - b. Renaissance zone tax credits under ~~sections~~ section 40-63-04, 40-63-06, and 40-63-07 (effective for the first five taxable years beginning after December 31, 2017).
 - c. Agricultural business investment tax credit under section 57-38.6-03.
 - d. Seed capital investment tax credit under section 57-38.5-03.
 - e. Planned gift tax credit under section 57-38-01.21.
 - f. Biodiesel fuel or green diesel fuel tax credits under sections 57-38-01.22 and 57-38-01.23.
 - g. Internship employment tax credit under section 57-38-01.24.
 - h. Workforce recruitment credit under section 57-38-01.25.
 - i. Angel fund investment tax credit under section 57-38-01.26.
 - j. Microbusiness tax credit under section 57-38-01.27.
 - k. Marriage penalty credit under section 57-38-01.28.
 - l. Homestead income tax credit under section 57-38-01.29.
 - m. Commercial property income tax credit under section 57-38-01.30.
 - n. Research and experimental expenditures under section 57-38-30.5.
 - o. Geothermal energy device installation credit under section 57-38-01.8.

- p. Long-term care partnership plan premiums income tax credit under section 57-38-29.3.
- q. Employer tax credit for salary and related retirement plan contributions of mobilized employees under section 57-38-01.31.
- r. Automating manufacturing processes tax credit under section 57-38-01.33 (effective for the first five taxable years beginning after December 31, 2012).
- s. Income tax credit for passthrough entity contributions to private education institutions under section 57-38-01.7.

SECTION 5. AMENDMENT. Subsection 8 of section 57-38-30.3 of the North Dakota Century Code is amended and reenacted as follows:

- 8. A taxpayer filing a return under this section is entitled to the exemption provided under section 40-63-04 (effective for the first five taxable years beginning after December 31, 2017).

SECTION 6. REPEAL. Sections 40-63-06 and 40-63-07 of the North Dakota Century Code are repealed.

SECTION 7. EFFECTIVE DATE. This Act is effective for taxable years beginning after December 31, 2017."

Renumber accordingly

Estimated Reduction in Income and Financial Institution Tax Revenues Attributable to Renaissance Zone Program Tax Incentives

Revised: January 11, 2017

Following is the estimated reduction in income and financial institution tax revenues for each tax year since the Program's creation in 1999—

| | Income Exemption ¹ | | Tax Credits ² | Total Estimated Tax Reduction ⁴ |
|--------------|-------------------------------|--------------------------------------|--------------------------|--|
| | Income Exempted ² | Estimated Tax Reduction ³ | | |
| 1999 | \$ - | \$ - | \$ 339,391.00 | \$ 339,391.00 |
| 2000 | 88,717.00 | 9,150.49 | 320,353.00 | 329,503.49 |
| 2001 | 1,804,632.00 | 98,683.94 | 403,947.00 | 502,630.94 |
| 2002 | 1,902,517.56 | 113,041.99 | 1,072,960.00 | 1,186,001.99 |
| 2003 | 3,024,795.83 | 203,823.37 | 690,559.94 | 894,383.31 |
| 2004 | 4,325,193.56 | 235,624.25 | 4,253,950.87 | 4,489,575.12 |
| 2005 | 7,466,320.82 | 445,920.73 | 1,629,295.03 | 2,075,215.76 |
| 2006 | 10,738,043.35 | 627,005.04 | 751,990.24 | 1,378,995.28 |
| 2007 | 17,547,372.44 | 991,663.08 | 861,201.94 | 1,852,865.02 |
| 2008 | 22,717,662.75 | 1,299,872.44 | 2,083,688.24 | 3,383,560.68 |
| 2009 | 26,527,515.00 | 1,432,124.06 | 1,474,457.64 | 2,906,581.70 |
| 2010 | 29,960,938.00 | 1,815,079.27 | 1,778,282.00 | 3,593,361.27 |
| 2011 | 44,617,475.00 | 2,435,626.63 | 2,419,659.00 | 4,855,285.63 |
| 2012 | 65,485,152.00 | 2,974,575.03 | 1,299,454.00 | 4,274,029.03 |
| 2013 | 41,556,320.00 | 1,062,257.83 | 729,700.00 | 1,791,957.83 |
| 2014 | 55,158,345.00 | 1,801,601.26 | 770,298.00 | 2,571,899.26 |
| 2015 | 29,214,000.00 | 737,321.01 | 895,378.00 | 1,632,699.01 |
| Total | \$ 362,135,000.31 | \$ 16,283,370.43 | \$ 21,774,565.90 | \$ 38,057,936.33 |

The total estimated tax reduction shown above breaks down among the major tax types as follows—

| | |
|--|-------------------------|
| Individual income tax ⁵ | \$ 22,565,399.16 |
| Corporation income tax ⁵ | 5,945,991.92 |
| Financial institution tax ^{6,7} | 9,546,545.25 |
| Total | \$ 38,057,936.33 |

See Notes on reverse side.

Prepared by Office of State Tax Commissioner

Notes—

¹ The tax incentives under the Renaissance Zone Program consist of a business or investment income exemption and several tax credits for income and financial institution tax purposes. A property tax exemption is also available, which is administered at the local government level. This document does not contain any information relating to the property tax exemption.

² The amounts shown for "Income Exempted" and "Tax Credits" are the actual amounts claimed on returns. The amounts shown for "Income Exempted" were adjusted (reduced) to avoid duplication of numbers in the case of an S corporation subject to the financial institution tax, in which case the exempt income is reported on both the corporation's financial institution tax return and the corporation's owners' individual income tax returns.

³ The "Estimated Tax Reduction" attributable to the exempt income was determined by applying an appropriate tax rate: For corporation income tax, the highest marginal tax rate for each year was used. For financial institution tax, a tax rate of 7% was used for 1999 - 2010, and a tax rate of 6.5% was used for 2011. For individual income tax, an average tax rate was used. (A review and recalculation of every individual income tax return would be required to ascertain a more exact number for the tax reduction attributable to the exempt income.)

⁴ The "Total Estimated Revenue Reduction" equals the sum of the "Estimated Tax Reduction" (attributable to exempted income) and the "Tax Credits."

⁵ For income tax purposes, if the taxpayer is a partnership or other type of passthrough entity, the tax reduction will be included in the individual and corporation income tax numbers.

⁶ The financial institution tax reduction affects both the state general fund (SGF) and the financial institution tax distribution fund (FITDF). Monies placed in the FITDF are distributed to the counties. For 1999 through 2010, 2/7ths of the total financial institution tax reduction affected the SGF, and 5/7ths affected the FITDF. For 2011, 3/13ths affected the SGF, and 10/13ths affected the FITDF.

⁷ The financial institution tax was repealed for tax years after 2012. Banks and entities that were subject to the financial institution tax are subject to the income tax starting with the 2013 tax year.

Prepared by Office of State Tax Commissioner

3/1/2017

HB 1182

Attachment #2 pg1

HB 1182 – Testimony by Dustin Gawrylow (Lobbyist #215) North Dakota Watchdog Network

As written HB 1182, simply removes the income tax exemption from the Renaissance Zone Program incentives list. According to Tax Department documents, this exemption statewide has amounted to a \$38 million reduction in state income tax revenue since 1999. (see attached Item #1)

Specific to Bismarck, according to city documents as of 2014, about \$7.8 million in income tax exemptions have been granted since 2002. (see attached Item #2)

Return on Investment Questions

According to attached Item #2 Page 3, there is a question of Return on Investment.

If you look at the bottom line figure you will see that the beginning value of property using the RZ program was \$14.7 million.

\$7.8 million worth of income tax exemptions, and \$5.3 million worth of property tax exemptions based on a \$60 million proposed investment. However, at the end of the day, only \$27.4 million dollars were actually invested.

After all this, as of 2014 the City of Bismarck was showing new value of \$32.1 million.

| | |
|---------------------------|---|
| Original Value - | \$14.7 million |
| Actual Investment - | \$27.4 million (proposed investment of \$60.4 million) |
| Property Tax Exemption - | \$5.3 million |
| Income Tax Exemption- | \$7.8 million |
| <hr/> | |
| Total Input Costs- | \$55.2 million |
| After-Project Value- | \$32.1 million |
| Unrealized Loss- | \$23.1 million |
| Jobs Created- | 374.25 FTE |
| Cost Per FTE- | \$61,600 (based on unrealized loss divided by FTEs created) |

The time for subsidizing private development is over.

The state must find ways other than tax giveaways and corporate welfare schemes to improve North Dakota's business climate.

If you want to giveaway public tax dollars in this way, please don't call it an investment.

The numbers just do not add up

**Estimated Reduction in Income and Financial Institution Tax Revenues
Attributable to Renaissance Zone Program Tax Incentives**

Revised: January 11, 2017

Following is the estimated reduction in income and financial institution tax revenues for each tax year since the Program's creation in 1999—

| | <u>Income Exemption ¹</u> | | | |
|-------|--------------------------------------|---|---------------------------------|---|
| | <u>Income Exempted ²</u> | <u>Estimated Tax Reduction ³</u> | <u>Tax Credits ²</u> | <u>Total Estimated Tax Reduction ⁴</u> |
| 1999 | \$ - | \$ - | \$ 339,391.00 | \$ 339,391.00 |
| 2000 | 88,717.00 | 9,150.49 | 320,353.00 | 329,503.49 |
| 2001 | 1,804,632.00 | 98,683.94 | 403,947.00 | 502,630.94 |
| 2002 | 1,902,517.56 | 113,041.99 | 1,072,960.00 | 1,186,001.99 |
| 2003 | 3,024,795.83 | 203,823.37 | 690,559.94 | 894,383.31 |
| 2004 | 4,325,193.56 | 235,624.25 | 4,253,950.87 | 4,489,575.12 |
| 2005 | 7,466,320.82 | 445,920.73 | 1,629,295.03 | 2,075,215.76 |
| 2006 | 10,738,043.35 | 627,005.04 | 751,990.24 | 1,378,995.28 |
| 2007 | 17,547,372.44 | 991,663.08 | 861,201.94 | 1,852,865.02 |
| 2008 | 22,717,662.75 | 1,299,872.44 | 2,083,688.24 | 3,383,560.68 |
| 2009 | 26,527,515.00 | 1,432,124.06 | 1,474,457.64 | 2,906,581.70 |
| 2010 | 29,960,938.00 | 1,815,079.27 | 1,778,282.00 | 3,593,361.27 |
| 2011 | 44,617,475.00 | 2,435,626.63 | 2,419,659.00 | 4,855,285.63 |
| 2012 | 65,485,152.00 | 2,974,575.03 | 1,299,454.00 | 4,274,029.03 |
| 2013 | 41,556,320.00 | 1,062,257.83 | 729,700.00 | 1,791,957.83 |
| 2014 | 55,158,345.00 | 1,801,601.26 | 770,298.00 | 2,571,899.26 |
| 2015 | 29,214,000.00 | 737,321.01 | 895,378.00 | 1,632,699.01 |
| Total | <u>\$ 362,135,000.31</u> | <u>\$ 16,283,370.43</u> | <u>\$ 21,774,565.90</u> | <u>\$ 38,057,936.33</u> |

The total estimated tax reduction shown above breaks down among the major tax types as follows—

| | |
|--|-------------------------|
| Individual income tax ⁵ | \$ 22,565,399.16 |
| Corporation income tax ⁵ | 5,945,991.92 |
| Financial institution tax ^{6,7} | 9,546,545.25 |
| Total | <u>\$ 38,057,936.33</u> |

See Notes on reverse side.

Notes—

¹ The tax incentives under the Renaissance Zone Program consist of a business or investment income exemption and several tax credits for income and financial institution tax purposes. A property tax exemption is also available, which is administered at the local government level. This document does not contain any information relating to the property tax exemption.

² The amounts shown for "Income Exempted" and "Tax Credits" are the actual amounts claimed on returns. The amounts shown for "Income Exempted" were adjusted (reduced) to avoid duplication of numbers in the case of an S corporation subject to the financial institution tax, in which case the exempt income is reported on both the corporation's financial institution tax return and the corporation's owners' individual income tax returns.

³ The "Estimated Tax Reduction" attributable to the exempt income was determined by applying an appropriate tax rate: For corporation income tax, the highest marginal tax rate for each year was used. For financial institution tax, a tax rate of 7% was used for 1999 - 2010, and a tax rate of 6.5% was used for 2011. For individual income tax, an average tax rate was used. (A review and recalculation of every individual income tax return would be required to ascertain a more exact number for the tax reduction attributable to the exempt income.)

⁴ The "Total Estimated Revenue Reduction" equals the sum of the "Estimated Tax Reduction" (attributable to exempted income) and the "Tax Credits."

⁵ For income tax purposes, if the taxpayer is a partnership or other type of passthrough entity, the tax reduction will be included in the individual and corporation income tax numbers.

⁶ The financial institution tax reduction affects both the state general fund (SGF) and the financial institution tax distribution fund (FITDF). Monies placed in the FITDF are distributed to the counties. For 1999 through 2010, 2/7ths of the total financial institution tax reduction affected the SGF, and 5/7ths affected the FITDF. For 2011, 3/13ths affected the SGF, and 10/13ths affected the FITDF.

⁷ The financial institution tax was repealed for tax years after 2012. Banks and entities that were subject to the financial institution tax are subject to the income tax starting with the 2013 tax year.

pg 4

Item #2

BISMARCK RENAISSANCE ZONE PROGRAM - PROJECT STATUS

| Project | Applicant | Street Address | Project Type | RZA Hearing | Commission Approval | State Approval | Beginning Building Market Value | Proposed Investment | Estimated Building Value w/Investment | Estimated Property Tax Benefit | Estimated State Income Tax Benefit | Completion Date | Actual Investment | 2014 Building Market Value | Jobs Credited FTE | Parcel ID |
|---------|-------------------------------------|---------------------------|------------------|-------------|---------------------|----------------|---------------------------------|---------------------|---------------------------------------|--------------------------------|------------------------------------|-----------------|-------------------|----------------------------|-------------------|--------------|
| 01-B | George T. Duemeland Revocable Trust | 301 East Thayer Avenue | Purchase w/Major | 12/10/2002 | 12/17/02 | 1/2/2003 | \$77,000 | \$44,366 | \$150,000 | \$18,095 | \$5,650 | 12/1/2003 | \$66,397.00 | \$207,800 | 0 | 0001-063-001 |
| 02-B | Dakota Building Partnership | 501 East Main Avenue | Purchase - Land | 1/6/2003 | 01/07/03 | 2/26/2003 | \$444,200 | \$300,000 | \$540,000 | \$32,023 | \$7,500 | 1/31/2007 | \$284,195.00 | \$914,400 | 0 | 0001-012-000 |
| 03-B | Civic Square Development LLC | 521 East Main Avenue | Purchase w/Major | 2/7/2003 | 02/11/03 | 4/21/2003 | \$500 | \$600,000 | \$500,000 | \$61,000 | \$2,500 | 12/31/2007 | \$618,111.00 | \$1,340,200 | 0 | 0001-012-001 |
| 04-B | Duemelands Commercial LLLP | 301 East Thayer Avenue | Lease | 7/14/2003 | 07/22/03 | 9/25/2003 | N/A | N/A | N/A | N/A | \$609 | 12/1/2003 | N/A | N/A | 2 | N/A |
| 05-B | John & Barbara Grinsteiner | 200 North Mandan Street | Purchase | 10/7/2003 | 10/14/03 | 10/16/2003 | \$43,300 | \$5,000 | \$77,500 | \$5,550 | \$2,000 | 10/17/2003 | N/A | \$109,800 | 2 | 0001-094-025 |
| 06-B | Woodmansee's | 114 North 4th Street | Rehab/Historic | 10/30/2003 | 11/15/03 | 11/21/2003 | \$49,900 | \$125,000 | \$120,000 | \$15,500 | \$25,000 | 1/26/2005 | \$129,333.00 | \$137,900 | 1 | 0001-050-015 |
| 07-B | Bertsch Properties LLC | 207 East Front Avenue | Rehab | 11/19/2003 | 11/25/03 | 12/3/2003 | \$371,200 | \$601,600 | \$1,455,000 | \$186,375 | \$8,200 | 1/19/2005 | \$734,707.00 | \$2,306,400 | 0 | 0001-049-005 |
| 08-B | Northland Financial | 207 East Front Avenue | Lease | 11/19/2003 | 11/25/03 | 12/3/2003 | N/A | N/A | N/A | N/A | \$116,000 | 9/16/2004 | N/A | N/A | 14.25 | N/A |
| 09-B | Bertsch Properties LLC | 218 South 3rd Street | Rehab | 11/19/2003 | 11/25/03 | 12/3/2003 | \$142,300 | \$329,150 | \$840,000 | \$107,600 | \$3,000 | 1/20/2005 | \$378,013.00 | \$638,300 | 20 | 0001-049-030 |
| 10-B | Lee Enterprises Inc. | 707 East Front Avenue | Rehab | 12/15/2003 | 12/16/03 | 12/29/2003 | \$2,508,200 | \$2,256,624 | \$4,408,200 | \$550,000 | \$1,248,000 | 10/26/2005 | \$2,400,776.00 | \$4,959,900 | 7.5 | 0001-039-001 |
| 11-B | PJCM Partners, LLP | 901/907 East Front Avenue | Rehab | 3/3/2004 | 03/23/04 | 3/29/2004 | \$151,300 | \$298,840 | \$420,000 | \$52,795 | \$2,700 | 6/30/2005 | \$409,846.00 | \$569,700 | 3 | 0005-035-015 |
| 12-B | Mark Gartner | 302 East Thayer Avenue | Rehab | 5/25/2004 | 05/25/04 | 6/4/2004 | \$49,900 | \$85,000 | \$125,000 | \$15,715 | \$4,700 | 12/6/2005 | \$103,455.00 | \$150,200 | 2.5 | 0001-106-020 |
| 13-B | AW Enterprises | 216 North 2nd Street | Rehab | 8/10/2004 | 08/10/04 | 8/18/2004 | \$173,500 | \$208,814 | \$275,000 | \$34,573 | \$12,500 | 6/22/2005 | \$263,473.00 | \$329,900 | 1 | 0001-060-005 |
| 14-B | Daryl Rosenau & Clarence Saylor | 225 West Broadway Avenue | Purchase | 2/7/2005 | 02/08/05 | 2/16/2005 | \$176,000 | \$69,550 | \$182,500 | \$21,470 | \$1,750 | 12/26/2007 | \$70,002.00 | \$255,300 | 0 | 0001-030-055 |
| 15-B | J & L Development, Inc. | 324 North 3rd Street | Rehab | 11/15/2004 | 12/14/04 | 2/16/2005 | \$500,000 | \$750,000 | \$900,000 | \$113,500 | \$15,000 | 9/15/2008 | \$698,396.00 | \$773,900 | 6 | 0001-108-001 |
| 16-B | Pirogue Grille, Inc. | 121 North 4th Street | Lease | 3/2/2005 | 03/08/05 | 3/22/2005 | N/A | \$128,000 | N/A | N/A | \$3,500 | 8/24/2005 | N/A | N/A | 8 | N/A |
| 17-B | Zorells Jewelry Inc. | 221 South 9th Street | New Construction | 9/20/2004 | 03/08/05 | 3/22/2005 | \$20,100 | \$200,000 | \$200,000 | \$25,000 | \$4,000 | 7/30/2005 | \$191,897.54 | \$216,600 | 6 | 0005-035-040 |
| 18-B | Susan & Ed Stroh/Petals & More | 122 East Rosser Avenue | Rehab | 8/25/2005 | 09/13/05 | 9/21/2005 | WITHDRAWN | WITHDRAWN | WITHDRAWN | WITHDRAWN | WITHDRAWN | WITHDRAWN | WITHDRAWN | WITHDRAWN | WITHDRAWN | N/A |
| 19-B | CCG Properties, LLLP | 310 South 5th Street | Purchase | 8/25/2005 | 09/13/05 | 9/21/2005 | \$410,400 | \$168,000 | \$450,000 | \$58,500 | \$10,500 | 7/1/2008 | \$298,372.00 | \$470,700 | 0 | 0001-067-011 |
| 20-B | American Bank Center | 320 North 4th Street | Rehab | 9/21/2005 | 09/27/05 | 10/4/2005 | \$809,500 | \$3,100,000 | \$2,000,000 | \$258,760 | \$250,000 | 8/1/2009 | \$2,301,478.00 | \$2,361,500 | 10 | 0001-106-001 |
| 21-B | Foot Care Associates PC | 310 South 5th Street | Lease | 1/12/2006 | 01/24/06 | 2/3/2005 | N/A | N/A | N/A | N/A | \$1,000 | 4/1/2006 | N/A | N/A | 3.5 | N/A |
| 22-B | Dentyme, Inc. (Bakke & Roller) | 310 South 5th Street | Lease | 1/12/2006 | 01/24/06 | 2/3/2005 | N/A | N/A | N/A | N/A | \$10,500 | 3/13/2006 | N/A | N/A | 12 | N/A |
| 23-B | Duemelands Properties, LLLP | 302 South 3rd Street | Purchase | 1/12/2006 | 02/14/06 | 2/16/2006 | \$312,700 | \$190,900 | \$345,000 | \$44,840 | \$4,500 | 12/1/2006 | \$227,295.00 | \$192,400 | 0 | 0001-063-001 |
| 24-B | Duemelands Properties, LLLP | 312 South 3rd Street | New Construction | 1/12/2006 | 02/14/06 | 2/16/2006 | N/A | \$215,223 | \$250,000 | \$32,500 | \$4,100 | 12/1/2006 | \$233,855.00 | \$398,700 | 0 | 0001-063-003 |
| 25-B | Makoché Media, LLC | 208 North 4th Street | Purchase | 1/12/2006 | 02/14/06 | 2/16/2006 | \$247,000 | \$71,612 | \$320,000 | \$41,600 | \$1,000 | 12/27/2007 | \$91,672.00 | \$288,500 | 0 | 0001-064-015 |
| 26-B | River Q, LLC | 312 South 3rd Street | Lease | 4/13/2006 | 04/25/06 | 5/5/2006 | N/A | N/A | N/A | N/A | \$25,000 | 12/4/2006 | N/A | N/A | 21 | N/A |
| 27-B | Gem Group LLC | 412 East Main Avenue | Rehab | 5/23/2006 | 05/23/06 | 5/30/2006 | \$47,800 | \$40,000 | \$75,000 | \$5,990 | \$6,500 | 10/20/2006 | \$50,292.00 | \$71,600 | 0 | 0001-048-030 |
| 28-B | Hearland Mortgage Company | 412 East Main Avenue | Lease | 5/23/2006 | 05/23/06 | 5/30/2006 | N/A | N/A | N/A | N/A | \$10,500 | 7/1/2006 | N/A | N/A | 4 | N/A |
| 29-B | Bismarck MSA dba Verizon Wireless | 302 South 3rd Street | Lease | 7/24/2006 | 07/25/06 | 8/2/2006 | N/A | \$100,000 | N/A | N/A | \$172,000 | 9/14/2006 | N/A | N/A | 6 | N/A |
| 30-B | Main Avenue Properties, LLC | 122 East Main Avenue | New Construction | 10/9/2006 | 10/10/06 | 12/5/2006 | N/A | \$3,020,590 | \$3,200,000 | \$370,000 | \$15,000 | 12/17/2007 | \$2,370,152.00 | \$2,518,500 | 0 | 0001-054-023 |
| 31-B | Dakota Office Building, LLC | 300 North 4th Street | Purchase | 2/5/2007 | 02/13/07 | 2/20/2007 | \$1,095,900 | \$250,000 | \$1,400,000 | \$60,000 | \$25,000 | 1/30/2008 | \$407,003.00 | \$1,298,000 | 0 | 0001-106-015 |
| 32-B | American Legal Services PC | 521 East Main Avenue | Lease | 4/2/2007 | 04/10/07 | 4/19/2007 | N/A | N/A | N/A | N/A | \$10,000 | 8/1/2007 | N/A | N/A | 5 | N/A |
| 33-B | Internet Design & Consulting | 521 East Main Avenue | Lease | 4/2/2007 | 04/10/07 | 4/24/2007 | N/A | N/A | N/A | N/A | \$10,000 | 8/1/2007 | N/A | N/A | 1 | N/A |
| 34-B | Larson Latham Heutle LLP | 521 East Main Avenue | Lease | 5/14/2007 | 05/22/07 | 6/8/2007 | N/A | N/A | N/A | N/A | \$60,000 | 7/1/2007 | N/A | N/A | 9 | N/A |
| 35-B | Retirement Consulting LLC | 521 East Main Avenue | Lease | 5/14/2007 | 05/22/07 | 6/8/2007 | N/A | N/A | N/A | N/A | \$12,500 | 7/1/2007 | N/A | N/A | 2 | N/A |
| 36-B | Jason Kirchmeier & Associates | 501 East Main Avenue | Lease | 6/20/2007 | 06/26/07 | 7/11/2007 | N/A | N/A | N/A | N/A | \$30,000 | 8/1/2007 | N/A | N/A | 1 | N/A |
| 37-B | Roger Koski & Associates | 501 East Main Avenue | Lease | 6/20/2007 | 06/26/07 | 7/11/2007 | N/A | N/A | N/A | N/A | \$30,000 | 8/1/2007 | N/A | N/A | 1 | N/A |
| 38-B | Melvie Financial Planning | 501 East Main Avenue | Lease | 6/20/2007 | 06/26/07 | 7/11/2007 | N/A | N/A | N/A | N/A | \$35,000 | 8/1/2007 | N/A | N/A | 2 | N/A |
| 39-B | Westgard Financial Services | 501 East Main Avenue | Lease | 6/20/2007 | 06/26/07 | 7/11/2007 | N/A | N/A | N/A | N/A | \$30,000 | 8/1/2007 | N/A | N/A | 1 | N/A |
| 40-B | Rainmaker Gusto Ventures, LLC | 116 North 5th Street | Purchase w/Major | 9/4/2007 | 09/11/07 | 10/30/2007 | \$166,800 | \$137,500 | \$300,000 | \$21,000 | \$5,400 | 5/21/2008 | \$142,050.00 | \$352,800 | 4 | 0001-048-015 |
| 41-B | The Rainmaker Group, Inc. | 116 North 5th Street | Lease | 11/14/2007 | 12/18/07 | 12/27/2007 | N/A | N/A | N/A | N/A | \$530,000 | 6/12/2008 | N/A | N/A | 4 | N/A |
| 42-B | Capital Holdings, LLC/Roger Zink | 402 East Main Avenue | Rehab | 12/5/2007 | 12/18/07 | 12/27/2007 | WITHDRAWN | WITHDRAWN | WITHDRAWN | WITHDRAWN | WITHDRAWN | WITHDRAWN | WITHDRAWN | WITHDRAWN | WITHDRAWN | N/A |
| 43-B | Kinselco, Inc. | 402 East Main Avenue | Lease | 12/5/2007 | 12/18/07 | 12/27/2007 | WITHDRAWN | WITHDRAWN | WITHDRAWN | WITHDRAWN | WITHDRAWN | WITHDRAWN | WITHDRAWN | WITHDRAWN | WITHDRAWN | N/A |
| 44-B | Rick & Theresa Keimel | 413 East Broadway | Rehab | 11/14/2007 | 12/18/07 | 1/11/2008 | \$184,400 | \$136,836 | \$263,500 | \$28,000 | \$26,000 | 10/1/2008 | \$176,955.00 | \$281,700 | 1 | 0001-048-001 |
| 45-B | Centennial Plaza, LLC | 116 North 4th Street | Purchase | 12/5/2007 | 12/18/07 | 1/22/2008 | \$803,100 | \$238,000 | \$1,047,600 | \$25,000 | \$25,000 | 1/29/2009 | \$167,893.97 | \$973,200 | 0 | 0001-050-010 |

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HB 1182

3/1/2017

Item #21

BISMARCK RENAISSANCE ZONE PROGRAM - PROJECT STATUS

| Project | Applicant | Street Address | Project Type | RZA Hearing | Commission Approval | State Approval | Beginning Building Market Value | Proposed Investment | Estimated Building Value w/Investment | Estimated Property Tax Benefit | Estimated State Income Tax Benefit | Completion Date | Actual Investment | 2014 Building Market Value | Jobs Created FTE | Parcel ID |
|---------|---------------------------------------|--------------------------|-------------------|-------------|---------------------|----------------|---------------------------------|---------------------|---------------------------------------|--------------------------------|------------------------------------|-----------------|-------------------|----------------------------|------------------|--------------|
| 46-B | Westley's Inc. | 423 East Broadway | Lease | 2/21/2008 | 03/11/08 | 3/19/2008 | N/A | N/A | N/A | N/A | \$28,000 | 7/14/2008 | N/A | N/A | 1 | N/A |
| 47-B | Depot Associates | 401 East Main Avenue | Rehab | 4/18/2008 | 05/13/08 | 5/28/2008 | \$372,300 | \$200,000 | \$600,000 | \$50,000 | \$5,000 | 7/1/2009 | \$243,344.00 | \$516,200 | 0 | 0001-010-001 |
| 48-B | FV Restaurant, Inc. | 401/411 East Main Avenue | Lease | 4/18/2008 | 05/13/08 | 5/28/2008 | N/A | N/A | N/A | N/A | \$150,000 | 6/27/2008 | N/A | N/A | 3 | N/A |
| 49-B | T. Casey Cashman | 523 North 1st Street | Rehab | 5/12/2008 | 05/27/08 | 6/12/2008 | \$103,100 | \$25,000 | \$130,000 | \$10,000 | \$5,000 | 12/15/2008 | \$23,375.41 | \$111,600 | 0 | 0005-016-070 |
| 50-B | Starion Financial | 333 North 4th Street | Rehab | 5/12/2008 | 05/27/08 | 6/12/2008 | \$1,154,600 | \$2,500,000 | \$2,654,600 | \$270,000 | \$550,000 | 12/1/2509 | \$3,193,260.00 | \$2,453,200 | 25 | 0001-104-030 |
| 51-B | David Bliss, LLC | 521 East Main Avenue | Lease | 10/8/2008 | 10/22/08 | WITHDRAWN | WITHDRAWN | WITHDRAWN | WITHDRAWN | WITHDRAWN | WITHDRAWN | WITHDRAWN | WITHDRAWN | WITHDRAWN | WITHDRAWN | N/A |
| 52-B | Mark Benesh & Associates/Prudential | 521 East Main Avenue | Lease | 10/8/2008 | 10/22/08 | 11/4/2008 | N/A | N/A | N/A | N/A | \$15,000 | 4/1/2009 | N/A | N/A | 2 | N/A |
| 53-B | CIG Investments, LLP | 408 East Main Avenue | Rehab | 3/11/2009 | 03/24/09 | 4/21/2009 | \$80,700 | \$258,720 | \$420,000 | \$22,030 | \$20,975 | 10/21/2009 | \$199,620.00 | \$1,195,000 | 0 | 0001-048-040 |
| 54-B | RC Properties, LLLP | 800 East Sweet Avenue | Rehab/New Const. | 5/13/2009 | 05/26/09 | 6/3/2009 | \$576,100 | \$2,145,500 | \$1,900,000 | \$68,000 | \$485,000 | 1/20/2011 | \$1,335,670.00 | \$1,482,400 | 0 | 0001-037-025 |
| 55-B | Blarney Stone Pub, LLC | 408 East Main Avenue | Lease | 6/10/2009 | 06/23/09 | 7/7/2009 | N/A | N/A | N/A | N/A | \$30,000 | 10/1/2009 | N/A | N/A | 46 | N/A |
| 56-B | Cavalier Homes, Inc. | 408 East Main Avenue | Lease | 6/10/2009 | 06/23/09 | 7/7/2009 | N/A | N/A | N/A | N/A | \$153,685 | 10/15/2009 | N/A | N/A | 3 | N/A |
| 57-B | Jim Poolman Consulting, Inc. | 408 East Main Avenue | Lease | 6/10/2009 | 06/23/09 | 7/7/2009 | N/A | N/A | N/A | N/A | \$50,000 | 9/5/2009 | N/A | N/A | 1 | N/A |
| 58-B | TFRE, LLC | 120/124 North 4th Street | Purchase w/ Major | 6/10/2009 | 06/23/09 | 6/25/2009 | \$231,100 | \$245,284 | \$350,000 | \$30,000 | \$15,000 | 11/1/2010 | \$246,603.00 | \$475,200 | 0 | 0001-050-001 |
| 59-B | Boardwalk on Broadway | 100 West Broadway | Rehabilitation | 8/12/2009 | 08/25/09 | 9/11/2009 | WITHDRAWN | WITHDRAWN | WITHDRAWN | WITHDRAWN | WITHDRAWN | WITHDRAWN | WITHDRAWN | WITHDRAWN | WITHDRAWN | N/A |
| 60-B | SRS&M Partnership | 122 East Broadway | Purchase w/ Major | 10/14/2009 | 10/27/09 | 11/25/2009 | \$437,680 | \$727,000 | \$843,500 | \$54,080 | \$843,500 | 6/17/2010 | \$620,109.00 | \$975,800 | 0 | 0001-060-025 |
| 61-B | Sheldon A. Smith, P.C. | 122 East Broadway | Lease | 11/12/2009 | 11/24/09 | 12/3/2009 | N/A | N/A | N/A | N/A | \$192,500 | 6/21/2010 | N/A | N/A | 1.5 | N/A |
| 62-B | Randall J. Bakke, P.C. | 122 East Broadway | Lease | 11/12/2009 | 11/24/09 | 12/3/2009 | N/A | N/A | N/A | N/A | \$192,500 | 6/21/2010 | N/A | N/A | 1 | N/A |
| 63-B | Scott K. Porsborg, P.C. | 122 East Broadway | Lease | 11/12/2009 | 11/24/09 | 12/3/2009 | N/A | N/A | N/A | N/A | \$192,500 | 6/21/2010 | N/A | N/A | 1 | N/A |
| 64-B | Mitchell D. Armstrong, P.C. | 122 East Broadway | Lease | 11/12/2009 | 11/24/09 | 12/3/2009 | N/A | N/A | N/A | N/A | \$192,500 | 6/21/2010 | N/A | N/A | 0.5 | N/A |
| 66-B | Kranzler Kingsley Communications, LTD | 501 East Main Avenue | Lease | 12/9/2009 | 12/22/09 | 1/10/2010 | N/A | \$180,000 | N/A | N/A | \$17,000 | 7/16/2010 | \$295,696.00 | N/A | 4 | N/A |
| 67-B | IRET Properties, LP | 715 East Broadway Avenue | Rehabilitation | 12/9/2009 | 12/22/09 | 1/10/2010 | \$1,251,000 | \$1,136,650 | \$1,818,000 | \$125,287 | \$0 | 9/8/2010 | \$837,783.00 | \$1,794,800 | 0 | 0001-042-001 |
| 68-B | J & J Smith Property Management, LLC | 115 North 4th Street | Purchase w/ Major | 1/13/2010 | 01/26/10 | 2/12/2010 | \$294,400 | \$120,000 | \$437,000 | \$25,000 | \$2,500 | 10/25/2010 | \$161,746.00 | \$460,600 | 0 | 0001-048-050 |
| 69-B | Jimmy John's | 301 South 3rd Street | Lease | 2/10/2010 | 02/23/10 | 3/2/2010 | N/A | \$75,000 | N/A | N/A | \$8,000 | 7/13/2010 | \$140,000.00 | N/A | 14 | N/A |
| 70-B | J2 Studio Architecture + Design | 521 East Main Avenue | Lease | 2/10/2010 | 02/23/10 | 3/2/2010 | N/A | N/A | N/A | N/A | \$8,000 | 3/11/2010 | N/A | N/A | 1 | N/A |
| 71-B | JS Braid, LLC | 115 North 4th Street | Lease | 6/9/2010 | 06/22/10 | 7/2/2010 | N/A | N/A | N/A | N/A | \$4,000 | 11/1/2010 | N/A | N/A | 4 | N/A |
| 72-B | Toasted Frog West, LLC | 124 North 4th Street | Lease | 10/19/2010 | 10/26/10 | 11/10/2010 | N/A | N/A | N/A | N/A | \$12,000 | 12/1/2010 | N/A | N/A | 10 | N/A |
| 73-B | A.L. Brend, DDS | 207 East Front Avenue | Lease | 10/13/2010 | 10/26/10 | 11/10/2010 | N/A | \$300,000 | N/A | N/A | \$55,000 | 10/24/2011 | N/A | N/A | 8 | N/A |
| 74-B | Magi-Touch Carpet & Furniture, Inc | 800 East Sweet Avenue | Lease | 10/19/2010 | 10/26/10 | 11/10/2010 | N/A | N/A | N/A | N/A | \$106,000 | 2/1/2011 | N/A | N/A | 3 | N/A |
| 75-B | American Bank Center | 401 North 4th Street | New Construction | 10/19/2010 | 10/26/10 | 11/10/2010 | N/A | \$3,500,000 | \$3,500,000 | \$15,500 | \$15,000 | 10/15/2012 | \$3,046,296.43 | | | 0001-122-030 |
| 76-B | Spaces, Inc. | 122 East Main Avenue | Lease | 1/12/2011 | 01/25/11 | 2/7/2011 | N/A | \$80,000 | N/A | N/A | \$7,500 | 2/21/2011 | N/A | N/A | 3.5 | N/A |
| 77-B | Aimee C. Reidy | 306 South 10th Street | Rehabilitation | 3/9/2011 | 03/22/11 | 4/17/2011 | \$68,200 | \$20,000 | \$120,000 | \$5,500 | \$2,500 | 8/24/2011 | \$45,433.00 | \$96,600 | 0 | 0005-077-010 |
| 78-B | Four-2-Five on Broadway/Loran Galpin | 123 North 4th Street | Purchase w/Major | 4/13/2011 | 04/26/11 | 5/17/2011 | \$96,300 | \$1,100,000 | \$1,200,000 | \$41,000 | \$6,000 | WITHDRAWN | WITHDRAWN | WITHDRAWN | WITHDRAWN | N/A |
| 79-B | Jennifer I. Davis | 522 North 5th Street | Purchase w/Major | 5/11/2011 | 05/24/11 | 6/12/2011 | \$41,400 | \$300,000 | \$250,000 | \$5,170 | \$42,050 | WITHDRAWN | WITHDRAWN | WITHDRAWN | WITHDRAWN | N/A |
| 80-B | Pine Properties, LLC | 100 West Broadway Avenue | New Construction | 6/8/2011 | 06/28/11 | 8/10/2011 | \$25,000 | \$27,000,000 | \$23,500,000 | \$1,869,310 | \$15,000 | | | | | 0001-058-010 |
| 81-B | Gulch II, LLC (fka HST, LLC) | 506/510 East Main Avenue | Rehabilitation | 7/12/2011 | 7/26/2011 | 8/10/2011 | \$243,500 | \$3,100,000 | \$3,000,000 | \$238,635 | \$15,439 | 1/15/2014 | \$3,535,146.00 | | | 0001-046-020 |
| 82-B | Daymarck, LLC | 521 East Main Avenue | Lease | 7/12/2011 | 7/26/2011 | 8/10/2011 | N/A | N/A | N/A | N/A | \$80,000 | 11/7/2013 | N/A | | 4 | N/A |
| 83-B | JLB-BIS, Inc. | 217 North 3rd Street | Rehabilitation | 2/21/2012 | 2/28/2012 | 3/12/2012 | \$113,500 | \$350,000 | \$265,000 | \$20,750 | \$75,000 | 11/15/2012 | N/A | | 25 | 001-064-040 |
| 84-B | Broadway Centre, LLC | 100 West Broadway | Lease | 2/21/2012 | 2/28/2012 | 3/12/2012 | N/A | N/A | N/A | N/A | \$10,000 | | N/A | | 35 | N/A |
| 85-B | Pine Properties, LLC | 100 West Broadway | Lease | 2/21/2012 | 3/27/2012 | 5/14/2012 | N/A | N/A | N/A | N/A | \$0 | | N/A | | | N/A |
| 86-B | Pine Investment Compay, LLC | 100 West Broadway | Lease | 2/21/2012 | 3/27/2012 | 5/14/2012 | N/A | N/A | N/A | N/A | \$351,020 | | N/A | N/A | | N/A |
| 87-B | Pine Enterprises, LLC | 100 West Broadway | Lease | 2/21/2012 | 3/27/2012 | 5/14/2012 | N/A | N/A | N/A | N/A | \$0 | | N/A | N/A | | N/A |
| 88-B | Pine Petroleum, Inc. | 100 West Broadway | Lease | 2/21/2012 | 3/27/2012 | 5/14/2012 | N/A | N/A | N/A | N/A | \$509,880 | | N/A | N/A | | N/A |
| 89-B | Pine Oil Company | 100 West Broadway | Lease | 2/21/2012 | 3/27/2012 | 5/14/2012 | N/A | N/A | N/A | N/A | \$16,485 | | N/A | N/A | | N/A |
| 90-B | Kenneth Clark and Dave Clark | 106 East Thayer Avenue | Rehabilitation | 7/17/2012 | 7/24/2012 | 7/26/2012 | \$117,800 | \$89,000 | \$197,000 | \$24,430 | \$600 | 2/7/2013 | \$95,402.00 | \$117,800 | 0 | 001-110-035 |
| 91-B | Bread Poets Baking Company, LLC | 106 East Thayer Avenue | Lease | 7/17/2012 | 7/24/2012 | 7/26/2012 | N/A | N/A | N/A | N/A | \$12,400 | 2/7/2013 | N/A | N/A | 1 | N/A |

Item #2 (page 3)

BISMARCK RENAISSANCE ZONE PROGRAM - PROJECT STATUS

| Project | Applicant | Street Address | Project Type | RZA Hearing | Commission Approval | State Approval | Beginning Building Market Value | Proposed Investment | Estimated Building Value w/Investment | Estimated Property Tax Benefit | Estimated State Income Tax Benefit | Completion Date | Actual Investment | 2014 Building Market Value | Jobs Credited FTE | Parcel ID |
|---------|------------------------------------|--------------------------|---------------------|-------------|---------------------|----------------|---------------------------------|---------------------|---------------------------------------|--------------------------------|------------------------------------|-----------------|-------------------|----------------------------|-------------------|-------------|
| 92-B | LBMABMK, LLC dba Drunken Noodle | 510 East Main Avenue | Lease | 8/21/2012 | 8/28/2012 | 10/11/2012 | N/A | N/A | N/A | N/A | WITHDRAWN | WITHDRAWN | WITHDRAWN | WITHDRAWN | WITHDRAWN | N/A |
| 93-B | Obermiller Nelson Engineering | 116 North 5th Street | Lease | 8/21/2012 | 8/28/2012 | 8/29/2012 | N/A | N/A | N/A | N/A | \$10,000 | 9/1/2012 | N/A | N/A | 3 | N/A |
| 94-B | Hump Back Sally's, LLC | 510 East Main Avenue | Lease | 11/20/2012 | 11/27/2012 | 1/9/2013 | N/A | N/A | N/A | N/A | \$45,000 | | | N/A | | N/A |
| 95-B | Redland, LLC | 123 North 4th Street | Rehabilitation | 11/20/2012 | 11/27/2012 | 12/21/2012 | \$96,300 | \$1,400,000 | \$1,200,000 | \$110,940 | \$45,000 | | | \$96,300 | | 001-049-065 |
| 96-B | Faass Lavida, LLC | 510 East Main Avenue | Lease | 1/15/2013 | 1/22/2013 | 2/21/2013 | N/A | N/A | N/A | N/A | \$96,000 | 9/1/2013 | N/A | N/A | 10 | N/A |
| 97-B | J&G, Inc dba Red Wing Shoes | 529 East Broadway Avenue | Lease | 6/18/2013 | 6/25/2013 | 6/27/2013 | N/A | N/A | N/A | N/A | \$40,000 | 10/1/2013 | \$73,514.00 | N/A | 2 | N/A |
| 98-B | Skjonsby Unlimited, Inc. | 222 West Broadway Avenue | Rehabilitation | 6/18/2013 | 6/25/2013 | 6/27/2013 | \$41,300 | \$72,421 | \$90,000 | \$5,500 | \$2,940 | 12/20/2013 | \$93,607.06 | \$41,300 | 0 | 001-084-040 |
| 99-B | Arikota, LP | 306 South 1st Street | New Construction | 6/18/2013 | 6/25/2013 | 9/17/2013 | \$0 | \$3,000,000 | \$2,000,000 | \$100,000 | \$40,000 | | | \$0 | | |
| 100-B | Langan Engineering & Environmental | 401 East Broadway Avenue | Lease | 8/20/2013 | 8/27/2013 | 1/14/2014 | N/A | \$55,000 | N/A | N/A | \$45,000 | | N/A | N/A | | N/A |
| 101-B | Kadlec Enterprises, LLC | 307 North 3rd Street | Rehabilitation | 9/17/2013 | 9/24/2013 | 9/25/2013 | \$212,400 | \$490,051 | \$550,000 | \$30,000 | \$40,000 | 6/14/2014 | \$412,637.29 | \$212,400.00 | 0 | 001-106-030 |
| 102-B | Firefour, LLC | 111 North 5th Street | Lease | 9/17/2013 | 9/24/2013 | 9/25/2013 | N/A | \$28,500 | N/A | N/A | \$20,000 | | | N/A | 1 | N/A |
| 103-B | Norma Apartments, LLP | 215 North 3rd Street | Rehabilitation | 10/15/2013 | 10/22/2013 | 1/9/2014 | \$418,700 | \$704,226 | \$450,000 | \$34,740 | \$18,900 | 12/18/2013 | \$35,820.82 | | 0 | 001-064-035 |
| 104-B | CC's Physical Therapy, LLC | 100 West Broadway Avenue | Lease | 3/18/2014 | 3/26/2014 | 4/2/2014 | N/A | \$300,000 | N/A | N/A | \$10,000 | | | N/A | | N/A |
| 105-B | Pure Skin, LLC | 100 West Broadway Avenue | Lease | 4/15/2014 | 4/22/2014 | 5/29/2014 | N/A | \$248,000 | N/A | N/A | \$15,000 | | | N/A | | N/A |
| 106-B | Broadway Centre Salon & Spa, Inc. | 100 West Broadway Avenue | Lease | 4/15/2014 | 4/22/2014 | 5/29/2014 | N/A | \$558,403 | N/A | N/A | \$20,000 | | | N/A | | N/A |
| 107-B | Lucky Ducks ND, LLC | 307 North 3rd Street | Lease | 5/20/2014 | 5/27/2014 | 5/28/2014 | N/A | N/A | N/A | N/A | \$40,000 | 6/15/2014 | N/A | N/A | 30 | N/A |
| 108-B | William F. Cleary | 100 West Broadway Avenue | Primary Residential | 11/18/2014 | | | | N/A | N/A | \$25,000 | \$25,000 | | N/A | | 0 | N/A |
| | | | | | TOTALS | | \$14,735,380 | \$60,459,360 | \$61,819,400 | \$5,366,258 | \$7,809,463 | | \$27,450,882.52 | \$32,147,100 | 374.25 | |

pg 6

#2

HB 11811

3/1/2017

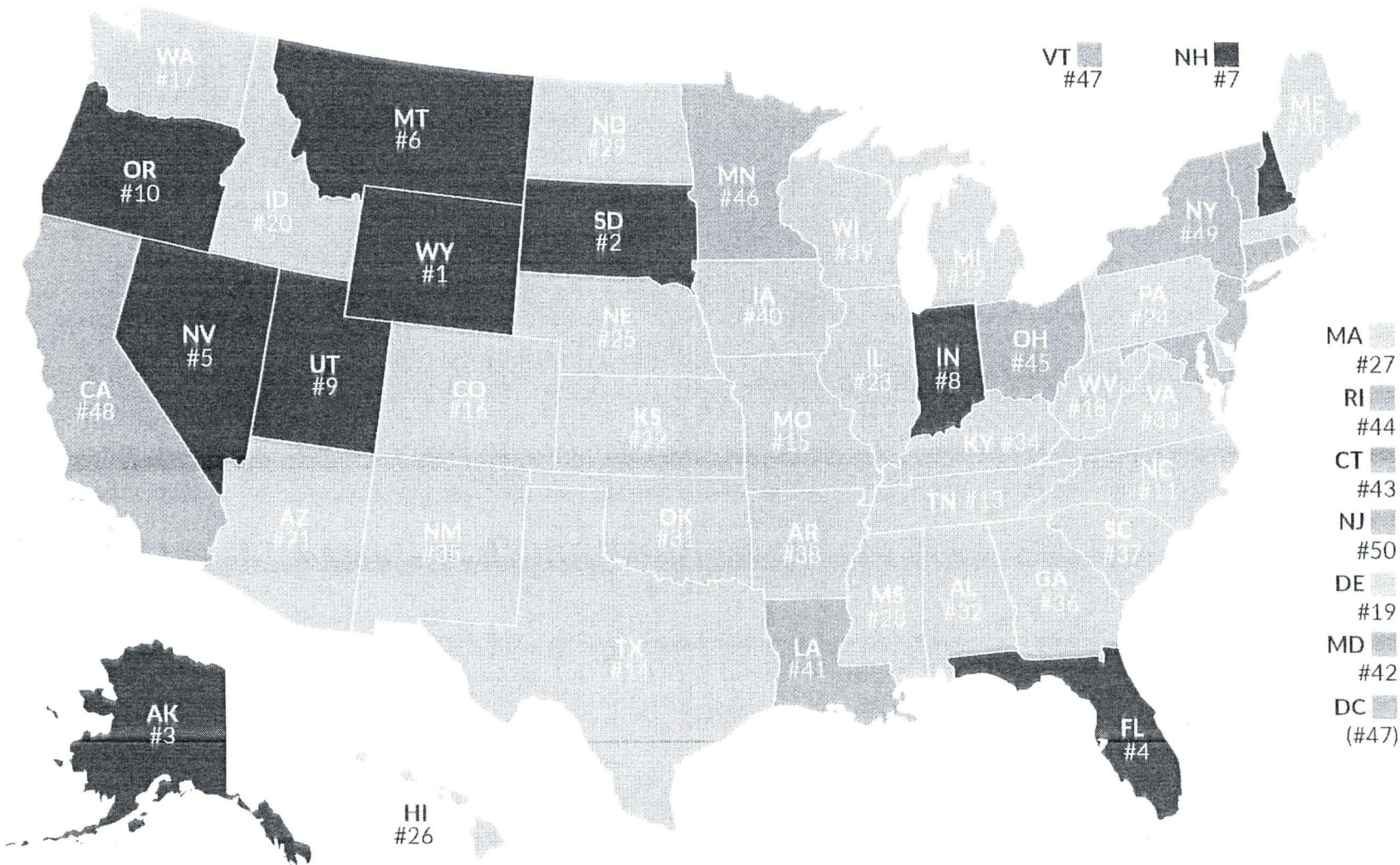
pg 7

#2

HB 1182

3/1/2017

2017 State Business Tax Climate Index



Note: A rank of 1 is best, 50 is worst. Rankings do not average to the total. States without a tax rank equally as 1. DC's score and rank do not affect other states. The report shows tax systems as of July 1, 2016 (the beginning of Fiscal Year 2017).

Source: Tax Foundation.

- 10 Best Business Tax Climates
- 10 Worst Business Tax Climates

3/1/2017

HB 1182

Attachment #3

Pg 1

March 1, 2017

Senate Finance and Taxation

HB 1182

Sen. Cook, Chair

For the record, I am Blake Crosby, Executive Director of the North Dakota League of Cities, representing the 357 incorporated cities across the state. Approximately 77% of the population of North Dakota lives in those cities.

I am here in opposition to HB 1182 which eliminates the income tax exemptions provision of the Renaissance Zones that are provided in NDCC 40-63-04 (individual residential property owner that rehabilitates property as primary residence, property owner not participating in a renaissance zone project that is required to make changes in utility services or in a building structure, business leaseholder who makes investment in renaissance zone project), NDCC 40-63-06 (historic preservation and renovation tax credit), and NDCC 40-63-07 (renaissance fund organization). These exemptions, along with the renaissance zone program, create jobs which provide income and sales tax returns to the state, enhance a city's property tax base and provide a tool for cities to use to address blighted property.

There are questions about the fiscal note which looks back over 5 years, and the applicability of that data as averaged, as there have been statutory changes that affect those numbers. For instance, there was a cap placed on business and investment income starting on July 31, 2013 for zone projects approved on or after August 1, 2013. Also in 2013 the financial institutions tax was repealed so all those changes make it difficult to compare apples to apples from 2013 forward. As an example, I will point out that data from the Office of State Tax Commissioner notes a total estimated tax reduction of approximately \$4.3 million in 2012 and a decrease to \$1.6 million in 2015. They also indicate corporation income exemption decreasing from \$24 million to \$3.5 million over the same time period. Logically this would be attributed to business decisions made due to statutory changes and not a decrease in projects.

There are several city representatives who are here to testify and whom are involved in Renaissance Zone activities on a regular basis so for the sake of time and to give the Committee a complete picture of the negative impact of HB 1182, I would respectfully ask that you might hold your questions for them.

I ask for a DO-NOT-PASS on HB 1182.

THANK YOU FOR YOUR TIME AND CONSIDERATION.

3/1/2017

HB 1182

Attachment #3A

pg 1



Michael R. Brown
Mayor

City of Grand Forks

255 North Fourth Street • P.O. Box 5200 • Grand Forks, ND 58206-5200

(701) 746-2607
Fax: (701) 787-3773

TESTIMONY ON HOUSE BILL 1182

North Dakota Senate Finance and Tax Committee

Brad Gengler, City Planner
City of Grand Forks, ND

March 1, 2017

Chairman Cook and members of the Senate Finance and Tax Committee, my name is Brad Gengler, and I am the City Planner for the City of Grand Forks. I want to thank you for the opportunity to provide testimony for House Bill 1182 and request your consideration of a DO NOT PASS on this legislation.

The Renaissance Zone Program has been an important tool for targeted redevelopment in Grand Forks. Removing any of the incentives currently available under the Program will tend to reduce its value. Specifically, removal of the income tax incentive would seriously limit the effectiveness of the program, especially pertaining to its ability to incent development of additional housing options that are so greatly needed in Grand Forks.

The Renaissance Zone Program is at its heart a place-based redevelopment tool. It facilitates a wide spectrum of business opportunities, from expanded construction work to new restaurants and retail outlets across the state. When it incents housing, the incentive is multiplied by the ancillary businesses that may grow to support a growing population. While opponents of the Program cite its "cost" in lost income tax revenue, there is no revenue to lose if that new business never operates in our state, or that new resident never comes to North Dakota. The greater loss is the long-term growth in state and local population and tax base that would have come from missed opportunities.

It is worth noting that the Grand Forks Downtown has had a wonderful renaissance since the devastating flood of 1997. A very important lesson we learned is that in order for these commercial areas to succeed, you must have dense housing options. The people in the housing support the retail and other commercial investments directly and thereby attract further investment.

Thank you, again, for your attention and your consideration of a DO NOT PASS recommendation on HB 1182.

3/1/2017

HB 1182

Attachment #4 pgl



**DEPARTMENT OF COMMERCE TESTIMONY ON HB 1182
MARCH 1, 2017, 2:00 P.M.
SENATE FINANCE AND TAXATION COMMITTEE
LEWIS AND CLARK ROOM
SENATOR DWIGHT COOK, CHAIRMAN**

RIKKI ROEHRICH – RENAISSANCE ZONE PROGRAM MANAGER, ND DEPARTMENT OF COMMERCE

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 testify in opposition to HB 1182, which would eliminate the state income tax incentives from the Renaissance Zone Program.

I believe that eliminating the state incentive from the program will have broader ramifications than is currently acknowledged. This change does not simply allow the program to continue operating as is, without one type of incentive. It actually eliminates several types of projects that currently benefit from participation.

The first type of project that would no longer be eligible for participation would be leases or leasehold improvement projects. Currently, these make up approximately 20% of the total number of Renaissance Zone projects. Participants are commonly first-time small business owners who may not take the financial risk without the exemptions provided.

We often hear examples of lessees such as Lucky Ducks in Bismarck or Downtown Tavern in Fargo, and there is no doubt that these businesses help to create a more vibrant and diverse downtown in North Dakota's cities. But mentioned less frequently are businesses such as Wangler Foods in Buffalo and Crosby Drug Store in Crosby. The grocery store in Crosby is also going through the approval process currently. Without these businesses, residents in Crosby will have to drive 60 miles to get food and medications.

While lease projects can be a great tool to attract a diverse commercial base in downtown cities, we should not forget that these projects often serve to simply retain or allow for smaller, rural communities to attract businesses that provide vital services to their population. Without the lease and leasehold improvement state tax incentives, I believe you will see a substantial drop in the number of leases and commercial projects in downtown districts across the state. Those in less populated areas may never happen and those in the larger cities may move to the city's peripheries where rent is less expensive.

Another type of project eliminated by this change is the historic preservation and renovation tax credit, which allows for a credit of 25% of the investment made to an eligible historic property, with a cap of \$250,000. We see this credit used less frequently than other types of incentives, simply because these are typically very large and very costly projects. But if you look at some of the outcomes of these projects, there is no denying that they have a huge impact in the beautification of the cities as well as providing an opportunity to highlight the history of their unique community.

3/1/2017

HB 1182

#4

The Portland building was a historic rehabilitation completed by Casselton Drug in order to expand. The investment included bringing old infrastructure up to code and redesigning the storefront to look as it originally did, based on a photo from 1923. The new design enhanced curb appeal, allowed for the drug store to carry more items and inspired another rehabilitation project next door.

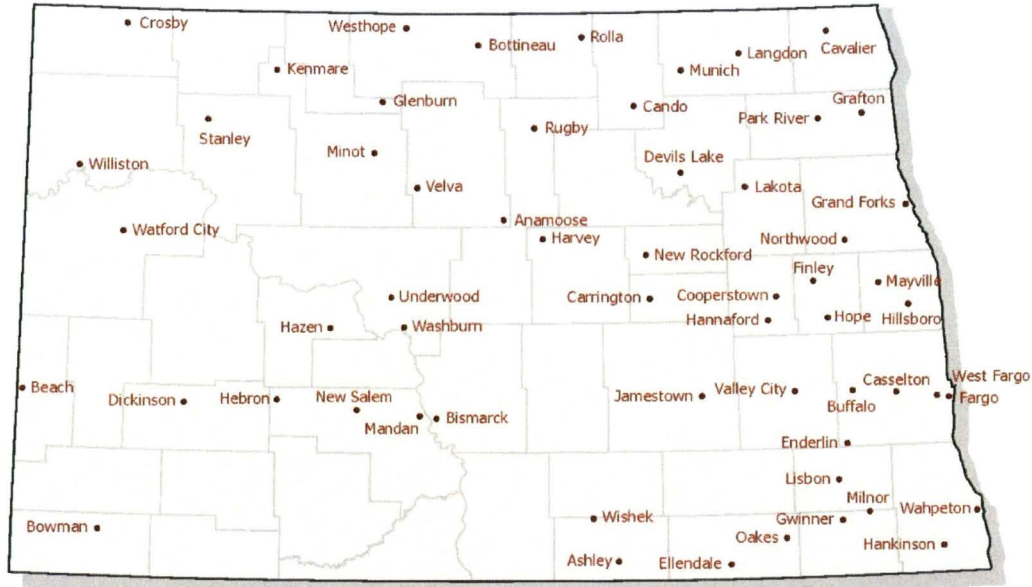
Further, there is no doubt that the communities that participate in the Renaissance Zone program gain so much more long-term than what is lost through incentives in the short-run. If we look at the city of Dickinson, there have been 8 completed projects. The total estimated tax incentives for these projects combined is \$145,609 of state income tax benefits and \$173,108 of property tax benefits. However, this leveraged a total investment of \$3,673,524. The community has 6 more projects in progress with similar projected numbers.

The Renaissance Zone program has demonstrated huge success since its inception. On the next page, you will find a map of zones across the state and a list of how many projects have been approved in each community. This demonstrates the widespread use and success of the program state-wide.

While other project types, such as rehabilitations, would still be eligible to receive property tax benefits with the changes proposed by this bill, a large part of their incentive will be taken away with the loss of the state tax benefits. The elimination of several types of projects, combined with the large loss of incentives for eligible projects would have a hugely detrimental impact on the program, and ultimately on the state of our downtown districts across the state. For this reason, I am urging a Do Not Pass on HB 1182.

Chairman Cook, Members of the Committee, this concludes my testimony and I would be happy to answer any questions you may have.

Map of Renaissance Zones and List of Projects per City



Renaissance Zone Cities and Number of Approved Projects in Each

| | | | | | |
|-------------|-----|-------------|----|--------------|----|
| Ashley | 6 | Grafton | 22 | Munich | 1 |
| Beach | 31 | Grand Forks | 53 | New Rockford | 18 |
| Bismarck | 122 | Gwinner | 16 | New Salem | 4 |
| Bottineau | 7 | Hankinson | 38 | Northwood | 2 |
| Bowman | 12 | Hannaford | 2 | Oakes | 3 |
| Buffalo | 12 | Harvey | 4 | Park River | 1 |
| Cando | 9 | Hazen | 22 | Rugby | 10 |
| Carrington | 10 | Hillsboro | 1 | Stanley | 7 |
| Casselton | 8 | Hope | 13 | Underwood | 32 |
| Cavalier | 1 | Jamestown | 34 | Valley City | 94 |
| Cooperstown | 13 | Kenmare | 15 | Velva | 16 |
| Crosby | 15 | Lakota | 1 | Wahpeton | 51 |
| Devils Lake | 18 | Langdon | 66 | Washburn | 18 |
| Dickinson | 14 | Lisbon | 19 | Watford City | 67 |
| Ellendale | 4 | Mandan | 64 | West Fargo | 73 |
| Enderlin | 6 | Mayville | 20 | Westhope | 5 |
| Fargo | 240 | Milnor | 58 | Williston | 22 |
| Finley | 13 | Minot | 84 | Wishek | 7 |
| Glenburn | 2 | | | | |

Thomas Linn, Architectural Project Manager
State Historical Society of North Dakota
In Opposition to HB1182
March 1, 2017

Good afternoon Chairman Cook and committee members, my name is Thomas Linn and I serve as the Architectural Project Manager for the State Historical Society of North Dakota. One of my roles within the State Historical Society is to manage the state's Historic Tax Credit program which is part of the Renaissance Zone incentives that would be impacted by HB 1182. I am here today to testify in opposition to HB 1182.

Currently, the State of North Dakota is one of 34 states that have a Historic Tax Credit program. North Dakota offers a 25% income tax credit with a maximum of \$250,000 per project and a five-year carryforward. The 25% rate is in line with other states' credit; however, the \$250,000 per project cap is more restrictive than most states. Also, other states offer the credit as either refundable or transferable.

Since 2000 the Historic Tax Credits have been utilized for projects in North Dakota that total almost \$64 million. Projects have been located in Fargo, Grand Forks, Casselton, Bismarck, Dickinson, and Williston. The total for Historic Tax Credits in North Dakota has been about \$8,400,000 since 2000. Several projects in that total were under the old law that allowed a 50% credit and no cap.

The interest in Historic Tax Credits is increasing in North Dakota. In 2011-2016 projects totaled over \$38 million in estimated costs. So far in 2017, we have one project that is over \$7.5 million.

The current program in North Dakota is a good program. The National Trust for Historic Preservation has provided some information showing what makes a State Historic Tax Credit a good program. North Dakota's provides most of those opportunities.

Studies that have been completed by several states show that there is a positive return on the investment in the redevelopment of historic buildings. Approximately one-third of that investment is paid back during construction. The other two-thirds is returned after the building is placed in service. This investment is paid back in sales taxes on materials and income taxes for employees including architects, engineers, and construction workers. A study completed in Maryland showed an average return of \$1.02 for every dollar spent in the first year after completion and \$3.31 within five years. Similar to North Dakota, Maryland's Historic Tax Credit is 20% of the qualified rehabilitation expense, with a per project cap of \$3 million.

The Assessed Value of the building also increases with this program. North Dakota is unique from other states, we offer Property Tax abatement within the Renaissance Zone. However, once the five year abatement runs out, the city will see an increase in property taxes for the property.

3/1/2017

HB 1182

#5

pg 2

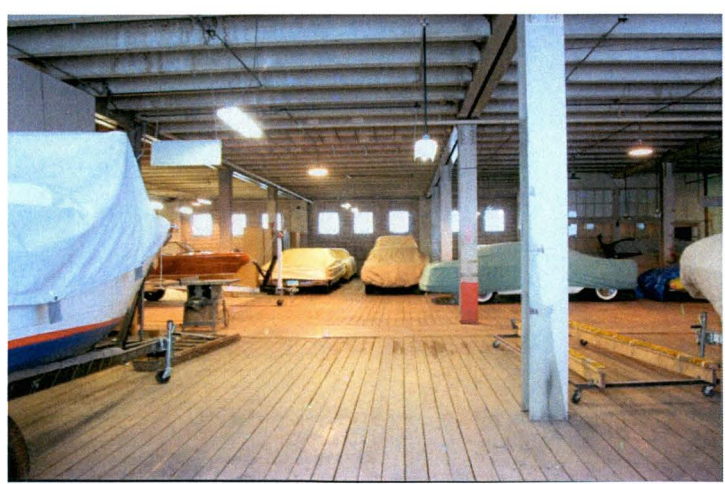
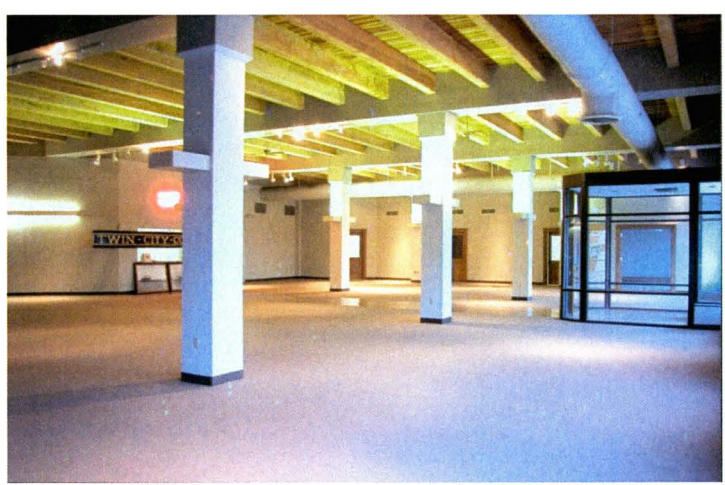
Communities also benefit, in some cases buildings that are unused become viable, and take on a new life. Examples include the Williston High School, the Ray Hotel, Dickinson and the Pence Automobile building in Fargo. The Williston High School has become affordable housing in Williston; it was completed during the oil boom. The Ray Hotel in Dickinson is currently in the design phase, also for affordable housing; the Pence Automobile building provides space for the Family Healthcare Center in Fargo.

Communities also benefit when new businesses move into downtown spaces. This provides new opportunities for those living in the city or visitors.

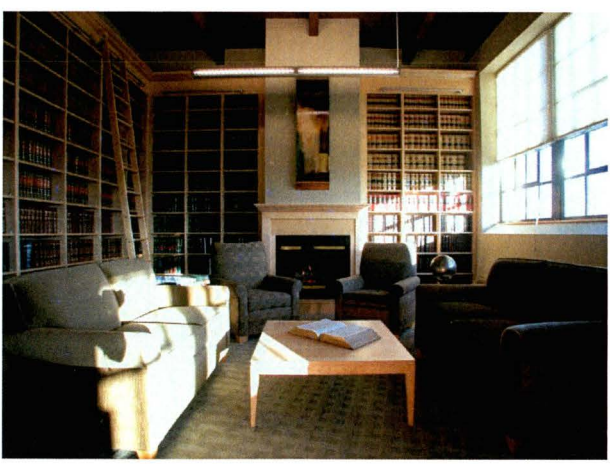
I believe for the reasons provided the State of North Dakota needs to retain Historic Tax Credits. We need to remain competitive with the other states. The Historic Tax Credit is currently being used and is of interest to building owners and developers. We have a good program in North Dakota that could be made better by making the credits transferable. The program also provides a benefit to the individuals that utilize it and to the State of North Dakota. For these reasons I am urging a Do Not Pass on HB 1182.

Chairman Cook, Members of the committee, this concludes my testimony and I would be happy to answer any questions you may have.

Minneapolis Steel and Machinery, Fargo, North Dakota
Before Rehabilitation:



Minneapolis Steel and Machinery, Fargo, North Dakota
After Rehabilitation:



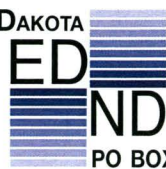
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Attachment #6

pg 1

ECONOMIC DEVELOPMENT ASSOCIATION OF NORTH DAKOTA



PO BOX 1091 • BISMARCK, NORTH DAKOTA 58502

**Testimony for Senate Finance and Taxation Committee
 HB1182— A Bill to Eliminate the Renaissance Zone Program
 State Income Tax Exemption
 March 1, 2017**

Chairman Cook and members of the committee, I am Ellen Huber, City of Mandan business development and communications director. I also serve as vice president of the Economic Development Association of North Dakota (EDND). I am here to testify in opposition to House Bill 1182 on behalf of both the City of Mandan and EDND.

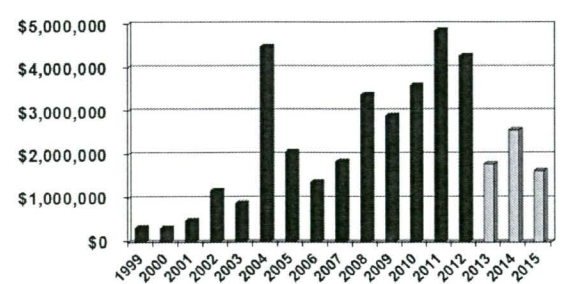
House Bill 1182 would sunset the state income tax exemption portion of the Renaissance Zone Program on Dec. 31, 2017. The state income tax exemption is an important component of the program. According to the N.D. Commerce Department, there have been 1,533 projects approved since the Renaissance Zone Program's inception. Of these, 1,175 projects have been completed. The Commerce Department indicates that 20 percent of these are lease projects.

Without the state income tax exemption, the incentive to lease space in a building rehabbed or constructed as a Renaissance Zone project will disappear. This could have a negative effect on the interest of developers and redevelopers in investing in the restoration of older buildings on Main Street and in downtown areas.

A five-year snapshot of data received from the N.D. Commerce Department for Renaissance Zone projects approved between 2012 and 2016 is attached. This shows, at the time of approval, applicants estimated their state income tax impact over the course of the five-year benefit window to be roughly equal to the property tax exemption. Estimates of actual use from the N.D. Tax Department are also attached. From this data, one might conclude applicants tend to be overly optimistic about their income tax exemption, but nonetheless, it is significant to a vast number of projects.

The state's exposure for the income tax exemption is already limited. The financial institution tax was repealed for tax years after 2012. Legislation approved in 2013 capped the state income tax exemption at \$10,000 in tax credits for a single-family residential property or \$500,000 of taxable income for business and investment interests. The N.D. Tax Department estimates the total tax reduction at \$1.6-\$2.6 million in the years since.

**ESTIMATED STATE INCOME & FINANCIAL INSTITUTION TAX REDUCTION
 Attributable to the Renaissance Zone Program**



Source: Office of State Tax Commissioner

(more)

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The Economic Development Association of North Dakota understands the state's budget constraints and formally supports state efforts to evaluate economic development incentives to determine the return on investment.

We urge you to leave the state income tax exemption for the Renaissance Zone in place to allow for an objective analysis during the next interim session. We are confident that the short-term cost will actually become a long-term revenue generator through increased property values and property tax revenues, new and expanding businesses, increased state income tax revenue through jobs growth, and increased sales tax revenue.

The Renaissance Zone Program is unique from most economic development tools in that it encourages investment in downtown and other blighted properties. It aids with economic diversification by facilitating the attraction and development of a variety of businesses and housing to these areas. Most other economic development incentives still available in our state are limited to certified primary sector businesses.

A major justification of the need for a Renaissance Zone Program is because redevelopment projects in downtowns are often more expensive than new development projects of equal square footage. Additional costs might be due to demolition of inferior structures, abatement of asbestos if rehabbing a building, maintenance of the historical integrity of a building, the need to upgrade infrastructure such as increasing the size of water lines for fire suppression systems, the addition of an elevator, or other means of addressing accessibility issues.

The proposed legislation, contradictory to Governor Burgum's proposed Main Street Initiative, would greatly weaken the Renaissance Zone Program as a way to leverage private sector investment in Main Streets and downtown areas where streets, water and sewer already exist.

HB1182 would create inequities between municipalities. Of the 58 cities that have approved Renaissance Zones (see attachment), 47 of these have not benefited from the 15-year duration of the program as outlined in the initial enabling legislation in 1999, much less the ability for a five-year extension as approved in 2013. This means that unlike Fargo and other larger cities that were ready to jump on the program upon state approval, there are 47 other cities, including Mandan, that will not have the same chance to maximize downtown revitalization results.

We all hear about the tremendous results of the program in Fargo and other larger cities, but it's important to small cities, too. The N.D. Commerce Department reports that, in 2015, there were 72 projects approved at the state and local level and 59 projects completed. Among completed projects, 31 were in towns with a population less than 2,500.

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Speaking to Mandan's experience with the program, in the 11 years since community leaders established the Renaissance Zone Program, participants have invested or committed to investing \$17.2 million in the rehab or new construction of 31 buildings along our Main Street and in the downtown area. The increase in the value of completed projects is four-fold from an initial base value of \$3.7 million. The average period to pay back taxes exempted is 2.2 years. Projects have resulted in 14 new businesses, 16 expansions of existing businesses and retention of seven businesses in the zone. The program has also helped with important mixed-use infill projects that added 28 market rate housing units in the downtown area and 29 affordable housing units.

An example of a successful project is the rehab of a former railroad grocery warehouse that had been underutilized or vacant for roughly a decade before it was completed in 2015. Now known as American Square, the new owner is American Bank Center. The bank initially occupied the first floor of this three-story building and has brought 16 jobs to Mandan as of this month. They are in the process of completing the build-out for the second floor for 27 work stations. They expect to have 20 of these 27 spots filled during the first quarter of 2017. These will be people working in operations, mortgage processing, marketing and more. The third floor of the building remains available for lease and hopefully will soon be the home to another new or expanding business. The state income tax exemption may be important to filling this 8,000 square-foot space.

Mandan has much more work remaining in the process of revitalizing its Main Street. We ask you to oppose HB1182 to leave the integrity of the Renaissance Zone Program in place to help entice further investment in redevelopment of Main Streets and downtowns. Thank you for your consideration. I would be happy to answer any questions you might have or to supply additional information. I can be reached at 701-667-3215 or by e-mail at ehuber@cityofmandan.com.

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| Project Nu | Date | Company/Individual/Project | Project Status | City | Completion | Historical | Property Tax Impact | State Tax Impact |
|-------------|------------|---|----------------------|----------|------------|------------|---------------------|------------------|
| 13-ASH | 10/21/2013 | Joshua Schock | Completed | Ashley | 10/17/2013 | | 4500 | 9000 |
| 15-ASH | 8/23/2016 | Kary Lindgren dba Farmers Union Insurance | Approved | Ashley | | | 12500 | |
| 14-ASH | 10/31/2013 | Reenie's Repeat Boutique | Completed | Ashley | 9/27/2013 | | 2450 | 600 |
| 32-BEA | 10/22/2015 | Beach Cable, LLC | Conditional Approval | Beach | | | 10000 | 10000 |
| 28-BEA | 1/9/2014 | Beverly Wolff | Completed | Beach | 12/10/2013 | | 1000 | 1000 |
| 30-BEA | 1/9/2014 | Mary Hauck | Completed | Beach | 1/1/2014 | | 0 | 500 |
| 26-BEA | 8/30/2012 | Mattom | Completed | Beach | 12/10/2013 | | 10000 | 5000 |
| 31-BEA | 8/7/2014 | Misty Nemitz | Completed | Beach | | | | 500 |
| 29-BEA | 9/6/2013 | S & V Kukowski, LLC | Completed | Beach | 10/14/2013 | | 0 | 5000 |
| 27-BEA | 7/24/2014 | Tama Smith & Gerald DeMartin | Completed | Beach | 7/1/2014 | | 1225 | 2000 |
| 117-B | 11/23/2015 | 100 West Main LP | Approved | Bismarck | | | 160000 | 0 |
| 99-B | 9/12/2013 | Arikota LP | Approved | Bismarck | | | 100000 | 40000 |
| 91-B | 9/18/2012 | Bread Poets Baking Company, LLC | Completed | Bismarck | 2/7/2013 | | 0 | 12400 |
| 84-B | 3/12/2012 | Broadway Centre, LLC | Completed | Bismarck | 1/1/2014 | | | 15000 |
| 104-B | 5/27/2014 | CC's Physical Therapy | Completed | Bismarck | | | 0 | 10000 |
| 96-B | 9/24/2013 | FAASS LAVIDA, LLC | Completed | Bismarck | 8/9/2013 | | 0 | 96000 |
| 102-B | 2/12/2014 | Fireflour Pizza, LLC | Completed | Bismarck | 10/25/2013 | | 0 | 20000 |
| 108-B | 11/6/2014 | George Yineman | Completed | Bismarck | 1/1/2015 | | | 5000 |
| 118-B | 12/16/2015 | Glasser Images, LLC | Completed | Bismarck | 4/1/2016 | | 500 | 0 |
| 110-b | 3/4/2015 | Gulch Holdings II, LLC | Completed | Bismarck | 7/22/2015 | | 20000 | |
| 101-B | 9/10/2014 | Heather Kadlec/Kadlec Enterprises | Completed | Bismarck | 6/14/2014 | | 30000 | 40000 |
| 95-B | 1/9/2013 | Hump Back Sally's LLC | Terminated | Bismarck | 1/1/2015 | | 0 | 45000 |
| 97-B | 9/26/2013 | J&G Inc | Completed | Bismarck | 10/1/2013 | | 0 | 40000 |
| 83-B | 3/12/2012 | JL Beers | Completed | Bismarck | 11/7/2012 | | 20750 | 75000 |
| 111-b | 3/24/2015 | Juniper, LLC | Completed | Bismarck | 5/21/2015 | | | 25000 |
| 90-B | 9/18/2012 | Kenneth & Dave Clark | Conditional Approval | Bismarck | 2/7/2013 | | 23430 | 600 |
| 116-b | 8/10/2015 | Kevin Reisenauer | Completed | Bismarck | 7/23/2015 | | 25000 | 5000 |
| 100-B | 1/13/2014 | Langan Engineering & Environmental Services, In | Completed | Bismarck | | | 0 | 250000 |
| 106-B | 6/16/2014 | Lillian Steiner dba Broadway Centre Salon & Spa | Completed | Bismarck | 6/6/2014 | | 0 | 15000 |
| 93-B | 10/11/2012 | LMBA BMK dba Drunken Noodle | Terminated | Bismarck | | | 0 | 150000 |
| 107-B | 9/5/2014 | Lucky Ducks LLC | Completed | Bismarck | 6/15/2014 | | | 40000 |
| | 7/30/2014 | Lucky Ducks ND, LLC | Approved | Bismarck | | | 0 | 40000 |
| 103-B | 1/7/2014 | Norma Apartments | Completed | Bismarck | 8/22/2015 | | 34740 | 18900 |
| 92-B | 9/24/2012 | Obermiller Nelson Engineering | Completed | Bismarck | 9/1/2012 | | | 10000 |
| 87-B | 5/14/2012 | Pine Enterprises, LLC | Completed | Bismarck | 2/1/2014 | | 0 | 0 |
| 86-B | 5/14/2012 | Pine Investments Company, LLC | Completed | Bismarck | 2/1/2014 | | | 351020 |
| 89-B | 3/20/2014 | Pine Oil Company | Completed | Bismarck | 2/1/2014 | | 0 | 16485 |
| Pine Oil Co | 5/14/2012 | Pine Oil Company | Approved | Bismarck | | | 0 | 16485 |
| 88-B | 5/14/2012 | Pine Petroleum, LLC | Completed | Bismarck | 2/1/2014 | | 0 | 509880 |
| 85-B | 5/14/2012 | Pine Properties LLC | Completed | Bismarck | 2/1/2014 | | 0 | 0 |
| 94-B | 12/20/2012 | Redland, LLC | Conditional Approval | Bismarck | | | 110940 | 45000 |
| 119-B | 2/11/2016 | River Road Partners, LLC | Approved | Bismarck | | | 20800 | 5000 |
| 105-B | 6/16/2014 | S. Hessinger-Botsford dba Pure Skin | Completed | Bismarck | 6/15/2014 | | 0 | 15000 |

| | | | | | | | | |
|---------|------------|---|----------------------|-------------|------------|--------|---------|---------|
| 98-B | 2/5/2014 | Skjonsby Unlimited Inc | Completed | Bismarck | 12/1/2013 | | 5500 | 5000 |
| 121-b | 11/16/2016 | Steven and Carol Hall | Completed | Bismarck | 11/8/2016 | | 25000 | 5000 |
| 112-b | 4/20/2015 | Terra Nomad Company | Completed | Bismarck | 6/30/2015 | | | 11000 |
| 114-b | 6/2/2015 | The Barber's Wife, LLC | Approved | Bismarck | 7/14/2015 | | | 5000 |
| 120-B | 7/20/2016 | The Starving Rooster, LLC | Approved | Bismarck | | | | 25000 |
| 109-b | 12/12/2014 | William F. Cleary | Completed | Bismarck | 10/13/2014 | | 25000 | 25000 |
| 7-BOT | 1/19/2016 | KFRF - LLC dba Marie's Cafe | Conditional Approval | Bottineau | | | 1097 | |
| 6-BOT | 6/8/2012 | Premise Investments | Completed | Bottineau | 5/15/2013 | | 5600 | 3045 |
| 7-BOW | 5/17/2012 | Cal & Kendra Meschke | Approved | Bowman | | | 7040 | 4000 |
| 11-BOW | 1/24/2014 | Cummins Enterprises LLC | Completed | Bowman | 2/24/2014 | | 12911.3 | 10000 |
| 13-bow | 10/21/2016 | JW Trimble Holdings LLC dba Focus Eye Care | Completed | Bowman | 12/1/2016 | | 5460 | 2500 |
| 10-BOW | 7/25/2012 | Melissa & Tyler Senn | Completed | Bowman | 9/1/2014 | | 5950 | 2500 |
| 8-BOW | 6/1/2012 | Shear Designs | Completed | Bowman | 12/3/2013 | | 2272 | 1150 |
| 6-BOW | 1/24/2012 | Southwest Abstract & Title Co. | Completed | Bowman | 1/31/2012 | | 4875 | 7500 |
| 9-BOW | 7/25/2012 | Stephane Germain | Completed | Bowman | 8/1/2012 | | 3475 | 8555 |
| 29-buf | 9/17/2015 | Jan Vonbank and Brenda McKennieVonbank | Completed | Buffalo | 6/22/2015 | | 1560.09 | 6560.09 |
| 28-BUF | 8/13/2014 | Jarrold M. Wolf | Completed | Buffalo | 12/8/2014 | | 530.31 | 3750 |
| 30-buf | 5/27/2016 | Kimberly Hanson and Leroy Haman | Completed | Buffalo | 10/1/2016 | | 664.71 | 4000 |
| 27-BUF | 12/11/2012 | Philip L. Weshnevski | Completed | Buffalo | 12/2/2012 | | 2093.06 | 5000 |
| 7-can | 8/21/2015 | Cando Lumber LLC | Completed | Cando | 10/15/2015 | | | 9457 |
| | 6/10/2013 | Charles Wilson III | Approved | Cando | | | 1000 | 2500 |
| 6-can | 6/10/2013 | Charles Wilson III | Completed | Cando | 6/5/2013 | | 1000 | 2500 |
| 8-CAN | 12/18/2015 | Glenn's Plumbing & Heating | Approved | Cando | | | 5858 | 0 |
| 5-CAN | 5/2/2012 | Jeffrey Farbo | Approved | Cando | | | 9000 | 8000 |
| 9-CAN | 1/25/2016 | Sigurd Bjornstad | Completed | Cando | 2/15/2016 | | 1831 | 0 |
| 11-CAR | 7/24/2014 | CBS Bar & Grill | Completed | Carrington | 8/4/2014 | | 10508 | 10000 |
| 9-CAR | 6/25/2013 | Jeremy Risovi | Conditional Approval | Carrington | | | 2124.55 | |
| 9-c | 10/28/2014 | Hagen Dental | Approved | Casselton | 2/27/2014 | | | 25000 |
| 8-C | 7/11/2013 | HFI, LLC | | Casselton | 2/27/2014 | | 77505 | |
| 7-C | 3/26/2013 | The Portland, LLC | Completed | Casselton | | 125000 | 15000 | 10785 |
| 1-cv | 10/9/2015 | North Star Community Credit Union | Conditional Approval | Cavalier | | | | |
| 12-coop | 4/14/2016 | Brian Heikkila | Approved | Cooperstown | | | 50000 | |
| 11-COOP | 6/25/2014 | Cooperstown Griggs County Economic Developm | Completed | Cooperstown | 2/1/2015 | | 60000 | |
| 10-COOP | 6/28/2012 | Kjell Haaland | Completed | Cooperstown | 2/1/2012 | | 6600 | 1000 |
| 13-COOP | 7/11/2016 | Town and Country Co-Op of Steele County | Conditional Approval | Cooperstown | | | 126000 | 125000 |
| 11-cro | 8/19/2015 | Blaine Petersen | Approved | Crosby | | | 2283.5 | |
| 13-CRO | 4/14/2016 | Crosby Drug LLC | Completed | Crosby | 4/15/2016 | | | 6000 |
| 14-cro | 7/21/2016 | Crosby Self Serve | Approved | Crosby | 4/27/2016 | | | 5000 |
| 12-CRO | 3/8/2016 | Edge Technology, LLC | Conditional Approval | Crosby | 3/11/2016 | | | 3500 |
| 10-CRO | 9/15/2014 | Ronelle & Dustin Lindsey | Completed | Crosby | | | 3500 | |
| 15-CRO | 11/14/2016 | The Depot, LLC | Conditional Approval | Crosby | | | 6000 | 5000 |
| 15-DL | 3/3/2014 | Dakota Apple Inc | Approved | Devils Lake | | | 0 | 15500 |
| 13-DL | 8/15/2012 | Dakota Apple Partnership | Completed | Devils Lake | 10/21/2013 | | 95000 | 21500 |
| 14-DL | 10/4/2012 | Lake Motor Company | Completed | Devils Lake | 1/1/2012 | | | 20000 |
| 16-dl | 5/13/2015 | LaMotte Properties | Approved | Devils Lake | | | 3880 | 400 |
| 17-dl | 5/13/2015 | LaMotte Properties | Conditional Approval | Devils Lake | | | 1970 | 3246 |

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| | | | | | | | | |
|-------|------------|---|----------------------|-------------|------------|--|--------|---------|
| 18-dl | 5/13/2015 | LaMotte Properties | Conditional Approval | Devils Lake | | | 2881 | 400 |
| 12-D | 1/14/2014 | AK Investments | Completed | Dickinson | 10/4/2013 | | 4500 | 0 |
| 13-D | 4/11/2013 | American Bank Center | Completed | Dickinson | 1/1/2014 | | 60000 | 30000 |
| 15-D | 7/21/2015 | BP Marsh Enterprises Inc. | Completed | Dickinson | 9/1/2015 | | 15000 | 5000 |
| 16-d | 6/24/2016 | Kristi Schwartz dba K. Schwartz Properties | Conditional Approval | Dickinson | | | 26070 | 5891 |
| 14-D | 5/22/2015 | Samira Surani | Conditional Approval | Dickinson | | | 105300 | 350000 |
| 234-F | 9/11/2014 | 1026 NP Avenue LLC | Conditional Approval | Fargo | | | 631780 | 500 |
| 208-F | 3/29/2012 | 23 Broadway, LLP | Completed | Fargo | 8/1/2014 | | 70805 | |
| 242-f | 6/2/2015 | 670 Events Center, LLC | Approved | Fargo | | | | 5000 |
| 211-F | 7/10/2012 | 720 Holdings, LLC | Completed | Fargo | 4/15/2013 | | 78734 | |
| 213-F | 7/26/2012 | Aldevron | Conditional Approval | Fargo | | | 600000 | 120000 |
| 214-F | 7/26/2012 | Boulger Funeral Home Inc | Completed | Fargo | 1/1/2013 | | 55000 | 20000 |
| 207-F | 7/25/2012 | Brandt Preferred Co. | Completed | Fargo | 7/26/2012 | | 0 | 1888845 |
| 238-F | 6/10/2014 | Broadway Show Co. | Completed | Fargo | 6/14/2014 | | 2000 | 3000 |
| 241-f | 6/5/2015 | Bruce & Nancy Taralson | Completed | Fargo | 2/5/2016 | | 25000 | 50000 |
| 228-F | 8/7/2013 | Cameron Knutson | Completed | Fargo | | | 25000 | 17000 |
| 247-f | 9/8/2016 | Chef's Table Catering | Conditional Approval | Fargo | | | | 5000 |
| 249-F | 10/27/2016 | DFI Roberts LLC | Conditional Approval | Fargo | | | 743827 | 5000 |
| 250-f | 10/28/2016 | DFI Roberts LLC | Conditional Approval | Fargo | | | 856764 | 5000 |
| 243-F | 8/25/2015 | DFI Woodrow Wilson LLC | Conditional Approval | Fargo | | | 672980 | 1000 |
| 227-F | 10/17/2013 | Diamond Law Firm | Completed | Fargo | 7/1/2013 | | 0 | 50000 |
| 246-F | 8/23/2016 | Downtown Fargo Real Estate Fund | Conditional Approval | Fargo | | | 354382 | 5000 |
| 232-F | 1/7/2014 | Downtown Tavern | Completed | Fargo | 5/1/2014 | | 0 | 90000 |
| 235-F | 4/1/2014 | Gregory W. Stumbo dba Stumbeano's Coffee Ro | Completed | Fargo | 6/1/2014 | | 0 | 5000 |
| 245-F | 3/1/2016 | Investments on Main, LLC | Conditional Approval | Fargo | | | 40000 | 5000 |
| 230-F | 9/24/2013 | Jay & Christina Taylor | Completed | Fargo | | | 25000 | 50000 |
| 215-F | 7/26/2012 | JPO Rentals | Completed | Fargo | 6/1/2013 | | 16000 | |
| 209-F | 3/29/2012 | Keith McGovern | Completed | Fargo | 10/1/2013 | | 80000 | 50000 |
| 226-F | 7/18/2013 | Kilbourne Group | Conditional Approval | Fargo | | | 175000 | 5000 |
| 239-F | 10/1/2014 | Kilbourne Group LLC | Conditional Approval | Fargo | | | 250000 | 5000 |
| 229-F | 8/7/2013 | Land Elements | Completed | Fargo | 9/1/2013 | | 0 | 10000 |
| 219-F | 6/24/2013 | Lauris Molbert | Completed | Fargo | 2/22/2013 | | 25000 | 50000 |
| 113-B | 6/2/2015 | Leon Schoch | Completed | Fargo | 1/9/2015 | | 25000 | 5000 |
| 233-F | 1/7/2014 | Michael Marcil | Completed | Fargo | 12/31/2013 | | 25000 | 35000 |
| 225-F | 6/24/2013 | Mojo Corp | Completed | Fargo | 7/26/2013 | | 0 | 7500 |
| 237-F | 7/2/2014 | Myriad Devices | Approved | Fargo | | | 0 | 50000 |
| 244-F | 8/25/2015 | Northland Hospitality LLC | Conditional Approval | Fargo | | | 65350 | 5000 |
| 216-F | 9/6/2012 | Prasad Sawardeker | Approved | Fargo | | | 22000 | 50000 |
| 206-F | 11/29/2012 | Rhombus Guys Holdings | Completed | Fargo | 8/1/2013 | | 0 | 15000 |
| 212-F | 7/10/2012 | Richard Coursey Jr | Completed | Fargo | 7/13/2012 | | 30560 | 50000 |
| 210-F | 9/12/2013 | Ryan Botner & Joshua Bach | Completed | Fargo | 6/6/2012 | | 0 | 15000 |
| 236-F | 4/1/2014 | Sandra V Christianson | Completed | Fargo | 3/28/2014 | | 25000 | 50000 |
| 221-F | 8/26/2013 | SMD Broadway, LLC | Completed | Fargo | 5/13/2013 | | 0 | 25000 |
| 224-F | 6/24/2013 | Thoreson Steffes | Completed | Fargo | 7/1/2013 | | 0 | 25000 |
| 240-F | 10/1/2014 | United Savings Credit Union | Conditional Approval | Fargo | | | 136000 | |
| 218-F | 1/23/2013 | Westwind Properties, LLP | Approved | Fargo | | | 210000 | 208141 |

| | | | | | | | | |
|---------|------------|---|----------------------|-------------|------------|--|----------|----------|
| 231-F | 10/24/2013 | Your Day By Nicole | Completed | Fargo | 12/10/2013 | | 0 | 5750 |
| 4-FIN | 3/12/2012 | Brad Hegvick | Completed | Finley | 2/15/2012 | | 2038.33 | 5000 |
| 12-fin | 4/16/2015 | Brandon Funk | Completed | Finley | 6/15/2015 | | 1388 | 2602 |
| 5-FIN | 6/19/2012 | Finley Motors Inc | Completed | Finley | 10/1/2013 | | 24900 | 24479 |
| 14-fin | 5/11/2015 | Finley Motors Inc. | Completed | Finley | 5/19/2016 | | 27834 | 7250 |
| 13-fin | 5/6/2015 | Larry Amundson | Completed | Finley | 9/21/2015 | | 2891.15 | 6536.5 |
| 8-FIN | 2/12/2013 | Marilyn Poole | Completed | Finley | 3/6/2013 | | 1768.95 | 545 |
| 9-FIN | 11/1/2013 | Michael & Cheryl Peterson | Conditional Approval | Finley | | | 467 | 0 |
| 3-FIN | 3/12/2012 | Renaey Rayner | Completed | Finley | 11/1/2011 | | 3000 | 3500 |
| 7-FIN | 12/17/2012 | Scott Rusten | Completed | Finley | 12/28/2012 | | 945 | 3000 |
| 10-FIN | 4/14/2014 | Shawn K. Reimers | Completed | Finley | 4/30/2014 | | 4350 | 3500 |
| 11-fin | 10/17/2014 | Warren Archer | Completed | Finley | 12/1/2014 | | 4012.8 | 4012.8 |
| 24-graf | 6/30/2016 | Darcie Einarson | Conditional Approval | Grafton | | | 4138.45 | 16000 |
| 22-GRAF | 4/14/2014 | Taylor Trontvet | Approved | Grafton | | | 0 | |
| 23-Graf | 1/19/2016 | Tractory Supply Company | Completed | Grafton | 5/2/2016 | | 88385 | |
| 53-GF | 4/14/2014 | Brandon and Jessica Seubert | Completed | Grand Forks | 6/5/2014 | | 4500 | 500 |
| 51-GF | 10/1/2012 | Central Park Landing, LLC | Approved | Grand Forks | | | | 3500 |
| 54-GF | 8/25/2014 | Cheryl Halcrow | Approved | Grand Forks | | | 5500 | 4500 |
| 54-gf | 8/25/2014 | Cheryl Halcrow | Completed | Grand Forks | 10/30/2014 | | 5500 | 4500 |
| 55-gf | 11/17/2014 | Duane & Heather Wages | Completed | Grand Forks | 3/6/2015 | | 6150 | 6000 |
| 48-GF | 6/28/2012 | Grand Crush | Approved | Grand Forks | | | 0 | 19000 |
| 49-GF | 9/7/2012 | HB Sound & Light Inc | Completed | Grand Forks | 1/31/2013 | | 0 | 12500 |
| 52-GF | 1/8/2014 | Kaia Storhaug & Ernest McCoy | Completed | Grand Forks | 3/24/2014 | | 6600 | 3345 |
| 56-gf | 11/21/2014 | Rhombus House of Pizza LLC | Conditional Approval | Grand Forks | | | 100000 | 25000 |
| 57-gf | 2/19/2015 | Third Street Properties LLC | Completed | Grand Forks | 10/26/2016 | | 10000 | 12000 |
| 15-gw | 8/2/2016 | Brandi French | Completed | Gwinner | 8/30/2016 | | 3500 | 5500 |
| 13-GW | 9/29/2014 | Hillcrest Estates | Completed | Gwinner | 12/24/2014 | | 12855 | 2225 |
| 14-GW | 9/29/2014 | Hillcrest Estates LLC | Completed | Gwinner | 12/24/2014 | | 12855 | 2225 |
| 12-GW | 10/19/2012 | Jon & LaNette Mehus | Completed | Gwinner | 9/1/2013 | | 4389.65 | 7822.4 |
| 9-GW | 9/7/2012 | Kenwood and Faye Walock | Approved | Gwinner | | | 7168.9 | 0 |
| 10-GW | 10/23/2012 | Ray-Mac Inc | Conditional Approval | Gwinner | | | 18082.82 | 23275.62 |
| 11-GW | 10/26/2012 | Seth Aberle | Completed | Gwinner | 8/1/2013 | | 12280 | 6000 |
| 40-HK | 8/8/2013 | Hankinson Community Development Corporation | Completed | Hankinson | 1/15/2015 | | 1880 | 4.4 |
| 35-HK | 4/30/2012 | Hankinson Drug, Inc. | Completed | Hankinson | 1/1/2012 | | 24000 | 15000 |
| 37-HK | 9/20/2012 | Hankinson Insurance Agency | Completed | Hankinson | 1/1/2013 | | | 7500 |
| 41-hk | 3/16/2015 | James D. Kratcha | Completed | Hankinson | 11/1/2015 | | 3700 | 5000 |
| 42-HK | 1/29/2016 | Schaffer Investments, LLC | Conditional Approval | Hankinson | | | 500 | 5500 |
| 36-HK | 9/20/2012 | Tamera J. Durant | Completed | Hankinson | 1/1/2013 | | | 1000 |
| 5-har | 5/27/2015 | Amberland Foods, Inc. | Terminated | Harvey | | | 3750 | 90000 |
| 22-h | 5/11/2015 | Brian & Karen Boehm | Approved | Hazen | | | 13275 | |
| 18-H | 4/16/2013 | Commercial Properties | Conditional Approval | Hazen | | | 12500 | 3100 |
| 19-H | 8/12/2013 | Edward & Melissa Dillman | Completed | Hazen | 9/11/2013 | | 13950 | 8795 |
| 21-H | 10/31/2014 | Hazen Family Eyecare, PC | Approved | Hazen | | | 10000 | |
| 17-H | 3/12/2013 | Hazen Motor Company | Completed | Hazen | 3/1/2014 | | 11625 | 66100 |
| 16-H | 3/11/2013 | Kyle Irwin | Completed | Hazen | | | 16600 | 5575 |
| 20-H | 1/7/2014 | Mark & Wendy Rathjen | Completed | Hazen | 1/3/2014 | | 7100 | 1080 |

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| 15-H | 2/24/2012 | Shawn & Tascha McConnell | Completed | Hazen | 9/28/2012 | | 18700 | 6360 |
| 23-h | 7/13/2016 | Tractor Supply Company | Completed | Hazen | 8/26/2016 | | 54500 | 750000 |
| 1-HILL | 3/22/2016 | Ryan Opdahl | Conditional Approval | Hillsboro | | | 14000 | 4000 |
| 4-HOPE | 3/30/2012 | Chad & Shannon Elbert | Completed | Hope | 11/8/2012 | | 14500 | 5000 |
| 11-hope | 4/22/2015 | Eric Parkman | Completed | Hope | 5/8/2015 | | 811.5 | 1845 |
| 13-hope | 6/21/2016 | Eric Parkman | Approved | Hope | | | 1500 | 2750 |
| 12-hope | 10/14/2015 | Hannah Ellegaard | Completed | Hope | 11/2/2015 | | 1236.25 | 332.5 |
| 10-hope | 4/22/2015 | Ihry Larck Properties, LLC | Completed | Hope | 10/22/2015 | | 65798 | 180000 |
| 8-hope | 9/30/2014 | Kent Ihry | Completed | Hope | 5/12/2015 | | 11480 | 11480 |
| 7-HOPE | 9/4/2013 | Mark & Diane Jacobson | Completed | Hope | 10/7/2013 | | 2411.3 | 4235 |
| 5-HOPE | 7/25/2012 | Patricia & Barry Brendemuhl | Completed | Hope | 10/26/2012 | | 3870 | 50000 |
| 6-HOPE | 10/1/2012 | Trevor & Darci McCullough | Completed | Hope | 8/15/2012 | | 1726 | 0 |
| 9-hope | 4/22/2015 | Tyler Flaten | Completed | Hope | 7/27/2015 | | 3085.7 | 3475 |
| 31-j | 11/19/2015 | Alice Bietz | Completed | Jamestown | 11/11/2015 | | 18060 | 10000 |
| 27-J | 1/16/2014 | Brick Bar | Approved | Jamestown | | | 8800 | 4685 |
| 25-J | 5/13/2013 | Brolin Investing | Conditional Approval | Jamestown | | | 270000 | 11200 |
| 26-J | 5/13/2013 | Country Village Apartments | Approved | Jamestown | | | 36575 | 5000 |
| 32-j | 1/9/2017 | Ella Rettig | Completed | Jamestown | 9/16/2016 | | 15350 | 5000 |
| 28-J | 3/7/2014 | Jamestown Rowhomes Limited Partnership | Completed | Jamestown | 11/9/2016 | | 94210 | 5000 |
| 28-J | 3/10/2014 | Jamestown Rowhomes LP | Approved | Jamestown | | | 94210 | |
| 33-j | 1/9/2017 | Lois Humann | Completed | Jamestown | 11/25/2016 | | 16275 | 5000 |
| 34-j | 1/9/2016 | Violet Porterfiel | Completed | Jamestown | 9/16/2016 | | 14425 | 5000 |
| 29-j | 7/10/2015 | Wayne Albin | Completed | Jamestown | 7/1/2015 | | 21000 | 3178 |
| 14-KEN | 7/12/2012 | Antediluvian LLP | Completed | Kenmare | 6/20/2013 | | 95424.4 | |
| 2a-ken | 6/5/2012 | Carolyn Harris | Completed | Kenmare | | | 10000 | 3200 |
| 19-KEN | 7/22/2013 | Kenmare Community Development Corp. #2 | Completed | Kenmare | 6/23/2014 | | 57585 | 0 |
| 1-LAK | 1/11/2013 | Lakota RV Service & Repair | Completed | Lakota | 2/15/2013 | | 939.2 | 7500 |
| 71-lan | 11/1/2016 | Amber Sigvaldson | Conditional Approval | Langdon | | | 9470 | |
| 57-lan | 5/22/2015 | Clouse Trucking LLC | Conditional Approval | Langdon | | | 8235.5 | |
| 56-lan | 4/15/2015 | Curtis Burnham | Conditional Approval | Langdon | | | | |
| 47-LAN | 6/15/2012 | D & B Motors | Approved | Langdon | | | 27957 | 8340 |
| 48-LAN | 6/15/2012 | Darin Kaercher | Completed | Langdon | 12/1/2013 | | 6500 | 2250 |
| 66-lan | 5/6/2016 | Darrel Kempert | Approved | Langdon | | | 1845.75 | 15000 |
| 55-lan | 1/15/2015 | Glitz & Glam | Conditional Approval | Langdon | | | 1897.45 | |
| 67-lan | 7/1/2016 | Hilary Petri | Approved | Langdon | | | 4694 | |
| 68-lan | 7/1/2016 | Hilary Petri | Approved | Langdon | | | 4694 | |
| 51-LAN | 8/13/2014 | James Spanier | Completed | Langdon | 4/1/2015 | | 11767.95 | 3000 |
| 60-lan | 7/13/2015 | Josh Plummer | Conditional Approval | Langdon | | | | |
| 52-LAN | 8/11/2014 | Kevin Welsh | Conditional Approval | Langdon | | | 22359.15 | 4000 |
| 70-lan | 10/27/2016 | Kyle Moen dba Kyle's Carpentry & More | Conditional Approval | Langdon | | | 4125 | 9500 |
| 46-LAN | 4/30/2012 | Langdon Drug Inc. | Completed | Langdon | 10/14/2012 | | 0 | 48000 |
| 45-LAN | 4/30/2012 | Lyle Lutman | Completed | Langdon | 10/14/2012 | | 4152.35 | 4800 |
| 69-lan | 8/24/2016 | Mostad Properties LLC | Approved | Langdon | | | 16516.8 | |
| 53-LAN | 9/25/2014 | Nick Moser | Completed | Langdon | 9/3/2015 | | 2830.95 | 1003.6 |
| 62-lan | 8/10/2015 | Quality Specialty Products & Printing | Conditional Approval | Langdon | | | 2284 | |
| 59-lan | 7/1/2015 | Samuel Preble | Approved | Langdon | | | 4960 | |

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| 58-lan | 5/29/2015 | Sarah Overby | Conditional Approval | Langdon | | | 5449.35 | | |
| 65-LAN | 1/20/2016 | Stephen Sweet | Approved | Langdon | | | 3930 | | |
| 54-lan | 10/10/2014 | The Perfect Blend LLC | Conditional Approval | Langdon | | | 1470 | | |
| 51-LAN | 5/22/2013 | Zack Schaefer Real Estate | Terminated | Langdon | | | | 20000 | |
| 18-L | 9/23/2014 | First State Bank of North Dakota | Completed | Lisbon | 10/1/2014 | | 125000 | | |
| 19-l | 9/2/2014 | Gordy's Grill and Fill | Completed | Lisbon | 10/1/2015 | | 9200 | 8000 | |
| 17-L | 6/20/2013 | Overn Electric, LLC | Approved | Lisbon | | | 50000 | 25000 | |
| 48-MN | 2/29/2012 | American Bank Center | Completed | Mandan | 1/5/2015 | | 182890 | 346550 | |
| 55-MN | 1/15/2014 | Andra Miller | Completed | Mandan | 2/19/2015 | | 11935 | 1900 | |
| 58-mn | 12/1/2014 | Casecon Properties Inc. | Completed | Mandan | 7/13/2015 | | 20808 | | |
| 50-MN | 8/6/2012 | Commercial Properties | Completed | Mandan | 7/30/2013 | | 18890 | 5000 | |
| 53-MN | 1/8/2014 | Crown Equity, LLC | Completed | Mandan | 8/28/2014 | | 153660 | 0 | |
| 52-MN | 8/6/2012 | Destiny Screen Printing LLC | Terminated | Mandan | 9/1/2012 | | | 10680 | |
| 51-MN | 8/6/2012 | Eyecare Professionals | Completed | Mandan | 6/1/2013 | | | 15000 | |
| 63-mn | 9/23/2016 | Fettig Millwork & Window Inc. | Conditional Approval | Mandan | | | 14245 | 7500 | |
| 60-MN | 8/11/2015 | Icon Architectural Group, LLC | Completed | Mandan | 8/14/2015 | | | 4000 | |
| 61-mn | 6/9/2016 | Kent Schwartz | Conditional Approval | Mandan | | | 15772 | 8820 | |
| 56-MN | 1/15/2014 | M3 Homes | Completed | Mandan | 2/19/2015 | | 0 | 6665 | |
| 49-MN | 8/6/2012 | Mandan Railway Credit Union | Completed | Mandan | 1/29/2013 | | 85638 | | |
| 59-mn | 12/1/2014 | MKDO, Inc. | Completed | Mandan | 7/13/2015 | | | 27500 | |
| 57-MN | 1/15/2014 | ND Real Estate Brokers | Completed | Mandan | 2/19/2015 | | 0 | 6665 | |
| 62-mn | 7/13/2016 | Schwartz Family Chiropractic Center | Approved | Mandan | | | | 10500 | |
| 46-MN | 2/22/2012 | Scott Johnson | Completed | Mandan | | | 14610 | 1000 | |
| 54-MN | 1/24/2014 | Tami Helmers dba Sweet Beginnings Bakery & W | Approved | Mandan | | | 0 | 4500 | |
| 47-MN | 2/29/2012 | Wooddale Drive, LLC | Completed | Mandan | 12/31/2012 | | 40000 | 0 | |
| 19-may | 5/12/2016 | Ernest Strube | Conditional Approval | Mayville | | | 5472 | 50000 | |
| 18-MAY | 6/23/2015 | Faye Grandalen | Completed | Mayville | 12/30/2015 | | 13750 | 3190 | |
| 17-MAY | 4/14/2014 | John Murphy | Completed | Mayville | 12/19/2014 | | 1123 | 4500 | |
| 15-MAY | 5/31/2013 | Kjos Farms Family LLLP | Completed | Mayville | 6/1/2012 | | 6978 | 0 | |
| 20-may | 6/22/2016 | Steven and Aprill Hastings | Approved | Mayville | | | 2250 | 2250 | |
| 16-MAY | 6/4/2013 | Tami & Scott Parker | Completed | Mayville | 1/26/2015 | | 20500 | 2000 | |
| 14-may | 5/10/2013 | Thomas & Janet Nielson | Completed | Mayville | 1/1/2013 | | 1611 | 4700 | |
| 53-mil | 3/23/2015 | Chad and Amber Fyre | Completed | Milnor | 11/9/2015 | | 20500 | 10000 | |
| 6A1-MIL | 6/11/2012 | Chitmany and Khamphout Noimanyvone | Completed | Milnor | 5/19/2012 | | | | |
| 48-MIL | 5/8/2013 | Crossroads Electric Inc. | Completed | Milnor | 6/28/2013 | | 4030 | 12500 | |
| 49-MIL | 5/8/2013 | Crossroads Electric Inc. | Completed | Milnor | 9/8/2015 | | 2999 | 12500 | |
| 41-MIL | 6/19/2012 | Dahlstrom and Sons Funeral Home | Completed | Milnor | 10/8/2012 | | 9750 | 10000 | |
| 55-mil | 7/8/2016 | Differding Construction & Roofing, Inc. | Approved | Milnor | | | 11000 | 2755 | |
| 44-MIL | 12/27/2012 | EB Farms Inc | Approved | Milnor | | | 10962.06 | 25000 | |
| 47-MIL | 4/13/2013 | Erica Severson | Conditional Approval | Milnor | | | 1795 | 2450 | |
| 42-MIL | 6/11/2012 | Harrison & Gail McCleery | Completed | Milnor | 9/18/2012 | | 5318 | 11180 | |
| 54-mil | 7/24/2015 | Jerome Bixby | Completed | Milnor | 10/10/2016 | | 2400 | 2790 | |
| 50-MIL | 1/8/2014 | Lee & Jennie Hanna | Completed | Milnor | 1/2/2014 | | 1397 | 3220 | |
| 40-MIL | 3/12/2012 | Lois F. Callies | Terminated | Milnor | | | 7035 | 600 | |
| 45-MIL | 3/7/2013 | Monty & Roberta Haugen | Completed | Milnor | 12/2/2013 | | 11175 | 20000 | |
| 46-MIL | 3/7/2013 | Robbie & Lacey Wyum | Approved | Milnor | 10/6/2014 | | 11000 | 6495 | |

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| 52-mil | 2/23/2015 | Robert Schutt | Approved | Milnor | | | 2650 | 5500 |
| 43-MIL | 8/6/2012 | Terry Wehlender & Carol Stocktdad | Completed | Milnor | 1/12/2015 | | 6250 | 1100 |
| 51-MIL | 6/16/2014 | Youth Opportunity Unlimited | Completed | Milnor | 1/12/2015 | | 23000 | 200 |
| 64-M | 6/27/2012 | | Completed | Minot | 12/19/2012 | | | 15000 |
| 83-m | 12/22/2014 | Alex and Niki Beach (Severson) | Approved | Minot | | | 9307.85 | 9315 |
| 70-M | 3/22/2013 | Alumni Suites, LLC | Completed | Minot | 5/23/2014 | | 100000 | 10000 |
| 59-M | 1/25/2012 | Archie Robilliard | Completed | Minot | 3/1/2012 | | 7500 | 11675 |
| 82-M | 10/20/2014 | Concession Services, LLC | Approved | Minot | 6/27/2014 | | | 8000 |
| 91-m | 10/11/2016 | Corridor Investors, LLC | Approved | Minot | | | 74952.55 | 2500000 |
| 73-M | 9/23/2014 | Cypress Assets ND LLC | Approved | Minot | | | 1377207 | 397838 |
| 72-M | 6/17/2013 | Cypress Assets ND, LC | Conditional Approval | Minot | | | 310982 | 84478 |
| 81-M | 12/4/2014 | Cypress Assets ND, LLC | Conditional Approval | Minot | | | 1377206.98 | 397837.6 |
| 74-M | 9/23/2014 | Cypress Assets, ND LLC | Approved | Minot | | | 817438.99 | 217229.15 |
| 61-M | 6/27/2012 | Darrell Zaback | Completed | Minot | 2/1/2013 | | 1250 | 480 |
| 88-M | 3/17/2016 | Duemelands Crossroads LLLP | Completed | Minot | 10/24/2016 | | 150000 | 18750 |
| 63-M | 6/27/2012 | First Avenue Concepts LLC | Completed | Minot | 5/21/2013 | | 11250 | 500 |
| 69-M | 12/20/2012 | First Avenue Concepts, LLC | Completed | Minot | 5/11/2013 | | 15000 | 0 |
| 78-M | 2/27/2014 | Gourmet Chef Inc | Completed | Minot | 4/24/2014 | | | 20000 |
| 77-M | 1/24/2014 | Happy Scrappy Inc | Approved | Minot | 11/1/2013 | | 0 | 10000 |
| 76-M | 1/24/2014 | Hight Commercial Properties, LLP | Completed | Minot | 5/30/2014 | | 29000 | 29000 |
| 84-M | 10/20/2014 | Houston Engineering, Inc. | Conditional Approval | Minot | | | | 50000 |
| 26-M | 3/3/2014 | IRET Properties | Completed | Minot | 4/1/2013 | | 31408 | 0 |
| 71-M | 3/22/2013 | James Ryan | Conditional Approval | Minot | | | 10000 | |
| 56-M | 1/25/2012 | Jean & Duane Ofsthun | Conditional Approval | Minot | | | 3400 | 2980 |
| 57-M | 1/25/2012 | Jean & Duane Ofsthun | Conditional Approval | Minot | | | 3200 | 2980 |
| 90-m | 6/16/2016 | Micah and Sara Bloom | Conditional Approval | Minot | | | 6500 | |
| 86-m | 6/17/2015 | Mike Sartell SSW Inc. and Preferred Restaurant C | Completed | Minot | 11/10/2015 | | 47500 | 6850 |
| 62-M | 7/10/2012 | Minot Artspace Lofts, LP | Completed | Minot | 7/31/2013 | | 335000 | 0 |
| 60-M | 6/27/2012 | Norsk Brothers | Completed | Minot | 1/29/2014 | | 140000 | 30000 |
| 79-M | 10/8/2014 | Norsk Brothers | Conditional Approval | Minot | | | 26000 | |
| 87-M | 12/17/2015 | Norsk Brothers, LLC | Conditional Approval | Minot | | | 70000 | 10000 |
| 89-m | 6/16/2016 | North Dakota Mattress Ventures, LLC | Completed | Minot | 10/8/2016 | | | 312500 |
| 58-M | 1/25/2012 | Peter Wahlstrom | Completed | Minot | 4/2/2013 | | 8250 | 1200 |
| 75-M | 1/14/2014 | Rosenthal Homes LLC | Completed | Minot | 10/21/2014 | | 16500 | 500 |
| 67-M | 5/31/2013 | Terry Mock | Completed | Minot | 10/23/2013 | | 2805 | 1500 |
| 80-m | 12/1/2014 | The Starving Rooster, LLC | Approved | Minot | | | | 10500 |
| 85-m | 6/5/2015 | The Wurst Place | Approved | Minot | | | | 5000 |
| 68-M | 12/20/2012 | Todd Mock | Completed | Minot | 10/23/2013 | | 5000 | 0 |
| 17-Rock | 11/30/2015 | AWE, LLC dba Transcript Publishing | Approved | New Rockford | 12/1/2015 | | 0 | 5000 |
| 13-rock | 8/10/2015 | Chad and Amy Wobbema | Conditional Approval | New Rockford | | | 2000 | 5000 |
| 12-rock | 6/8/2015 | Daniel and Ashley Lies | Approved | New Rockford | | | 500 | 7500 |
| 16-rock | 9/9/2015 | EPIC Management, LLC | Approved | New Rockford | | | 50000 | 130000 |
| 14-rock | 8/10/2015 | Glenda Collier | Conditional Approval | New Rockford | | | 2000 | |
| 15-rock | 8/10/2015 | Larry Danduran | Conditional Approval | New Rockford | | | | |
| 10-ROCK | 2/21/2013 | Lesmeister Enterprises, LLC | Completed | New Rockford | 8/7/2013 | | 24750 | 3196.67 |
| 18-rock | 5/5/2016 | Matthew Ryan Boelke | Approved | New Rockford | | | 1870 | 2900 |

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| 11-ROCK | 10/6/2014 | Micks 281 Service | Approved | New Rockford | | | 9905 | 5701 |
| 3-NS | 3/13/2013 | Clay's Plumbing & Heating | Approved | New Salem | | | 15000 | 5000 |
| 1-NS | 3/30/2012 | Jane Hoffman | Completed | New Salem | 3/7/2013 | | 2950.19 | 500 |
| 2-NS | 6/28/2012 | Megan Thiel | Completed | New Salem | 7/10/2012 | | 2195 | 500 |
| 4-NS | 1/24/2014 | Shelly Bader dba Sache Salon | Completed | New Salem | 6/16/2014 | | 7500 | 2500 |
| 2-NWD | 4/5/2016 | Northwood Horizon Homes, LLC | Approved | Northwood | | | 24000 | 40000 |
| 3-NWD | 4/22/2016 | Robert and Jennifer Lukens | Approved | Northwood | | | 2500 | 10000 |
| 1-o | 5/12/2014 | Curtis and Sarah Halmrast | Completed | Oakes | 2/16/2015 | | | 1200 |
| 3-O | 9/12/2014 | Nicole Cline | Completed | Oakes | 11/1/2015 | | 5000 | |
| 2-o | 5/12/2014 | Patrick O'Brien | Completed | Oakes | 2/16/2015 | | | 650 |
| 1-PR | 3/22/2016 | Hankey Apartments LLC | Completed | Park River | 12/21/2016 | | 2500 | |
| 9-RUG | 9/16/2013 | Daniel Corum | Conditional Approval | Rugby | | | 9374.2 | 2500 |
| 11*-RUG | 5/27/2014 | Fruition Developments | Approved | Rugby | | | 16135.21 | 270425 |
| Fruition De | 6/16/2014 | Fruition Developments LLC | Conditional Approval | Rugby | | | 16135.21 | 270425 |
| 8-RUG | 2/7/2012 | Jodie & Kevin Kirchofner | Completed | Rugby | 12/6/2010 | | 12500 | 4600 |
| 4-st | 9/9/2015 | Beverly Neset | Conditional Approval | Stanley | | | 1920 | 50000 |
| 6-st | 11/16/2016 | Brandi Bieri | Conditional Approval | Stanley | | | 1437.34 | |
| 7-st | 11/16/2016 | Brandi Bieri | Approved | Stanley | | | 658.16 | |
| 3-st | 9/9/2015 | Gary and Deana Hansler | Approved | Stanley | | | | 50000 |
| 2-st | 9/9/2015 | Gary Hansler | Completed | Stanley | 10/8/2015 | | | 50000 |
| 5-ST | 3/11/2016 | Michael DeBroeck | Approved | Stanley | | | | 50000 |
| 1-st | 8/12/2015 | Montreal County Promoter, Inc. | Conditional Approval | Stanley | | | 1890 | 500000 |
| 23-UND | 10/4/2012 | Brian Fransen | Completed | Underwood | 11/20/2013 | | 24000 | 5000 |
| 22-und | 10/4/2012 | Byron & Betty Luithe | Approved | Underwood | | | 24360 | 5000 |
| 24-UND | 10/4/2012 | Charles & Susan Stewart | Completed | Underwood | 8/6/2015 | | 19976 | 1000 |
| 14-UND | 3/22/2012 | Ethan Vaagene | Completed | Underwood | 8/3/2012 | | 23840 | 5000 |
| 28-UND | 10/22/2013 | Everett Higginbotham | Approved | Underwood | | | 11375 | 5000 |
| 17-UND | 7/25/2012 | Gary Wolf | Completed | Underwood | 10/14/2013 | | 12320 | 10000 |
| 33-und | 6/3/2016 | Glenn and Theodora Schmidt | Approved | Underwood | | | 18375 | 2500 |
| 18-UND | 7/25/2012 | Glenn Earl | Completed | Underwood | 3/29/2013 | | 24000 | 10000 |
| 31-und | 4/8/2016 | Jeremy Rademacher | Completed | Underwood | 4/26/2016 | | 20000 | 10000 |
| 27-UND | 4/10/2013 | John & Chastity Aasheim | Completed | Underwood | 11/25/2013 | | 28000 | 8000 |
| 26-UND | 3/25/2013 | Joshua Troyna | Completed | Underwood | 10/25/2013 | | 21100 | 15000 |
| 29-UND | 4/14/2014 | Justin Adolf | Completed | Underwood | 4/3/2015 | | 26800 | 10000 |
| 25-UND | 10/24/2012 | Lando's & Brando's LLC | Approved | Underwood | | | 30974.55 | 10000 |
| 20-UND | 7/25/2012 | Leanne Schmitz | Conditional Approval | Underwood | | | 10560 | 10000 |
| 16-UND | 4/10/2012 | Legacy solutions | Completed | Underwood | 5/4/2012 | | 5512 | 5000 |
| 32-und | 4/25/2016 | Michael and Cynthia Bjorge | Completed | Underwood | 8/4/2016 | | 14475 | 7500 |
| 19-UND | 7/25/2012 | Steven Werre | Completed | Underwood | 12/26/2013 | | 19200 | 10000 |
| 15-UND | 3/22/2012 | Underwood Arts Council | Completed | Underwood | 4/2/2012 | | 976 | 2500 |
| 30-UND | 4/21/2014 | Underwood Farm Supply, LLC | Completed | Underwood | 4/1/2014 | | 101700 | 10000 |
| 79-VC | 2/12/2014 | Bergan Enterprises, LLC | Completed | Valley City | 5/8/2014 | | 25000 | 50000 |
| 65-VC | 6/1/2012 | Bruce & Amy Anderson | Completed | Valley City | 7/24/2012 | | 4400 | 2300 |
| 69-VC | 8/31/2012 | Charles & Carol Olson | Completed | Valley City | 10/8/2013 | | 17095 | 6000 |
| 102-vc | 8/11/2016 | Empty Inc. | Approved | Valley City | | | 28035 | 29310 |
| 71-VC | 3/13/2013 | First Community Credit Union | Completed | Valley City | 3/6/2014 | | 12000 | |

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| 88-VC | 1/25/2016 | Fred and Betty Jorissen | Completed | Valley City | 1/25/2016 | | 3250 | 8000 |
| 75-VC | 6/7/2013 | George and Mary Ann Stack | Completed | Valley City | 7/15/2014 | | 17095 | 0 |
| 63-VC | 3/13/2012 | George Dutton | Completed | Valley City | 11/21/2012 | | 10500 | 5000 |
| 100-vc | 2/19/2016 | Jerome and Edith Schmidt | Approved | Valley City | | | 18356 | 16000 |
| 74-VC | 6/7/2013 | John & Diane Hill | Completed | Valley City | 5/15/2014 | | 17095 | 23750 |
| 77-VC | 6/7/2013 | Kenneth and Diane Rasmusson | Completed | Valley City | 7/17/2015 | | 3619 | 4500 |
| 76-VC | 6/7/2013 | Legacy Development LLC | Approved | Valley City | | | 17095 | |
| 78-VC | 6/7/2013 | Legacy Development LLC | Completed | Valley City | 12/31/2014 | | 3619 | 3500 |
| 83-vc | 12/10/2014 | Legacy Development LLC | Conditional Approval | Valley City | | | 18250 | |
| 84-vc | 12/10/2014 | Legacy Development LLC | Conditional Approval | Valley City | | | 18250 | |
| 82-vc | 12/10/2014 | Legacy Development, Inc. | Conditional Approval | Valley City | | | 18250 | |
| 70-vc | 8/31/2012 | LeRoy & Edith Magnuson | Completed | Valley City | 8/15/2013 | | 3714.42 | 246 |
| 89-VC | 1/25/2016 | Mike and Debbie Kohler | Completed | Valley City | 1/22/2016 | | 3250 | 55600 |
| 86-vc | 8/10/2015 | Pinnacle Condominiums LLP | Completed | Valley City | 11/23/2016 | | 144000 | 50000 |
| 87-vc | 11/16/2015 | Puklich Ketterling Inc. | Conditional Approval | Valley City | | | 27475 | 80000 |
| 67-VC | 12/28/2012 | REM LLP | Completed | Valley City | 12/20/2012 | | 20165 | 0 |
| 66-VC | 6/26/2012 | RFM Investments | Completed | Valley City | 12/31/2012 | | 63707.6 | 17500 |
| 85-vc | 1/15/2015 | Robert and Tamara Drake | Completed | Valley City | 2/23/2016 | | 6535 | 585 |
| 81-vc | 8/27/2014 | S&S Auto Electric, Inc. | Completed | Valley City | 3/25/2015 | | 39480 | 3025 |
| 68-VC | 8/31/2012 | Scott & Kay Stanford | Completed | Valley City | 12/9/2013 | | 4242 | 644 |
| 90-VC | 1/25/2016 | Smith Lumber Company | Conditional Approval | Valley City | | | 35000 | 150000 |
| 91-VC | 1/25/2016 | Smith Lumber Company Inc. | Conditional Approval | Valley City | | | 162000 | 0 |
| 91-VC | 1/25/2016 | Smith Lumber Company Inc. | Approved | Valley City | | | 162000 | 0 |
| 64-vc | 6/1/2012 | Steven & Janette Hoss | Completed | Valley City | 7/2/2012 | | 4400 | 2198 |
| 80-VC | 6/16/2014 | Summit Properties | Completed | Valley City | 11/6/2016 | | 19710 | 30000 |
| 103-VC | 9/9/2016 | Valley Lumber Company | Conditional Approval | Valley City | | | 40000 | 25000 |
| 101-vc | 5/19/2016 | Zach and Chelsea Traverse | Completed | Valley City | 6/1/2016 | | 25274.96 | 50000 |
| 17-VEL | 11/2/2012 | DRCM LLC dba Dot's Pretzels | Completed | Velva | 12/1/2012 | | 0 | 30000 |
| 15-VEL | 10/1/2012 | Keith Cederstrom | Completed | Velva | 10/30/2013 | | 44415 | 210585 |
| 11-VEL | 6/10/2014 | Northern Tier Federal Credit Union | Completed | Velva | 11/1/2010 | | 28000 | 0 |
| 16-VEL | 10/1/2012 | Randy & Dorothy Henke | Conditional Approval | Velva | | | 5000 | 0 |
| 51-wah | 1/9/2017 | | Approved | Wahpeton | | | | 2500 |
| 46-wah | 9/24/2015 | Allen Yaggie and Alisa Mitskog | Completed | Wahpeton | 6/1/2016 | | 30440 | 1200 |
| 45-wah | 12/15/2014 | Bigwoods Electric Motor, Inc. | Terminated | Wahpeton | | | | 22500 |
| 47-wah | 9/24/2015 | Birchwood Investment Properties, LLC | Approved | Wahpeton | | | 118816 | 7000 |
| 44-wah | 12/15/2014 | Charles Bigwood | Terminated | Wahpeton | | | 26960.62 | 22500 |
| 38-WAH | 8/7/2013 | Corner Drug Store of Wahpeton | Completed | Wahpeton | 8/1/2013 | | 0 | 7445 |
| 49-wah | 5/6/2016 | Dakota Coffee Co., LLC | Completed | Wahpeton | 6/1/2016 | | | 4500 |
| 12-BOW | 2/26/2014 | Dan Brosz | Completed | Wahpeton | 7/31/2015 | | 12500 | 63000 |
| 43-wah | 10/23/2014 | Dan Moderow LLC | Approved | Wahpeton | | | 9990.5 | |
| 35-WAH | 6/10/2013 | Harrison Holdings LLP | Completed | Wahpeton | 9/30/2013 | | 8030 | 1000 |
| 40-WAH | 2/27/2014 | James M Anderson ltd | Completed | Wahpeton | 3/5/2014 | | | 6000 |
| 48-wah | 10/13/2015 | Joseph Vertin & Sons Funeral Home Co. | Approved | Wahpeton | | | 63636.54 | 20000 |
| 34-WAH | 1/23/2013 | Otto's Holdings, LLC | Conditional Approval | Wahpeton | | | 6369.3 | 6000 |
| 37-WAH | 8/7/2013 | Paul & LeeAnn Folden | Completed | Wahpeton | 8/1/2013 | | 3184.65 | 20705 |
| 36-WAH | 6/10/2013 | Smith Tire & Tread | Completed | Wahpeton | | | | 10000 |

| | | | | | | | | |
|---------|------------|--|----------------------|--------------|------------|--------|---------------------|---------------------|
| 42-WAH | 3/7/2014 | SMJ Freight, LLC | Completed | Wahpeton | | | 0 | 20000 |
| 41-WAH | 3/7/2014 | Susie Whitney | Completed | Wahpeton | 9/30/2014 | | 13220.2 | 2000 |
| 50-wah | 9/21/2016 | Tractor Supply Company | Approved | Wahpeton | | | 30605.25 | 90000 |
| 39-WAH | 2/27/2014 | Two Ladies Crafting | Approved | Wahpeton | | | | 9150 |
| 13-wash | 8/14/2015 | Brooke and Travis Strickland | Approved | Washburn | | | 300 | |
| 12-WASH | 7/24/2012 | Dean Swanson | Completed | Washburn | 2/16/2015 | | 15200.85 | 17555 |
| 10-WASH | 3/6/2012 | Justin Hoag | Terminated | Washburn | | | 1500 | |
| 15-wash | 8/24/2016 | Lauren and Kayla Sweeney | Approved | Washburn | | | 5000 | 1385 |
| 11-WASH | 6/6/2012 | Marvin & Arlene Rau | Completed | Washburn | 7/17/2012 | | 2450 | 80 |
| 14-wash | 8/14/2015 | Shana & Kirk Vollmuth | Approved | Washburn | | | 400 | |
| 65-WC | 9/6/2012 | David Valenzuela | Completed | Watford City | 4/1/2013 | | 1327.95 | 4230 |
| 64-WC | 3/29/2012 | Jeff & Teresa Peters | Conditional Approval | Watford City | | | 134.4 | 200 |
| 61-WC | 3/29/2012 | Steve & Jessica Simonson | Conditional Approval | Watford City | | | 5319 | 3550 |
| 71-wf | 6/29/2015 | Arlyn's Insulation, LLC | Conditional Approval | West Fargo | | | | 16000 |
| 65-WF | 7/29/2014 | BAJ Properties | Completed | West Fargo | 9/14/2015 | | 29836 | 8500 |
| 60-WF | 3/4/2013 | Choice Financial | Completed | West Fargo | 11/1/2013 | | 65000 | 90000 |
| 67-WF | 11/20/2014 | CMC Properties LLC | Conditional Approval | West Fargo | | | 417100 | 10000 |
| 70-wf | 6/23/2015 | Dakota Tire Service, Inc. | Conditional Approval | West Fargo | | | 18730 | 6000 |
| 61-WF | 9/19/2013 | Farmers Union Oil Moorhead dba Petro Serve US | Completed | West Fargo | 5/12/2015 | | 108500 | 146700 |
| 72-wf | 8/24/2015 | Go Cake LLC dba Signs4work.com | Conditional Approval | West Fargo | | | | 12000 |
| 73-wf | 6/28/2016 | Henco Property Leasing LLC | Approved | West Fargo | | | 34958 | 25000 |
| 56-WF | 3/30/2012 | Jemco | Completed | West Fargo | | | 77400 | |
| 68-wf | 3/23/2015 | Kenneth J. Storm | Conditional Approval | West Fargo | | | 21218 | 3000 |
| 59-WF | 6/26/2012 | Leier Investments | Completed | West Fargo | 11/20/2012 | | 25185 | 4280 |
| 64-WF | 6/25/2014 | Leier Investments & Real Estate | Approved | West Fargo | | | 14920 | 4280 |
| 62-WF | 1/8/2014 | Michael & Deborah Evenson | Approved | West Fargo | 1/23/2015 | | 26020 | |
| 12C-WF | 2/29/2012 | Mid America Aviation | Completed | West Fargo | 6/11/2010 | | | |
| 69-wf | 4/7/2015 | Midcontinent Communications | Conditional Approval | West Fargo | | | 134741 | 16100 |
| 74-wf | 6/28/2016 | MSN Investments LLC | Approved | West Fargo | | | 39782 | 30000 |
| 66-wf | 6/13/2013 | Roddies Storage II LLC | Completed | West Fargo | 12/15/2014 | | 16360 | 4000 |
| 57-WF | 4/10/2012 | Roddies Storage II, LLC | Completed | West Fargo | 10/8/2012 | | 15000 | 0 |
| 58-WF | 7/10/2012 | Silver Dollar Inc | Completed | West Fargo | 6/23/2013 | | 19725 | 9405 |
| 55-WF | 4/20/2012 | Wayward Wind Transportation | Approved | West Fargo | | | 0 | 0 |
| 5-WEST | 7/9/2012 | Todd Lesmann | Approved | Westhope | | | 14700 | 4750 |
| 22-WIL | 7/24/2014 | 313 Main St | Conditional Approval | Williston | | | 33417 | |
| 23-wil | 6/13/2016 | Cooks on Main LLC | Conditional Approval | Williston | | | 6525 | 375890 |
| 18-wil | 7/16/2012 | LSS Housing Williston LP | Completed | Williston | 11/25/2015 | 250000 | 36000 | |
| 17-WIL | 4/24/2012 | RAD Development-Main, LLC | Completed | Williston | 10/23/2014 | | 13500 | 50000 |
| 21-WIL | 6/16/2014 | Renaissance on Main, LP | Completed | Williston | 6/16/2016 | | 927100 | 0 |
| 25-wil | 8/11/2016 | Western Cooperative Credit Union | Conditional Approval | Williston | | | 26457.05 | |
| 16-WIL | 2/1/2012 | Williston Building LLC | Completed | Williston | 3/4/2013 | | 102472.5 | 186350 |
| 19-WIL | 9/24/2012 | Zunich Insurance | Completed | Williston | 8/1/2013 | | 36890 | 100000 |
| 7-WI | 3/11/2016 | Gerald Wald dba Wald Fencing | Completed | Wishek | 3/14/2016 | | 23518 | 8500 |
| 6-WI | 5/27/2014 | James Fandrich dba Central Iron Repair and Mfg | Approved | Wishek | | | 24735 | 3219 |
| 8-WI | 7/27/2016 | Ruff Enterprises LLC dba McTwist | Conditional Approval | Wishek | | | 5000 | 910 |
| | | Total | | | | | \$18,540,316 | \$16,117,999 |

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**Estimated Reduction in Income and Financial Institution Tax Revenues
Attributable to Renaissance Zone Program Tax Incentives**

Revised: January 11, 2017

Following is the estimated reduction in income and financial institution tax revenues for each tax year since the Program's creation in 1999—

| | Income Exemption ¹ | | Tax Credits ² | Total Estimated Tax Reduction ⁴ |
|--------------|--------------------------------------|---|---------------------------------|---|
| | Income Exempted ² | Estimated Tax Reduction ³ | | |
| 1999 | \$ - | \$ - | \$ 339,391.00 | \$ 339,391.00 |
| 2000 | 88,717.00 | 9,150.49 | 320,353.00 | 329,503.49 |
| 2001 | 1,804,632.00 | 98,683.94 | 403,947.00 | 502,630.94 |
| 2002 | 1,902,517.56 | 113,041.99 | 1,072,960.00 | 1,186,001.99 |
| 2003 | 3,024,795.83 | 203,823.37 | 690,559.94 | 894,383.31 |
| 2004 | 4,325,193.56 | 235,624.25 | 4,253,950.87 | 4,489,575.12 |
| 2005 | 7,466,320.82 | 445,920.73 | 1,629,295.03 | 2,075,215.76 |
| 2006 | 10,738,043.35 | 627,005.04 | 751,990.24 | 1,378,995.28 |
| 2007 | 17,547,372.44 | 991,663.08 | 861,201.94 | 1,852,865.02 |
| 2008 | 22,717,662.75 | 1,299,872.44 | 2,083,688.24 | 3,383,560.68 |
| 2009 | 26,527,515.00 | 1,432,124.06 | 1,474,457.64 | 2,906,581.70 |
| 2010 | 29,960,938.00 | 1,815,079.27 | 1,778,282.00 | 3,593,361.27 |
| 2011 | 44,617,475.00 | 2,435,626.63 | 2,419,659.00 | 4,855,285.63 |
| 2012 | 65,485,152.00 | 2,974,575.03 | 1,299,454.00 | 4,274,029.03 |
| 2013 | 41,556,320.00 | 1,062,257.83 | 729,700.00 | 1,791,957.83 |
| 2014 | 55,158,345.00 | 1,801,601.26 | 770,298.00 | 2,571,899.26 |
| 2015 | 29,214,000.00 | 737,321.01 | 895,378.00 | 1,632,699.01 |
| Total | \$ 362,135,000.31 | \$ 16,283,370.43 | \$ 21,774,565.90 | \$ 38,057,936.33 |

The total estimated tax reduction shown above breaks down among the major tax types as follows—

| | |
|--|-------------------------|
| Individual income tax ⁵ | \$ 22,565,399.16 |
| Corporation income tax ⁵ | 5,945,991.92 |
| Financial institution tax ^{6,7} | 9,546,545.25 |
| Total | \$ 38,057,936.33 |

See Notes on reverse side.

Prepared by Office of State Tax Commissioner

Notes—

¹ The tax incentives under the Renaissance Zone Program consist of a business or investment income exemption and several tax credits for income and financial institution tax purposes. A property tax exemption is also available, which is administered at the local government level. This document does not contain any information relating to the property tax exemption.

² The amounts shown for "Income Exempted" and "Tax Credits" are the actual amounts claimed on returns. The amounts shown for "Income Exempted" were adjusted (reduced) to avoid duplication of numbers in the case of an S corporation subject to the financial institution tax, in which case the exempt income is reported on both the corporation's financial institution tax return and the corporation's owners' individual income tax returns.

³ The "Estimated Tax Reduction" attributable to the exempt income was determined by applying an appropriate tax rate: For corporation income tax, the highest marginal tax rate for each year was used. For financial institution tax, a tax rate of 7% was used for 1999 - 2010, and a tax rate of 6.5% was used for 2011. For individual income tax, an average tax rate was used. (A review and recalculation of every individual income tax return would be required to ascertain a more exact number for the tax reduction attributable to the exempt income.)

⁴ The "Total Estimated Revenue Reduction" equals the sum of the "Estimated Tax Reduction" (attributable to exempted income) and the "Tax Credits."

⁵ For income tax purposes, if the taxpayer is a partnership or other type of passthrough entity, the tax reduction will be included in the individual and corporation income tax numbers.

⁶ The financial institution tax reduction affects both the state general fund (SGF) and the financial institution tax distribution fund (FITDF). Monies placed in the FITDF are distributed to the counties. For 1999 through 2010, 2/7ths of the total financial institution tax reduction affected the SGF, and 5/7ths affected the FITDF. For 2011, 3/13ths affected the SGF, and 10/13ths affected the FITDF.

⁷ The financial institution tax was repealed for tax years after 2012. Banks and entities that were subject to the financial institution tax are subject to the income tax starting with the 2013 tax year.

Prepared by Office of State Tax Commissioner

3/1/2017

HB 1182

Attachment #7 pg 1

Testimony Presented on House Bill 1182 to the

Senate Finance and Taxation Committee

Senator Dwight Cook, Chair

for the City of Fargo

by Dave Piepkorn, Fargo Deputy Mayor and City Commissioner

March 1, 2017

Mr. Chairman and Members of the Committee:

The Fargo City Commission supports the Renaissance Zone Program in its current form.

The City of Fargo has used the Renaissance Zone program to encourage the redevelopment of downtown Fargo. The incentives provided by this program are short term, and limited to five years per property. Since the program was created, 176 properties in downtown Fargo have been granted approval for either major renovation or new buildings.

Key Benefits

- Of the 146 properties that have been approved by the Renaissance Zone Program, and the five-year exemptions that have been completed, there has been an increase in values of \$113 million dollars. At the present property tax rates, local governments now collect over \$1.4 million dollars a year in property taxes from these properties.
- All properties in the downtown have benefited from the program. Business activity has increased; more people are living downtown; and property values have increased. The increase in property values in the downtown has provided additional property tax revenue for local government. Prior to the Renaissance Zone Program, downtown property values were changing very little, businesses were leaving, and some values were declining.
- Downtown Fargo looks much better than it did 15 years ago. New businesses line Broadway, which is the core of retail/service businesses in downtown Fargo. Local residents are proud of the downtown, and it is a factor in encouraging businesses to expand in Fargo and draw new residents to the community.

It is important to retain both the state income tax benefits and the local property tax benefits.

As we evaluate the amended version of HB 1182, we are concerned about the removal of important State income tax exemptions for businesses that sign leases in approved Renaissance Zone projects. Specifically, the repeal would apply to lease agreements after January 1, 2018; meaning that businesses participating in the program for projects under construction will be negatively impacted – despite previous approval of RZ incentives for their project. Commercial developers of new office and retail space are able to point prospective tenants to this incentive to encourage their location in a downtown RZ project. A consistent approach is important to the City, its downtown developers, and the other political subdivisions, including Cass County, Fargo Schools, and the Fargo Park District.

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pg 2

HB 1182 would also remove Renaissance Zone funding from programs that are invested in downtown redevelopment, such as Block 9. These crucial funds are used in Fargo to assist with redevelopment projects and removal will result in a smaller pool of resources to be available to grow future jobs and opportunities in downtown districts.

Finally, HB 1182 proposes to repeal the State Historic Preservation Tax Credit. Several of Fargo's downtown projects have used the State Historic Preservation Tax Credit and the Federal Historic Preservation Tax Credit together to improve and redevelop underutilized properties into something greater than their previous conditions. Downtown districts contain some of the most interesting and significant historical structures in a community. Fargo believes that the Legislature can continue to be a partner with cities to save, restore, and celebrate our downtown buildings. This important State incentive, together with private investment, allows buildings to be preserved for future generations and contribute to economic vitality.

It is important to note that the State of North Dakota's various tax incentive programs have caps (limits) in place to manage the cost and scope of incentives, including:

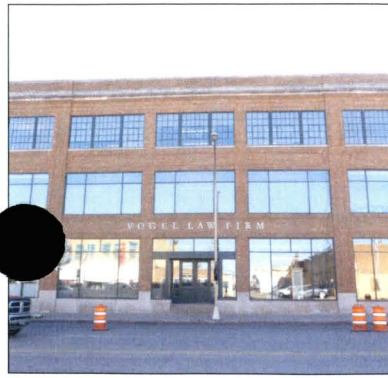
- A cap on how much business income can be exempted each year;
- A cap on the amount a residential property purchaser can use as a tax credit each year;
- A statewide cap on the amount that can be taken for tax credits for investment in Renaissance Zone funds; and
- A "per project" cap for State historic preservation tax credits.

The City of Fargo is supportive of a strong Renaissance Zone Program that provides opportunity to grow a community from its core, preserve its past, and provide future generations with an improved downtown district and new jobs through responsible redevelopment. The partnership the City of Fargo has enjoyed with the State of North Dakota on the Renaissance Zone Program is appreciated, and the City seeks to continue this partnership by preserving and expanding Renaissance Zone authorities. We encourage your committee to recommend a "Do Not Pass" on HB 1182 and instead work with cities like Fargo to make the program the best it can be for the citizens of North Dakota. Thank you for your consideration.



Renaissance Zone Program Report

Comparative Analysis

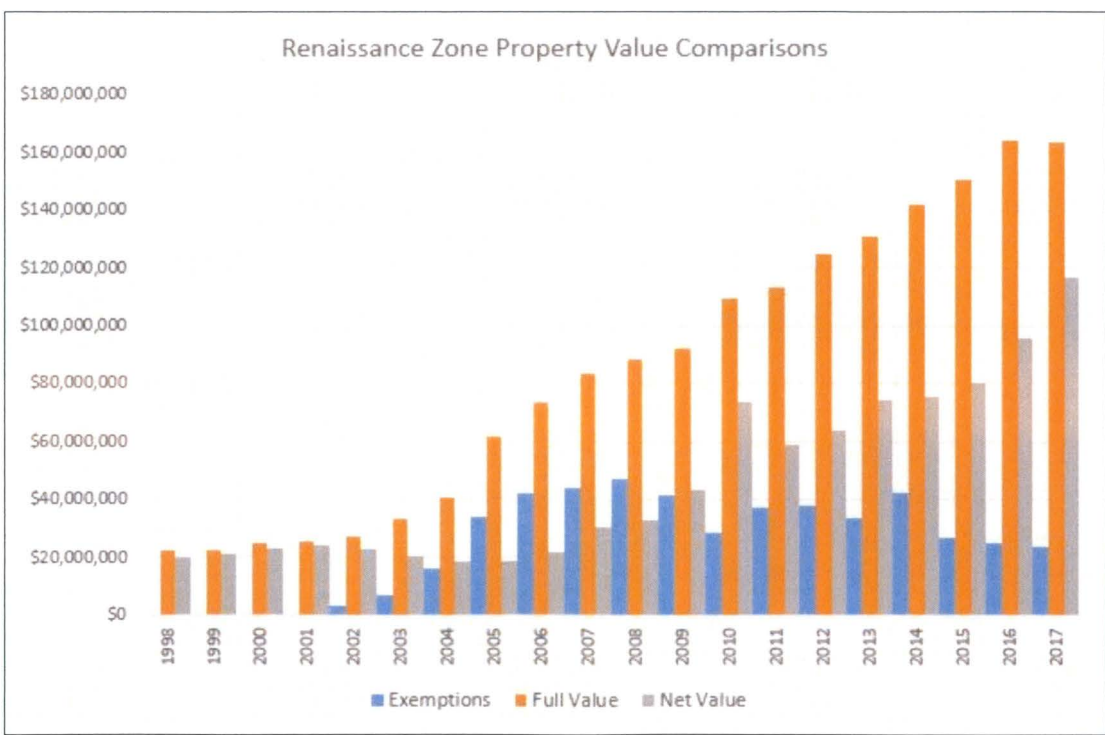


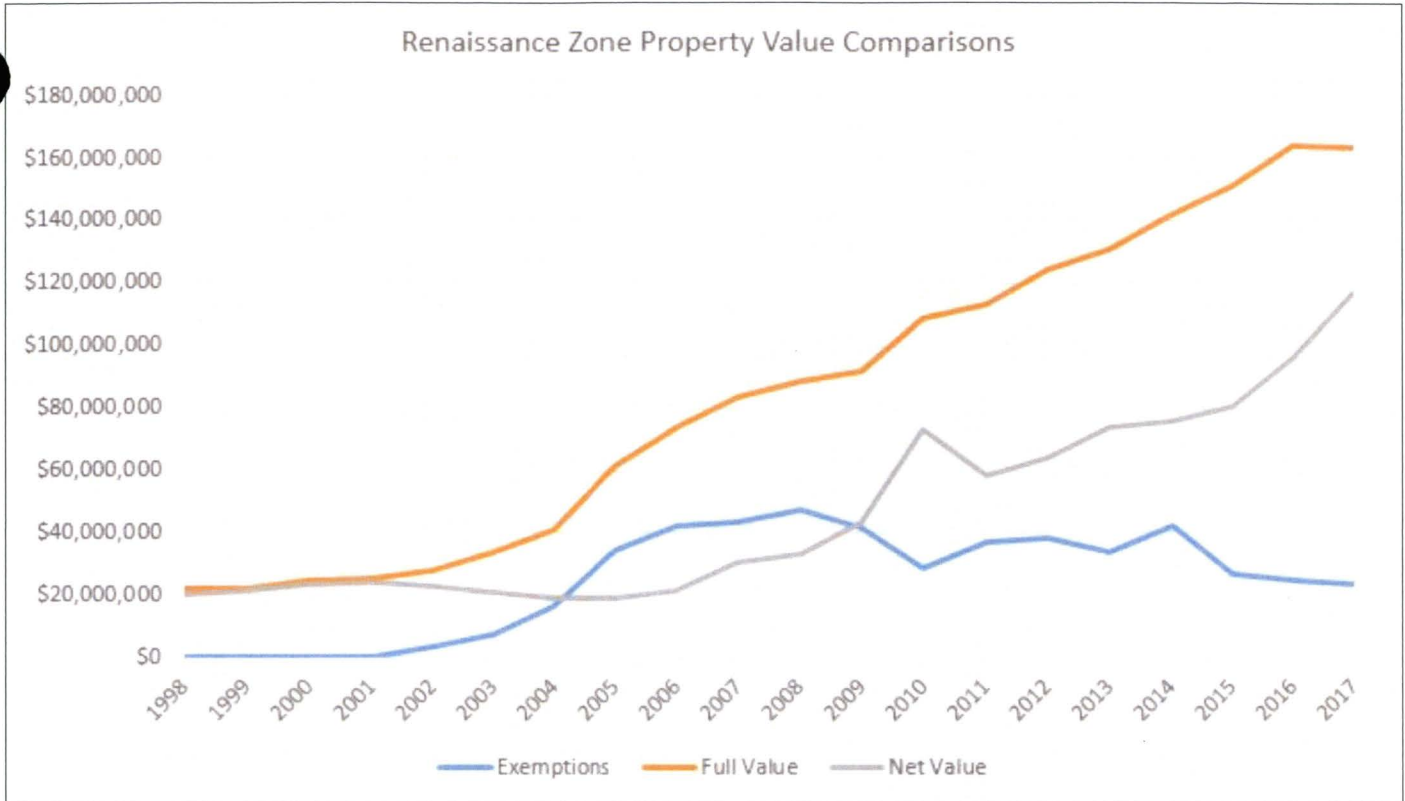
Summary Highlights

| Total RZ Properties w/ Property Tax Exemptions | Total RZ Properties with Completed Exemptions | Ongoing RZ Exemption Properties | Approved RZ Leases |
|--|---|---------------------------------|--------------------|
| 176 | 146 | 30 | 56 |

| Full Value | | | |
|------------------|--------------------------------------|-----------------|----------|
| Total Properties | Full Value-1 Year Prior to Exemption | Full Value-2017 | % Change |
| 146 | \$50,159,900 | \$163,222,100 | 225% |

| Net Value | | | |
|------------------|-------------------------------------|----------------|----------|
| Total Properties | Net Value-1 Year Prior to Exemption | Net Value-2017 | % Change |
| 146 | \$44,094,500 | \$116,694,100 | 165% |





Ongoing Renaissance Zone Projects

| Ongoing Renaissance Zone Property Values | | | | |
|--|-----------------|--|---------------------|---------------------|
| Exemption Start Year | # of Properties | Full Value of Property 1 Year Before Exemption | 2017 Full Value | Difference |
| 2011 | 18 | \$3,685,500 | \$8,297,400 | \$4,611,900 |
| 2013 | 3 | \$1,099,800 | \$2,079,200 | \$979,400 |
| 2014 | 4 | \$4,639,500 | \$9,667,400 | \$5,027,900 |
| 2015 | 2 | \$4,222,300 | \$6,675,500 | \$2,453,200 |
| 2016 | 3 | \$929,200 | \$2,859,700 | \$1,930,500 |
| Total | 30 | \$14,576,300 | \$29,579,200 | \$15,002,900 |

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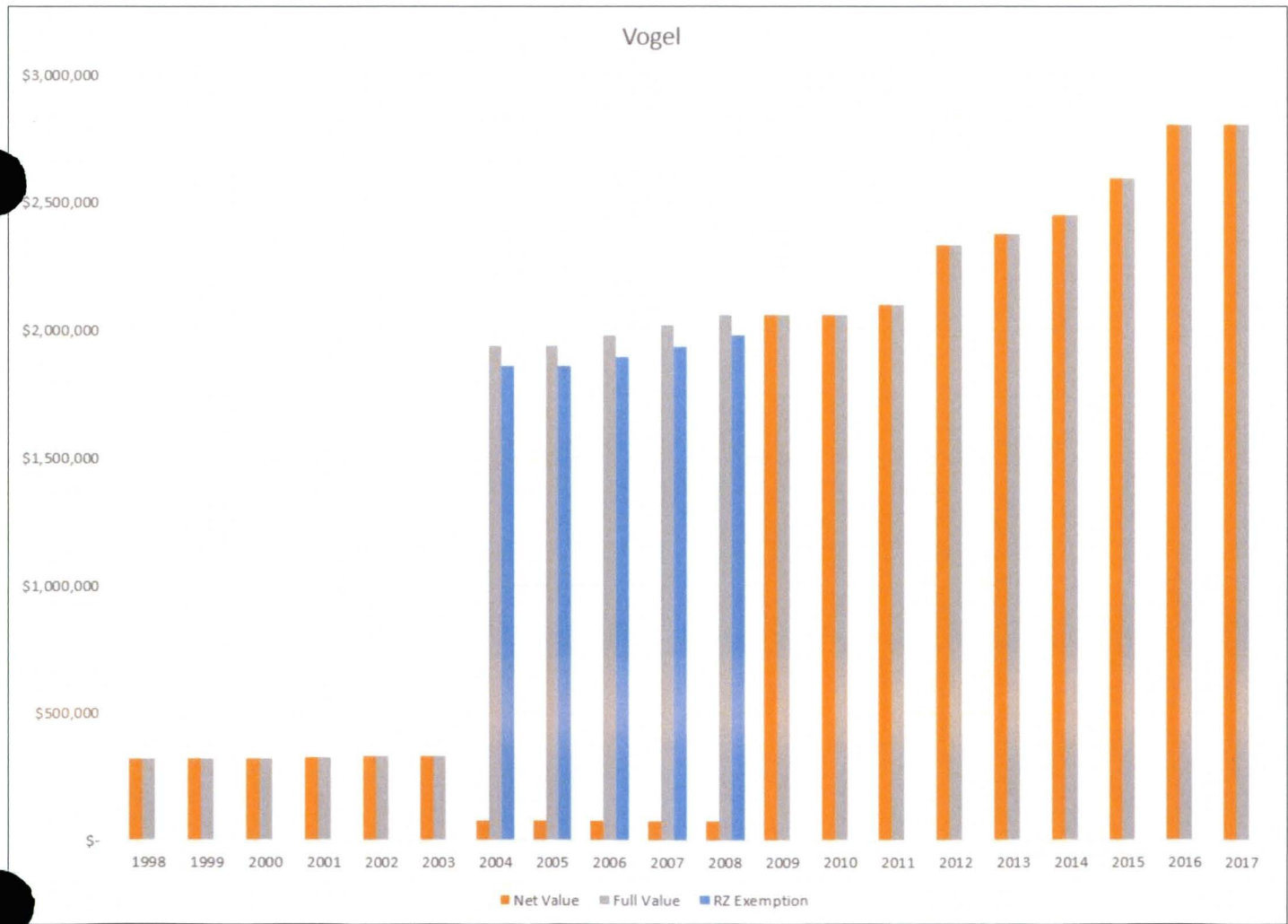
Vogel Law Firm



Before



After

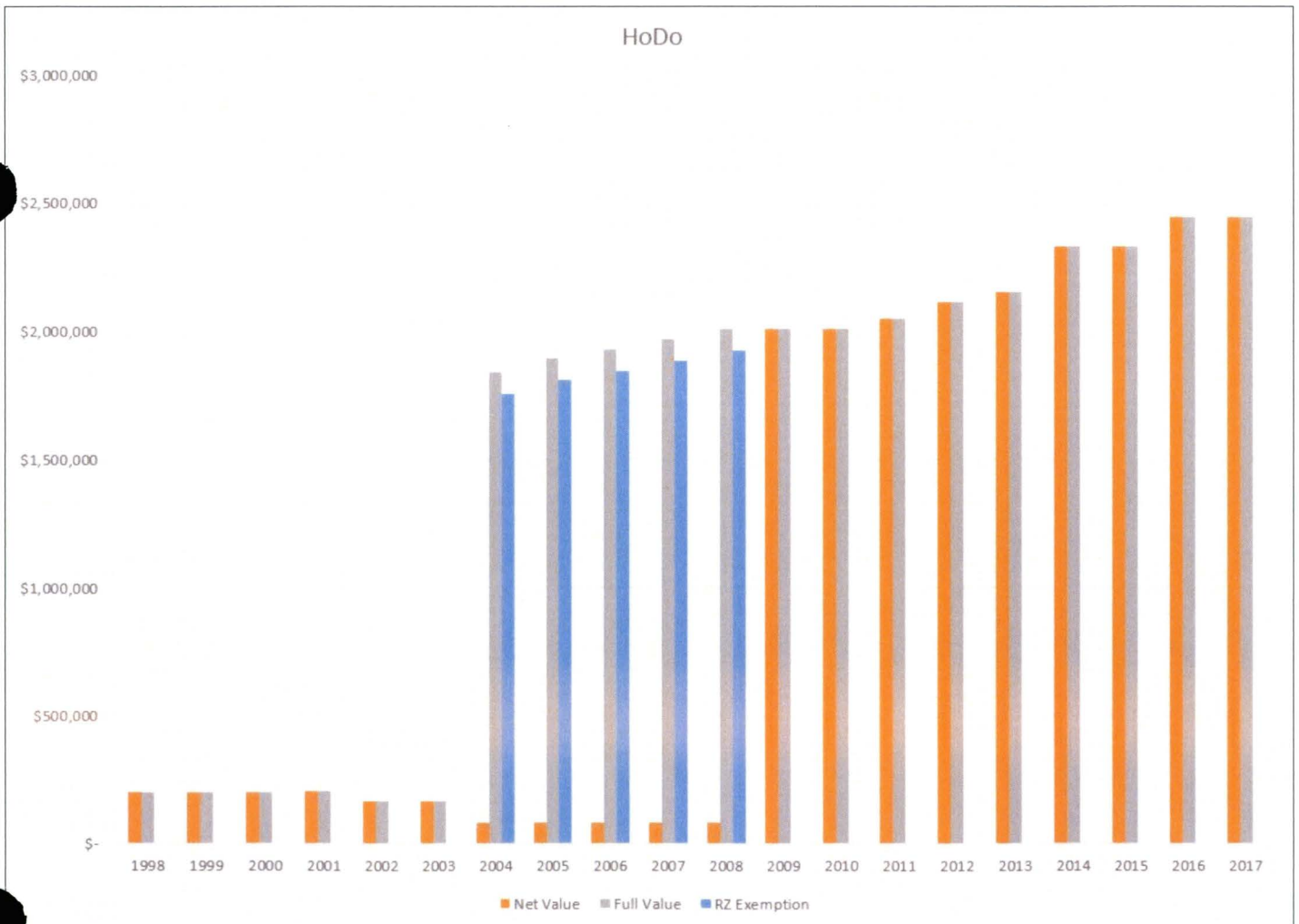




Before



After



3/1/2017

HB 1182

Attachment #8

pg 1



March 1, 2017

North Dakota Senate Finance and Taxation Committee
Chairman Dwight Cook
State Capitol
Bismarck, ND 58501

RE: HB 1182

Chairman Cook and Committee Members,

The Downtown Community Partnership Board of Directors, unanimously opposes removing the income tax credit from the North Dakota Renaissance Zone Program in HB 1182. We feel removing the income tax credit severely jeopardizes the attractiveness of the program and will negatively impact future Downtown Fargo projects.

The Renaissance Zone Program transformed Downtown Fargo from a dilapidated shell to a vibrant urban center. Downtown redevelopment isn't something that can be turned on and off like a light switch. In working with century old buildings and infrastructure, momentum needs to be maintained. If the power of this momentum is lost even for a few short years, downtown can slip back into a state of urban decay. Even though there have been over 250 Renaissance Zone projects completed adding over \$500 million to Downtown Fargo's taxable valuation, there are still more historic buildings to rehabilitate, and more sites to build appropriate infill on. With permanent flood protection now a reality in Downtown Fargo, we have the unprecedented opportunity to grow our city from within. However, if left with a diluted Renaissance Zone Program our time to capitalize on this opportunity may be lost.

Downtown Fargo is an asset and an ambassador for the state of North Dakota. Millions of viewers have seen North Dakota with Downtown Fargo as a backdrop through ESPN College Football Game Day, NFL Draft Day video (featuring Bismarck native Carson Wentz) and in Department of Tourism commercials. This type of national exposure reflects positively on our great state and acts as a drawing card for business start-ups and growth. A pre Renaissance Zone Downtown Fargo with dilapidated buildings and empty storefronts would never have been used for such productions.

We respectfully ask the Senate Finance and Taxation Committee for a DO NOT PASS recommendation on HB 1182.

The Downtown Community Partnership is a private North Dakota non-profit corporation dedicated to promoting and advocating a better Downtown Fargo. Our overall vision is for Downtown to be a thriving, vibrant, innovative, and sustainable heart of our region. Our board of directors consists of 15 voting members representing a total of 193 investor members. These investor members range from large corporations with over a century of presence in our city, to newly opened enterprises.

Thank you for your consideration on this important matter.

Sincerely,

A handwritten signature in blue ink that reads "Michael C. Hahn".

Michael C. Hahn, President/CEO
Downtown Community Partnership



3/1/2017

HB 1182

Attachment #9

pg 1

Cavalier County

Job Development Authority

901 3rd Street Suite 5 ∞ Langdon, ND 58249 ∞ Phone: 701-256-3475 ∞ Fax: 701-256-3536 ∞ E-mail: shannon@utma.com

February 24, 2017

Dear Chairman Cook and Member of the Senate Appropriations Committee:

The Renaissance Zone program has been very beneficial to our community. In the eleven years since its inception, the program has spurred Seventy-One projects in the community totaling \$ \$8,460,900 in investment so far with 58 projects of the 71 complete. When the additional projects are finished we estimate the total investment will be over \$9M. This program has been widely utilized and accepted by our community.

According to our applications, 37 of our 71 projects in the Renaissance Zone program have benefited from the income tax exemption portion of the program. In Langdon, the income tax portion of the Renaissance Zone has helped small business that are vital to the health of a small community. It was used for businesses such as:

- Dentist
- Drug Store
- Car Wash
- Motel
- Optometrist
- Gas Station
- Restaurant
- Hardware Store
- Floral Business
- Printing and Office Supply business

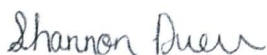
This program is used to keep our Main Street thriving. Restaurants, gas stations, and medical services such as dentists and optometrists have been able to flourish in our small community because this program helped them get off to a successful start. The first five years can be tough for any small business and a program that helps reduce expenses in these years can often make the difference between success and failure.

One specific example of where the income tax portion the Renaissance Zone program was very beneficial is our local Dental Building. This building was bought by a local individual and then leased to a Dentist. The dentist was young and just out of school and did not have the capital to buy a building himself so leasing was our only option to attract him to the community. I believe we would not have been able to recruit a Dentist if it were not for this program. This is just one example but I feel it perfectly demonstrates how this program can have a tremendous impact on a small community. Recruiting necessary services and business to small communities can be challenging and this program allows small communities to entice business to locate in our communities.

The numbers we have for income tax exemptions are based on estimates. However using those estimates we figure that over 11 years this program has cost just \$564,000 income tax over an 11 year period. When you consider \$9M will be invested in Langdon that is a 1595% return on investment. I would also like to mention jobs created or retained by these 71 projects which have a total of 212 employees.

I urge you to vote for a do not pass recommendation on HB1182.

Thank you,



Shannon Duerr
CCCJDA Executive Director

Erbele, Robert S.

From: Duke Wm. Rosendahl
Sent: Tuesday, February 28, 2017 2:42 PM
To: Erbele, Robert S.
Subject: Hearing on SB 1182

Categories: Red Category

CAUTION: This email originated from an outside source. Do not click links or open attachments unless you know they are safe.

Honorable Senator Erberle:

I am aware that ND Senate is most likely going to be hearing testimony on HB 1182 tomorrow. I am sending this email to you as testimony in favor of killing the bill.

Honorable North Dakota Senators:

As a development professional working with small communities in North Dakota for the past 25 years, I am personally speaking against HB 1182. The Renaissance Zone Program has been a fabulous tool for growing the value of all ND communities across the state. Wishek, ND does not use the RZ program often but when it is used you can be sure it is important in getting a project off the ground. Here are a couple recent samples.

- 1) The owner of one of the last two RZ projects in Wishek, said he could not have reinvested in Wishek nor rebuilt his business after the building was destroyed by fire if it had not been for incentives that he qualified for. Because Wishek was able to provide both local and state incentives such as provided through the RZ program, he built a new building for his business, added an employee, increased the value of the property and his family remain active members of the community.
- 2) I am currently working on a project that, if accomplished, will fill a 12,000 sq ft modern facility with 3 businesses and several employees. The building has sat empty for almost 3 years. I am aware that if Wishek cannot offer state and local incentives, then the investors will most likely look for other locations. Subsequently this project will not have a chance to become a reality.

Wishek's Renaissance Committee has put a lot of time looking into adding additional city blocks to the current Renaissance Zone. A successful addition of new commercial and residential blocks means additional opportunity to make investments locally that will increase the value of property located in the zone. The RZ program is designed for that purpose and should be allowed to continue doing so.

For small towns every new project is important in many ways. And for a small ND town the RZ program in its current form provides invaluable leverage when dealing with people who are deciding whether or not to invest in a rural location. When the focus narrows to our many rural ND communities, it is obvious that a little partnering from the state goes a long way and the returns are high with new kids in the schools, higher property values, more jobs, increase sales tax and real estate tax revenues. Wishek is a dynamic and exciting community filled with growing numbers of young professionals.

Thank you for allowing me to share this information with the hope that the HB 1182 is "NOT APPROVED".
Sincerely,

Duke Wm. Rosendahl, EDFP
Wishek Job Development Corporation

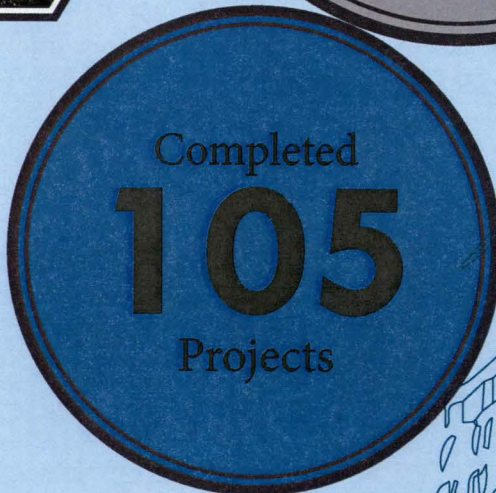
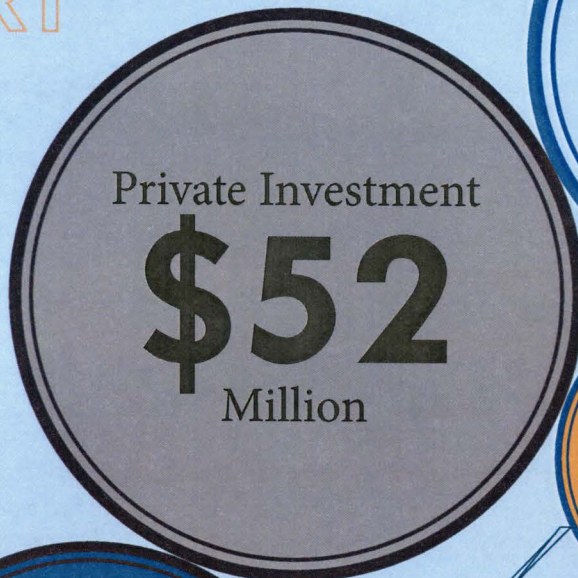
Bismarck

RENAISSANCE ZONE PROGRAM

SUMMARY

The Renaissance Zone program was established by the North Dakota legislature in 1999 to provide tax exemptions and credits to both residents and businesses for revitalization and redevelopment activities within the Zone. Bismarck's Renaissance Zone was established in March 2001 and has been expanded over the years to include a 36 block area. The purpose of the program is to encourage reinvestment in downtown properties, which strengthens the core of the community and helps bolster the economy of the whole region.

The Renaissance Zone provides both property and income tax incentives to property and business owners who invest in qualified projects. There are five different types of Renaissance Zone projects: rehabilitation, new construction, purchase with major improvements, lease, and historical preservation and renovation.

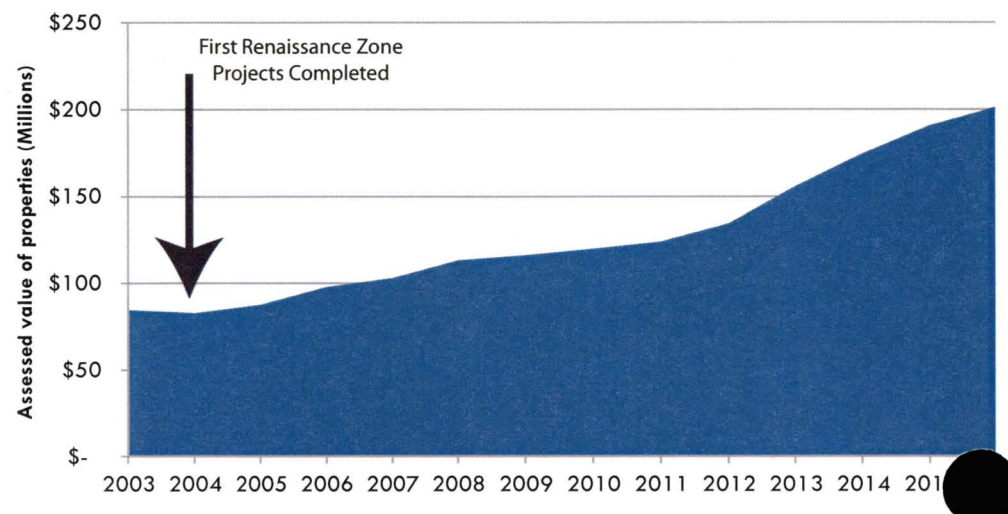


PROGRAM EVALUATION

The Renaissance Zone is a proven effective tool for revitalization of and strengthening the core of our community.

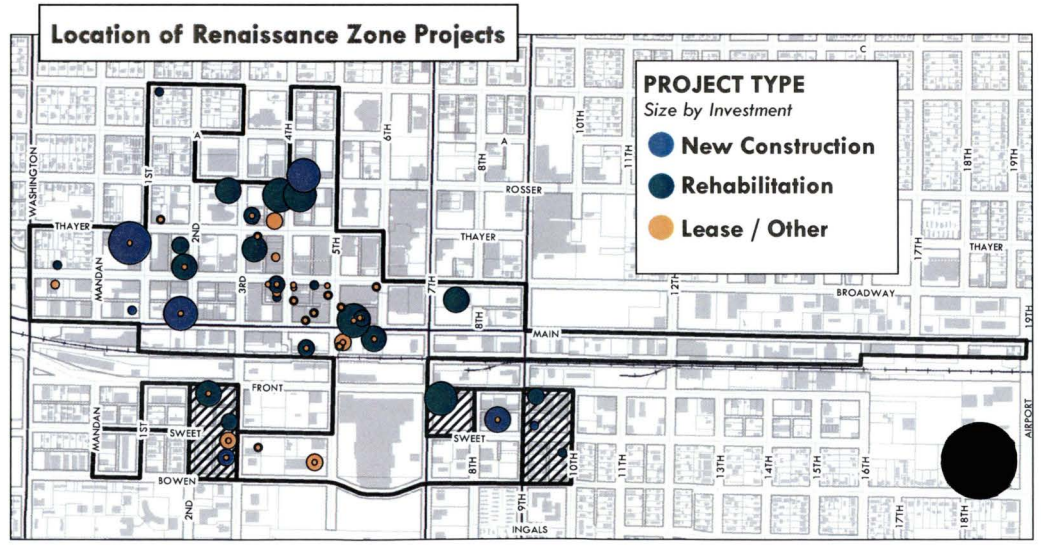
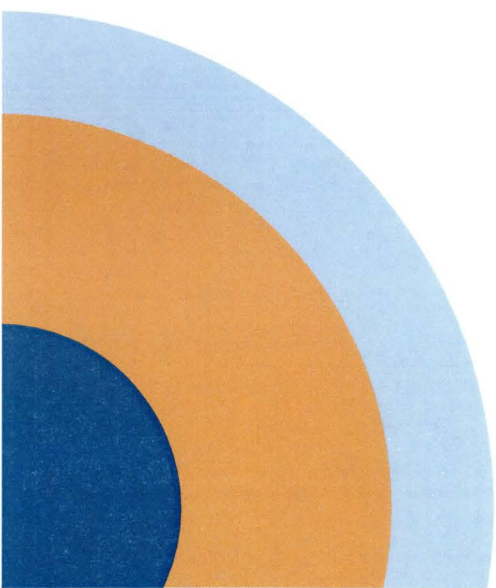
Since the Renaissance Zone started in 2004, overall property values in downtown Bismarck have increased each year. Prior to the program, these same property values were decreasing.

The total assessed value of all properties within the Renaissance Zone, whether a recipient of the tax incentive or not, has grown from \$84,578,100 in 2003 to \$201,152,500 in 2016, which amounts to an average annual rate of growth of 10.6%.



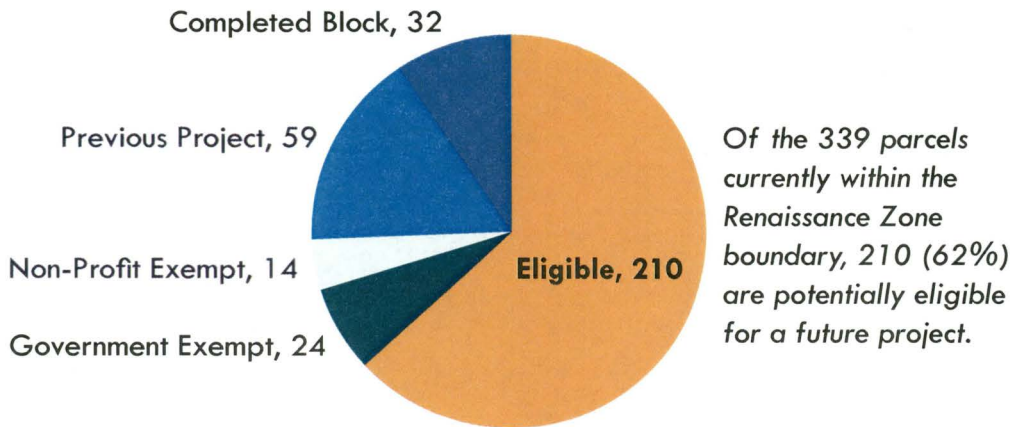
By 2019 the total taxes generated from project parcels is projected to surpass the total taxes exempted from these parcels since the program began.

Over the long-term, the net effect of the Renaissance Zone is an increase in tax revenue collected by the city, lessening the burden on other taxpayers. Once each project's five-year tax exemption period is complete, the properties re-enter the tax rolls at a higher taxable value for each year into the future. Every year since 2012, the City of Bismarck has collected more revenue from all Renaissance Zone project parcels than they would have if the program did not exist and the investments were not made.

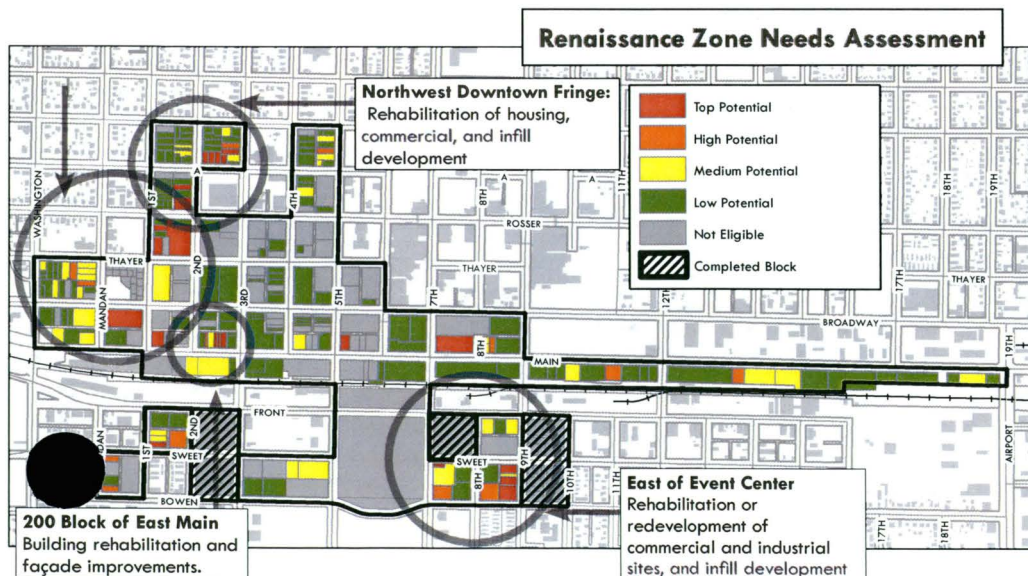


What's next?

● Despite the effectiveness of the program in spurring redevelopment, there is still a need to address identified medium, high and top potential projects within the Renaissance Zone.



● In 2016, the City of Bismarck performed a Needs Assessment to evaluate areas within the Renaissance Zone boundary that have not met the program's goals. Projects may not be considered eligible if they have previously received Renaissance Zones exemptions, or are owned by a government or non-profit organization. Five blocks have been completed and no longer eligible. Four hot spots of unimproved areas can be identified within the zone.



BISMARCK RENAISSANCE ZONE GOALS

Establish the Renaissance Zone as the Center of Business Life, Government and Cultural Opportunity for the Bismarck Region.

Promote the Renaissance Zone as the Preferred Location for Hotel, Class A Office Buildings, Specialty Retail, Government and Institutional Uses.

Maximize Accessibility of the Renaissance Zone from Throughout the Region and Provide Safe, Convenient, and Attractive Circulation Within the Zone.

Arrange Compatible Land Uses in Compact and Orderly Ways to Enhance the Functions of the Renaissance Zone.

Encourage a Zone That Upholds Bismarck's Heritage as Well as Recognizes and Takes Advantage of its Pattern of Development.

Achieve High Quality in the Design and Visual Appearance of the Renaissance Zone.

Promote the Renaissance Zone as a Location for Increased Housing Opportunities.



In 2009, a vacant property located along the 400 block of East Main Avenue in the heart of downtown Bismarck applied for Renaissance Zone incentives to make improvements. The building had previously been used as a chinese restaurant and had fallen into disrepair. The applicant converted the property to an Irish theme pub/restaurant with additional leased spaces on the second floor. Renovations included rebuilding supporting walls, water, sewer and utility upgrades as well as renovations to appropriately restore the character of the 1905 historic two story building. Today the restaurant is a popular place among locals and visitors and the property contributes to the vibrancy of the downtown core.



The rehabilitation of an existing two-story building and infill of an adjacent open area along the 500 block of East Main Avenue helped restore the urban edge of one of downtown Bismarck's blocks. The 2011 project consisted of a new, historically appropriate façade spanning 75 feet with large, street-level windows and renovations to the existing adjacent two story building. The new infill space combined with the rehabilitated space provides off a restaurant, and retail plus a rooftop terrace which hosts a restaurant/bar offering views of the city. The project utilizes the "lease" Renaissance Zone incentive which provides tax incentives to occupants who lease and invest in space within a qualifying Renaissance Zone project.

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Attachment #12

Pg 1

February 27, 2017



North Dakota Senate Finance & Taxation Committee Members
Chairman Dwight Cook
RE: HB 1182

Chairman Cook and Committee Members,

My name is Dawn Kopp, Executive Director of the Downtown Business Association of Bismarck. Our organization works on behalf of nearly 200 member businesses in the Downtown and Bismarck area. We respectfully ask for a **"Do Not Pass" recommendation on HB 1182** relating to Renaissance Zones in the state of North Dakota. Renaissance Zones have created a much needed return on investment in Bismarck and Renaissance Zones throughout the state by reusing infrastructure, increasing property values, creating jobs and businesses and producing infill and rehabilitation projects. The City of Bismarck Community Development Department has reported great success and return on investment with the Renaissance Zone Program:

- \$52 Million Privately Invested
- 50 New Businesses
- 458 Full -Time Jobs Created
- 105 Completed Projects
- \$166 Million Valuation Increase from 2003-2016

At a time when budgets are getting tighter, programs that provide a return on investment such as the Renaissance Zone Program, should be kept complete and receive great support. Thank you for your "Do Not Pass" consideration on HB 1182. Please submit this written testimony as part of the official record.

Thank you for your consideration—

Sincerely,

A handwritten signature in blue ink, appearing to read "Dawn Kopp", is written over a printed name.

Dawn Kopp

3/1/2017

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Attachment #13 pg 1



February 28, 2017

Senator Dwight Cook
Chairman of the Senate Finance and Taxation Committee
600 E. Boulevard Avenue
Bismarck, ND 58505

RE: Opposition to House Bill 1182

Chairman Cook and members of the Senate Finance and Taxation Committee:

Please accept this testimony in opposition to HB1182 as it currently stands on behalf of the Williston Area Chamber of Commerce.

We have seen significant improvements to downtown Williston due to renaissance zone projects. Projects that have brought in new businesses and upgraded existing businesses. The projects have brought in new jobs and shopping, which not only benefits downtown, but the Williston Area. As it currently stands, this bill removes the incentive for redevelopment – the redevelopment that has made a significant improvement to downtown and could continue to provide redevelopment projects in the future and secure tax benefits long term.

As our area continues to grow and redevelop, we ask that you oppose HB 1182 as it stands.

Thank you for your time and consideration.

Sincerely,

Janna Lutz
President, Williston Area Chamber of Commerce

cc: Board of Directors, Williston Area Chamber of Commerce

3/24/2017

HB 1182

Attachment #1

pg 1

17.0280.02001
Title.

Prepared by the Legislative Council staff for
Senator Cook

March 22, 2017

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1182

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new section to chapter 40-05 of the North Dakota Century Code, relating to approval or property tax incentives granted by a city; to amend and reenact subsection 7 of section 40-57.1-03, section 40-58-20.2, and subsection 3 of section 54-35-26 of the North Dakota Century Code, relating to approval of property tax incentives granted by a city and evaluation of economic development tax incentives; to provide for a legislative management study; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 40-05 of the North Dakota Century Code is created and enacted as follows:

Duties of cities granting property tax incentives.

1. Notwithstanding any other provision of law, before granting a property tax incentive on any parcel of property that is anticipated to receive a property tax incentive for more than five years, the governing body of a city shall send the chairman of each county commission and the president of each school district affected by the property tax incentive a letter, by certified mail, which provides notice of the terms of the proposed property tax incentive.
2. Within thirty days from receipt of the letter, each affected county and school district shall notify the city, in writing, whether the county or school district elects to participate in granting the tax incentive on the county or school district portion of tax levied on the property. The notification from a county or school district electing not to participate must include a letter explaining any reason for which the entity elected not to participate and whether the county or school district is willing to negotiate the terms of the property tax incentive with the city.
3. If the city does not receive a response from an affected county or school district within thirty days of delivery of the letter, the county and school district must be treated as participating in the property tax incentive.
4. The term "negotiation" as used in this section means the governing body of an affected county or school district may negotiate the terms of participating in the tax incentive, including the duration of the tax incentive and the taxable value selected for the base year for purposes of computing tax instruments.
5. If an agreement is reached through negotiation under this section, the property tax incentive must be applied in accordance with the agreement.

SECTION 2. AMENDMENT. Subsection 7 of section 40-57.1-03 of the North Dakota Century Code is amended and reenacted as follows:

7. During the negotiation and deliberation of a property tax exemption or the option to make payments in lieu of taxes under this chapter, a municipality shall include, as nonvoting ex officio members of its governing body, a representative appointed by the school board of each school district affected by the proposed action and a representative appointed by the board of township supervisors of each township affected by the proposed action. Before granting a property tax incentive on any parcel of property that is anticipated to receive a property tax incentive for more than five years, the governing body of a city must comply with the requirements in section 1 of this Act.

SECTION 3. AMENDMENT. Section 40-58-20.2 of the North Dakota Century Code is amended and reenacted as follows:

40-58-20.2. Tax increment financing proposal - Public hearing - Invitation to representatives of affected taxing districts.

1. Before approval of a development or renewal plan for any development or renewal area under section 40-58-20, the governing body of the municipality shall conduct a public hearing on the proposal. The governing body shall provide invitations to participate in the public hearing to the governing body of each county, school district, and park district within the development or renewal area. At a minimum, the governing body of the municipality shall provide the following information at the public hearing:
 - 1- a. The anticipated costs of development of property to be reimbursed by tax incentives.
 - 2- b. The anticipated annual revenue from tax increments which will be received to complete the development or renewal plan.
 - 3- c. The anticipated date when the plan will be completed, the costs will be fully paid, and the tax increments will be released.
 - 4- d. The estimate of the dollars annually attributable to the levies from each taxing entity which will be credited to the tax increment fund.
2. Before granting a property tax incentive on any parcel of property that is anticipated to receive a property tax incentive for more than five years, the governing body of the municipality must comply with the requirements in section 1 of this Act.

SECTION 4. AMENDMENT. Subsection 3 of section 54-35-26 of the North Dakota Century Code is amended and reenacted as follows:

3. The legislative management interim committee assigned the study responsibility under this section may examine economic development tax incentives, shall complete analysis of the ~~state-imposed tax aspects of the~~ incentives it designates for analysis during the interim, and shall approve a plan to provide that each of the economic development tax incentives listed in this subsection is subject to a complete analysis within each six-year period. The interim committee may include in its recommendations any amendments to this section, including amendments to add or remove incentives from the list of incentives subject to analysis under this

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subsection. Analysis must be completed for ~~state imposed tax aspects of~~ economic development tax incentives, including each of the following:

- a. Renaissance zone credits and exemptions.
- b. Research expense credit.
- c. Agricultural commodity processing facility investment credit.
- d. Biodiesel fuel production facility construction or retrofit credit, biodiesel fuel blending credit, and biodiesel fuel equipment credit.
- e. Seed capital investment credit.
- f. Wage and salary credit.
- g. Internship program credit.
- h. Microbusiness credit.
- i. Angel fund investment credit.
- j. Workforce recruitment credit.
- k. Soybean or canola crushing facility construction or retrofit credit.
- l. Manufacturing automation equipment credit.
- m. New or expanding business exemption.
- n. Manufacturing and recycling equipment sales tax exemption.
- o. Coal severance and conversion tax exemptions.
- p. Oil and gas gross production and oil extraction tax exemptions.
- q. Fuel tax refunds for certain users.
- r. New jobs credit from income tax withholding.
- s. ~~Any economic development tax incentive created by the sixty fourth legislative assembly~~ Development or renewal area incentives.
- t. Sales and use tax exemption for materials used to construct a fertilizer or chemical processing facility.
- u. Sales and use tax exemption for materials used in compressing, gathering, collecting, storing, transporting, or injecting carbon dioxide for use in enhanced recovery of oil or natural gas.
- v. Sales and use tax exemption for enterprise information technology equipment and computer software used in a qualified data center.

SECTION 5. LEGISLATIVE MANAGEMENT STUDY - PROPERTY TAX IMPACTS FROM CITY GROWTH AND DEVELOPMENT. During the 2017-18 interim, the legislative management shall consider studying how city growth and infill development affects property taxes, and evaluate the return on investment for state and community projects. The study must examine various policies affecting city development patterns, including the impact of transfer payments between state and local governments; the cost of government services and infrastructure, including future liability; the amount of tax revenue generated per increment of assumed liability for

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downtown areas; and whether certain areas of a city generate more revenue than expenses while other areas generate more expenses than revenue. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-sixth legislative assembly.

SECTION 6. EFFECTIVE DATE. Sections 1 through 3 of this Act are effective for property tax incentives approved after December 31, 2017."

Renumber accordingly