

## North Dakota Legislative Council

Prepared for the Taxation Committee LC# 23.9245.01000 February 2022

## **ECONOMIC DEVELOPMENT TAX INCENTIVE STUDY - EVALUATION CHART**

North Dakota Century Code Section 54-35-26 requires an interim committee to review each of the economic development tax incentives listed in that section once every 6 years and provides certain criteria the committee may consider when evaluating incentives. The following chart is provided to assist the interim Taxation Committee in tracking its progress in collecting information relative to the criteria outlined in Section 54-35-26 for the incentives selected for study this interim. A checkmark placed in a field on the chart indicates the committee has received information related to the criteria which may be used in analyzing the corresponding incentive. A checkmark does not indicate an affirmative or negative response to the eight items listed for consideration.

		Manufacturing and Recycling Equipment Sales Tax Exemption	Manufacturing Automation Equipment Credit	Soybean or Canola Crushing Facility Construction or Retrofit Credit	Agricultural Commodity Processing Facility Investment Credit	Research Expense Credit	Seed Capital Investment Credit	New or Expanding Business Exemptions	New Jobs Credit from Income Tax Withholding
1.	The extent of achievement of the goals of the incentive and whether unintended consequences have developed in its application.	√1	√1	<b>√</b> 1	<b>√</b> 1	<b>√</b> 1	√1	<b>√</b> 1	√1
2.	Whether the design and application of the incentive can be improved.								
3.	The extent of complementary or duplicative effect of other incentives or governmental programs.								
4.	Whether the incentive has a positive influence on business behavior or rewards business behavior that is likely to have occurred without the incentive.								
5.	The effect of the incentive on the state economy, including the extent of primary sector operation of the recipient and any competitive disadvantage imposed or benefit conferred on other state businesses, any benefit or burden created for local government, and the extent of the incentive's benefit that flows to out-of-state concerns.	<b>√</b> 2	<b>√</b> 3					<b>√</b> 4	<b>√</b> 5
6.	The employment opportunities generated by the incentive and the extent those represent career opportunities.		<b>√</b> 6					<b>√</b> 7	√8
7.	Whether the incentive is the most effective use of state resources to achieve desired goals.	<b>√</b> 9	√9	√9	√9	√9	<b>√</b> 9	√9	√9
8.	If the committee's analysis of the incentive is constrained by lack of data, whether statutory or administrative changes should be made to improve collection and availability of data.								

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<sup>&</sup>lt;sup>1</sup> The committee received information regarding the perceived goals of the incentive in the background memorandum related to this incentive.

<sup>&</sup>lt;sup>2</sup> The committee received information from the Economic Development Association of North Dakota comparing the taxation of manufacturing equipment in North Dakota with the taxation of manufacturing equipment in other states.

<sup>&</sup>lt;sup>3</sup> The committee received information from the Economic Development Association of North Dakota regarding the importance of the incentive to attract and retain manufacturers.

<sup>&</sup>lt;sup>4</sup> The committee received information from the Economic Development Association of North Dakota regarding the importance of the incentive to attract and retain businesses, including an example of a city retaining a longstanding local business by using the incentive.

<sup>&</sup>lt;sup>5</sup> The committee received information from the Economic Development Association of North Dakota regarding the importance of the incentive to attract and retain talent to fill available positions in the state.

<sup>&</sup>lt;sup>6</sup> The committee received information from the Economic Development Association of North Dakota related to the incentive, including information regarding the importance of the incentives to drive investments in the state to help businesses grow, improve job safety, and increase productivity.

<sup>&</sup>lt;sup>7</sup> The committee received information from the Economic Development Association of North Dakota related to the incentive, including an example of a business that benefitted from the incentive and has plans to expand its business, including facility expansion and job creation.

<sup>&</sup>lt;sup>8</sup> The committee received information from the Economic Development Association of North Dakota related to the incentive, including information regarding an organization that implemented the incentive for various users across multiple industries to help attract and retain talent to fill available positions in the state.

<sup>&</sup>lt;sup>9</sup> The committee received information from the Tax Department regarding use of state resources to support this incentive.