

2023 HOUSE FINANCE AND TAXATION

HB 1266

2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Room JW327E, State Capitol

HB 1266
1/16/2023

A bill relating to completion of existing approved projects and reapplication for renaissance zone designation following expiration of renaissance zone designations.

Chairman Headland opened the hearing at 11:12AM.

Members present: Chairman Headland, Vice Chairman Hagert, Representative Anderson, Representative Bosch, Representative Dockter, Representative Fisher, Representative Grueneich, Representative Hatlestad, Representative Motschenbacher, Representative Olson, Representative Steiner, Representative Toman, Representative Finley-DeVille, and Representative Ista. No members absent.

Discussion Topics:

- Renaissance zone expirations
- City reapplication for renaissance zone designation
- Economic development

Representative Dockter introduced the bill verbally in support.

Rikki Roehrich, Deputy Director for the Division of Community Services and Manager for the Renaissance Zone Program with the North Dakota Department of Commerce, testified in support (#13379).

Josh Teigen, North Dakota Department of Commerce Commissioner, testified verbally in support.

Brian Ritter, President and CEO of the Bismarck Mandan Chamber EDC, testified in support (#13280).

Kate Herzog, Chief Operations Officer with Downtowners Association, testified in support (#13349).

Dana Hager, Executive Director with the Economic Development Association, testified in support (#13509).

Matt Gardner, North Dakota League of Cities, testified verbally in support.

Anne Cleary, City Commissioner with the City of Bismarck, testified in support (#13446).

Jim Christenson, Chair of the Bismarck Renaissance Zone, testified verbally in support.

Dustin Gawrylow, Managing Director for the North Dakota Watchdog Network, neutral testimony (#13352).

Chairman Headland closed the hearing at 11:36am.

Additional written testimony:

Tom Erdmann, City of Carrington, testimony in support #13445.

Vawnita Best, City of Watford City, testimony in support #13389.

Amanda Remyse, Greater North Dakota Chamber, testimony in support #13351.

Alexander Weber, Grand Forks Downtown Development Association, testimony in support #13250.

Cindy Graffeo, Downtown Community Partnership, testimony in support #13244.

Meeting adjourned 11:36AM

Mary Brucker, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

HB 1266
1/16/2023
PM

A bill relating to completion of existing approved projects and reapplication for renaissance zone designation following expiration of renaissance zone designations.

Chairman Headland opened the meeting at 2:17pm.

Members present: Chairman Headland, Vice Chairman Hagert, Representative Anderson, Representative Bosch, Representative Dockter, Representative Fisher, Representative Grueneich, Representative Hatlestad, Representative Motschenbacher, Representative Olson, Representative Steiner, Representative Toman, and Representative Ista. Members absent: Representative Finley-DeVille

Discussion Topics:

- Proposed amendment from Downtowners Bismarck

Representative Dockter moved the amendment proposed by the Downtowners Bismarck, testimony #13349.

Representative Grueneich seconded the motion.

Roll call vote:

Representatives	Vote
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	Y
Representative Glenn Bosch	Y
Representative Jason Dockter	Y
Representative Lisa Finley-DeVille	AB
Representative Jay Fisher	Y
Representative Jim Grueneich	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	Y
Representative Mike Motschenbacher	Y
Representative Jeremy Olson	Y
Representative Vicky Steiner	Y
Representative Nathan Toman	N

Motion carried 12-1-1

Representative Olson moved a Do Pass as Amended.

Representative Hagert seconded the motion.

Roll call vote:

Representatives	Vote
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	Y
Representative Glenn Bosch	Y
Representative Jason Dockter	Y
Representative Lisa Finley-DeVilleville	AB
Representative Jay Fisher	Y
Representative Jim Grueneich	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	Y
Representative Mike Motschenbacher	Y
Representative Jeremy Olson	Y
Representative Vicky Steiner	Y
Representative Nathan Toman	Y

Motion carried 13-0-1

Representative D. Anderson is the bill carrier.

Meeting adjourned at 2:26pm.

Mary Brucker, Committee Clerk

January 16, 2023

AG
1-16-23
(1-1)

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1266

Page 2, after line 11, insert:

"(3) If a renaissance zone designated under this chapter expires, a city may reapply for renewal of the formerly expired renaissance zone in the current manner a renewal extension is granted by state law."

Renumber accordingly

REPORT OF STANDING COMMITTEE

HB 1266: Finance and Taxation Committee (Rep. Headland, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1266 was placed on the Sixth order on the calendar.

Page 2, after line 11, insert:

"(3) If a renaissance zone designated under this chapter expires, a city may reapply for renewal of the formerly expired renaissance zone in the current manner a renewal extension is granted by state law."

Renumber accordingly

2023 SENATE FINANCE AND TAXATION

HB 1266

2023 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Fort Totten Room, State Capitol

HB 1266
3/7/2023

Relating to completion of existing approved projects and reapplication for renaissance zone designation following expiration of renaissance zone designations.
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2:15 PM Chairman Kannianen opens hearing.

Senator Present: **Kannianen, Weber, Patten, Rummel, Piepkorn.** Senator **Magrum** is absent.

Discussion Topics:

- Reapplication process
- Application cost

2:16 PM Representative Dockter introduced bill.

2:19 PM Rikky Roehrich, Manager for Renaissance Zone Program for the Department of Commerce, in favor. #22256

2:25 PM Brian Ritter, President, and CEO for Bismarck Mandan EDC, in favor. #22012

2:26 PM Jim Christianson, verbally in favor

2:27 PM Kate Herzog, Downtown Business Association of Bismarck, in favor. #22627

2:29 PM Matt Gardner, Executive Director for ND League of Cities, verbally in favor.

2:30 PM Dana Hager, Executive director of the Economic Development Association of North Dakota, in favor. #22670

Additional written testimony:

Andrea Pfennig #22163

Dustin Gawrylow #22453

2:32 PM Chairman Kannianen adjourned hearing.

Nathan Liesen, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1266
3/13/2023

Relating to completion of existing approved projects and reapplication for renaissance zone designation following expiration of renaissance zone designations.
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11:43 AM Chairman Kannianen opens hearing.

Senator Present: **Kannianen, Weber, Patten, Rummel, Piepkorn, Magrum.**

Discussion Topics:

- Committee action

11:45 AM Senator Rummel moved a Do Pass.

11:45 AM Senator Patten seconded.

Senators	Vote
Senator Jordan Kannianen	Y
Senator Mark F. Weber	Y
Senator Jeffery J. Magrum	N
Senator Dale Patten	Y
Senator Merrill Piepkorn	Y
Senator Dean Rummel	Y

Motion passed 5-1-0

11:51 AM Senator Rummel will carry.

11:52 AM Chairman Kannianen adjourned meeting.

Nathan Liesen, Committee Clerk

REPORT OF STANDING COMMITTEE

HB 1266, as engrossed: Finance and Taxation Committee (Sen. Kannianen, Chairman)
recommends **DO PASS** (5 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING).
Engrossed HB 1266 was placed on the Fourteenth order on the calendar. This bill
does not affect workforce development.

TESTIMONY

HB 1266



January 13, 2023

North Dakota House Finance and Taxation Committee
State Capitol
600 East Boulevard Avenue
Bismarck, ND 58505

Dear Chair Headland and Committee Members,

Prior to 1999 and the establishment of Renaissance Zones in North Dakota, Downtown Fargo was no different than downtown districts across the nation that suffered from a lack of investment. Our city core was neglected as population growth and investment turned toward the city edges. Renaissance Zone legislation was a catalyst for change in our community. A walk today through Fargo's downtown shows the power this tool can have for reinvigorating a city center.

As an economic development professional, I ask you to consider supporting HB 1266, to allow communities in North Dakota with expired zones to go through a renewal process to have the opportunity to bring back this tool.

Communities like Bismarck, Watford City, Carrington, and the State of North Dakota as a whole could benefit from this change to state law.

Sincerely,

Cindy Graffeo
Executive Director



23 N. 3rd St. Suite 2
Grand Forks, ND 58203
701.757.4051
downtownforks.com

House Finance and Taxation
Chair Headland and Committee Members

HB 1266 Support with Amendment

The Grand Forks Downtown Development Association advocates for, promotes, grows, and improves the downtown community through its work with organizations, entrepreneurs, and community stakeholders. This includes work with businesses all over the Greater Grand Forks area as well as encouraging retention of residents through quality of life improvements.

This bill would allow Renaissance Zones that have expired to be brought back, as they had left, through a state approved renewal process. Various ND Communities have expired zones, and a change in language to state law would allow these communities and future communities to go through the renewal process to bring back an expired zone. This simple bill adds language to the Renaissance Zone Program guidelines on the process of bringing back an expired zone.

Suggested amendment to Section 1, 40-63-03.

- 1.
 - f 2)
- If a Renaissance zone designated under this chapter expires, a city may reapply for renewal of the formerly expired Renaissance Zone in the current manner a renewal extension is granted by state law.

We encourage your support of HB1266 with the above amendment,
Sincerely,

Blue Weber
President/CEO | Downtown Development Association





House Finance & Taxation Committee – HB 1266

Representative Craig Headland, Chair

January 16, 2023

Chairman Headland, Members of the Committee:

My name is Brian Ritter and I'm the President & CEO of the Bismarck Mandan Chamber EDC. Please accept the following testimony on behalf of our organization's more than 1,200 business members in support of HB 1266.

As members of this Committee know, the purpose of the State's Renaissance Zone (RZ) Program is to revitalize communities and encourage development through the use of state and local tax incentives. Property owners utilize those incentives to reinvest in their property and ultimately, increase that property's value along with the revenue being generated for the community. The RZ Program is also unique in that it allows cities to develop handcrafted development plans that addresses their specific goals and objectives.

The Bismarck RZ was established in 2001 and has been tremendously successful and contributed to the creation of new jobs, new businesses and more. However, last summer Bismarck's RZ expired after the Burleigh County Commission elected not to provide a letter of support for the Zone's extension. Consequently, the Bismarck RZ expired and the way the current RZ-related statute is interpreted, once a Zone has expired it cannot be brought back or re-applied for. HB 1266 would simply allow for communities like Bismarck and others who have seen their RZ's expire, to reapply and bring their RZ back.

That is all.

The requirements for reinstatement would be the same as if a community were going through the renewal process which means that any applicant would still need to work with the North Dakota Department of Commerce. That also means that all of the political subdivisions who would have to support an RZ at inception (in this case, counties, cities and schools), would also have to provide a letter of support for the RZ's reapplication.

Finally, while Bismarck may be the largest community where this situation has arisen, it could happen to any community in North Dakota with an RZ. In that case, we believe it best to allow all communities to reapply with all of the same requirements as before. After all, the factors that ultimately led to that RZ's expiration may have changed or been addressed. If that's the case, then why wouldn't we at least allow the affected political subdivisions to at least consider reinstating the RZ at that time?

As such, I would respectfully ask that the Committee give a DO PASS recommendation to HB 1266.

House Finance and Taxation
Chair Headland and Committee Members

HB 1266 Support With Amendment

The Downtown Business Association of Bismarck represents over 200 members with 9,000 employees in North Dakota's second largest employment district. Our Board of Directors and members encourage your support of HB 1266. This bill would allow Renaissance Zones that have expired to be brought back, as they had left, through a state approved renewal process.

Communities like Bismarck, Watford City, Carrington and others have expired zones, and a change in language to state law would allow these communities and future communities to go through the renewal process to bring back an expired zone.

Bismarck is currently one of just a handful of ND Communities that is not allowed to reinstate their zone due to a lack of process in state law. This simple bill adds language to the Renaissance Zone Program guidelines on the process of bringing back an expired zone.

Please see letters of support from our members to our Burleigh County Commission supporting Bismarck's Renaissance Zone renewal. In 2022 the City of Bismarck, Bismarck Parks and Recreation District and Bismarck School Board all voted unanimously to support renewal of Bismarck's zone.

Suggested amendment to Section 1, 40-63-03.

- 1.
- f 2)

If a Renaissance zone designated under this chapter expires, a city may reapply for renewal of the formerly expired Renaissance Zone in the current manner a renewal extension is granted by state law.

We encourage your support of HB1266 with the above amendment,
Sincerely,



Kate Herzog, COO
Chief Operating Officer
Downtown Business Association of Bismarck

President
Downtown Bismarck Community Foundation





GREATER NORTH DAKOTA CHAMBER
HB 1266
House Finance and Taxation Committee
Chairman Craig Headland
January 15, 2023

Mr. Chairman and members of the Committee, my name is Amanda Remyse with the Greater North Dakota Chamber. GNDC is North Dakota's largest statewide business advocacy organization, with membership represented by small and large businesses, local chambers, and trade and industry associations across the state. We stand in **support** of House Bill 1266.

HB 1266 would enable cities to reapply for the Renaissance Zone program. It also enables taxpayers that have participated in the program to receive the agreed upon tax incentive even if the Renaissance Zone itself expires.

Our members support equitable, competitive, and consistent tax structure that fosters long-term revenue stability and provides certainty to business for sustained growth and investment. We feel that the Renaissance Zone program has proven to be a successful tool for economic development. We also feel that it is important to provide consistency by enabling those taxpayers that have completed a project in good faith to receive the agreed upon tax incentive.

Mr. Chairman and members of the Committee, we urge a Do Pass on HB 1266.

HB 1266 – Testimony by Dustin Gawrylow (Lobbyist #266) North Dakota Watchdog Network

Mr. Chairman,

This bill is primarily here because of actions that have taken place here locally in Bismarck and Burleigh County.

As many of you know, I have been a long time critic of the Renaissance Zone program – and have been heavily involved with addressing this locally in Bismarck/Burleigh.

I have also personally been serving on the Bismarck Renaissance Zone Authority since 2019 when Mayor Steve Bakken appointed me to the committee.

My philosophy since being appointed has been “if it were up to me, the program would not exist, but as long as it does, I will do what I can to make it work for Bismarck.”

As HB stands today, I am taking a Neutral Stance on this bill as it only allows cities to come back into the system.

However, I will issue a caveat: if this bill is amended to remove the ability for other political subdivisions to have a say in how their tax revenue streams (protections that were created by the passage and enactment of 2017’s SB 2166) this neutral position will change.

One political subdivision should not have the power to influence the revenue of another political subdivision based on a discretionary tax exemption.

In conclusion, if the goal of this session is to simply give cities a second chance at the program, I do not see a problem on the surface. But if the overall goal is to do more than that, either in this bill or another bill, our position will change.

Thank you for your consideration.



DEPARTMENT OF COMMERCE TESTIMONY ON HB1266
HOUSE FINANCE AND TAXATION COMMITTEE
JANUARY 16, 2023, 11 AM
REPRESENTATIVE CRAIG HEADLAND, CHAIRMAN

RIKKI ROEHRICH – DEPUTY DIRECTOR, DIVISION OF COMMUNITY SERVICES, ND DEPARTMENT OF COMMERCE

Chairman Headland, Members of the Committee, my name is Rikki Roehrich, and I have managed the Renaissance Zone Program for the Department of Commerce since 2014. I am here today to testify in support of HB 1266, which would allow communities with an expired Renaissance Zone to reinstate their zone.

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 an incentive to reinvest in their community's existing infrastructure and promote rehabilitation and in-fill in the core districts of communities. As many communities with a Renaissance Zone will attest, there are financial and intangible benefits to having a Renaissance Zone. This program allows communities to create their own development plan with unique goals, then structure the program in a way that helps them meet those goals. Commonly, we see communities using the program for goals such as increasing their tax base, attracting or retaining residents and businesses, and addressing slum and blight in the community, among others.

While the program is complex and includes many different components, I would like to focus on the effects of a zone expiring without the ability to ever reinstate the program. Since the program was implemented in 1999, a total of 62 communities have established a Renaissance Zone, some of which are very new to the program, indicating that communities are still discovering the benefits of the program and opting to participate in it. The cities of Kindred and Linton have both created a Renaissance Zone in the last two years.

The duration of a Renaissance Zone is currently 15 years. After which, a community may apply for extensions. Nearly all (94%) of the communities have opted to renew their zone designation, as they see the benefit of the locally controlled incentives.

In 2017, Carrington and Watford City opted to let their Renaissance Zone designation lapse due to the belief they were managing the community growth without the need for this locally controlled benefit. Since that time, both communities have expressed interest, to the Department of Commerce, in re-establishing a zone as they now feel it could have enhanced the continued redevelopment in their cities. Unfortunately, the Department of Commerce cannot assist since their designation lapsed, and they are both still prohibited from future participation in the program. Absent statutory changes to the program, they have permanently lost the ability to use this tool within their community to help with any planning or development goals.

As we know, strategic planning in communities can change over time. In the case of Watford City, the city had felt that it met the goals outlined in its original RZ development plan, which is why it allowed the program to end. Since that time, though, there have been changes at the local level that have led to the city changing its position on the program. Currently, they feel a reinstatement would allow the city to meet new community

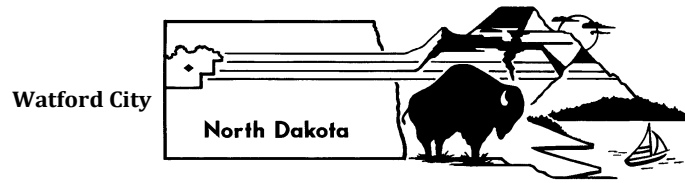
development and economic goals. In Carrington, the community has added new team members with an inspired vision for development in the community. Unfortunately, without the ability to reinstate their Renaissance Zone, they cannot use this effective tool based on choices made by their predecessors.

This program benefits communities in a number of ways. Most importantly, it lets the community determine its priorities and offer benefits that are linked to long-term development goals. It is a program with a strong history of enhancing communities across the state. It is unfortunate that communities are prohibited from ever using this development tool in the future based on a decision made at one point in time. Therefore, I would request that the committee approve HB 1266 and allow our communities more flexibility with Renaissance Zone program participation. This would provide our local governments with more control in how they achieve their long-term development goals.

The state of ND needs to look at an all-the-above approach to workforce and economic development. Enabling healthy, vibrant communities, with smart, efficient infrastructure is the cornerstone to those elements. We need to incentivize communities to utilize existing infrastructure, and the Renaissance Zone program is perhaps the best tool we have in our toolbox to enable that to happen. Not only do we need to ensure the Renaissance Zone's existence, but we must also enable cities to resurrect their Renaissance Zone program if they are to ever lose it.

This conversation goes beyond just main street development, it is crucial to addressing our state's workforce challenges and ensuring our communities are designed for success and resiliency into the future.

Chairman Headland, Members of the Committee, this concludes the testimony I have prepared in support of HB 1266. I am happy to answer any follow-up questions you may have about the Renaissance Zone program.

**City of Watford City**213 2nd St. NE / PO Box 494

Watford City, ND 58854

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cityofwatfordcity.com

House Finance and Taxation

January 16, 2023 – 11:00 AM

City of Watford City testimony in SUPPORT of HB 1266

Chairman Headland and Finance and Taxation committee members:

The city of Watford stands with the bill sponsors, the League of Cities, and downtown development associations throughout North Dakota in support of HB 1266. In 2015, Watford City inadvertently allowed its Renaissance Zone to expire. After the dust of the Bakken rush settled and adequate staff was onboarded to begin working on downtown redevelopment, we learned that Watford City had lost its renaissance zone designation. Under the current language of NDCC 40-63-03, there is not a mechanism to reestablish the designation.

Watford City asks that you establish the proposed addition of 40-63-03.1(f)(2) and the other included amendments in HB 1266. As Central Business District buildings and infrastructure continue to age, RZ 2.0 will be an important downtown redevelopment tool for Watford City and other North Dakota cities.

Thank you for your time and your consideration of my testimony in **SUPPORT of HB 1266**.

Best Regards,

Mayor Phil Riley

Mayor Phil Riley, Watford City

Cc: Deputy Commission Kessel, ND Department of Commerce
Executive Director Gardner, North Dakota League of Cities

House Finance and Taxation
Chair Headland and Committee Members

HB 1266 Support with Amendment

The City of Carrington inadvertently failed to extend/renew our Renaissance Zone as required by the NDCC 40-63-03. Our failure to extend our existing application for our Renaissance Zone eliminated us from the program and does not allow for any reinstatement.

Our City is a member of the State's Main Street Initiative. We have received two Partners in Planning grants to help us with plans to assist in some revitalization to our main street. We recently received a Strength ND grant based on our plans to construct a new Visitor/Interpretive Center with major emphasis towards our historical Rainbow Gardens.

This bill would definitely help the City of Carrington's restore our Renaissance Zone.

On behalf of the City of Carrington, I encourage your support of HB 1266 with the proposed amendment.

(If a Renaissance Zone designation under this chapter expires, a city may reapply for renewal of the formerly expired Renaissance Zone in the current manner a renewal extension is granted by state law.)

Sincerely,



Carrington Mayor Tom Erdmann

House Finance and Taxation
Chair Headland and Committee Members

HB 1266 Support With Amendment

Good morning,

My name is Anne Cleary and I am a small business owner in Downtown Bismarck, as well as a Bismarck City Commissioner. I encourage your support of HB 1266 to reinstate expired Renaissance Zones. The City of Bismarck recently approved the Together 2045 Comprehensive Plan, which included supporting reinstatement of Bismarck's Renaissance Zone.

From the plan, approved by the Board of City Commissioners on Dec. 27, 2022: "Advocate for changes to state law to allow a reinstatement of the Bismarck Renaissance Zone program." (page 67).

In 2022 the City of Bismarck, Bismarck Parks and Recreation District and Bismarck School Board all voted unanimously to support renewal of Bismarck's zone. I ask you for a DO PASS recommendation on HB 1266.

Sincerely,

Anne Cleary
Bismarck City Commissioner



PO Box 1091 • Bismarck, ND 58502

701-355-4458 • www.ednd.org

Testimony of Dana Hager
Economic Development Association of North Dakota
In Support of HB 1266
January 16, 2023

Chair Headland and members of the House Finance and Taxation Committee:

I am Dana Hager from the Economic Development Association of North Dakota (EDND), and I would like to express our support for HB 1266 relating to projects and reapplication for Renaissance Zone designation.

EDND represents more than 80 state economic development organizations on the front line of economic development efforts throughout North Dakota. The organization's primary purpose is to promote the creation of new wealth throughout North Dakota to develop more vibrant and efficient communities and improve quality of life.

Strengthening and increasing community development programs is a priority for EDND. Healthy and vibrant communities are essential in attracting talent and future workforce to live and work in North Dakota. EDND supports effective tools and programs, such as Renaissance Zones, to attract development and improve the quality of life in North Dakota communities.

The Renaissance Zone program is a unique economic development tool in that it encourages investment in downtowns and other blighted properties. It attracts development and a variety of businesses as well as housing to these underutilized areas of our communities. Redevelopment projects in downtowns are often more expensive than new development projects of equal square footage, thus making these older areas of our communities less attractive to developers. The Renaissance Zone tax incentive serves as an important tool for communities.

Currently, if a city does not apply for an extension, the zone will expire and there is no mechanism to renew an expired zone status. A new or reestablished renaissance zone may not be approved in that city. HB 1266 will allow a city to reapply for a subsequent Renaissance Zone after expiration. We feel this is a smart solution and a great opportunity to keep this program utilized throughout the state.

Thank you for taking the time to examine renaissance zones and help them remain a valuable incentive in our communities. I urge the committee's support HB 1266. Thank you.



Senate Finance & Taxation Committee – HB 1266

Senator Jordan Kannianen, Chair

March 7, 2023

Chairman Kannianen, Members of the Committee:

My name is Brian Ritter and I'm the President & CEO of the Bismarck Mandan Chamber EDC. Please accept the following testimony on behalf of our organization's more than 1,230 business members in support of HB 1266.

As members of this Committee know, the purpose of the State's Renaissance Zone (RZ) Program is to revitalize communities and encourage development through the use of state and local tax incentives. Property owners utilize those incentives to reinvest in their property and ultimately, increase that property's value along with the revenue being generated for the community. The RZ Program is also unique in that it allows cities to develop handcrafted development plans that addresses their specific goals and objectives.

The Bismarck RZ was established in 2001 and has been tremendously successful and contributed to the creation of new jobs, new businesses and more. However, last summer Bismarck's RZ expired after the Burleigh County Commission elected not to provide a letter of support for the Zone's extension. Consequently, the Bismarck RZ expired and the way the current RZ-related statute is interpreted, once a Zone has expired it cannot be brought back or re-applied for. HB 1266 would simply allow for communities like Bismarck and others who have seen their RZ's expire, to reapply and bring their RZ back.

That is all.

The requirements for reinstatement would be the same as if a community were going through the renewal process which means that any applicant would still need to work with the North Dakota Department of Commerce. That also means that all of the political subdivisions who would have to support an RZ at inception (in this case, counties, cities and schools), would also have to provide a letter of support for the RZ's reapplication.

Finally, while Bismarck may be the largest community where this situation has arisen, it could happen to any community in North Dakota with an RZ. In that case, we believe it best to allow all communities to reapply with all of the same requirements as before. After all, the factors that ultimately led to that RZ's expiration may have changed or been addressed. If that's the case, then why wouldn't we at least allow the affected political subdivisions to at least consider reinstating the RZ at that time?

As such, I would respectfully ask that the Committee give a DO PASS recommendation to HB 1266.



GREATER NORTH DAKOTA CHAMBER
HB 1266
Senate Finance and Taxation Committee
Chairman Jordan Kannianen
March 6, 2023

Mr. Chairman and members of the Committee, my name is Andrea Pfennig with the Greater North Dakota Chamber. GNDC is North Dakota's largest statewide business advocacy organization, with membership represented by small and large businesses, local chambers, and trade and industry associations across the state. We stand in **support** of House Bill 1266.

HB 1266 would enable cities to reapply for the Renaissance Zone program. It also enables taxpayers that have participated in the program to receive the agreed upon tax incentive even if the Renaissance Zone itself expires.

Our members support equitable, competitive, and consistent tax structure that fosters long-term revenue stability and provides certainty to business for sustained growth and investment. We feel that the Renaissance Zone program has proven to be a successful tool for economic development. We also feel that it is important to provide consistency by enabling those taxpayers that have completed a project in good faith to receive the agreed upon tax incentive.

Mr. Chairman and members of the Committee, we urge a Do Pass on HB 1266.



DEPARTMENT OF COMMERCE TESTIMONY ON HB1266
SENATE FINANCE AND TAXATION COMMITTEE
MARCH 7, 2023, 2 PM
SENATOR JORDAN KANNIANEN, CHAIRMAN

RIKKI ROEHRICH – DEPUTY DIRECTOR, DIVISION OF COMMUNITY SERVICES, ND DEPARTMENT OF COMMERCE

Chairman Kannianen, Members of the Committee, my name is Rikki Roehrich, and I have managed the Renaissance Zone Program for the Department of Commerce since 2014. I am here today to testify in support of HB 1266, which would allow communities with an expired Renaissance Zone to reinstate their zone.

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 an incentive to reinvest in their community's existing infrastructure and promote rehabilitation and in-fill in the core districts of communities. As many communities with a Renaissance Zone will attest, there are financial and intangible benefits to having a Renaissance Zone. This program allows communities to create their own development plan with unique goals, then structure the program in a way that helps them meet those goals. Commonly, we see communities using the program for goals such as increasing their tax base, attracting or retaining residents and businesses, and addressing slum and blight in the community, among others.

While the program is complex and includes many different components, I would like to focus on the effects of a zone expiring without the ability to ever reinstate the program. Since the program was implemented in 1999, a total of 62 communities have established a Renaissance Zone, some of which are very new to the program, indicating that communities are still discovering the benefits of the program and opting to participate in it. The cities of Kindred and Linton have both created a Renaissance Zone in the last two years.

The duration of a Renaissance Zone is currently 15 years. After which, a community may apply for extensions. Nearly all (94%) of the communities have opted to renew their zone designation, as they see the benefit of the locally controlled incentives.

In 2017, Carrington and Watford City opted to let their Renaissance Zone designation lapse due to the belief that they were managing the community growth without the need for this locally controlled benefit. Since that time, both communities have expressed interest, to the Department of Commerce, in re-establishing a zone as they now feel it could have enhanced the continued redevelopment in their cities. Unfortunately, the Department of Commerce cannot assist since their designation lapsed, and they are both still prohibited from future participation in the program. Absent statutory changes to the program, they have permanently lost the ability to use this tool within their community to help with any planning or development goals.

As we know, strategic planning in communities can change over time. In the case of Watford City, the city had felt that it met the goals outlined in its original RZ development plan, which is why it allowed the program to end. Since that time, though, there have been changes at the local level that have led to the city changing its position on the program. Currently, they feel a reinstatement would allow the city to meet new community

development and economic goals. In Carrington, the community has added new team members with an inspired vision for development in the community. Unfortunately, without the ability to reinstate their Renaissance Zone, they cannot use this effective tool based on choices made by their predecessors.

This program benefits communities in a number of ways. Most importantly, it lets the community determine its priorities and offer benefits that are linked to long-term development goals. It is a program with a strong history of enhancing communities across the state. It is unfortunate that communities are prohibited from ever using this development tool in the future based on a decision made at one point in time. Therefore, I would request that the committee approve HB 1266 and allow our communities more flexibility with Renaissance Zone program participation. This would provide our local governments with more control in how they achieve their long-term development goals.

The state of ND needs to look at an all-the-above approach to workforce and economic development. Enabling healthy, vibrant communities, with smart, efficient infrastructure is the cornerstone to those elements. We need to incentivize communities to utilize existing infrastructure, and the Renaissance Zone program is perhaps the best tool we have in our toolbox to enable that to happen. Not only do we need to ensure the Renaissance Zone's existence, but we must also enable cities to resurrect their Renaissance Zone program if they are to ever lose it.

This conversation goes beyond just main street development, it is crucial to addressing our state's workforce challenges and ensuring our communities are designed for success and resiliency into the future.

Chairman Kannianen, Members of the Committee, this concludes the testimony I have prepared in support of HB 1266. I am happy to answer any follow-up questions you may have about the Renaissance Zone program.

HB 1266 – Testimony by Dustin Gawrylow (Lobbyist #266) North Dakota Watchdog Network

Mr. Chairman,

This bill is primarily here because of actions that have taken place here locally in Bismarck and Burleigh County.

As many of you know, I have been a long time critic of the Renaissance Zone program – and have been heavily involved with addressing this locally in Bismarck/Burleigh.

I have also personally been serving on the Bismarck Renaissance Zone Authority since 2019 when Mayor Steve Bakken appointed me to the committee.

My philosophy since being appointed has been “if it were up to me, the program would not exist, but as long as it does, I will do what I can to make it work for Bismarck.”

As HB stands today, I am taking a Neutral Stance on this bill as it only allows cities to come back into the system.

However, I will issue a caveat: if this bill is amended to remove the ability for other political subdivisions to have a say in how their tax revenue streams (protections that were created by the passage and enactment of 2017’s SB 2166) this neutral position will change.

One political subdivision should not have the power to influence the revenue of another political subdivision based on a discretionary tax exemption.

In conclusion, if the goal of this session is to simply give cities a second chance at the program, I do not see a problem on the surface. But if the overall goal is to do more than that, either in this bill or another bill, our position will change.

Thank you for your consideration.

Senate Finance and Taxation
Chair Committee Members

HB 1266 Support With Amendment Correction



The Downtown Business Association of Bismarck represents over 200 members with 9,000 employees in North Dakota’s second largest employment district. Our Board of Directors and members encourage your support of HB 1266. This bill would allow Renaissance Zones that have expired to be brought back, as they had left, through a state approved renewal process.

Communities like Bismarck, Watford City, Carrington and others have expired zones, and a change in language to state law would allow these communities and future communities to go through the renewal process to bring back an expired zone.

Bismarck is currently one of just a handful of ND Communities that is not allowed to reinstate their zone due to a lack of process in state law. This simple bill adds language to the Renaissance Zone Program guidelines on the process of bringing back an expired zone.

In 2022 the City of Bismarck, Bismarck Parks and Recreation District and Bismarck School Board all voted unanimously to support renewal of Bismarck’s zone. Burleigh County decided not to hold a vote on the request.

This amendment should have replaced the original f (2), not be added in addition to, as they are conflicting.

Suggested amendment to Section 1, 40-63-03.

- 1.
- f 2)

~~(2) If a renaissance zone designated under this chapter expires, a city may reapply for a subsequent renaissance zone in the same manner an original renaissance zone is formed under this section.~~

(2) (3) If a renaissance zone designated under this chapter expires, a city may reapply for renewal of the formerly expired renaissance zone in the current manner a renewal extension is granted by state law.

We encourage your support of HB1266 with the above amendment,
Sincerely,

Kate Herzog, COO
Chief Operating Officer
Downtown Business Association of Bismarck

President
Downtown Bismarck Community Foundation



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**Testimony of Dana Hager
Economic Development Association of North Dakota
In Support of HB 1266
March 7, 2023**

Chair Kannianen and members of the Senate Finance and Taxation Committee:

I am Dana Hager, executive director of the Economic Development Association of North Dakota (EDND). On behalf of EDND, I would like to express our support for HB 1266 relating to projects and reapplication for Renaissance Zone designation.

EDND represents more than 80 state economic development organizations on the front line of economic development efforts throughout North Dakota. The organization primarily aims to promote new wealth creation throughout North Dakota to develop more vibrant and efficient communities and improve quality of life.

The Renaissance Zone program is a unique economic development tool encouraging investment in downtown and other blighted properties. It attracts development, various businesses and housing to these underutilized areas of our communities. Redevelopment projects in downtowns are often more expensive than new development projects of similar square footage, thus making these older areas of our communities less attractive to developers. The Renaissance Zone tax incentive serves as an essential tool for communities.

Currently, if a city does not apply for an extension, the zone will expire and there is no mechanism to renew an expired zone status. A new or reestablished Renaissance Zone may not be approved in that city. HB 1266 will allow a city to reapply for a subsequent Renaissance Zone after expiration. This is a smart solution and an excellent opportunity to strengthen and increase community development in North Dakota communities.

Thank you for taking the time to examine renaissance zones and help them remain a valuable incentive in our communities. I urge the committee's support of HB 1266. Thank you.