

DEPARTMENT OF COMMERCE TESTIMONY ON HB1266
HOUSE FINANCE AND TAXATION COMMITTEE
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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.