

March 13, 2025

Honorable Chairman Porter and Committee Members,

Applied Digital Corporation (Nasdaq: APLD) is a designer, builder and operator of next-generation digital infrastructure for High Performance Compute ("HPC") applications. Plainly, we are a landlord offering a high-tech environment for owners of some of the most advanced super computers on the planet to safely operate their equipment. Applied Digital has been active in North Dakota since 2021 and currently maintains facilities north of Jamestown and in Ellendale. These investments are the result of a strong partnership between APLD and the State of North Dakota. Indeed, to date we have invested over \$1B in infrastructure in North Dakota and anticipate roughly \$4B more in the coming years. These figures do not include the money that a future customer is anticipated to spend in installing equipment within our facility.. Our permanent employment footprint at our facilities is expected to be roughly 400 jobs and an outside economic impact study we commissioned estimates that this footprint will also create roughly 2,500 indirect jobs as a result of our projects. In addition to our positive employment numbers, our Ellendale project has directly resulted in \$5.4 Million being returned to MDU's North Dakota rate payers in 2023 and MDU is projecting that it will directly result in an additional \$14 Million being returned to MDU's North Dakota rate payers in 2024.

While Applied Digital supports effective and reasonable zoning ordinances and comprehensive plans, we worry that Senate Bill 2317 will present challenges for landowners and businesses in rural North Dakota.

- **This change is unnecessary.** Under current law, if a Township that previously turned zoning over to a County desires control of zoning to be returned, it can work with such County to regain this authority through existing processes.
- **This change causes regulatory uncertainty.** Under Senate Bill 2317, a revision to 54-40.5-04 will allow a Township to follow a process to obligate a County to return the zoning authority back to a Township. Establishing this process without mutual agreement from the County creates a level of regulatory uncertainty for projects occurring, or being considered, in these areas due to a lack of stability in land use regulations. A project may be in compliance under one zoning plan but then potentially be in violation if there is a sudden transfer of zoning authority. Furthermore, bypassing a structured process for both the Township and County to discuss potential concerns will pose challenges for a smooth transition of authority. If prior agreements were made between a County and a Township in relation to zoning matters and some future Township Board chose to unwind those agreements without any coordination with the county it could cause unintended consequences for a County, Township, and property owners. Section 54-40.5-04(4) does not require prior discussions before obligating the County to accept the transfer of authority. Under this change in law, cities would still have to follow the current process to take back zoning authority from a county, thus it stands to reason that townships should likewise be subject to the same process.
- **Zoning law is complex.** Planners must be educated with experience to protect the public while providing consistent regulations that does not violate the constitution and become

an unlawful taking. Volleying the regulation between political subdivisions will make that job even more complex to keep track of prior regulations and apply the correct law for grandfathering uses, especially for a township.

- **Investment Risk:** With rural North Dakota seeing potential large capital projects such as ours, Senate Bill 2317 would lead to uncertainty and could affect investment. Large capital projects require regulatory certainty and imposing instability in regulatory oversight could present new risks for larger capital projects discouraging their investments in these areas. Projects are often planned over large periods of time, so sudden changes in authority could end development. That risk would make North Dakota appear less friendly for our businesses and for our potential tenants.

With these challenges in consideration, we are concerned that this will open opportunities for instability, operational inefficiencies, and investment deterrents. **We strongly urge you to vote no on Senate Bill 2317** because it is both unnecessary and creates unnecessary risk to projects.

Thank you for your time and consideration. Please feel free to reach out if you have any questions. We look forward to continuing our partnership with North Dakota.

Sincerely,

Nick Phillips

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Executive Vice President of External Affairs



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