



**Statement of
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Cirrus Aircraft Corporation
House Committee on Agriculture
Legislative Hearing on
Bill Relating to Prohibition of Foreign Ownership of Real Property;
and to Provide for Retroactive Application**

Chairman Thomas, Vice Chairman Beltz, and Members of the Committee, thank you for the opportunity to provide testimony on the prohibition of foreign ownership of real property bill that the Committee is considering today.

Cirrus Aircraft is an American-made general aviation industry leader. Revolutionizing the aviation industry with innovations like the Cirrus Aircraft Parachute System (CAPS), which has saved over 240 lives to date. Every Cirrus aircraft we have ever manufactured since its inception has been developed in the states by my fellow Americans. They have been designed and engineered by Americans and supported by American suppliers. Over 400 suppliers from 34 States provide 96% of the components and parts for every Cirrus Aircraft built.

What started as a dream of two brothers in Baraboo, Wisconsin, has grown to be a leader in the general aviation industry. For over 38 years, Cirrus Aircraft has been driving aviation innovation and design.

Cirrus Aircraft is also an enormous contributor to the balance of trade for the United States, as we are an exporter of roughly 20% of our products and services going to foreign markets on an annual basis.

In 1997, Cirrus Aircraft, through a partnership with the Bank of North Dakota, established the Dakota Aircraft Corporation in Grand Forks. Today, the Dakota Aircraft Corporation is one of the top 10 employers in Grand Forks and second largest manufacturer. Throughout our 24-year history in the State of North Dakota, we have maintained strong partnerships with our State and local community and supported economic development and job growth, to include purchasing our current facility from the City of Grand Forks in January of 2021.

Due to lingering impacts of the economic downturns in 2008, Cirrus Aircraft was acquired by China Aviation Industry General Aircraft Company (CAIGA) in 2011, a Chinese aircraft manufacturer headquartered in Zhuhai, Guangdong, a subordinate company to the Chinese government owned company, Aviation Industry Corporation of China (AVIC).



Prior to the purchase of Cirrus Aircraft by CAIGA being completed, Cirrus Aircraft underwent a comprehensive review by the U.S. Department of Commerce Committee on Foreign Investment in the United States, or commonly referred to as CFIUS. As part of the CFIUS review, a formal National Security Agreement was put in-place with the U.S. Government related to ITAR controlled technologies. Cirrus Aircraft has fully complied with the National Security Agreement.

Since acquiring the company, Cirrus Aircraft has grown to be recognized as the global leader in personal aviation and maker of the best-selling SR Series piston aircraft. In addition, under CAIGA's ownership we engineered, certified, and now produce the Vision Jet, the world's first single-engine Personal Jet. The Vision Jet is a two-time recipient of the prestigious Robert J. Collier Trophy for revolutionary aviation innovations like the Cirrus Airframe Parachute System®, which is the first FAA-certified whole-airframe parachute safety system and is standard equipment on every SR Series and Vision Jet and for including Safe Return Emergency Autoland powered by Garmin in every Vision Jet.

The components for these aircraft are all built at the Cirrus Aircraft facility in Grand Forks. In 2022, the Grand Forks team produced over 125,000 pieces of composite components to support the production of 629 aircraft last year.

In 2022, we invested over \$7.3 million in equipment and building renovations to our North Dakota facility. Over the coming year, we anticipate further expansion of our existing 186,000-square foot North Dakota facility by adding up to an additional 35,000 square feet and implementing automation to the assembly line process. Additionally, over the past three-years, we have almost doubled our workforce from 240 to over 430 employees and we anticipate through expansion of the facilities and automation, we will increase our workforce by an additional 150+ new employees over the next five-years. Maintaining our status as the second largest manufacturer and amongst the top 10 employers in Grand Forks. In addition, University of North Dakota graduates currently rank as the second largest alumni group within Cirrus's employees.

In 2022, the Dakota Aircraft Corporation's annual payroll was \$23.1 million. The company will report for 2022 a total annual sales revenue of \$62.6 million for the Dakota Aircraft Corporation.

As indicated above, Cirrus Aircraft exercised the purchase clause to solidify our commitment to our current manufacturing facility from the City of Grand Forks in January 2021 for \$2.1 million, after having leased the facility since 2004. If House Bill 1503 is passed, under the terms of the current legislation, it would retroactively apply to ownership interests in real property acquired after July 31, 2020, by foreign entities. Due to our parent company ownership, the sales agreement between Dakota Aircraft Corporation and the City of Grand Forks would be voided. The passage of House Bill 1503 would result in reversing the sales agreement with the City of Grand Forks,



prohibit the obtaining of development or building plans, void all previously adopted ordinance approved within the State of North Dakota and City of Grand Forks, and require the company to divest of any assets held in the State within one year. Under these conditions, we would be forced to halt all expansion plans, including the growth of our workforce with 150 additional jobs, and potentially close our operations in North Dakota resulting in the loss of over 430 well paying manufacturing jobs.

By contrast, while North Dakota considers banning foreign direct investment, Cirrus Aircraft, through partnerships with the City of Duluth and Minnesota Department of Employment and Economic Development (DEED), in 2022, expanded our paint facilities and acquired an additional 185,000 square foot hangar to stand-up a new Innovation and Engineering Center.

As an employer and manufacturer in good standing in the community and State for over 24-years, I would request you oppose House Bill 1503 that artificially categorizes all foreign-owned entities as enemies of the State. Our goal at Cirrus Aircraft is to grow our business, while promoting the growth of general aviation. This can only be accomplished through partnerships with State and local community leaders who support a free and open economic system.

Thank you for the opportunity to appear before you today to discuss the impacts House Bill 1503 would have on Cirrus Aircraft's continued operations in the State of North Dakota. This concludes my written statement. I am happy to answer any questions.