



Testimony
House Bill 1168
House Finance and Taxation Committee
January 9, 2023

Chairman Headland and members of the House Finance and Taxation Committee. The Valley Prosperity Partnership (VPP) is an initiative led by business executives to advance and advocate for shared strategic economic development opportunities that will strengthen and diversify the Red River Valley region and North Dakota.

Thank you for your consideration of HB 1168, which the VPP wholeheartedly supports. Advantages commonly attributed to automation include **higher production rates and increased productivity**, more efficient use of materials, better product quality, improved safety, and reduced factory lead times. Automation has been found to be effective in unlocking innovation, developing new solutions, and enabling employees to acquire new skills and knowledge.

Labor shortages in North Dakota and elsewhere are growing, as an ageing workforce gradually retires, and younger generations sometimes steer clear of manufacturing jobs because of a perception that they are dangerous, tedious, and unhealthy. Technologies that automate processes (such as robotics and CNC) or augment them (such as virtual reality displays and computer vision) can help to alleviate worker shortages by increasing interest in manufacturing careers, worker productivity and job satisfaction.

Based on discussions with manufacturers who see the value of the tax credit and have used it in the past (or have considered using it) the VPP recommends the following changes to the current version of 1168.

- Increase the aggregate amount of credits allowed each calendar year to at least ten million dollars to provide adequate funding to meet demand and have a meaningful impact on North Dakota's manufacturing industry,
- Set a maximum per project and company per year,
- Make the credits available on a first come first serve basis so that they can be issued in a timely and predictable manner, which will enable companies to effectively plan investments in automation equipment.

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