

SINCE  1915  
**Cloverdale** 1168

CLOVERDALE FOODS COMPANY • 3015 34TH ST. NW • MANDAN, ND 58554

January 9, 2023

Re: Manufacturing Automation Tax Credit

Cloverdale Foods Company, local to Mandan, ND, has been part of the community for over 100 years. On behalf of our 480+ hardworking employees, please accept this letter as a sign of support for the Manufacturing Automation Tax Credit. Throughout the family's 4 generations of competing in the food business we have learned how to create quality products and positively impact the community. In 2022, in North Dakota alone, Cloverdale reached \$20 million in sales and 5 million pounds sold. In 2021 and 2022 we have grown 11% and 12% respectively and expect to match that growth rate again in 2023. We want to continue to grow what we produce within the great state of North Dakota as we approach our next growth milestones of 57.5 million pounds and \$225 million in sales within the next 12-18 months.

This tax credit is important to Cloverdale for several reasons. Over the past 5 years Cloverdale submitted over \$5 million worth of qualified automation projects through the Automation Tax Credit Program. The list of overall equipment has ranged from stuffing lines, smokehouse upgrades, tumblers, slicing line automation, a bacon press, fermentation rooms and packing line upgrades. As noted last year, we launched two new categories in 2022, Snack Sticks and Fully Cooked Bacon. We have already identified a need to further automate these two new lines, in addition to, what we have already invested in during 2022. Furthermore, we have two significant automation projects that need to be completed on our palletization system for finished goods along with, bacon air chillers within the next year. As you can see, our investment in automation, upgrades, and safety is far from complete. Investing in automation is such a significant part of staying relevant to the competition, increasing efficiency of output, and creating the safest environments for our workforce.

In addition, we fully support the proposal to increase the total annual funding available from \$1 million to \$2.5 million. The current demand statewide for the Automation Tax Credit greatly exceeds the current \$1 million limit, which consequently reduces the amount of max credit dollars that can get awarded to each qualified recipient. For example, in 2021 Cloverdale had \$988k of qualified purchases, the max award is 20% of that value or \$198k; however, due to demand and the current limit, we only received 40% of the \$198k, or \$79k.

As you are aware, there are many companies throughout this great state investing in their businesses. If the tax credit and limit increase would be approved, it would be an important part of the financial planning process for all of us. We will continue to be active participants in the Automation Tax Credit and we would be very grateful for the funding to get passed.

Sincerely,



Miranda Bergquist  
CFO



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