

Automation Bills Summary

HB 1168 (Automation Tax Credit)

- As amended by the Senate, it provides a Primary Sector business with a 10% of the cost of the qualifying machinery and equipment purchased.
- The program is capped at \$4 million per calendar year, with \$1 million reserved for first time users purchasing manufacturing equipment and \$1 million reserved for first time users purchasing animal agriculture equipment.
- In the 2019-2021 biennium, the Automation Tax Credit was limited to manufacturers. It allowed them to receive a credit of up to 20% and was capped at \$1 million per calendar year.
- The program was consistently oversubscribed. With the addition of animal agriculture, increasing the amount makes sense.
- The Automation Tax Credit is one of the only incentives available for the manufacturing industry in the state.

HB 1018 (Commerce Appropriations)

- This includes \$5 million for an Automation Workforce Training program and \$5 million for Automation Workforce Equipment Grants.
- These programs are very different from HB 1168, because they are open to everyone.
- Automation is an important part of the workforce solution, and the funding in both bills are critical.

Why manufacturing matters:

- Manufacturing occurs at some level in 50 of the 53 counties.
- Total output from manufacturing in ND has grown from \$4.16 billion in 2019 to \$4.63 billion in 2021. This is a huge return on investment for the state.
- The Automation Tax Credit has had high demand with over \$34 million of approved equipment purchases since 2019.
- While companies may receive up to a 20% credit, they've only been receiving an average of 8% due to oversubscription of the program.
- This tax credit is an important tool for manufacturing, which provides economic diversification to the state.
- Automation is a workforce solution that increases employee safety while helping ND businesses remain globally competitive.
- Many manufacturers have facilities in multiple states. As companies look at where to invest and grow, this tax credit is an important tool in the financial planning process.
- Oftentimes, manufacturers in North Dakota face transportation challenges by being located away from their feedstocks, their customer base, or both.
- The manufacturing industry employs approximately 27,000 North Dakotans with an average annual salary of about \$63,000.