

TESTIMONY OF

Josh Teigen, Commissioner, ND Department of Commerce

Chairman Kannianen and members of the Senate Finance and Taxation Committee, for the record my name is Josh Teigen and I have the privilege to serve as the Commissioner of Commerce for North Dakota.

I am here today in support of HB 1168. Commerce has administered the automation tax credit program for years. As we look to an all-the-above approach to help solve our state's workforce challenges, investing in automation is one of the pieces to that puzzle. We know that autonomy and automation will remain critical to the state's success moving forward, and the automation tax credit is a critical element to that success. There is pent-up demand for the increase in this program funding up to \$5 million from the previous \$1 million that existed.

For example, in 2019, we received nearly \$21 million in requests. We approved 16 of the 19 applications and that resulted in the companies receiving roughly 7% of the amount they requested. In 2020, we received approximately \$9.5 million in requests, and we approved 18 of the 29 applications, resulting in a 13% net credit to those businesses. In 2021, we received \$16 million in requests and approved 21 of the 26 applications resulting in an 8% benefit to the companies.

In 2021, manufacturing represented a \$4.63 billion industry output, which is approximately 7.5% of our state's economy. The manufacturing sector has seen a 10-year growth of 71% within ND and 82% of our ND manufacturing exporters are considered small businesses and would be most impacted by this program.

Thank you for your time and I encourage your support of HB 1168. I will be happy to stand for any questions you may have.