



GREATER NORTH DAKOTA CHAMBER
HB 1168
Senate Finance and Taxation Committee
Chair Jordan Kannianen
March 5, 2023

Mr. Chairman and members of the Senate Finance and Taxation Committee, my name is Andrea Pfennig with the Greater North Dakota Chamber. GNDC is North Dakota's largest statewide business advocacy organization, with membership represented by small and large businesses, local chambers, and trade and industry associations across the state. We are also the state affiliate for the National Association of Manufacturers. We stand in **support** of House Bill 1168.

In 2019, the Automation Tax Credit was approved for a period of four years with a \$1 million limit on the credits available in each calendar year. Total output from manufacturing has grown from \$4.16 billion in 2019 to \$4.63 billion in 2021. It's important to note that much of this growth occurred during the pandemic and a downturned economy. These results demonstrate a strong return on investment for North Dakota.

Manufacturers help drive and diversify North Dakota's economy providing an average annual salary of \$62,000. However, workforce shortages present a significant challenge to growing or simply maintaining operations. Manufacturers have been utilizing automation as a solution. According to the Department of Commerce, 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 8.68% due to oversubscription of the program.

It is interesting to note that according to information from the Tax Foundation, in 2019 North Dakota was one of only 8 states that taxes manufacturing machinery. North Dakota ranks #17 in the Tax Foundation's 2023 State Business Tax Climate Index.

One of GNDC's policy goals regarding workforce is to augment strategic resources for automation, recognizing it is an important tool to address workforce challenges. From a business climate perspective, we feel that advancing automation through targeted incentives helps position North Dakota to be globally competitive. Finally, we support an equitable, competitive, and consistent tax structure that fosters long-term revenue stability and provides certainty to business for sustained growth and investment.

We strongly urge a do pass on HB 1168. Mr. Chairman and members of the Committee, this concludes my comments. Thank you and I'd be happy to answer any questions.

HB 1168
Senate Finance and Taxation Committee
Chair Jordan Kannianen
March 1, 2023

Mr. Chairman and members of the Committee, my name is Chuck Black and I represent Flowcore Systems. Flowcore Systems appreciates the opportunity to provide **support** for HB 1168, Automation Tax Credit.

FlowCore Systems is a chemical injection & water treatment automation solutions company founded in 2013 based out of Williston. We employ 19 people and have experienced significant growth in the last three years. In 2022 our sales increased 200%. We have partnered with a global distribution company and have delivered and are monitoring automation systems in North Dakota, Texas, New Mexico, Oklahoma, West Virginia, and Pennsylvania. We are currently in discussions to begin delivering our systems to the Middle East, and Argentina.

As a North Dakota primary sector manufacturer, we strongly support the passage of HB 1168, Automation Tax Credit. We have not utilized this program in the past, but feel it is an important tool that will help us grow and expand our business as we continue to invest in North Dakota.

Thank you for your consideration.

Regards,

A handwritten signature in black ink that reads "Chuck Black". The signature is written in a cursive, flowing style.

Chuck Black
President
FlowCore Systems
4401 16th Ave W, Suite B
Williston, ND 58801



February 17, 2023

Members of the Senate Finance & Taxation Committee

Re: Support for HB1168 – Automation Tax Credit

Senator Kannianen and members of the Senate Finance & Taxation Committee:

My name is Patrick Brandt, President of the Minn-Dak Manufacturers Association (MDMA), representing area manufacturers in the region for almost 50 years. **I am writing to you on behalf of the MDMA board to ask you to vote yes on [HB1168](#), regarding the Automation Tax Credit renewal and increased funding.**

Our member organizations are experiencing growth like never before, and manufacturing is becoming one of the key pillars of our region's future economic footprint. To support that growth, we need our member organizations to be able to meet market opportunities by building new products, increasing output, and finding ways to do things better and more efficiently.

One of the biggest challenges right now for our members is workforce. There just simply aren't enough workers to meet the demands and opportunities that are available to our manufacturers. There are many initiatives underway to address workforce, including recruiting and attraction initiatives, driving interest in manufacturing with students, and immigration. These are just a few of those initiatives and all supported by MDMA. Automation is another key strategy to address this shortage.

Automation allows manufacturers to continue growing while needing less workers to operate the lines. A great example of this is a recent tour MDMA members conducted with one of our Fargo members, GPK Products. GPK engineers and fabricates pipe fittings and is part of a supply chain that starts here in Fargo and extends nationally. One highlight of the tour was a manufacturing line that at one time required 3 workers to drive but is now fully automated. Without automation, that line would sit idle. GPK took advantage of the Automation Tax Credit to find a solution, make the investment, and now their output continues to grow while workforce challenges are being addressed.

We ask you to vote **YES** on HB1168 for the benefit of our members and the growth we want them to drive for our region. The tax credit will help our members continue to drive the innovation and economic benefits that are available to our members and that our region is counting on them to deliver.

Thank you and best regards,

Patrick Brandt, President

MDMA Board Members:

- Reza Maleki, Professor of Practice, Industrial & Manufacturing Engineering, NDSU
- Kambiz Farahmand, Professor, Industrial & Manufacturing Engineering, NDSU
- Brian Fuder, Apprenticeship ND/CDL Manager, NDSCS
- Ryan Asheim, Chief Business Development Officer, FM Economic Development Organization
- Josh Herbold, Vice President & Commercial Relationship Manager, Bremer Bank
- John Henning, Chief Engineer, GPK Products
- Paul Naseth, Business Development, Borsheim Crane Service
- Josh Payne, Manufacturing Engineer
- Carl Wendelbo, President, Precision Machine LLC
- Patrick Mineer, CEO, Golden Path Solutions

February 17, 2023

Re: Support for HB1168 – Automation Tax Credit

Dear Senator Kannianen and Finance & Taxation Committee:

My name is Rick Lemke, President of the Red River Manufacturers & Engineers Association (RRMEA), representing area manufacturers in the region. **I am writing to you on behalf of the RRMEA board to ask you to vote yes on [HB1168](#), regarding the Automation Tax Credit renewal and increased funding.**

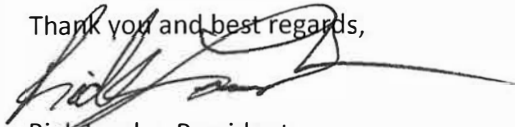
North Dakota manufacturing is one of the key pillars of our region's future economic footprint. To support that growth, we need our member organizations to be able to meet market opportunities by building new products, increasing output, and finding ways to do things better and more efficiently.

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Automation allows manufacturers to continue growing while needing less workers to operate the lines. A great example of this is GPK Products. GPK engineers and fabricates pipe fittings and is part of a supply chain that starts in Fargo and extends nationally. The manufacturing line at one time required 3 workers to drive but is now fully automated. Without automation, that line would sit idle. GPK took advantage of the Automation Tax Credit to find a solution, make the investment, and now their output continues to grow while workforce challenges are being addressed.

We ask you to vote **YES** on HB1168 for the benefit of our members and the growth we want them to drive for our region. The tax credit will help our members continue to drive the innovation and economic benefits that are available to our members and that our region is counting on them to deliver.

Thank you and best regards,



Rick Lemke, President

RRMEA Board Members:

- Will Cromarty, Director of Business Development, Aerial Robotics
- Russell Martinson, Director of Sales, Be More Colorful
- Ryan Asheim, Chief Business Development Officer, FM Economic Development Organization
- Josh Herbold, Vice President & Commercial Relationship Manager, Bremer Bank
- Lacey Bjork Anderson, CEO, The Birch Group
- Bernie Dardis, Mayor, City of West Fargo
- Jenna Mueller, Foundation Executive Director, Fargo Moorhead West Fargo Chamber of Commerce
- Kristi Schreiber, Vice President of Finance, Unity Holdings, Inc.
- Rach Lolmasteymaugh, Executive Director, Midwest Manufacturers Association