



Business Development & Communications

**City of Mandan Business Development & Communications
In Support of HB 1168
House Finance and Taxation Committee
March 7, 2023**

Chairman Headland and members of the House Finance and Taxation Committee, my name is Madison Cermak, City of Mandan business development and communications director. On behalf of the City of Mandan, I would like to express support for HB 1168, which would reauthorize the 21st century manufacturing workforce incentive that makes available an automation tax credit to certified primary sector businesses. It also increases the aggregate amount of credits allowed in a calendar year from \$1 million dollars to an amount of \$2.5 million.

The ability to recruit and retain needed employees remains a huge challenge for businesses in our state and community. This situation has forced some businesses to close and is constraining the growth of others. Our city supports workforce attraction, development and retention strategies that help solve this dilemma. Morton County had a 2.1% unemployment rate as of November, the most recent month for which data is available.

This incentive offsets a small portion, up to 20%, of the cost for manufacturers to purchase automation equipment, but in reality there's been far more demand by manufacturers statewide than the amount of credit available, so it winds up being pro-rated among applicants. Thus why the increase in total credits is requested also.

Mandan business applicants for the income tax credit include True North Steel, which makes tanks, culverts, staircases and a variety of structures; and Cloverdale Foods, a meat processing company still family-owned after more than 100 years, employing about 500 people.

Cloverdale staff share examples of poaching efforts by other states striving to recruit them with incentives for relocation. The company recently invested upwards of \$20 million in a sizeable plant, warehouse and office expansion plus new equipment to increase bacon production. Mandan assisted with a new and expanding business property tax exemption on the additions, plus committed about \$140,000 to a 0% interest repayable loan toward an interest buydown.

The state also plays a key role in the retention and expansion of businesses like this that diversify North Dakota's economy. We urge the committee's support for reauthorizing and strengthening the 21st century manufacturing workforce incentive.