

INCENTIVE PROGRAM CURRENT 2/25/2006

Name	Stage of business	Statute	Tax form (taxpayer type)	Amount / Conditions	Program description	# of businesses (taxpayers) that accessed the program
Agricultural Commodity Processing Facility Investment Tax Credit		N.D.C.C. ch. 57-38.6	Form ND-1 (individual) Form ND-2 (individual) Form 38 (estate or trust) Form 40 (C corporation) Form 58 (partnership)* Form 60 (S corporation)* * A partnership, S corporation, or limited liability company treated like a partnership does not claim the credit on its return; the credit is passed through to its owners.	30 percent of the amount invested in a certified North Dakota agricultural commodity processing facility, subject to the following conditions: (1) The maximum tax credit allowed to a taxpayer in any tax year is \$50,000; (2) The amount of the credit that may be used in any tax year is limited to the lesser of (a) 50 percent of the credit or (b) 50 percent of the tax liability; (3) A taxpayer is allowed no more than \$250,000 in credits for all tax years under the program; (4) The investment must be made in cash and must be at risk. Monies placed in escrow are not at risk, and do not become an eligible investment until the date they are paid out of escrow to the facility. The investment must remain in the facility for at least three years. An investment must be in the form of a purchase of ownership interests or the right to receive payment of dividends from the facility; (5) If a partnership, S corporation, or a limited liability company treated like a partnership makes an investment, the credit is passed through to the owners in proportion to their respective interests in the entity.	This program promotes the development of, and investment in, agricultural commodity processing facilities in North Dakota through an income tax credit. An agricultural commodity processing facility must apply to and receive certification as a qualified business from the North Dakota Commerce Department's Division of Economic Development and Finance. To receive certification, the facility must be a cooperative, corporation, partnership, or limited liability company that meets the following: (1) It must be incorporated or organized in North Dakota after December 31, 2000, for the primary purpose of processing and marketing agricultural commodities capable of being raised in North Dakota; (2) It must be in compliance with North Dakota's securities laws, as certified by the North Dakota Securities Department; (3) It must have, or intend to locate, an agricultural commodity processing facility in North Dakota; and (4) It must be among the first ten facilities certified on or after January 1, 2005. Note: These certification requirements do not apply to a facility that was certified prior to January 1, 2005, as a qualified business for the seed capital investment tax credit program that, due to 2005 legislation, was removed from the seed capital investment tax credit program and placed in the agricultural commodity processing facility investment tax credit program.	Tax Year 2003: 260 Tax Year 2004: 220 Note: These numbers show the number of individual income tax returns on which this credit was claimed for the tax years shown. This credit did not become available to corporations and limited liability companies until the 2005 tax year.
Agricultural Processing Plant Construction Materials Sales and Use Tax Exemption		N.D.C.C. § 57-39.2-04.4			Construction materials used to construct an agricultural processing facility are exempt from sales and use taxes. The processor must apply to the State Tax Commissioner for a refund of the tax paid by a contractor.	FY2004: 17 FY2005: 21
Agricultural Products Utilization Commission (APUC) Grants		N.D.C.C. § 4-14.1		Proposals are not limited to a specific dollar amount. However, APUC's grant monies are finite, and as a mechanism to optimize opportunities, some categories of grants have conventional caps. For example, standard farm diversification grants are up to \$5,000, and prototype grants are up to \$25,000. APUC reserves the right to increase or decrease or recommend rebudgeting for requested funding based in its funding and on its level of available funds. If APUC requests rebudgeting, the modified request will not count as a second grant. Requests must be justified with respect to the scope of the research.	The fundamental mission of APUC is to create new wealth and jobs through the development of new and expanded uses of North Dakota agricultural products and resources. To further this mission, APUC will consider grant requests which: • lead to and result in new and/or expanded uses for the agricultural products of North Dakota. • provide processes and/or technologies that improve efficiencies in producing value-added agriculture-based products preferred by consumers. • diversify agricultural crop and animal industries and collateral uses for agricultural resources. • focus industry and jobs creation efforts in rural areas of the state. • include matching funds from other sources, public or private. • include a framework for timely progress toward stated objectives. Priority consideration is given to projects most consistent with the mission of APUC. APUC actuates the policy and purpose of Century Code section 4-14.1-01 and provides judgments on the extent to which any proposal meets that policy and purpose. Emphasis will be given to those proposals deemed most likely to generate economic returns and support agricultural-based prosperity of a region or sector of the state. -- How To Claim the Incentive -- Generally, grants are funded for a single year or for the duration of a designated-term project. With justification, multi-year projects are considered and, if awarded, subject to annual review and funding renewal. Proposals may be submitted any time within the biennium. Deadline dates for submission are: July 1, October 1, January 1, and April 1. A maximum of 15 proposals will be considered by the Commission at their regular meetings. Reviews and grant awards will be made on a quarterly basis.	72
Bank of North Dakota (BND) Beginning Entrepreneur Loan Guaranty Program	Mostly Start-ups	N.D. Cent. Code Section 6-09.15	Loan Participation Application	The Bank may approve a guarantee on a loan up to \$25,000 without requiring collateral for the loan. Term - The guarantee term may not exceed 5 years. Guarantee Fee - .5 percent per year or a one time fee of 1.5 percent of the guaranteed portion. The guaranty fee may be included in the loan or in the rate charged by the lender. Interest Rate - The maximum amount the lender may charge may not exceed 3 percent above BND base or NY prime. The guaranty fee may be included in the loan or in the rate charged by the lender. Other Features - This program can be used in conjunction with other BND loan programs. The Bank may not guarantee more than \$4,000,000 in loans under this program.	The Beginning Entrepreneur Loan Guaranty is provided through the Bank of North Dakota. This program is designed to assist in business start-up financing by providing a financial institution with loan guarantees. Application by a lead lender is required to apply for BND's guaranty. The lead lender is responsible for servicing the loan.	98

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Bank of North Dakota (BND) Match Program		N.D.C.C. § 6-09	Loan Participation Application	Loan funds may be used to finance real estate, machinery and equipment and for the purchase or leasing of equipment. Collateral - To secure the loan, BND requires first lien position on real estate, equipment and other security as may be appropriate. A corporate guaranty may be necessary, if the borrower is a subsidiary and cannot meet the financial strength requirements on a stand alone basis. Interest Rate - BND's portion of the loan is available at an interest rate equal to an equivalent term U.S. Treasury Note rate plus .25 percent - .50 percent for all borrowers which have an "A" rating. The interest rate may be adjusted periodically throughout the term of the loan depending upon the conditions of the MATCH funding and the ability of the Borrower to maintain its "A" rating. If the Fed Funds line formula is used by a financial institution providing a letter of credit, the rate that BND will net is equal to an equivalent term U.S. Treasury Note rate plus .50 percent - .75 percent. Repayment Terms - The term of the loan will vary depending on the loan purpose with a maximum of 15 years. Fees - The lead financial institution may charge an origination fee of up to 1 percent of the total loan amount which is shared with BND.	The MATCH program is designed to encourage and attract financially strong companies, "A" rated or equivalent, to North Dakota. Loan funds may be used to finance real estate, machinery and equipment, and the purchase or leasing of equipment. The program targets manufacturing, processing and value-added industries. Through this program, the Bank will participate in loans to financially strong companies and provide interest rates at some of the lowest in the nation. Application by a lead lender is required for BND's participation. The lead lender is responsible for servicing the loan.	3
Beginning Entrepreneur Income Tax Deductions		N.D.C.C. §§ 57-38-01.2(1)(m), 57-38-71, 57-38-72, 57-38-73, and 57-38-74	Form ND-2 (individual) Form 38, Schedule 2 only (estate and trust) Form 40 (C corporation) Form 58 (partnership)* Form 60 (S corporation)* * A partnership, S corporation, or limited liability company (treated like a partnership) does not claim the deduction on its return; the deduction is passed through to its owners.	The following three deductions are available to an entrepreneur for selling or leasing a revenue-producing enterprise to a beginning entrepreneur—see "Program description" for definitions of these terms: (1) Gain from the sale of a revenue-producing enterprise to a beginning entrepreneur; (2) Interest income from a contract for deed for the sale of a revenue-producing enterprise to a beginning entrepreneur, provided (a) the term of the contract is at least ten years and (b) the interest rate is equal to or less than the minimum interest rate required under federal income tax law to avoid the imputed interest rules; and (3) Up to \$25,000 of lease income from a lease contract for the lease of a revenue-producing enterprise to a beginning entrepreneur, provided (a) the lease contract has a fixed term of at least three years and (b) the entrepreneur does not cancel an existing lease contract with another person solely for the purpose of taking advantage of this deduction.	This program promotes the passing on of existing businesses to other North Dakotans to maintain the business continuity and to create business opportunities for new business owners. "Entrepreneur" means an individual, estate, trust, partnership, corporation, or limited liability company owning a revenue-producing enterprise in North Dakota. "Beginning entrepreneur" mean an individual who (1) is over seventeen years of age, (2) is a North Dakota resident, (3) has a net worth under \$100,000, (4) intends to use the revenue-producing enterprise for business purposes, (5) receives over 50 percent of annual gross income from the revenue-producing enterprise, except for the first year, and (6) has had training, by experience or education, in the type of business to be conducted. "Revenue-producing enterprise" means real property (including land, buildings, and any improvements thereto) and equipment located on the real property, or any personal property used or useful in a business, comprising an entire trade or business located in North Dakota that is not prohibited by the laws of North Dakota.	Too few participants to disclose any statistics.
Biodiesel Blending Fuel Tax Credit		N.D.C.C. § 57-38-01.22	Form 40 (corporations); Form ND-1 or ND-2 (individuals)	The credit is equal to five cents per gallon [3.79 liters] of biodiesel fuel of at least 5% blend, otherwise known as B5. The credit may not exceed the taxpayer's liability in any year.	A fuel supplier, licensed pursuant to NDCC 57-43.2-05, who blends biodiesel fuel of at least 5% blend (B5), is entitled to an income tax credit. For purposes of this section, "biodiesel" means fuel meeting the specifications adopted by the American society for testing and materials. For fuel suppliers which are passthrough entities, the amount of the credit is determined at that entity level, and is then passed through to the interest owners in proportion to their respective interests.	First available on the 2005 tax year return---no statistics yet available.
Biodiesel Production Equipment Costs Tax Credit		N.D.C.C. § 57-38-30.6	Form 40	The credit is equal to 10% per year for 5 years of the taxpayer's direct costs incurred after December 31, 2002. The credit is first allowed in the year the facility begins producing or blending 2% biodiesel fuel. The credit may not exceed the taxpayer's liability in any year. A corporation is limited to a cumulative credit of \$250,000 for all taxable years.	A corporation is entitled to an income tax credit for direct costs incurred after December 31, 2002, to adapt or add equipment to retrofit an existing facility or adapt a new facility in ND for the purpose of producing or blending diesel fuel containing at least 2% biodiesel fuel by volume. "Biodiesel fuel" means fuel meeting the specifications adopted by the American society for testing and materials.	Too few participants to disclose any statistics.
Biodiesel Sales Equipment Costs Tax Credit		N.D.C.C. § 57-38-01.23	Form 40 (corporations); Form ND-1 or ND-2 (individuals)	The credit is equal to 10% per year for 5 years of the biodiesel fuel seller's direct costs incurred after December 31, 2004. The credit is first allowed in the year the facility begins selling biodiesel fuel of at least 2% biodiesel blend. The seller is limited to a cumulative credit of \$50,000 for all taxable years.	A seller of biodiesel fuel is entitled to an income tax credit for direct costs incurred after December 31, 2004, to adapt or add equipment to a facility, licensed pursuant to NDCC 57-43.2-05, to enable the facility to sell diesel fuel containing at least 2% biodiesel fuel by volume. "Biodiesel fuel" means fuel meeting the specifications adopted by the American society for testing and materials. For sellers which are passthrough entities, the amount of the credit is determined at that entity level, and is then passed through to the interest owners in proportion to their respective interests.	First available on the 2005 tax year return---no statistics yet available.

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Certified Nonprofit Development Corporation Investment Tax Credit		N.D.C.C. §§ 10-33-124 and 57-38-01.17	Form ND-2 (individual) Form 38, Schedule 2 only (estate or trust) Form 40 (C corporation) Form 58 (partnership)* Form 60 (S corporation)* * A partnership, S corporation, or limited liability company (treated like a partnership) does not claim the credit on its return; the credit is passed through to its owners.	25 percent of the amount paid to acquire membership interest in, satisfy membership dues owing to, or make a contribution to a certified North Dakota nonprofit development corporation, subject to the following conditions: (1) In any tax year, the maximum amount paid for which the tax credit is allowed is \$8,000 per taxpayer, which is equivalent to a maximum tax credit of \$2,000 per taxpayer; (2) The tax credit is not allowed to an individual who uses Form ND-1, nor is it allowed to an estate or trust that uses Schedule 1 of Form 38; (3) An S corporation may not use the tax credit to offset any tax due on Form 60; and (4) If a partnership, S corporation, or a limited liability company (treated like a partnership) makes an investment, the credit is passed through to the owners in proportion to their respective interests in the entity.	This program promotes the development of, and investment in, primary sector businesses in North Dakota through an income tax credit. A business must apply to and receive certification from the North Dakota Secretary of State. To receive certification, the business must be a corporation organized under N.D.C.C. § 10-33-124 that meets the following: (1) It must invest the majority of its funds in primary sector businesses. For this purpose, a "primary sector business" means an individual, corporation, limited liability company, partnership, or association that, through a process employing knowledge and labor, adds value to a product produced for resale; and (2) It must not distribute any part of its income to its members, directors, or officers. To obtain certification, a corporation must submit an application executed by an officer of the corporation containing the following: (1) Name of corporation; (2) Address of principal executive office; (3) Names and addresses of its officers and directors; (4) A statement that the corporation has adopted a resolution to invest a majority of the qualifying payments received in primary sector businesses; (5) A copy of the resolution; and (6) Payment of the applicable fees prescribed under N.D.C.C. § 10-33-140.	Too few participants to disclose any statistics.
Coal Conversion Facilities Privilege Tax Exemption for New Plants		N.D.C.C. § 57-60-02(3)(5)	Coal Conversion Facilities Privilege Tax - Electirc - Monthly Report	A new electrical generation plant or any other new coal conversion facility is exempt from the state's portion of the coal conversion tax for 5 years from the date of first taxable production.	County commissioners may grant partial or complete exemption from the county's portion of the tax.	0
Coal Severance Tax Exemption for coal used in agricultural processing or sugar beet refining plants		N.D.C.C. § 57-61-01.5	Coal Severance Tax Monthly Report	Coal used in agricultural processing or sugar beet refining plants in North Dakota or adjacent states is exempt from both the \$.375 coal severance tax and the \$.02 tax for lignite research.		0
Coal Severance Tax Exemption for coal used primarily for heating buildings in this state or used by the state or a political subdivision of the state		N.D.C.C. § 57-61-01.1	Coal Severance Tax Monthly Report	Coal is exempt from both the \$.375 coal severance tax and the \$.02 tax for lignite research.		2
Coal Severance Tax Reduction for coal mined for out-of-state shipment		N.D. Cent. Code Section 57-61-01.6	Coal Severance Tax Monthly Report	Coal is subject to 30 percent of the tax and may be exempt from up to 70 percent at the discretion of the county.		1
Coal Severance Tax Reduction for coal to be burned in a cogeneration facility		N.D.C.C. § 57-61-01.3	Coal Severance Tax Monthly Report	The \$.375 tax is reduced by 50 percent for coal burned in a cogeneration facility designed to use renewable resources to generate 10 percent or more of its energy output.		0
Commercial and Residential Building Improvement Property Tax Exemption		N.D.C.C. § 57-02.2-01	Application For Property Tax Exemption For Improvements To Commercial And Residential Buildings	The exemption is for up to five years from the date of commencement of making the improvements.	Improvements to commercial and residential buildings and structures may be exempt from assessment and taxation, if the exemption is approved by the governing body of the city, for property within city limits, or the governing body of the county, for property outside city limits. The governing body of the city or county may limit or impose conditions upon exemptions under this section, including limitations on the time during which an exemption is allowed. A resolution adopted by the governing body of the city or county under this section may be rescinded or amended at any time. The exemption provided by this chapter shall apply only to that part of the valuation resulting from the improvements which is over and above the assessed valuation, exclusive of the land, placed upon the building or structure for the last assessment period immediately preceding the date of commencement of the improvements. -- How to Claim the Incentive -- Any person, corporation, limited liability company, association, or organization owning real property and seeking an exemption under this chapter shall file with the assessor	

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Community Development Block Grants	New Starts and Expansions			The minimum grant is \$1,000 and maximum grant is \$500,000.	Community Development Block Grant funds are awarded to communities for real property, site improvements and infrastructure, and as a guarantee to fund working capital. They are designed to assist primary sector and retail sector businesses looking to establish or expand in communities and can be debt or equity financing. Each applicant must: 1. Provide a map which delineates the boundaries of the entire jurisdiction and identifies the location of the proposed activity. (In most cases a map is not included in the business plan for economic development projects.) 2. Conduct a local Community Needs Assessment in accordance with the requirements described in the application package. 3. Provide evidence that a minimum of one public hearing was conducted no earlier than 180 days prior to submitting the application to the state. A second public hearing will be required prior to grant closeout. The format in the CDBG Supplement to the Action Plan is required to be adopted by each city and county. The evidence of public hearing must include an affidavit of publication, a list of the persons attending and minutes of the public hearing. 4. Complete the Resolution of Sponsorship. 5. Acknowledge by signature the Applicant Assurance Certifications. 6. Indicate the activity(s) it will undertake to "affirmatively further fair housing" in accordance with Title VIII of the Civil Rights Act of 1968, as amended. This activity will be made a part of the Financial Award. 7. Justify which national objective is to be achieved for each proposed activity in accordance with the definitions in Section I. Income surveys will be accepted only if they meet the following criteria: Surveys must be completed prior to the submission of pre-applications and must be completed according to the guidelines included in Section I of the CDBG Supplemental to this Action Plan. This section contains complete guidelines and forms to be used in completing income surveys. 8. Complete the requirements of Subpart C of 24 CFR Part 94.01. A sales and use tax exemption is allowed for purchases of computer and telecommunications equipment for qualified industries. To qualify, the primary sector business must be certified by the Department of Commerce Division of Economic Development and Finance. The exemption does not extend to the purchase of replacement equipment.	46
Computer and Telecommunications Equipment Sales Tax Exemption		N.D.C.C. § 57-39.2-04.3		To qualify for exemption from the State Tax Commissioner, the primary sector business must receive from the commissioner a letter of exemption stating that the equipment qualifies for exemption. If a letter exemption is not received, the primary sector business must pay the tax and apply to the commissioner for a refund.		FY2004: 6 FY2005: 9
Deduction for Investment in North Dakota Venture Capital Corporation		N.D.C.C. § 57-38-01.2(1)(q)	Form ND-2 (individual) Form 38, Schedule 2 only (estate or trust)	Up to \$5,000 (or \$10,000 on a joint return) of an investment in a North Dakota venture capital corporation formed under N.D.C.C. ch. 10-30.1, subject to the following conditions. The deduction is only allowed in the tax year in which the investment qualifies for the venture capital corporation income tax credit under N.D.C.C. ch. 10-31.1.	This deduction promotes the creation of, and investment in, North Dakota venture capital corporations---see Venture Capital Corporation Investment Tax Credit in this table. Also, this deduction, which is only available to an individual, estate, or trust that uses the optional method of filing (on Form ND-2 and Form 38, Schedule 2, respectively), is intended to mitigate the higher tax rates that apply under the optional method.	No activity in the 2003 or 2004 tax year. Note: The venture capital corporation program under N.D.C.C. ch. 10-30.1 has been dormant since 1991, and is scheduled for sunset on August 1, 2007.

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Disabled Employee Tax Credit		N.D.C.C. § 57-38-01.16	Form ND-2 (individual) Form 38, Schedule 2 only (estate or trust) Form 40 (C corporation)	5 percent of the first \$6,000 of wages paid during the first twelve months of employment to each developmentally disabled or chronically mentally ill employee, subject to the following conditions: (1) In any tax year, the credit must be calculated on the wages paid during the tax year; and (2) The amount of the credit allowed in any tax year is limited to 50 percent of the tax liability.	This tax credit promotes the hiring of developmentally disabled or chronically mentally ill individuals.	Too few participants to disclose any statistics.
Financial Institutions Credit for Contributions to Rural Leadership Program		N.D.C.C. § 57-35.3-05(3)	Form 35	The credit equals 50% of the aggregate amount of contributions made during the taxable year. The amount allowable as a credit for any taxable year may not exceed 5.7% of the tax before credits allowed, or \$2,500, whichever is less.	North Dakota allows an income tax credit for a percentage of the contributions made by the taxpayer during the taxable year to for tuition scholarships for participation in the rural leadership North Dakota program conducted through the ND state university extension service. Contributions by a taxpayer may be earmarked for use by a designated recipient.	First available on the 2005 tax year return---no statistics yet available.
Geothermal, Solar, or Wind Energy Device Tax Credit		N.D.C.C. § 57-38-01.8	Form ND-2 (individual) Form 38, Schedule 2 only (estate or trust) Form 40 (C corporation) Form 58 (partnership)* Form 60 (S corporation)* <i>* A partnership, S corporation, or limited liability company (treated like a partnership) does not claim the credit on its return; the credit is passed through to its owners.</i>	3 percent in each of 5 tax years (for an aggregate credit of 15 percent) of the cost of acquisition and installation of a geothermal, solar, or wind energy device in a building or on property located in North Dakota that is owned or leased by the taxpayer, subject to the following conditions: (1) If the device is part of a system which uses another means of energy, only the cost of that portion of the total system directly attributable to the device is eligible; (2) The cost of redesigning, remodeling, or otherwise altering the structure of a building in which the device is installed is not eligible; and (3) In the case of a North Dakota consolidated corporation income tax return, the credit earned by one of the corporations in the unitary group may be used to offset the aggregate North Dakota tax liability of all of the corporations included in the return.	<p>This program promotes the use of geothermal, solar, or wind energy devices for heating, cooling, or producing electrical or mechanical power.</p> <p>"Geothermal energy device" means a system or mechanism or series of mechanisms designed to provide heating or cooling or to produce electrical or mechanical power, or any combination of these, by a method which utilizes the naturally occurring energy beneath the earth's surface.</p> <p>"Solar or wind energy device" means a system or mechanism or series of mechanisms designed to provide heating or cooling or to produce electrical or mechanical power, or any combination of these, or to store any of these, by a method which converts the natural occurring energy of the sun or wind.</p>	Too few participants to disclose any statistics.
Geothermal, Solar, or Wind Energy Property Tax Exemption		N.D.C.C. § 57-02-08(27)		The exemption is allowed for 5 years following the date the device is installed.	<p>Any owner of locally assessed real property who installs a solar, wind, or geothermal energy device is eligible for a property tax exemption. Solar or wind energy device means a system or mechanism or series of mechanisms designed to provide heating or cooling or to produce electrical or mechanical power, or any combination of these, or to store any of these, by a method which converts the natural energy of the sun or wind.</p> <p>Geothermal energy device means a system or mechanism or series of mechanisms designed to provide heating or cooling or to produce electrical or mechanical power, or any combination of these, by a method which extracts or converts the energy naturally occurring beneath the earth's surface in rock structures, water, or steam. Property exempted includes installations, machinery, and equipment of systems in new or existing buildings or structures. It must be designed to provide heating or cooling or to produce electrical or mechanical power, or any combination of these, or to store any of these, by utilization of solar, wind or geothermal energy. If the solar, wind or geothermal energy device is part of a system which uses other means of energy, only that portion of the total</p>	
Geothermal, Solar, or Wind Energy Sales and Use Tax Exemption		N.D.C.C. §§ 57-39.2-04.2 and 57-40.2-04.2		The sales and use tax exemption for a wind-powered electrical generating facility is available where construction is completed before January 1, 2011, including additions.	<p>The owner of a qualifying wind-powered electrical generating facility is eligible for an exemption that applies to any sales or use tax that would be due in the construction of a windpowered electrical generating facility. The exemption applies to a wind-powered electrical generating facility that has at least one single electrical energy generation unit with a nameplate capacity of one hundred kilowatts or more. The exemption will apply to building materials, production equipment and other tangible personal property used in the construction of the facility.</p> <p>How to Claim the Incentive - The owner of a qualifying wind-powered electrical generating facility may request in writing a letter of exemption from the State Tax Commissioner which the owner can provide to sellers at the time of purchase. The written request for the exemption letter must contain an explanation detailing the tangible personal property to be purchased and used in the construction of the facility. If sales or use tax has been paid, the owner may apply for a refund of the amount paid. (Note: The exemption is not available to contractors, but an owner may apply for eligible building materials, production equipment, and other tangible personal property installed.)</p>	FY2004: 0 FY2005: 0
Historic Property Tax Abatement				The abatement lasts 3 years.	A property tax abatement for certain historic properties that are 25 years old is provided. There is no historic review.	

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Horizontal Reentry Well - Oil Extraction Tax Exemption		N.D.C.C. § 57-51.1-03.1	T12 Monthly Oil Report		The production of oil from a horizontal reentry well, as determined by the industrial commission and certified to the state tax commissioner, for a period of nine months after the date the well is completed as a horizontal well. The exemption under this subsection becomes ineffective if the average price of a barrel of crude oil exceeds the trigger price for each month in any consecutive five-month period. However, the exemption is reinstated if, after the trigger provision becomes effective, the average price of a barrel of crude oil is less than the trigger price for each month in any consecutive five-month period.	
Hotel Tax Exemption		N.D.C.C. § 57-39.2-04(22)		Hotels and Motels having qualifying room rents would simply deduct the gross receipts when calculating the sales tax due to the state when completing their sale and use tax returns. There is no special exemption request process to complete, instead the hotel or motel should simply maintain a record of these exempt transaction in their records for a period of three years from the date of the transaction.	A sales tax exemption is provided for hotel rooms occupied for at least 30 consecutive days.	
Income Tax Exemption for New and Expanding Businesses		N.D.C.C. § 40-57.1-04	Form 40 (corporations); Form ND-1 (for tax years beginning after 12/31/2002), or ND-2 (individuals)	The income tax exemption consists of a partial or complete exemption from taxation of the net income attributable to the project. In the case of an expansion project, only the net income attributable to the expanded portion of the business is eligible for exemption. The exemption may be granted for up to 5 years following the commencement of project operations.	A primary sector business or tourism project may qualify for an income tax exemption for income from a new business or expansion of an existing business. A project operator must apply to the State Board of Equalization for exemption during the first year of project operations. The application may be denied if it would foster unfair competition or endanger existing businesses. A project is not eligible for this exemption if any of the following conditions exist: 1. The project received a property tax exemption under the tax increment financing statute, N.D.C.C. § 40-58-20(11). 2. The project operator has an unsatisfied tax lien of record for any delinquent property, income, sales, or use taxes owed to the state or any political subdivision. If the project operator is a partnership, corporation or limited liability company, the above tax lien condition applies to any general partner, officer, governor, or manager having the responsibility for filing the tax returns or paying the taxes to which the tax lien relates. The project operator must file any required state income tax return even though the exemption is granted. For tax years beginning before January 1, 2003, this exemption is not allowed to <u>an individual who calculates the income tax under N.D.C.C. § 57-38-30.3 (which is implemented on Form 37-S and</u>	Individuals Tax Year 2003: 25 Tax Year 2004: 21 Corporations Tax Year 2003: 10 Tax Year 2004: 6
Indian New Well - Oil Extraction Tax Exemption		N.D.C.C. § 57-51.1-03.1	T12 Monthly Oil Report		The initial production of oil from a well is exempt from any taxes imposed under this chapter for a period of sixty months if: a. The well is located within the boundaries of an Indian reservation; b. The well is drilled and completed on lands held in trust by the United States for an Indian tribe or individual Indian; or c. The well is drilled and completed on lands held by an Indian tribe if the interest is in existence on August 1, 1997.	
Manufacturing Equipment Sales Tax Exemption		N.D.C.C. § 57-39.2-04.3		To qualify for exemption from the State Tax Commissioner, the owner of the new or expanding manufacturing plant must receive from the commissioner a letter of exemption stating that the equipment qualifies for exemption. If a letter exemption is not received, the owner of the manufacturing plant must pay the tax and apply to the commissioner for a refund.	A new or expanding plant may exempt machinery or equipment from sales and use taxes if it is: -used primarily for manufacturing or agricultural processing, or -used solely for recycling. The expansion must increase production volume, employment, or the types of products that can be manufactured or processed.	FY2004: 93 FY2005: 103
ND SBIC Investment Tax Credit		N.D.C.C. ch. 10-30.2	Form ND-2 (individual) Form 38, Schedule 2 only (estate or trust) Form 40 (C corporation) Form 58 (partnership)* Form 60 (S corporation)* Form 35 (financial institution) * A partnership, S corporation, or limited liability company (treated like a partnership) does not claim the credit on its return; the credit is passed through to its owners. However, if the passthrough entity is subject to the North Dakota financial institution tax (on Form 35), the credit is not passed through to the owners but is claimed by the entity on Form 35).	If an investment is made in the North Dakota Small Business Investment Company, a tax credit is allowed at the rate of (1) 50 percent, if the taxpayer is a financial institution or an insurance company or (2) 25 percent, for all other eligible taxpayers. In the case of a taxpayer other than a financial institution or an insurance company, the tax credit is subject to the following: (1) The tax credit is not allowed to an individual who uses Form ND-1, nor is it allowed to an estate or trust that uses Schedule 1 of Form 38; (2) An S corporation may not use the tax credit to offset any tax due on Form 60; (3) If a partnership, S corporation, or a limited liability company (treated like a partnership) makes an investment, the credit is passed through to the owners in proportion to their respective interests in the entity. However, if the passthrough entity is subject to the North Dakota financial institution tax on Form 35, the credit is not passed through to the owners but is claimed by the entity on Form 35; and (4) Only the first \$10 million of investments in the North Dakota Small Business Investment Company is eligible for the tax credit.	This program promotes investment in the North Dakota Small Business Investment Company, L.P., (NDSBIC)* through a tax credit. Privately owned and managed, the NDSBIC is licensed and regulated by the Small Business Administration (SBA), and its purpose is to provide venture-type capital in the form of debt and equity financing to small business for their start-up, growth, modernization or expansion. Through representation on the board of directors of its portfolio companies, the NDSBIC provides assistance in terms of finding additional capital, both debt and venture capital, finding new management, and planning for expansion and acquisition. The NDSBIC targets by stage of investment—i.e., later stage companies—but there is no sectoral targeting. The geographic focus is North Dakota, with additional investments permitted in the upper Midwest and Great Plains regions. It focuses on established businesses with a developed product, sales history, and a need for capital to support expansion and growth. * The North Dakota SBIC (NDSBIC) was formed in 1995 as part of the dissolution of the Myron G. Nelson Fund, Inc., which was the corporation formed under the original provisions of N.D.C.C. ch. 10-30.2 (which, by the way, still bears the name of the corporation). Also started with the intent of providing a vehicle for getting venture capital to North Dakota businesses, the corporation was not successful in attracting investors. The corporation's board along with a number of state economic development professionals decided to pursue the idea of an SBIC as an alternative. The assets of the former corporation were transferred to the NDSBIC.	No activity in the 2003 or 2004 tax year. Note: With respect to investment activity, the ND SBIC investment tax credit program has been dormant since 1997. The ND SBIC is operational.

INCENTIVE PROGRAM CURRENT 2/25/2006

Name	Stage of business	Statute	Tax form (taxpayer type)	Amount / Conditions	Program description	# of businesses (taxpayers) that accessed the program
New Jobs Training Program	New or Expanding businesses	N.D.C.C. ch. 52-02.1	NEW JOBS TRAINING PROGRAM APPLICATION	The benefit equals up to 60 percent of the allowable state income tax withholding generated from the new jobs positions and identified in the final agreement if the self-financing option is selected. The benifit equals 100 percent of the allowable state income tax withholding generated from the new jobs positions and identified in the final agreement if the loan or grant options are selected. . Reimbursement under this option is to be made over the ten-year period of the project.	<p>A program is available that assists a new or expanding primary sector business with training new employees. This is a state-funded work force training program which provides for a state income tax withholding credit based on the state income tax withholding generated from new jobs created.</p> <p>"New job" means a job in a new or expanding primary sector business. The term does not include recalled workers returning to positions they previously held, replacement workers, including workers newly hired as a result of a labor dispute, or other jobs that formerly existed within the employment of the employer in the state.</p> <p>"Program costs" means all necessary and incidental costs of providing program services. The term does not include the cost of purchase of equipment to be owned or utilized by the training or educational institution or service.</p> <p>"Program services" means training and education specifically directed to the new jobs, including the following:</p> <p>a. All direct training costs, such as:</p> <p>(1) Program promotion;</p> <p>(2) Instructor wages, per diem, and travel;</p> <p>(3) Curriculum development and training materials;</p> <p>(4) Lease of training equipment and training space;</p> <p>(5) Miscellaneous direct training costs;</p> <p>(6) Administrative costs; and</p> <p>(7) Assessment and testing.</p>	202 contracts have been entered into between businesses and JSND through June 30, 2005.
New Well - Oil Extraction Tax Exemption		N.D.C.C. § 57-51.1-03.1	T12 Monthly Oil Report		For a well drilled and completed as a vertical well, the initial production of oil from the well is exempt from any taxes imposed under this chapter for a period of fifteen months, except that oil produced from any well drilled and completed as a horizontal well is exempt from any taxes imposed under this chapter for a period of twenty-four months. Oil recovered during testing prior to well completion is exempt from the oil extraction tax. The exemption under this subsection becomes ineffective if the average price of a barrel of crude oil exceeds the trigger price for each month in any consecutive five-month period. However, the exemption is reinstated if, after the trigger provision becomes effective, the average price of a barrel of crude oil is less than the trigger price for each month in any consecutive five-month period.	
North Dakota Development Fund	New or expanding Primary Sector businesses in North Dakota	N.D.C.C. ch. 10-30.5	ND Development Fund Application Form	The initial maximum investment is \$300,000. Debt and equity investments are priced based upon appropriate risk/return. Debt averages: working capital 3-5 years, machinery equipment 5-7 years, commercial real estate 10-25 years and equity 5-10 years. The internal rate of return is negotiated on case by case basis. The funds are available for up to 50 percent of the capital needs of the project. However, cost per job should not exceed \$20,000 for Rural projects and \$10,000 per job for Urban projects. Rural projects are located in communities with a population of less than 8,000 or the business is located 5 miles outside the city limits.	<p>The North Dakota Development Fund is a statewide nonprofit development corporation that has the authority to take equity positions in, to provide loans to, or to use other innovative financing mechanisms to provide capital for new or expanding businesses in this state, or relocating businesses to this state. The corporation's principal mission is the development and expansion of primary sector business in this state. The corporation may form additional corporations, limited liability companies, partnerships, or other forms of business associations in order to further its mission of primary sector economic development.</p> <p>Moneys in the development fund may be used to provide working capital or for financing the purchase of fixed assets but not to refinance existing debt. Moneys may also be used to make matching grants to county-authorized or city-authorized development corporations for the acquisition, leasing, or remodeling of real estate facilities for locating a prospective new primary sector business. A grant must be made as part of a package of financing in which the state is a participant.</p> <p>The commissioner of commerce shall adopt rules, subject to the approval of the board of directors, necessary to implement the administration of the fund. The rules to implement the grant program must be developed to encourage local fundraising initiatives for developing locations for businesses financed by the corporation.</p>	72 funded projects
North Dakota On-the-Job Training Program (OJT) - WIA					<p>On-the-Job Training (OJT) is training conducted in a work environment designed to provide an eligible individual with knowledge or skills essential to the job and/or qualify for a particular occupation through demonstration and practice. An on-the-job training contract provides reimbursement to the employer for a portion of the wage rate of the individual, for the extraordinary costs of providing the training and additional supervision related to the training. OJT's are limited in duration based on the occupation for which the individual is being trained. The goal of this training is retention of the individual as a full-time, permanent employee in a career occupation.</p>	
Oil and Gas Property Tax Incentives		N.D.C.C. § 57-51-03			<p>Oil and gas property are exempt from ad valorem property tax if the property meets all of the following conditions:</p> <p>1. Property must be used in the actual production of oil or gas.</p> <p>2. Property must be at the site of a producing well. Property is considered to be at the site of a producing well if it is used prior to the first point at which it is both feasible and reasonable to measure, or point of sale, whichever is first.</p> <p>3. Property must be necessary, but need not be indispensable, to the production of oil or gas.</p>	Not available—administered locally
Partnership in Assisting Community Expansion (PACE) Fund		N.D.C.C. § 6-09	Loan Participation Application	The PACE Fund may participate in the interest rate buy down to a maximum of \$250,000. In all cases, the buy down is matched by the community at the designated participation level described under Community Percentage Factor. In addition, the PACE Fund's participation is limited to the amount required to buy down the interest to 5 % below the yeild rate, but in no event may the interest rate be more than five hundred basis points below the national prime interest rate. In no event shall the rate to the borrower fall below 1 percent. A minimum PACE origination fee of \$250 is charged by BND and may be included in the origination fee.	<p>The Partnership in Assisting Community Expansion (PACE) program is an interest buy-down program of the Bank of North Dakota ("BND") with state, local and community participation. This program has two major elements: (1) the participation by the BND with a local lender in a community based loan, and (2) the participation by the PACE Fund with the local community in reducing the borrower's overall interest rate. Loans are for real property, equipment, expansion, working capital, and inventory. It is not available for refinancing.</p> <p>Application by a lead lender is required for BND's participation. The lead lender is responsible for servicing the loan.</p>	71

INCENTIVE PROGRAM CURRENT 2/25/2006

Name	Stage of business	Statute	Tax form (taxpayer type)	Amount / Conditions	Program description	# of businesses (taxpayers) that accessed the program
Property Tax Exemption for New and Expanding Businesses		N.D.C.C. §§ 40-57.1-03 and 04.1	Application for Property Tax Incentives for New or Expanding Businesses	A municipality may grant a partial or complete exemption from ad valorem taxation on all buildings, structures, fixtures, and improvements used in or necessary to the operation of a project for a period not exceeding 5 years from the date of commencement of project operations. An additional five years' exemption may be granted to a project that produces or manufactures a product from agricultural commodities. In addition to or in lieu of a property tax exemption, a municipality may grant payments in lieu of taxes on buildings, structures, fixtures, and improvements, but the option to make payments in lieu of taxes may not extend beyond the 20th year from the date of commencement of project operations.		Not available—administered locally.
Public Finance Authority Industrial Revenue Bond Program	Established	N.D.C.C. ch. 6-09.4 and 40-57	Tax Exempt	Maximum amount per bower if the states moral obligation is used as a credit enhancement is \$2,000,000. The program has a cumulative maximum of \$20,000,000.	The legislation allows the Public Finance Authority to purchase qualified small issue bonds as described within the Internal Revenue Code. To limit the State's exposure when the State's moral obligation is used as a credit enhancement, the legislation includes limits of \$2,000,000 per project and \$20,000,000 for the entire program. Tax-Exempt Industrial Revenue Bonds provide small manufacturers with an option for long-term fixed interest rate financing. The company must be engaged in manufacturing, processing, or other activities directly supporting or related to manufacturing or processing. The company 's total outstanding tax-exempt bond debt nationwide cannot exceed \$40 million. The total capital expenditures may not exceed \$10 million for a six-year period. The cost of financing is generally 1.5 to 2.5 percent below conventional financing costs. Bonds must be secured by mortgage or security interest. An eligible project can be the construction of a new plant or expansion of an existing plant. 95 percent of the bond must be for the defined project; 75 percent of the assets purchased with bond proceeds must be for actual manufacturing/ processing; 25 percent of bond proceeds can be used for	None
Regional Rural Development Revolving Loan Fund		N.D.C.C. § 10-30.5		The maximum initial investment is \$300,000. Debt and equity investments are priced based upon the appropriate risk/return. Debt averages: working capital 3-5 years, machinery/equipment 5-7 years, commercial real estate 10-15 years. Equity averages: 5 years. The internal rate of return is negotiated on a case by case basis. The program does not do refinances. The program is available to "Primary Sector" businesses looking to start-up, expand or relocate to North Dakota. Production agriculture in not eligible under the program. "Primary Sector" is defined as an individual, partnership or association which, trough the employment of knowledge or labor, adds value to a product, process or service that results in the creation of new wealth. Primary Sector businesses are typically manufacturers, food processors, and exported service companies.	The program provides flexible "gap financing " through loans, equity and partnerships. The fund is allocated equally among the state's eight economic regions for projects located more in communites of 8,000 or less or the project is located 5 miles outside the city limits.	
Renaissance Zone— Business or Investment Income Exemption		N.D.C.C. § 40-63-04(2)	Form ND-1 (individual) Form ND-2 (individual) Form 38 (estate or trust) Form 40 (C corporation) Form 58 (partnership)* Form 60 (S corporation)* Form 35 (financial institution) * A partnership, S corporation, or limited liability company treated like a partnership does not claim the exemption on its return; the exemption is passed through to its owners.This does not apply to a passthrough entity that is subject to the North Dakota financial institution tax on Form 35; the exemption is claimed on Form 35 and not passed through to the owners.	The business or investment income attributable to the zone project property may be exempt from income or financial institution tax for 5 years for purchasing, rehabilitating, or leasing residential or commercial real property located in the zone, subject to the following conditions: (1) In the case of a lease, the leased property must be used for business purposes; (2) If a rehabilitation, the cost must equal or exceed 50 percent of the property's property tax valuation before beginning the work; (3) In the case of property used in a business, the amount of income attributable to the zone project property is determined by multiplying the taxpayer's North Dakota net income from the business by a zone apportionment factor; (4) In the case of investment property, the amount of income attributable to the zone project property equals the taxpayer's actual net income derived from the property; (5) The exemption is allowed only one time with respect to the property over the life of the zone; (6) If the taxpayer sells the property, cancels the lease, or ceases to use it for the qualifying purpose before the end of the five-year exemption period, the taxpayer is ineligible for the exemption starting in the month of the sale, lease cancellation, or change in use; and (7) In the case of owned property, if the taxpayer sells the property before the end of the 5-year exemption period, and it is sold to another qualifying taxpayer, the buyer is eligible for the exemption for the unexpired portion of the 5-year credit period starting in the month of the sale. A "purchase" includes the construction of a new building.	This income exemption is part of the North Dakota Renaissance Zone Act Program, which promotes the revitalization and redevelopment of North Dakota cities through a variety of income, financial institution, and property tax incentives. The Renaissance Zone Act (Act) allows a North Dakota city to apply to the state for designation of an area, called a renaissance zone, within the city where new construction or rehabilitation of residential and commercial real properties is desired. Depending on population the zone may be from 20 to 25 square blocks in size. The duration of the zone may be up to 15 years. Projects in the zone need to relate to the long-term development plans of the city, and local planning along with a well thought out and designed zone development plan are key to whether or not the state will approve the designation of a zone. A city must have a locally adopted comprehensive or strategic plan in place before applying to the state for a zone. To establish a renaissance zone, a city must apply to the North Dakota Commerce Department's Division of Community Services. Part of the application process includes the creation of a Renaissance Zone Development Plan containing the following: (1) Description of the area proposed to be designated as the zone; (2) Description of the city's vision, goals and objectives for the zone and how the proposed zone relates to the broader plans for the city; (3) Identification of initially targeted properties; (4) Description of the process and selection criteria for zone projects; (5) Description of zone's management and promotion; and (6) If applicable, a request to establish a renaissance fund organization.	Individuals Tax Year 2003: 94 Tax Year 2004: 158 Corporations and Financial Institutions Tax Year 2003: 7 Tax Year 2004: 9
Renaissance Zone— Business Purchase or Expansion Tax Credit		N.D.C.C. § 40-63-04(3)	Form ND-1 (individual) Form ND-2 (individual)	An individual who qualifies for an income exemption under N.D.C.C. § 40-63-04(2)—business or investment income exemption—may elect to take an income tax credit of \$2,000 per year for 5 years in lieu of the exemption, subject to the following conditions: (1) The zone project for which the individual qualified for the income exemption consists of either a purchase of a new business or an expansion of an existing business already owned by the individual; (2) The cost of the purchase or expansion is more than \$75,000; (3) The business is located in a city with a population equal to or less than 2,500; (4) The zone project application submitted to the local zone authority must include a statement specifically electing to claim the tax credit under N.D.C.C. § 40-63-04(3) in lieu of the income exemption; (5) The election is irrevocable and binding upon the individual for the entire five-year exemption period that otherwise would have been allowed for purposes of the business income exemption; (6) The tax credit is allowed only one time with respect to the property over the life of the zone; (7) If the taxpayer sells the property or ceases to use it for business purposes before the end of the 5-year credit period, the taxpayer is ineligible for the credit starting in the month of the sale or change in use; and (8) If the taxpayer sells the property before the end of the 5-year credit period, and it is sold to another qualifying individual, the buyer is eligible for the credit for the unexpired portion of the 5-year credit period starting in the month of the sale.	This tax credit is part of the North Dakota Renaissance Zone Act Program, which promotes the revitalization and redevelopment of North Dakota cities through a variety of income, financial institution, and property tax incentives. The Renaissance Zone Act (Act) allows a North Dakota city to apply to the state for designation of an area, called a renaissance zone, within the city where new construction or rehabilitation of residential and commercial real properties is desired. Depending on population the zone may be from 20 to 25 square blocks in size. The duration of the zone may be up to 15 years. Projects in the zone need to relate to the long-term development plans of the city, and local planning along with a well thought out and designed zone development plan are key to whether or not the state will approve the designation of a zone. A city must have a locally adopted comprehensive or strategic plan in place before applying to the state for a zone. To establish a renaissance zone, a city must apply to the North Dakota Commerce Department's Division of Community Services. Part of the application process includes the creation of a Renaissance Zone Development Plan containing the following: (1) Description of the area proposed to be designated as the zone; (2) Description of the city's vision, goals and objectives for the zone and how the proposed zone relates to the broader plans for the city; (3) Identification of initially targeted properties; (4) Description of the process and selection criteria for zone projects; (5) Description of zone's management and promotion; and (6) If applicable, a request to establish a renaissance fund organization.	(See row 49 for the combined usage of all four Renaissance Zone tax credits in rows 44, 46, 47 and 49 of this spreadsheet.)

INCENTIVE PROGRAM CURRENT 2/25/2006

Name	Stage of business	Statute	Tax form (taxpayer type)	Amount / Conditions	Program description	# of businesses (taxpayers) that accessed the program
Renaissance Zone— Historic Property Preservation or Renovation Tax Credit		N.D.C.C. § 40-63-06	Form ND-1 (individual) Form ND-2 (individual) Form 38 (estate or trust) Form 40 (C corporation) Form 58 (partnership)* Form 60 (S corporation)* Form 35 (financial institution) * A partnership, S corporation, or limited liability company treated like a partnership does not claim the tax credit on its return; the tax credit is passed through to its owners.This does not apply to a passthrough entity that is subject to the North Dakota financial institution tax on Form 35; the tax credit is claimed on Form 35 and not passed through to the owners.	25 percent of the amount invested to preserve or renovate historic property located in a zone, subject to the following conditions: (1) The maximum credit allowed per project is \$250,000; and (2) The first tax year for which the credit is allowed is the tax year in which the preservation or renovation work is completed, as determined by the local zone authority. "Historic property" means property that the North Dakota Historic Society certifies to be (1) listed on the National Historic Register of Historic Places, (2) a contributing structure within a National Register Historic District or a certified state or local historic district, or (3) eligible for listing in the National Historic Register of Historic Places.	This tax credit is part of the North Dakota Renaissance Zone Act Program, which promotes the revitalization and redevelopment of North Dakota cities through a variety of income, financial institution, and property tax incentives. The Renaissance Zone Act (Act) allows a North Dakota city to apply to the state for designation of an area, called a renaissance zone, within the city where new construction or rehabilitation of residential and commercial real properties is desired. Depending on population the zone may be from 20 to 25 square blocks in size. The duration of the zone may be up to 15 years. Projects in the zone need to relate to the long-term development plans of the city, and local planning along with a well thought out and designed zone development plan are key to whether or not the state will approve the designation of a zone. A city must have a locally adopted comprehensive or strategic plan in place before applying to the state for a zone. To establish a renaissance zone, a city must apply to the North Dakota Commerce Department's Division of Community Services. Part of the application process includes the creation of a Renaissance Zone Development Plan containing the following: (1) Description of the area proposed to be designated as the zone; (2) Description of the city's vision, goals and objectives for the zone and how the proposed zone relates to the broader plans for the city; (3) Identification of initially targeted properties; (4) Description of the process and selection criteria for zone projects; (5) Description of zone's management and promotion; and (6) If applicable, a request to establish a renaissance fund organization.	(See row 49 for the combined usage of all four Renaissance Zone tax credits in rows 44, 46, 47 and 49 of this spreadsheet.)
Renaissance Zone— Primary Residence Tax Credit		N.D.C.C. § 40-63-04(1)	Form ND-1 (individual) Form ND-2 (individual)	An individual income tax credit equal to \$10,000 per year for 5 years for purchasing or rehabilitating a single-family residence located in the zone, subject to the following conditions: (1) The purchase or rehabilitation is approved as a zone project; (2) The residence is owned by the taxpayer; (3) The residence is the legal residence of the taxpayer; (4) If a rehabilitation, the cost must equal or exceed 20 percent of the residence's property tax valuation before beginning the work; (5) The tax credit is allowed only one time for a single-family residence over the life of the zone; (6) If the taxpayer sells the residence or ceases to use it as the primary residence before the end of the five-year credit period, the taxpayer is ineligible for the credit starting in the month of the sale or change in use; and (7) If the taxpayer sells the residence before the end of the five-year credit period, and it is sold to another qualifying individual, the buyer is eligible for the credit for the unexpired portion of the five-year credit period starting in the month of the sale. A "purchase" includes the construction of a new residence.	This tax credit is part of the North Dakota Renaissance Zone Act Program, which promotes the revitalization and redevelopment of North Dakota cities through a variety of income, financial institution, and property tax incentives. The Renaissance Zone Act (Act) allows a North Dakota city to apply to the state for designation of an area, called a renaissance zone, within the city where new construction or rehabilitation of residential and commercial real properties is desired. Depending on population the zone may be from 20 to 25 square blocks in size. The duration of the zone may be up to 15 years. Projects in the zone need to relate to the long-term development plans of the city, and local planning along with a well thought out and designed zone development plan are key to whether or not the state will approve the designation of a zone. A city must have a locally adopted comprehensive or strategic plan in place before applying to the state for a zone. To establish a renaissance zone, a city must apply to the North Dakota Commerce Department's Division of Community Services. Part of the application process includes the creation of a Renaissance Zone Development Plan containing the following: (1) Description of the area proposed to be designated as the zone; (2) Description of the city's vision, goals and objectives for the zone and how the proposed zone relates to the broader plans for the city; (3) Identification of initially targeted properties; (4) Description of the process and selection criteria for zone projects; (5) Description of zone's management and promotion; and (6) If applicable, a request to establish a renaissance fund organization.	(See row 49 for the combined usage of all four Renaissance Zone tax credits in rows 44, 46, 47 and 49 of this spreadsheet.)
Renaissance Zone— Property Tax Exemption		N.D.C.C. § 40-63-05		A municipality may grant a partial or complete exemption from ad valorem taxation on single-family residential property, exclusive of the land on which it is situated, if the property was purchased or rehabilitated by an individual for the individual's primary place of residence as a zone project; or it may grant a partial or complete exemption from ad valorem taxation on buildings, structures, fixtures, and improvements purchased or rehabilitated as a zone project for any business or investment purpose.The exemption may not extend beyond 5 taxable years following the date of acquisition or completion of rehabilitation	This property tax exemption is part of the North Dakota Renaissance Zone Act Program, which promotes the revitalization and redevelopment of North Dakota cities through a variety of income, financial institution, and property tax incentives. The Renaissance Zone Act (Act) allows a North Dakota city to apply to the state for designation of an area, called a renaissance zone, within the city where new construction or rehabilitation of residential and commercial real properties is desired. Depending on population the zone may be from 20 to 25 square blocks in size. The duration of the zone may be up to 15 years. Projects in the zone need to relate to the long-term development plans of the city, and local planning along with a well thought out and designed zone development plan are key to whether or not the state will approve the designation of a zone. A city must have a locally adopted comprehensive or strategic plan in place before applying to the state for a zone. To establish a renaissance zone, a city must apply to the North Dakota Commerce Department's Division of Community Services. Part of the application process includes the creation of a Renaissance Zone Development Plan containing the following: (1) Description of the area proposed to be designated as the zone; (2) Description	Not available—locally administered
Renaissance Zone— Renaissance Fund Organization Investment Tax Credit		N.D.C.C. § 40-63-05	Form ND-1 (individual) Form ND-2 (individual) Form 38 (estate or trust) Form 40 (C corporation) Form 58 (partnership)* Form 60 (S corporation)* Form 35 (financial institution) * A partnership, S corporation, or limited liability company treated like a partnership does not claim the tax credit on its return; the tax credit is passed through to its owners.This does not apply to a passthrough entity that is subject to the North Dakota financial institution tax on Form 35; the tax credit is claimed on Form 35 and not passed through to the owners.	50 percent of the amount invested in a renaissance fund organization (RFO) during the tax year, subject to the following conditions: (1) The first tax year in which the credit is allowed is the tax year in which the investment is made; (2) If a taxpayer who originally made an investment in an RFO redeems part or all of it within ten years of the date of investment, the credit with respect to the redeemed investment is disallowed and must be repaid to the state by the taxpayer; and (3) On a statewide basis, the maximum amount of tax credits allowed for investments made by all taxpayers in all tax years is \$2.5 million. (Note: If the original \$2.5 million statewide maximum credit ceiling is reached, the statewide ceiling will be increased by \$2.5 million for a total statewide ceiling of \$5 million.) A "renaissance fund organization" is an entity established by a city for the purpose of raising funds for financing zone projects or non-zone projects in designated renaissance zone cities. This may include equity investments, loans, guarantees, commitments for financing, or any combination of these. A city may establish a renaissance fund organization by either creating and managing its own fund or contracting with an outside entity to create and manage the city's fund. Note: The statewide maximum is allocated to three categories of cities based on population, as determined by the North Dakota Commerce Department's Division of Community Services.	This tax credit is part of the North Dakota Renaissance Zone Act Program, which promotes the revitalization and redevelopment of North Dakota cities through a variety of income, financial institution, and property tax incentives. The Renaissance Zone Act (Act) allows a North Dakota city to apply to the state for designation of an area, called a renaissance zone, within the city where new construction or rehabilitation of residential and commercial real properties is desired. Depending on population the zone may be from 20 to 25 square blocks in size. The duration of the zone may be up to 15 years. Projects in the zone need to relate to the long-term development plans of the city, and local planning along with a well thought out and designed zone development plan are key to whether or not the state will approve the designation of a zone. A city must have a locally adopted comprehensive or strategic plan in place before applying to the state for a zone. To establish a renaissance zone, a city must apply to the North Dakota Commerce Department's Division of Community Services. Part of the application process includes the creation of a Renaissance Zone Development Plan containing the following: (1) Description of the area proposed to be designated as the zone; (2) Description of the city's vision, goals and objectives for the zone and how the proposed zone relates to the broader plans for the city; (3) Identification of initially targeted properties; (4) Description of the process and selection criteria for zone projects; (5) Description of zone's management and promotion; and (6) If applicable, a request to establish a renaissance fund organization.	Tax Year 2003: 107 Tax Year 2004: 148 (This is the combined usage of all four Renaissance Zone tax credits. See rows 44, 46, 47 and 49 of this spreadsheet.)

INCENTIVE PROGRAM CURRENT 2/25/2006

Name	Stage of business	Statute	Tax form (taxpayer type)	Amount / Conditions	Program description	# of businesses (taxpayers) that accessed the program
Research and Experimental Expenditures Credit		N.D.C.C. § 57-38-30.5	Form 40	The credit is 8% of the first \$1.5 million in excess of base period research expenses incurred by the corporation in ND, and 4% of such expenses over \$1.5 million in excess of the base period expenses. The credit may not exceed the taxpayer's liability in any year. In the case of a corporation which is a partner in a partnership or a member in a limited liability company, the credit allowed for the taxable year may not exceed an amount separately computed with respect to the corporation's interest in the trade, business, or entity equal to the amount of tax attributable to that portion of the corporation's taxable income which is allocable or apportionable to the corporation's interest in the trade, business, or entity.	A corporation is allowed an income tax credit for expenses of conducting research in North Dakota. The credit is equal to a percentage of the excess of qualified research expenses in North Dakota over the base period research expenses in North Dakota. "Qualified research expenses" and "base period research expenses" have the same meaning as defined under federal income tax law. "Base period research expenses" means base period research expenses as defined in the Internal Revenue Code [26 U.S.C. 41(c)]. "Qualified research" means qualified research as defined in the Internal Revenue Code [26 U.S.C. 41(d)], except it does not include research conducted outside the state of North Dakota. "Qualified research expenses" means qualified research expenses as defined in section 41(b) of the Internal Revenue Code [26 U.S.C. 41(b)], except it does not include expenses incurred for basic research conducted outside the state of North Dakota.	Tax Year 2003: Too few participants to disclose any statistics. Tax Year 2004: 10
Salary and Wage Tax Credit For New Industries		N.D.C.C. § 57-38-30.1	Form 40	The credit equals 1% of wages and salaries paid during the tax year for each of the first three years of operation; and .05% of wages and salaries paid during the tax year for the fourth and fifth years.	A corporation doing business in North Dakota for the first time and qualifying as a "new industry" may take an income tax credit equal to a percentage of the annual gross salaries and wages expended in ND.	Too few participants to disclose any statistics
Sales Tax Incentives		N.D.C.C. § 57-39.2-04		To qualify for an exemption for qualifying manufacturing equipment, computer and telecommunications, and powered electrical generating facilities, the owner of the facility must apply to the State Tax Commissioner. Sales tax exemptions for carbon dioxide for enhanced recovery, biodiesel equipment, and hydrogen generation facilities do not require an application to the Tax Commissioner. The sales tax law provides for the sales of this equipment and materials to be exempt at the time of sale.	Manufacturing Equipment, Computer and Telecommunications Equipment, Wind-Powered Electrical Generating Facilities, Carbon Dioxide for Enhanced Oil and Gas Recovery, Biodiesel Equipment, and a Hydrogen Generation Facility is exempt from sales taxes.	
Secondary Recovery Incremental Production - Oil Extraction Tax Exemption		N.D.C.C. § 57-51.1-03.1	T12 Monthly Oil Report		The incremental production from a secondary recovery project which has been certified as a qualified project by the industrial commission after July 1, 1991, is exempt from any taxes imposed under this chapter for a period of five years from the date the incremental production begins.	
Seed Capital Investment Tax Credit		N.D.C.C. ch. 57-38.5	Form ND-1 (individual) Form ND-2 (individual) Form 38 (estate or trust) Form 40 (C corporation) Form 58 (partnership)* Form 60 (S corporation)* * A partnership, S corporation, or limited liability company (treated like a partnership) does not claim the credit on its return; the credit is passed through to its owners.	45 percent of the amount invested in a certified North Dakota primary sector business, subject to the following conditions: (1) In any tax year, the maximum investment for which the tax credit is allowed is \$250,000 per taxpayer; (2) No more than one-third of the tax credit on investments in a tax year may be used in any tax year; (3) A taxpayer is not eligible for the credit if the taxpayer owns a controlling interest—over 50%—in the business or operates the business on a full-time professional basis. This includes the taxpayer's spouse, parent, sibling, or child, or the spouse of a sibling or child; (4) The investment must be made in cash and must be at risk. Monies placed in escrow are not at risk, and do not become an eligible investment until the date they are paid out of escrow to the facility. The investment must remain in the facility for at least three years. An investment must be in the form of a purchase of ownership interests or the right to receive payment of dividends from the facility; (5) If a partnership, S corporation, or a limited liability company treated like a partnership makes an investment, the credit is passed through to the owners in proportion to their respective interests in the entity; and (6) The maximum amount of tax credits allowed on all eligible investments made in a calendar year is \$2.5 million. This \$2.5 million tax credit ceiling is renewed at the beginning of each calendar year; however, any unused portion in any calendar year is forfeited and is not carried over to the following calendar year.	This program promotes the development of, and investment in, primary sector businesses in North Dakota through an income tax credit. A business must apply to and receive certification as a qualified business from the North Dakota Commerce Department's Division of Economic Development and Finance. To receive certification, the business must be a for-profit corporation, partnership, limited liability company, limited liability partnership, joint venture, or a satellite operation that is a for-profit corporation that meets the following: (1) It must be a primary sector business, which means it must generate new wealth through sales to customers outside North Dakota, or to customers in North Dakota if availability of the product in North Dakota is limited; (2) It must rely on innovation, research, or the development of new products and processes in its plans for growth and profitability; (3) It must be in compliance with North Dakota's securities laws, as certified by the North Dakota Securities Department; (4) It must hire North Dakota residents to fill the majority of its employment positions in North Dakota; (5) It must have its principal office, and conduct the majority of its business (except sales activity), in North Dakota, or it must have a significant operation in North Dakota that has or projects to have more than 10 employees or \$150,000 of annual sales; (6) It is neither an agricultural commodity processing facility nor a real estate investment trust; and (7) For a business certified on or after January 1, 2005, the tax credit is limited to the first \$500,000 of eligible investments made in the business. This does not apply to a business certified before January 1, 2005, whose certification period (or extended certification period) did not expire before January 1, 2005.	Individuals: Tax Year 2003: 173 Tax Year 2004: 370 <i>Note: These numbers show the number of individual income tax returns on which this credit was claimed for the tax years shown.</i> <i>Note: This credit did not become available to corporations and limited liability companies until the 2005 tax year.</i>

INCENTIVE PROGRAM CURRENT 2/25/2006

Name	Stage of business	Statute	Tax form (taxpayer type)	Amount / Conditions	Program description	# of businesses (taxpayers) that accessed the program
Shallow Gas - Gross Production Tax Exemption		N.D.C.C. § 57-51-02.4	T13 Monthly Gas Report		Shallow gas produced during the first twenty-four months of production from and after the date of first sales of gas from a well completed or recompleted in a shllow gas zone after June 30, 2003, is exempted from the gross production tax levied under section 57-51-02.2. Gas produced from such a well during testing prior to well completion or connection to a pipeline is also exempt from the gross produciton tax.	
Stripper Well - Oil Extraction Tax Exemption		N.D.C.C. § 57-51.1-03.1	T12 Monthly Oil Report		The activity of extracting from the earth any oil from a stripper well property.	
Tax Credit for Charitable Contribution to Secondary or Higher Education		N.D.C.C. §§ 57-35.3-05(1) and 57-38-01.8	Form ND-2 (individual) Form 38, Schedule 2 only (estate or trust) Form 40 (C corporation) Form 35 (financial institution)	50 percent of a charitable contribution to a North Dakota nonprofit private institution of higher education, including the North Dakota independent college fund, or to a North Dakota nonprofit private institution of secondary education. For contributions made to each category of institution, the following conditions apply: (1) If the taxpayer is an individual, estate, or trust, the tax credit is limited to the lesser of (a) 40 percent of the total income tax or (b) \$250; (2) If the taxpayer is a regular ("C") corporation, the tax credit is limited to the lesser of (a) 20 percent of the total income tax or (b) \$2,500; (3) If the taxpayer is a financial institution, the tax credit is limited to the lesser of (a) 5.7 percent of the tax before credits or (b) \$2,500. (This credit only reduces the general fund portion of the financial institution tax.); (4) The contribution must be made directly to, or specifically designated for the exclusive use of, a qualifying institution. A contribution to an account, fund or entity benefiting both qualifying and nonqualifying institutions does not qualify for the credit; and (5) A contribution may be treated as made in the preceding taxable year if the contribution is made on or before the due date of the return including extensions.	This program promotes contributions to qualified nonprofit private institutions of secondary and higher education in North Dakota. "Nonprofit private institution of higher education" means a nonprofit private educational institution that: (1) Is located in North Dakota; (2) Normally maintains a regular faculty and curriculum; (3) Normally has a regularly organized body of students in attendance at the place where its educational activities are carried on; and (4) Regularly offers education at a level above the twelfth grade. "Nonprofit private institution of secondary education" means a nonprofit private educational institution that: (1) Is located in North Dakota; (2) Normally maintains a regular faculty and curriculum approved by the North Dakota Department of Public Instruction; (3) Normally has a regularly organized body of students in attendance at the place where its educational activities are carried on; and (4) Regularly offers education to students in the ninth through the twelfth grades.	Individuals Tax Year 2003: 25 Tax Year 2004: 14 Corporations Tax Year 2003: 31 Tax Year 2004: 33 Financial Institutions Tax Year 2003: 22 Tax Year 2004: 15
Tertiary Recovery Incremental Production - Oil Extraction Tax Exemption		N.D.C.C. § 57-51.1-03.1	T12 Monthly Oil Report		The incremental production from a tertiary recovery project which has been certified as a qualified project by the industrial commission subsequent to June 30, 1991, is exempt from any taxes imposed under this chapter for a period of ten years from the date the incremental production begins.	
Two-Year Inactive Well - Oil Extraction Tax Exemption		N.D.C.C. § 57-51.1-03.1	T12 Monthly Oil Report		The production of oil from a two-year inactive well, as determined by the industrial commission and certified to the state tax commissioner, for a period of ten years after the date of receipt of the certification. The exemption under this subsection becomes ineffective if the average price of a barrel of crude oil exceeds the trigger price for each month in any consecutive five-month period. However, the exemption is reinstated if, after the trigger provision becomes effective, the average price of a barrel of crude oil is less than the trigger price for each month in any consecutive five-month period.	

INCENTIVE PROGRAM CURRENT 2/25/2006

Name	Stage of business	Statute	Tax form (taxpayer type)	Amount / Conditions	Program description	# of businesses (taxpayers) that accessed the program
Venture Capital Corporation Investment Tax Credit		N.D.C.C. ch. 10-30.1	Form ND-2 (individual) Form 38, Schedule 2 only (estate or trust) Form 40 (C corporation) Form 58 (partnership)* Form 60 (S corporation)* * A partnership, S corporation, or limited liability company (treated like a partnership) does not claim the credit on its return; the credit is passed through to its owners.	25 percent of the amount invested in a North Dakota venture capital corporation, subject to the following conditions: (1) In any tax year, the maximum investment for which the tax credit is allowed is \$1 million per taxpayer, which is equivalent to a maximum tax credit of \$250,000 per taxpayer; (2) The tax credit is not allowed to an individual who uses Form ND-1, nor is it allowed to an estate or trust that uses Schedule 1 of Form 38; (3) An S corporation may not use the tax credit to offset any tax due on Form 60; and (4) If a partnership, S corporation, or a limited liability company treated like a partnership makes an investment, the credit is passed through to the owners in proportion to their respective interests in the entity.	This program promotes the creation of, and investment in, North Dakota venture capital corporations through an income tax credit. A North Dakota venture capital corporation is a corporation formed under N.D.C.C. ch. 10-19.1 or a limited liability company formed under N.D.C.C. ch. 10-32, subject to the following conditions: (1) Its sole purpose must be the raising of funds for investing in, or providing financing to, a small business in North Dakota; (2) It must obtain an initial capitalization of \$250,000 within one year of its incorporation or organization. Until it reaches its initial capitalization, all funds received except for 10 percent which may be used for start-up costs must be placed in escrow; (3) Upon reaching initial capitalization, it must put at least 80 percent of its stated capital to qualified use within two years of the release of the funds from escrow; (4) Each director or governor must be a North Dakota resident and must invest at least \$1,000 in the venture capital corporation; (5) It may not provide more than 25 percent of its state capital to any one qualified small business; and (6) It must request the North Dakota Secretary of State to certify that a small business is qualified, and must report any investment in a qualified small business within fourteen days of making the investment. A "small business" is one that meets all of the following: (1) It is a small business concern as defined under 15 U.S.C. 632, administered by the U.S. Small Business Administration; (2) It must add value to a product for resale; (3) It must have its principal office and conduct its business primarily in North Dakota; and (4) It may not own tax-exempt securities.	No activity in the 2003 or 2004 tax year. Note: The venture capital corporation program under N.D.C.C. ch. 10-30.1 has been dormant since 1991, and is scheduled for sunset on August 1, 2007.
Wind Turbine Electric Generation Property Tax Reduction		N.D. Cent. Code Section 57-02-27.3		The taxable value of a centrally assessed wind turbine electric generation unit with a nameplate generation capacity of 100 kilowatts or more on which construction is completed before January 1, 2011, is calculated at 3 percent of assessed value. The taxable value of a centrally assessed wind turbine electric generation unit with a nameplate generation capacity of 100 kilowatts or more, for which a purchased power agreement has been executed after April 30, 2005, and before January 1, 2006, and construction is begun after April 30, 2005, and before July 1, 2006, is calculated at 1 1/2 percent of assessed value. The 1 1/2 percent taxable value applies for the duration of the initial purchased power agreement for that generation unit.		1
Wind-Powered Electrical Generating Facilities Sales and Use Tax Exemption		N.D.C.C. §§ 57-39.2-04.2 and 57-40.2-04.2		[Reference Geothermal, Solar, or Wind Energy Sales and Use Tax Exemption]	A sales and use tax exemption is allowed for purchasing building materials, production equipment, and other tangible personal property used in the construction of wind-powered electrical generating facilities. To be eligible, a facility must have at least one single electrical energy generation unit with a nameplate capacity of one hundred kilowatts or more	

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Name	Stage of business	Statute	Tax form (taxpayer type)	Amount / Conditions	Program description	# of businesses (taxpayers) that accessed the program
Workforce 20/20 Program		N.D.C.C. § 52-08.1	Workforce 20/20 Application	Awards to existing businesses for the purpose of retraining current employees will be made in the form of a grant through the use of a cost reimbursement contract which identifies the services to be provided. Training can include only upgrade or retraining of current workers or to individuals as part of pre-employment training as long as the company gives successful graduates hiring priority.	<p>Workforce 20/20 is a program to assist North Dakota businesses and industries in retraining and upgrading worker's skills to meet demands of new technologies and work methods.</p> <p>Workforce 20/20 assists North Dakota employers in training and upgrading workers' skills. This state funded cost sharing training program was designed to fill gaps left by federally funded training programs that generally target long term-unemployed, dislocated workers, and other disadvantaged groups. This funding assistance is available to businesses to offset training costs for current workers and new employees. Expanding businesses or those new to the state are eligible. Other businesses are eligible when they are introducing new industry technologies or introducing new industry production methods. Workforce 20/20 provides direct reimbursements to businesses. The program requires a match from the business and is targeted to primary sector businesses, although not exclusively limited to primary sector businesses. Businesses must complete a Workforce 20/20 proposal and submit it to Job Service North Dakota. The proposal will be reviewed and rated by staff of Job Service North Dakota. Those proposals eligible for Workforce 20/20 funding are submitted to the Workforce 20/20 Advisory Committee for their recommendations. If the final action by the committee recommends funding, and the Executive Director of Job Service North Dakota concurs, a cost reimbursement contract would be entered into with the business. The contract must be completed, signed, and in place prior to the start of any training for which reimbursement is being requested.</p> <p>Applications must be submitted at least one week prior to the start of training. Applications must also meet the company eligibility and project requirements included in the application guidelines.</p>	180 businesses were awarded contracts during the 2003 - 2005 biennium
Work-Over Well - Oil Extraction Tax Exemption		N.D.C.C. § 57-51.1-03.1	T12 Monthly Oil Report		<p>The production of oil from a qualifying well that was worked over is exempt from any taxes imposed under this chapter for a period of twelve months, beginning with the first day of the third calendar month after the completion of the work-over project. The exemption provided by this subsection is only effective if the well operator establishes to the satisfaction of the industrial commission upon completion of the project that the cost of the project exceeded sixty-five thousand dollars or production is increased at least fifty percent during the first two months after completion of the project. A qualifying well under this subsection is a well with an average daily production of no more than fifty barrels of oil during the latest six calendar months of continuous production. A work-over project under this subsection means the continuous employment of a work-over rig, including recompletions and reentries. The exemption provided by this subsection becomes ineffective if the average price of a barrel of crude oil exceeds the trigger price for each month in any consecutive</p>	

INCENTIVE PROGRAM CURRENT 2/25/2006

Name	Program funds distributed July 1, 2003, to June 30, 2005 (or reduction in tax revenue)	How the program funds are dispersed	Carryforward feature? (if tax credit)	If "Yes" for Carryforward feature, carryforward term (if tax credit)	Refundable feature? (if tax credit)	Marketable feature? (if tax credit)	Location-specific (regional or North Dakota)	Location description	Targeted Industry— agriculture, farmer, manufacturer, etc.	Job requirement?	Investment requirement?	Wage requirement?	Additional requirements	Source category
Agricultural Commodity Processing Facility Investment Tax Credit	Tax Year 2003: \$126,418 Tax Year 2004: \$118,232 <i>Note: These numbers show the amount of tax credits claimed on individual income tax returns for the tax years shown.</i>	Statutory	Yes	5 Years	No	No	North Dakota	Facility must be located in North Dakota. Credit is available to an eligible taxpayer regardless of where the taxpayer is located.	Primary: Agriculture. Secondary: Energy (renewable fuels).	No	Yes—see "Amount / Conditions" in this table.	No	Within thirty days of the date on which a qualifying payment is received by the corporation, it must complete an Ag Commodity Processing Facility Investment Reporting Form and file a copy with both the North Dakota Office of State Tax Commissioner and the North Dakota Commerce Department's Division of Economic Development and Finance. Two copies must be given to the taxpayer—one to be attached to the taxpayer's North Dakota tax return and one for the taxpayer's records.	State
Agricultural Processing Plant Construction Materials Sales and Use Tax Exemption	FY2004: \$984,293 FY2005: \$619,053	Discretionary												State
Agricultural Products Utilization Commission (APUC) Grants	\$1,603,860.20	Discretionary	N/A	N/A	N/A	N/A	North Dakota	Statewide		North Dakota businesses must create one job for every \$75,000 of loan proceeds. NO	Yes All grants require matching funds	NO	All grants must be for 1 year	State
Bank of North Dakota (BND) Beginning Entrepreneur Loan Guaranty Program	Guarantees Issued Total: \$3,249,679	Discretionary					All in ND							State

INCENTIVE PROGRAM CURRENT 2/25/2006

Name	Program funds distributed July 1, 2003, to June 30, 2005 (or reduction in tax revenue)	How the program funds are dispersed	Carryforward feature? (if tax credit)	If "Yes" for Carryforward feature, carryforward term (if tax credit)	Refundable feature? (if tax credit)	Marketable feature? (if tax credit)	Location-specific (regional or North Dakota)	Location description	Targeted Industry— agriculture, farmer, manufacturer, etc.	Job requirement?	Investment requirement?	Wage requirement?	Additional requirements	Source category
Bank of North Dakota (BND) Match Program	Total Fundings of \$20,825,000	Discretionary					All in ND							State
Beginning Entrepreneur Income Tax Deductions	Too few participants to disclose any statistics.	Discretionary					North Dakota	Revenue-producing enterprise must be located in North Dakota. Beginning entrepreneur must be a North Dakota resident.		No	No	No	An entrepreneur must obtain a Beginning Entrepreneur Statement from the Office of State Tax Commissioner. The statement must be completed and attached to the entrepreneur's North Dakota income tax return.	State
Biodiesel Blending Fuel Tax Credit	First available on the 2005 tax year return---no statistics yet available.	Statutory	Yes	5 Years	No	No				No	No	No		State
Biodiesel Production Equipment Costs Tax Credit	Too few participants to disclose any statistics.	Statutory	Yes	5 Years	No	No	Facility must be located in North Dakota. Credit is available to an eligible taxpayer regardless of where the taxpayer is located.			No	No	No		State
Biodiesel Sales Equipment Costs Tax Credit	First available on the 2005 tax year return---no statistics yet available.	Statutory	Yes	5 Years	No	No				No	No	No		State

INCENTIVE PROGRAM CURRENT 2/25/2006

Name	Program funds distributed July 1, 2003, to June 30, 2005 (or reduction in tax revenue)	How the program funds are dispersed	Carryforward feature? (if tax credit)	If "Yes" for Carryforward feature, carryforward term (if tax credit)	Refundable feature? (if tax credit)	Marketable feature? (if tax credit)	Location-specific (regional or North Dakota)	Location description	Targeted Industry— agriculture, farmer, manufacturer, etc.	Job requirement?	Investment requirement?	Wage requirement?	Additional requirements	Source category
Certified Nonprofit Development Corporation Investment Tax Credit	Too few participants to disclose any statistics.	Statutory	Yes	7 Years	No	No	North Dakota	Corporation must be located in North Dakota. Credit is available to an eligible taxpayer regardless of where the taxpayer is located.	Primary sector businesses.	No	Yes—see "Amount / Conditions" in this table.	No	Within thirty days of the date on which a qualifying payment is received by the corporation, it must complete and file with the North Dakota Office of State Tax Commissioner a Certified Nonprofit Development Corporation Investment Reporting Form. Two copies must be given to the taxpayer—one to be attached to the taxpayer's North Dakota tax return and one for the taxpayer's records.	State
Coal Conversion Facilities Privilege Tax Exemption for New Plants	0	Statutory (state) Discretionary (county)					North Dakota		Coal-fired plants	0	None	0		0 State
Coal Severance Tax Exemption for coal used in agricultural processing or sugar beet refining plants	0	Statutory					Regional	North Dakota and adjacent states	Coal mining, agricultural processing, sugar beet refining	0	0	0		0 State
Coal Severance Tax Exemption for coal used primarily for heating buildings in this state or used by the state or a political subdivision of the state	\$12,793.85 was not collected by the state due to exemption—no program funds were distributed. (Does not include funds not received by counties.)	Statutory					North Dakota		Coal Mining	0	0	0		0 State
Coal Severance Tax Reduction for coal mined for out-of-state shipment	0 (Does not include funds not received by the county)	Statutory (State) / Discretionary (County)					North Dakota		Coal Mining	0	0	0		0 State
Coal Severance Tax Reduction for coal to be burned in a cogeneration facility	0	Statutory					North Dakota		Coal Mining, Electric Generation	0	0	0		0 State
Commercial and Residential Building Improvement Property Tax Exemption	Not available—administered locally.	Discretionary					North Dakota		Commercial and residential property	0	0		0 Residential property must be at least 25 years old.	State

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Community Development Block Grants	\$9,277,434	The CDBG funds are reviewed and a recommendation is made by the Regional Council and then forwarded to DCS for approval.					State of North Dakota	Statewide	Retail Sector and Primary Sector	Yes	One to one match for every dollar requested			Federal Funds
Computer and Telecommunications Equipment Sales Tax Exemption	FY2004: \$442,959 FY2005: \$ 79,614	Discretionary												State
Deduction for Investment in North Dakota Venture Capital Corporation	No activity in the 2003 or 2004 tax year. <i>Note: The venture capital corporation program under N.D.C.C. ch. 10-30.1 has been dormant since 1991, and is scheduled for sunset on August 1, 2007.</i>	Statutory					North Dakota	Both the venture capital corporation and the small business must be located in North Dakota. Credit is available to an eligible taxpayer regardless of where the taxpayer is located.	Small businesses in North Dakota that add value to products for resale.	No	Yes—see "Amount / Conditions" in this table.	No	Within thirty days of the date on which an investment is received by the corporation, it must complete and file with the North Dakota Office of State Tax Commissioner a Venture Capital Corporation Investment Reporting Form. Two copies must be given to the taxpayer—one to be attached to the taxpayer's North Dakota tax return and one for the taxpayer's records.	State

INCENTIVE PROGRAM CURRENT 2/25/2006

Name	Program funds distributed July 1, 2003, to June 30, 2005 (or reduction in tax revenue)	How the program funds are dispersed	Carryforward feature? (if tax credit)	If "Yes" for Carryforward feature, carryforward term (if tax credit)	Refundable feature? (if tax credit)	Marketable feature? (if tax credit)	Location-specific (regional or North Dakota)	Location description	Targeted Industry— agriculture, farmer, manufacturer, etc.	Job requirement?	Investment requirement?	Wage requirement?	Additional requirements	Source category
Disabled Employee Tax Credit	Too few participants to disclose any statistics.	Statutory	No		No	No	North Dakota	An eligible taxpayer (employer) must be subject to North Dakota income tax to benefit from the tax credit.		Yes	No	Yes		State
Financial Institutions Credit for Contributions to Rural Leadership Program	First available on the 2005 tax year return---no statistics yet available.	Statutory	No		No	No				No	No	No		State
Geothermal, Solar, or Wind Energy Device Tax Credit	Too few participants to disclose any statistics.	Statutory	Yes	5 years for each of the 5 original tax years in which the credit is allowed.	No	No	North Dakota	Device must be installed on property located in North Dakota. An eligible taxpayer must be subject to North Dakota income tax to benefit from the tax credit.	Renewable energy industry.	No	Yes—see "Amount / Conditions" in this table.	No		State
Geothermal, Solar, or Wind Energy Property Tax Exemption		Discretionary					North Dakota	Residential or commercial buildings		0	0	0	0	State
Geothermal, Solar, or Wind Energy Sales and Use Tax Exemption	FY2004: 0 FY2005: 0	Statutory												State
Historic Property Tax Abatement		Discretionary												State

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Name	Program funds distributed July 1, 2003, to June 30, 2005 (or reduction in tax revenue)	How the program funds are dispersed	Carryforward feature? (if tax credit)	If "Yes" for Carryforward feature, carryforward term (if tax credit)	Refundable feature? (if tax credit)	Marketable feature? (if tax credit)	Location-specific (regional or North Dakota)	Location description	Targeted Industry— agriculture, farmer, manufacturer, etc.	Job requirement?	Investment requirement?	Wage requirement?	Additional requirements	Source category
Horizontal Reentry Well - Oil Extraction Tax Exemption	Individual statistics for each incentive are not available. Together, the oil extraction tax incentives resulted in the following estimated revenue reductions: FY 2004: \$36.1 million; FY 2005: \$50.7 million	Statutory							Oil and Gas Industry					State
Hotel Tax Exemption		Statutory												State
Income Tax Exemption for New and Expanding Businesses	Individuals Tax Year 2003: \$368,412 Tax Year 2004: \$494,924 Corporations Tax Year 2003: \$193,538 Tax Year 2004: \$105,238	Discretionary					New industry or expansion must be in North Dakota.		(1) Primary sector businesses, and (2) Tourism businesses.	No	No	No	Project operator must provide notice to competitors prior to the application being considered by the State Board of Equalization.	State
Indian New Well - Oil Extraction Tax Exemption	No activity	Statutory							Oil and Gas Industry					State
Manufacturing Equipment Sales Tax Exemption	FY2004: \$3,338,589 FY2005: \$5,355,533	Statutory												State
ND SBIC Investment Tax Credit	No activity in the 2003 or 2004 tax year. <i>Note: With respect to investment activity, the ND SBIC investment tax credit program has been dormant since 1997. The ND SBIC is operational.</i>	Statutory	Yes	7 Years	No	No	North Dakota and upper Midwest and Great Plains regions. An eligible taxpayer is allowed the credit regardless of where the taxpayer is located.			No	Yes—see "Amount / Conditions" in this table.	No	Within thirty days of the date on which an investment is received by the corporation, it must complete and file with the North Dakota Office of State Tax Commissioner a ND Small Business Investment Company Investment Reporting Form. Two copies must be given to the taxpayer—one to be attached to the taxpayer's North Dakota tax return and one for the taxpayer's records.	State

INCENTIVE PROGRAM CURRENT 2/25/2006

Name	Program funds distributed July 1, 2003, to June 30, 2005 (or reduction in tax revenue)	How the program funds are dispersed	Carryforward feature? (if tax credit)	If "Yes" for Carryforward feature, carryforward term (if tax credit)	Refundable feature? (if tax credit)	Marketable feature? (if tax credit)	Location-specific (regional or North Dakota)	Location description	Targeted Industry— agriculture, farmer, manufacturer, etc.	Job requirement?	Investment requirement?	Wage requirement?	Additional requirements	Source category
New Jobs Training Program	\$4,146,554 were obligated during the 2003 - 2005 biennium	Discretionary										The new jobs created which qualify under a project must pay a minimum of \$7.50 per hour plus benefits within the first 12 months of employment by the new employee under the project. New jobs created which do not pay a minimum of \$7.50 per hour plus benefits within the first 12 months of employment and new jobs created which are not full-time would be excluded under the project.	To qualify, the employer must either be locating to the state or expanding employment within the state. A signed Preliminary Agreement or Final Agreement must be in place prior to the start date of any employees to be included under the project.	State
New Well - Oil Extraction Tax Exemption		Statutory							Oil and Gas Industry					State
North Dakota Development Fund	\$7,300,000	Discretionary					The "Primary Sector" business must be located in North Dakota or the business is owned by North Dakotans and the benefits of the businesses flows back to North Dakota		The Development Fund provides flexible "gap" financing through debt and equity investments for new or expanding "Primary Sector" businesses in North Dakota. The Development Fund through legislative intent and the century code can only invest in "Primary Sector" businesses in North Dakota	The North Dakota Development Fund advances funds based on \$10,000 per full time job for urban areas and \$20,000 per full time job in rural areas. The Development Fund also takes into consideration the economic impact the business has on the community and surrounding areas.	The principals of the business must have a minimum of 15% equity in the project.		Principal shareholders with 20% or greater ownership are generally required to guarantee the debt. Other shareholders may also be required to guarantee. All loans must be secured with a first or second mortgage in fixed assets, equipment, inventory, or other reasonable sources of available collateral. Refinancing of debt is not eligible.	State
North Dakota On-the-Job Training Program (OJT) - WIA		Discretionary												State
Oil and Gas Property Tax Incentives	0 No information available on property taxes that were not levied on this property.	Statutory					North Dakota	Property at the site of a producing oil or gas well	Oil and Gas Producers	0	0	0		0 State
Partnership in Assisting Community Expansion (PACE) Fund	State's share of Interest Buydown totaled \$5,359,451 with BND loan fundings of \$21,132,523	Discretionary					All in ND			North Dakota businesses must create one job for every \$75,000 of loan proceeds. A total of 574 jobs were created with this program for the 03-05 biennium.				State

INCENTIVE PROGRAM CURRENT 2/25/2006

Name	Program funds distributed July 1, 2003, to June 30, 2005 (or reduction in tax revenue)	How the program funds are dispersed	Carryforward feature? (if tax credit)	If "Yes" for Carryforward feature, carryforward term (if tax credit)	Refundable feature? (if tax credit)	Marketable feature? (if tax credit)	Location-specific (regional or North Dakota)	Location description	Targeted Industry— agriculture, farmer, manufacturer, etc.	Job requirement?	Investment requirement?	Wage requirement?	Additional requirements	Source category
Property Tax Exemption for New and Expanding Businesses	Not available—administered locally. No funds are distributed, but taxes that would have been paid by the property are not levied.	Discretionary					North Dakota		Any revenue-producing enterprise.	0	0	0		State
Public Finance Authority Industrial Revenue Bond Program	None	Discretionary	No		No	No	North Dakota		Must meet the IRS definition for small issue manufacturer.	No	Equity investment of 20%	No		State
Regional Rural Development Revolving Loan Fund		Discretionary					Yes	Rural Counties	Primary sector businesses.	Investment advances Rural: \$20,000 per full time employee. Urban: \$10,000 per full time employees				State
Renaissance Zone— Business or Investment Income Exemption	Individuals Tax Year 2003: \$95,671 Tax Year 2004: \$172,436 Corporations and Financial Institutions Tax Year 2003: \$111,630 Tax Year 2004: \$109,904	Discretionary				No <i>Note: If the taxpayer sells the property before the end of the five-year exemption period, and it is sold to another qualifying taxpayer, the buyer is eligible for the exemption for the unexpired portion of the five-year exemption period starting in the month of the sale.</i>	North Dakota	The property must be located in a designated renaissance zone in North Dakota.		No	Yes—see "Amount / Conditions" in this table.	No		State
Renaissance Zone— Business Purchase or Expansion Tax Credit	(See row 49 for the combined usage of all four Renaissance Zone tax credits in rows 44, 46, 47 and 49 of this spreadsheet.)	Discretionary	No		No	No <i>Note: If the taxpayer sells the property before the end of the five-year exemption period, and it is sold to another qualifying taxpayer, the buyer is eligible for the exemption for the unexpired portion of the five-year exemption period starting in the month of the sale.</i>	North Dakota	The property must be located in a designated renaissance zone in North Dakota.		No	Yes—see "Amount / Conditions" in this table.	No		State

INCENTIVE PROGRAM CURRENT 2/25/2006

Name	Program funds distributed July 1, 2003, to June 30, 2005 (or reduction in tax revenue)	How the program funds are dispersed	Carryforward feature? (if tax credit)	If "Yes" for Carryforward feature, carryforward term (if tax credit)	Refundable feature? (if tax credit)	Marketable feature? (if tax credit)	Location-specific (regional or North Dakota)	Location description	Targeted Industry— agriculture, farmer, manufacturer, etc.	Job requirement?	Investment requirement?	Wage requirement?	Additional requirements	Source category
Renaissance Zone— Historic Property Preservation or Renovation Tax Credit	(See row 49 for the combined usage of all four Renaissance Zone tax credits in rows 44, 46, 47 and 49 of this spreadsheet.)	Discretionary	Yes	5 Years	No	No	North Dakota	The property must be located in a designated renaissance zone in North Dakota.		No	Yes—see "Amount / Conditions" in this table.	No		State
Renaissance Zone— Primary Residence Tax Credit	(See row 49 for the combined usage of all four Renaissance Zone tax credits in rows 44, 46, 47 and 49 of this spreadsheet.)	Discretionary	No		No	No <i>Note: If the taxpayer sells the residence before the end of the five-year credit period, and it is sold to another qualifying individual, the buyer is eligible for the credit for the unexpired portion of the five-year credit period starting in the month of the sale.</i>	North Dakota	The residence must be located in a designated renaissance zone in North Dakota.		No	Yes—see "Amount / Conditions" in this table.	No		State
Renaissance Zone— Property Tax Exemption	Not available—locally administered. No funds are distributed but taxes that would have been paid by exempt property are not levied.	Discretionary					North Dakota	The property must be located in a designated renaissance zone in North Dakota.		No	Rehabilitation must cost a least 50% of current true and full value for commercial buildings and at least 20% for single family homes.	No	Single-family residential property does not include condominium or townhouse property.	State
Renaissance Zone— Renaissance Fund Organization Investment Tax Credit	Tax Year 2003: \$ 446,281 Tax Year 2004: \$3,157,199 (This the combined usage of all four RZ tax credits)	Discretionary	Yes	5 Years	No	No	North Dakota	RFO must be established by a city with designated renaissance zone.		No	Yes—see "Amount / Conditions" in this table.	No	Within thirty days of the date on which a qualifying payment is received by the RFO, it must complete a Renaissance Zone Investment Reporting Form and file a copy with the North Dakota Office of State Tax Commissioner. Two copies must be given to the taxpayer—one to be attached to the taxpayer's North Dakota tax return and one for the taxpayer's records. This form must also be filed to report a redemption of an investment made within ten years of the investment date by the original investor.	State

INCENTIVE PROGRAM CURRENT 2/25/2006

Name	Program funds distributed July 1, 2003, to June 30, 2005 (or reduction in tax revenue)	How the program funds are dispersed	Carryforward feature? (if tax credit)	If "Yes" for Carryforward feature, carryforward term (if tax credit)	Refundable feature? (if tax credit)	Marketable feature? (if tax credit)	Location-specific (regional or North Dakota)	Location description	Targeted Industry— agriculture, farmer, manufacturer, etc.	Job requirement?	Investment requirement?	Wage requirement?	Additional requirements	Source category
Research and Experimental Expenditures Credit	Tax Year 2003: Too few participants to disclose any statistics. Tax Year 2004: \$198,739	Statutory	Credit in excess of the taxpayer's liability for any taxable year may be carried back and forward. Excess credit must first be carried back 3 years, and then carried forward for up to 15 years. The amount of the credit carryback or carryforward may not exceed the taxpayer's liability in any year.	Credit must first be carried back 3 years, then forward 15 years.	No	No	Research must be conducted in ND and research expenditures incurred in ND.			No	No	No		State
Salary and Wage Tax Credit For New Industries	Too few participants to disclose any statistics	Discretionary	No		No	No	New industry must be in North Dakota.		New industry - see "Other definitions"	No	No	No	1. Taxpayer did not receive a property or income tax exemption under N.D.C.C. ch. 40-57.1; 2. Taxpayer was not created from a reorganization or acquisition of an existing North Dakota business; 3. Taxpayer qualifies as a "new industry".	State
Sales Tax Incentives		Statutory												State
Secondary Recovery Incremental Production - Oil Extraction Tax Exemption		Statutory							Oil and Gas Industry					State
Seed Capital Investment Tax Credit	Individuals: Tax Year 2003: \$388,268 Tax Year 2004: \$671,386 <i>Note: These numbers show the amount of tax credits claimed on individual income tax returns for the tax years shown.</i> <i>Note: This credit did not become available to corporations and limited liability companies until the 2005 tax year.</i>	Statutory	Yes	4 Years	No	No	Facility must be located in North Dakota. Credit is available to an eligible taxpayer regardless of where the taxpayer is located.		Any primary sector business.	No	Yes—see "Amount / Conditions" in this table.	No	Within thirty days of the date on which a qualifying payment is received by the corporation, it must complete a Qualified Seed Capital Business Investment Reporting Form and file a copy with both the North Dakota Office of State Tax Commissioner and the North Dakota Commerce Department's Division of Economic Development and Finance. Two copies must be given to the taxpayer—one to be attached to the taxpayer's North Dakota tax return and one for the taxpayer's records.	State

INCENTIVE PROGRAM CURRENT 2/25/2006

Name	Program funds distributed July 1, 2003, to June 30, 2005 (or reduction in tax revenue)	How the program funds are dispersed	Carryforward feature? (if tax credit)	If "Yes" for Carryforward feature, carryforward term (if tax credit)	Refundable feature? (if tax credit)	Marketable feature? (if tax credit)	Location-specific (regional or North Dakota)	Location description	Targeted Industry— agriculture, farmer, manufacturer, etc.	Job requirement?	Investment requirement?	Wage requirement?	Additional requirements	Source category
Shallow Gas - Gross Production Tax Exemption	FY 2004: \$ 27,825 FY 2005: \$176,581	Statutory							Oil and Gas Industry					State
Stripper Well - Oil Extraction Tax Exemption		Statutory							Oil and Gas Industry					State
Tax Credit for Charitable Contribution to Secondary or Higher Education	Individuals Tax Year 2003: \$1,546 Tax Year 2004: \$807 Corporations Tax Year 2003: \$33,411 Tax Year 2004: \$39,862 Financial Institutions Tax Year 2003: \$36,808 Tax Year 2004: \$25,581	Statutory	No		No	No	North Dakota	Educational institution must be located in North Dakota.	Nonprofit private institutions of secondary and higher education.	No	Yes—see "Amount / Conditions" in this table.	No		State
Tertiary Recovery Incremental Production - Oil Extraction Tax Exemption		Statutory							Oil and Gas Industry					State
Two-Year Inactive Well - Oil Extraction Tax Exemption		Statutory							Oil and Gas Industry					State

INCENTIVE PROGRAM CURRENT 2/25/2006

Name	Program funds distributed July 1, 2003, to June 30, 2005 (or reduction in tax revenue)	How the program funds are dispersed	Carryforward feature? (if tax credit)	If "Yes" for Carryforward feature, carryforward term (if tax credit)	Refundable feature? (if tax credit)	Marketable feature? (if tax credit)	Location-specific (regional or North Dakota)	Location description	Targeted Industry— agriculture, farmer, manufacturer, etc.	Job requirement?	Investment requirement?	Wage requirement?	Additional requirements	Source category
Venture Capital Corporation Investment Tax Credit	No activity in the 2003 or 2004 tax year. <i>Note: The venture capital corporation program under N.D.C.C. ch. 10-30.1 has been dormant since 1991, and is scheduled for sunset on August 1, 2007.</i>	Statutory	Yes	7 Years	No	No	Both the venture capital corporation and the small business must be located in North Dakota. Credit is available to an eligible taxpayer regardless of where the taxpayer is located.		Small businesses in North Dakota that add value to products for resale.	No	Yes—see "Amount / Conditions" in this table.	No	Within thirty days of the date on which an investment is received by the corporation, it must complete and file with the North Dakota Office of State Tax Commissioner a Venture Capital Corporation Investment Reporting Form. Two copies must be given to the taxpayer—one to be attached to the taxpayer's North Dakota tax return and one for the taxpayer's records.	State
Wind Turbine Electric Generation Property Tax Reduction	Not available. Taxes are levied and collected locally. No program funds are distributed.	Statutory					North Dakota		Generation of Electricity	0	0	0		State
Wind-Powered Electrical Generating Facilities Sales and Use Tax Exemption		Statutory												State

INCENTIVE PROGRAM CURRENT 2/25/2006

Name	Program funds distributed July 1, 2003, to June 30, 2005 (or reduction in tax revenue)	How the program funds are dispersed	Carryforward feature? (if tax credit)	If "Yes" for Carryforward feature, carryforward term (if tax credit)	Refundable feature? (if tax credit)	Marketable feature? (if tax credit)	Location-specific (regional or North Dakota)	Location description	Targeted Industry— agriculture, farmer, manufacturer, etc.	Job requirement?	Investment requirement?	Wage requirement?	Additional requirements	Source category
Workforce 20/20 Program	\$1,066,729 were obligated and expended during the 2003 - 2005 biennium	Discretionary					North Dakota businesses and North Dakota residents who are employed by the businesses are eligible.		Manufacturing and Production industries are the targeted industries. The exception th these industries are those businesses that are new within the state, or those who are operating within the state and are expanding significantly.	Job positions for which retraining is planned must be positions intended by the employer to exist on an ongoing basis with no planned termination date. Employees in the position must be employed on an ongoing basis with no planned termination date, and must receive monthly financial compensation for a minimum of nine months each year. Training is available only to individuals who are North Dakota residents and who are eligible employees of the business.	The business is expected to invest half the overall investments in the training. This investment can be in the form of salary benefits, and other costs involved in the training of employees.			State
Work-Over Well - Oil Extraction Tax Exemption		Statutory							Oil and Gas Industry					State

INCENTIVE PROGRAM CURRENT 2/25/2006

Name	Source 1	Source 2	Other definitions	Effective date	Sunset date	Additional guidance
Agricultural Commodity Processing Facility Investment Tax Credit	Division of Economic Development and Finance North Dakota Department of Commerce 1600 East Century Avenue, Suite 2 Bismarck, ND 58503 Phone : 701-328-5300 E-mail : commerce@state.nd.us Fax : 701-328-5320 Web : www.growingnd.com	North Dakota Office of State Tax Commissioner 600 East Boulevard Avenue, Dept. 127 Bismarck, ND 58505-0599 Phone— Corporation Income Tax Section : 701-328-2045 Individual Income Tax Section : 701-328-1032 TTY: (800) 366-6888 (Relay ND) E-mail— Corporation Income Tax Section : corptax@state.nd.us Individual Income Tax Section : individualtax@state.nd.us Fax : 701-328-1942 Web : www.nd.gov/tax		Created in 2001. Amended in 2005. Current provisions effective for certifications of businesses and investments made on or after January 1, 2005.		
Agricultural Processing Plant Construction Materials Sales and Use Tax Exemption	North Dakota Office of State Tax Commissioner 600 East Boulevard Avenue, Dept. 127 Bismarck, ND 58505-0599 Phone— (701) 328-3470 TTY: (800) 366-6888 (Relay ND) E-mail: saletax@state.nd.us Fax: 701-328-1942 www.nd.gov/tax					SB 2281
Agricultural Products Utilization Commission (APUC) Grants	Agricultural Products Utilization Commission PO Box 2057 Bismarck, ND 58502-2057 John F. Schneider 701-328-5350 jfschneider@state.nd.us or Inez Ryberg 701-328-5318 iryberg@state.nd.us					
Bank of North Dakota (BND) Beginning Entrepreneur Loan Guaranty Program	Bank of North Dakota 700 East Main Ave PO Box 5509 Bismarck ND 58502-5509 (701) 328-5671 1-800-472-2166 ext. 5671					

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Name	Source 1	Source 2	Other definitions	Effective date	Sunset date	Additional guidance
Bank of North Dakota (BND) Match Program	Bank of North Dakota 700 East Main Ave PO Box 5509 Bismarck ND 58502-5509 (701) 328-5671 1-800-472-2166 ext. 5671		Manufacturing, processing and value added industries.	8/1/1999	None	
Beginning Entrepreneur Income Tax Deductions	North Dakota Office of State Tax Commissioner 600 East Boulevard Avenue, Dept. 127 Bismarck, ND 58505-0599 Phone— Corporation Income Tax Section : 701-328-2045 Individual Income Tax Section : 701-328-1032 TTY: (800) 366-6888 (Relay ND) E-mail— Corporation Income Tax Section : corptax@state.nd.us Individual Income Tax Section : individualtax@state.nd.us Fax : 701-328-1942 Web : www.nd.gov/tax			Created in 1981. Amended in 1987, 2001, and 2005. Last substantive change was made in 1987, effective as of August 1, 1987. <i>(Amendments in 2001 and 2005 were technical changes that did not affect the program.)</i>		
Biodiesel Blending Fuel Tax Credit	Office of State Tax Commissioner Cory Fong, Commissioner 600 E Boulevard Ave., Dept. 127 Bismarck ND 58505-0599 Phone: (701) 328-2770 TTY: (800) 366-6888 (Relay ND) E-mail: taxinfo@state.nd.us www.nd.gov/tax/			For taxable years beginning after 12/31/2004	No	
Biodiesel Production Equipment Costs Tax Credit	Office of State Tax Commissioner Cory Fong, Commissioner 600 E Boulevard Ave., Dept. 127 Bismarck ND 58505-0599 Phone: (701) 328-2770 TTY: (800) 366-6888 (Relay ND) E-mail: taxinfo@state.nd.us www.nd.gov/tax/			Taxable year when corporation begins production or blending of at least 2% biodiesel fuel	No	
Biodiesel Sales Equipment Costs Tax Credit	Office of State Tax Commissioner Cory Fong, Commissioner 600 E Boulevard Ave., Dept. 127 Bismarck ND 58505-0599 Phone: (701) 328-2770 TTY: (800) 366-6888 (Relay ND) E-mail: taxinfo@state.nd.us www.nd.gov/tax/			Taxable year when seller begins selling at least 2% biodiesel fuel	No	

INCENTIVE PROGRAM CURRENT 2/25/2006

Name	Source 1	Source 2	Other definitions	Effective date	Sunset date	Additional guidance
Certified Nonprofit Development Corporation Investment Tax Credit	North Dakota Secretary of State 600 East Boulevard Avenue, Dept. 108 Bismarck, ND 58505-0500 Phone : 701-328-2900 Toll-free : 800-352-0867 (Ext. 8-4284) E-mail : sosbir@state.nd.us Fax : 701-328-2992 Web : www.nd.gov/sos	North Dakota Office of State Tax Commissioner 600 East Boulevard Avenue, Dept. 127 Bismarck, ND 58505-0599 Phone— Corporation Income Tax Section : 701-328-2045 Individual Income Tax Section : 701-328-1032 TTY: (800) 366-6888 (Relay ND) E-mail— Corporation Income Tax Section : corptax@state.nd.us Individual Income Tax Section : individualtax@state.nd.us Fax : 701-328-1942 Web : www.nd.gov/tax		Created in 1989, effective for tax years beginning on or after January 1, 1989.		
Coal Conversion Facilities Privilege Tax Exemption for New Plants	Office of State Tax Commissioner Cory Fong, Commissioner 600 E Boulevard Ave., Dept. 127 Bismarck ND 58505-0599 Phone: (701) 328-2770 TTY: (800) 366-6888 (Relay ND) E-mail: taxinfo@state.nd.us www.ndtaxdepartment.com		Coal conversion facility means an electrical generating plant which processes or converts coal into electrical power and has at least one single electrical generation unit with a capacity of 10,000 kilowatts or more; a plant designed for coal beneficiation; a plant that processes or converts coal into a form substantially different in chemical or physical properties and uses or is designed to use over 500,000 tons of coal per year; and a gas-fired electrical generating facility which consumes gas produced by conversion of lignite from its natural form into gas and has a capacity of 10,000 kilowatts or more.			
Coal Severance Tax Exemption for coal used in agricultural processing or sugar beet refining plants	Office of State Tax Commissioner Cory Fong, Commissioner 600 E Boulevard Ave., Dept. 127 Bismarck ND 58505-0599 Phone: (701) 328-2770 TTY: (800) 366-6888 (Relay ND) E-mail: taxinfo@state.nd.us www.ndtaxdepartment.com					
Coal Severance Tax Exemption for coal used primarily for heating buildings in this state or used by the state or a political subdivision of the state	Office of State Tax Commissioner Cory Fong, Commissioner 600 E Boulevard Ave., Dept. 127 Bismarck ND 58505-0599 Phone: (701) 328-2770 TTY: (800) 366-6888 (Relay ND) E-mail: taxinfo@state.nd.us www.ndtaxdepartment.com					
Coal Severance Tax Reduction for coal mined for out-of-state shipment	Office of State Tax Commissioner Cory Fong, Commissioner 600 E Boulevard Ave., Dept. 127 Bismarck ND 58505-0599 Phone: (701) 328-2770 TTY: (800) 366-6888 (Relay ND) E-mail: taxinfo@state.nd.us www.ndtaxdepartment.com					
Coal Severance Tax Reduction for coal to be burned in a cogeneration facility	Office of State Tax Commissioner Cory Fong, Commissioner 600 E Boulevard Ave., Dept. 127 Bismarck ND 58505-0599 Phone: (701) 328-2770 TTY: (800) 366-6888 (Relay ND) E-mail: taxinfo@state.nd.us www.ndtaxdepartment.com					
Commercial and Residential Building Improvement Property Tax Exemption	Office of State Tax Commissioner Cory Fong, Commissioner 600 E Boulevard Ave., Dept. 127 Bismarck ND 58505-0599 Phone: (701) 328-2770 TTY: (800) 366-6888 (Relay ND) E-mail: taxinfo@state.nd.us www.ndtaxdepartment.com					

INCENTIVE PROGRAM CURRENT 2/25/2006

Name	Source 1	Source 2	Other definitions	Effective date	Sunset date	Additional guidance
Community Development Block Grants	North Dakota Department of Commerce 1600 E Century Ave, Ste 2 PO Box 2057 Bismarck ND Y4858503-2057 Phone: (701) 328-5300 E-mail: commerce@state.nd.us Linda Butts, Director - Economic Development & Finance Division lbutts@state.nd.us	North Dakota Division of Community Services 1600 E Century Ave Suite, 2 PO Box 2057 Bismarck, ND 58503-2057 (701) 328-5300 Phone (701) 328-2308 Fax	"Primary sector" means any business of which at least 70 percent of operating revenues represent new wealth in this state or which generates at least five million dollars in new wealth annually in this state. "Retail Sector" means those businesses involved in the direct sale of goods, commodities, activities, or services to the consumer. Retail also included tourism related activities.	Must apply annually to HUD for funding		
Computer and Telecommunications Equipment Sales Tax Exemption	North Dakota Office of State Tax Commissioner 600 East Boulevard Avenue, Dept. 127 Bismarck, ND 58505-0599 Phone— (701) 328-3470 TTY: (800) 366-6888 (Relay ND) E-mail: saletax@state.nd.us Fax: 701-328-1942 www.nd.gov/tax		"Primary sector" means any business of which at least 70 percent of operating revenues represent new wealth in this state or which generates at least five million dollars in new wealth annually in this state.			
Deduction for Investment in North Dakota Venture Capital Corporation	North Dakota Secretary of State 600 East Boulevard Avenue, Dept. 108 Bismarck, ND 58505-0500 Phone : 701-328-2900 Toll-free : 800-352-0867 (Ext. 8-4284) E-mail : sosbir@state.nd.us Fax : 701-328-2992 Web : www.nd.gov/sos	North Dakota Office of State Tax Commissioner 600 East Boulevard Avenue, Dept. 127 Bismarck, ND 58505-0599 Phone— Corporation Income Tax Section : 701-328-2045 Individual Income Tax Section : 701-328-1032 TTY: (800) 366-6888 (Relay ND) E-mail— Corporation Income Tax Section : corptax@state.nd.us Individual Income Tax Section : individualtax@state.nd.us Fax : 701-328-1942 Web : www.nd.gov/tax		Created in 1985. Amended in 1987, 1989, 1991, 1993, 1999, 2001, and 2005. Current provisions effective as of August 1, 2001. Note: The 2005 change set a sunset on the provisions effective on August 1, 2007.	August 1, 2007.	

INCENTIVE PROGRAM CURRENT 2/25/2006

Name	Source 1	Source 2	Other definitions	Effective date	Sunset date	Additional guidance
Disabled Employee Tax Credit	North Dakota Office of State Tax Commissioner 600 East Boulevard Avenue, Dept. 127 Bismarck, ND 58505-0599 Phone— Corporation Income Tax Section : 701-328-2045 Individual Income Tax Section : 701-328-1032 TTY: (800) 366-6888 (Relay ND) E-mail— Corporation Income Tax Section : corptax@state.nd.us Individual Income Tax Section : individualtax@state.nd.us Fax : 701-328-1942 Web : www.nd.gov/tax			Created in 1987. Current provisions are effective for tax years beginning on or after January 1, 1987.		
Financial Institutions Credit for Contributions to Rural Leadership Program	Office of State Tax Commissioner Cory Fong, Commissioner 600 E Boulevard Ave., Dept. 127 Bismarck ND 58505-0599 Phone: (701) 328-2770 TTY: (800) 366-6888 (Relay ND) E-mail: taxinfo@state.nd.us www.nd.gov/tax/			Taxable years beginning after December 31, 2004	None	
Geothermal, Solar, or Wind Energy Device Tax Credit	North Dakota Office of State Tax Commissioner 600 East Boulevard Avenue, Dept. 127 Bismarck, ND 58505-0599 Phone— Corporation Income Tax Section : 701-328-2045 Individual Income Tax Section : 701-328-1032 TTY: (800) 366-6888 (Relay ND) E-mail— Corporation Income Tax Section : corptax@state.nd.us Individual Income Tax Section : individualtax@state.nd.us Fax : 701-328-1942 Web : www.nd.gov/tax			Created in 1977. Amended in 1981, 2001, and 2005. Current provisions effective for tax years beginning on or after January 1, 2005.	January 1, 2011. To qualify, the device must be installed before this date.	
Geothermal, Solar, or Wind Energy Property Tax Exemption	Local assessors	Office of State Tax Commissioner Cory Fong, Commissioner 600 E Boulevard Ave., Dept. 127 Bismarck ND 58505-0599 Phone (701) 328-2770 TTY (800)366-6888 (Relay ND) E-mail: taxinfo@state.nd.us www.ndtaxdepartment.com				
Geothermal, Solar, or Wind Energy Sales and Use Tax Exemption	North Dakota Office of State Tax Commissioner 600 East Boulevard Avenue, Dept. 127 Bismarck, ND 58505-0599 Phone— (701) 328-3470 TTY: (800) 366-6888 (Relay ND) E-mail: saletax@state.nd.us Fax: 701-328-1942 www.nd.gov/tax	Also look into the "Energy Efficiency and Renewable Energy Programs" administered by— Division of Community Services North Dakota Department of Commerce 1600 East Century Avenue, Suite 2 Bismarck, ND 58503 Phone: 701-328-5300 E-mail: dcs@state.nd.us Fax: 701-328-5320 Web: www.nd.gov/dcs				
Historic Property Tax Abatement	Historical Society, 701.328.2666, www.state.nd.us/hist					

INCENTIVE PROGRAM CURRENT 2/25/2006

Name	Source 1	Source 2	Other definitions	Effective date	Sunset date	Additional guidance
Horizontal Reentry Well - Oil Extraction Tax Exemption	Office of State Tax Commissioner Cory Fong, Commissioner 600 E Boulevard Ave., Dept. 127 Bismarck ND 58505-0599 Phone: (701) 328-2770 TTY: (800) 366-6888 (Relay ND) E-mail: taxinfo@state.nd.us www.nd.gov/tax		"Horizontal reentry well" means a well that was not initially drilled and completed as a horizontal well, including any well initially plugged and abandoned as a dry hole, which is reentered and recompleted as a horizontal well.			
Hotel Tax Exemption	North Dakota Office of State Tax Commissioner 600 East Boulevard Avenue, Dept. 127 Bismarck, ND 58505-0599 Phone— (701) 328-3470 TTY: (800) 366-6888 (Relay ND) E-mail: saletax@state.nd.us Fax: 701-328-1942 www.nd.gov/tax					
Income Tax Exemption for New and Expanding Businesses	Office of State Tax Commissioner Cory Fong, Commissioner 600 E Boulevard Ave., Dept. 127 Bismarck ND 58505-0599 Phone: (701) 328-2770 TTY: (800) 366-6888 (Relay ND) E-mail: taxinfo@state.nd.us www.nd.gov/tax/		Primary sector business (employing knowledge or labor that adds value to a product, process, or service that results in the creation of new wealth) or tourism (all tourism related businesses and activities, including recreation, historica and cultural events, guide services, and unique lodging and food services which serve as destination attractions).		None	
Indian New Well - Oil Extraction Tax Exemption	Office of State Tax Commissioner Cory Fong, Commissioner 600 E Boulevard Ave., Dept. 127 Bismarck ND 58505-0599 Phone: (701) 328-2770 TTY: (800) 366-6888 (Relay ND) E-mail: taxinfo@state.nd.us www.nd.gov/tax					
Manufacturing Equipment Sales Tax Exemption	North Dakota Office of State Tax Commissioner 600 East Boulevard Avenue, Dept. 127 Bismarck, ND 58505-0599 Phone— (701) 328-3470 TTY: (800) 366-6888 (Relay ND) E-mail: saletax@state.nd.us Fax: 701-328-1942 www.nd.gov/tax		Manufacturing, Agricultural Processing, Recycling			
ND SBIC Investment Tax Credit	North Dakota Office of State Tax Commissioner 600 East Boulevard Avenue, Dept. 127 Bismarck, ND 58505-0599 Phone— Corporation Income Tax Section : 701-328-2045 Individual Income Tax Section : 701-328-1032 TTY: (800) 366-6888 (Relay ND) E-mail— Corporation Income Tax Section : corptax@state.nd.us Individual Income Tax Section : individualtax@state.nd.us Fax : 701-328-1942 Web : www.nd.gov/tax	North Dakota Small Business Investment Company, L.P. 51 Broadway North, Suite 500 Fargo, ND 58102-4933 Phone : 701-298-0003 Fax : 701-293-7819		The Myron G. Nelson Fund, Inc., Investment Tax Credit program was created in 1987, and was amended in 1989, 1993, and 1995. The last substantive changes were made in 1995 when the Myron G. Nelson Fund, Inc., was discontinued and its assets were transferred to the newly created North Dakota Small Business Investment Company, L.P. Technical changes were made in 1997. Current provisions are effective for tax years beginning on or after January 1, 1997. Note: The 2005 change set a sunset on the provisions effective on August 1, 2007.	August 1, 2007.	

INCENTIVE PROGRAM CURRENT 2/25/2006

Name	Source 1	Source 2	Other definitions	Effective date	Sunset date	Additional guidance
New Jobs Training Program	Job Service North Dakota Workforce Solutions P.O. Box 5507 Bismarck, North Dakota 58506-5507		"Primary sector business" means an employer engaged in locating to or in this state which previously had no presence in this state, or in expanding its operations within this state, which through the employment of knowledge or labor, adds value to a product, process, or export service that results in the creation of new wealth, excluding production agriculture, if it meets the following eligibility criteria: a. An employer entering into an agreement, and increasing its base employment level by at least one employee, or in the case of an employer without an established base employment level in this state creating at least five employees, within the time set in the agreement, is entitled to the new jobs credit from withholding. b. An employer must have an economically productive and socially desirable purpose within the state. c. An employer must not be closing or reducing its operation in one area of the state and relocating substantially the same operation in another area.			
New Well - Oil Extraction Tax Exemption	Office of State Tax Commissioner Cory Fong, Commissioner 600 E Boulevard Ave., Dept. 127 Bismarck ND 58505-0599 Phone: (701) 328-2770 TTY: (800) 366-6888 (Relay ND) E-mail: taxinfo@state.nd.us www.nd.gov/tax		1. A new vertical well and a new horizontal well exemption starts with the date the well was completed. 2. The fifteen-month and twenty-four month exempt periods run consecutively from the date the well is completed even though all or a portion of the new well exemption may be rendered ineffective by the oil price trigger discussed below. 3. Only one new well exemption is allowed per well bore. The well bore of a horizontal well consists of both the vertical and horizontal segments.			
North Dakota Development Fund	North Dakota Development Fund Dean Reese CEO, ND Development Fund 701-328-5310 dreese@state.nd.us		"Primary sector business" means an individual, corporation, limited liability company, partnership, or association which through the employment of knowledge or labor adds value to a product, process, or service that results in the creation of new wealth. The term includes tourism but does not include production agriculture.			
North Dakota On-the-Job Training Program (OJT) - WIA	Job Service North Dakota Workforce Solutions P.O. Box 5507 Bismarck, ND 58506-5507					
Oil and Gas Property Tax Incentives	Office of State Tax Commissioner Cory Fong, Commissioner 600 E Boulevard Ave., Dept. 127 Bismarck ND 58505-0599 Phone: (701) 328-2770 TTY: (800) 366-6888 (Relay ND) E-mail: taxinfo@state.nd.us www.ndtaxdepartment.com					
Partnership in Assisting Community Expansion (PACE) Fund	Bank of North Dakota 700 East Main Ave PO Box 5509 Bismarck ND 58502-5509 (701) 328-5671 1-800-472-2166 ext. 5671			8/1/1990	None	

INCENTIVE PROGRAM CURRENT 2/25/2006

Name	Source 1	Source 2	Other definitions	Effective date	Sunset date	Additional guidance
Property Tax Exemption for New and Expanding Businesses						
Public Finance Authority Industrial Revenue Bond Program	Department of Economic Development and Finance		For this program, eligible projects must meet the Internal Revenue Code's definition of small issue Manufacturing/processing facilities.	1-Aug-05	30-Jun-05	
Regional Rural Development Revolving Loan Fund	North Dakota Development Fund					
Renaissance Zone— Business or Investment Income Exemption	Division of Community Services North Dakota Department of Commerce 1600 East Century Avenue, Suite 2 Bismarck, ND 58503 Phone : 701-328-5300 E-mail : dcs@state.nd.us Fax : 701-328-5320 Web : www.nd.gov/dcs	North Dakota Office of State Tax Commissioner 600 East Boulevard Avenue, Dept. 127 Bismarck, ND 58505-0599 Phone— Corporation Income Tax Section : 701-328-2045 Individual Income Tax Section : 701-328-1032 TTY: (800) 366-6888 (Relay ND) E-mail— Corporation Income Tax Section : corptax@state.nd.us Individual Income Tax Section : individualtax@state.nd.us Fax : 701-328-1942 Web : www.nd.gov/tax		Created in 1999. Amended in 2001, 2003, and 2005. Change in 2005 was a technical change that did not affect the substantive application of the law. Current provisions (excluding 2005 change) effective as of August 1, 2003.		See the following published guidelines: Division of Community Services North Dakota Renaissance Zone Program (Web address— http://www.nd.gov/dcs/community/docs/renpds.pdf) Office of State Tax Commissioner Renaissance Zone Act Tax Incentives Guideline (Web address— http://www.nd.gov/tax/genpubs/renaissance.pdf)
Renaissance Zone— Business Purchase or Expansion Tax Credit	Division of Community Services North Dakota Department of Commerce 1600 East Century Avenue, Suite 2 Bismarck, ND 58503 Phone : 701-328-5300 E-mail : dcs@state.nd.us Fax : 701-328-5320 Web : www.nd.gov/dcs	North Dakota Office of State Tax Commissioner 600 East Boulevard Avenue, Dept. 127 Bismarck, ND 58505-0599 Phone— Corporation Income Tax Section : 701-328-2045 Individual Income Tax Section : 701-328-1032 E-mail— Corporation Income Tax Section : corptax@state.nd.us Individual Income Tax Section : individualtax@state.nd.us Fax : 701-328-1942 Web : www.nd.gov/tax		Created in 1999. Amended in 2001, 2003, and 2005. Change in 2005 was a technical change that did not affect the substantive application of the law. Current provisions (excluding 2005 change) effective as of August 1, 2003.		See the following published guidelines: Division of Community Services North Dakota Renaissance Zone Program (Web address— http://www.nd.gov/dcs/community/docs/renpds.pdf) Office of State Tax Commissioner Renaissance Zone Act Tax Incentives Guideline (Web address— http://www.nd.gov/tax/genpubs/renaissance.pdf)

INCENTIVE PROGRAM CURRENT 2/25/2006

Name	Source 1	Source 2	Other definitions	Effective date	Sunset date	Additional guidance
Renaissance Zone— Historic Property Preservation or Renovation Tax Credit	Division of Community Services North Dakota Department of Commerce 1600 East Century Avenue, Suite 2 Bismarck, ND 58503 Phone : 701-328-5300 E-mail : dcs@state.nd.us Fax : 701-328-5320 Web : www.nd.gov/dcs	North Dakota Office of State Tax Commissioner 600 East Boulevard Avenue, Dept. 127 Bismarck, ND 58505-0599 Phone— Corporation Income Tax Section : 701-328-2045 Individual Income Tax Section : 701-328-1032 TTY: (800) 366-6888 (Relay ND) E-mail— Corporation Income Tax Section : corptax@state.nd.us Individual Income Tax Section : individualtax@state.nd.us Fax : 701-328-1942 Web : www.nd.gov/tax		Created in 1999. Amended in 2001, 2003, and 2005. Change in 2005 was a technical change that did not affect the substantive application of the law. Current provisions (excluding 2005 change) effective as of August 1, 2003.		See the following published guidelines: Division of Community Services North Dakota Renaissance Zone Program (Web address— http://www.nd.gov/dcs/community/docs/renpds.pdf) Office of State Tax Commissioner Renaissance Zone Act Tax Incentives Guideline (Web address— http://www.nd.gov/tax/genpubs/renaissance.pdf)
Renaissance Zone— Primary Residence Tax Credit	Division of Community Services North Dakota Department of Commerce 1600 East Century Avenue, Suite 2 Bismarck, ND 58503 Phone : 701-328-5300 E-mail : dcs@state.nd.us Fax : 701-328-5320 Web : www.nd.gov/dcs	North Dakota Office of State Tax Commissioner 600 East Boulevard Avenue, Dept. 127 Bismarck, ND 58505-0599 Phone— Corporation Income Tax Section : 701-328-2045 Individual Income Tax Section : 701-328-1032 TTY: (800) 366-6888 (Relay ND) E-mail— Corporation Income Tax Section : corptax@state.nd.us Individual Income Tax Section : individualtax@state.nd.us Fax : 701-328-1942 Web : www.nd.gov/tax		Created in 1999. Amended in 2001, 2003, and 2005. Change in 2005 was a technical change that did not affect the substantive application of the law. Current provisions (excluding 2005 change) effective as of August 1, 2003.		See the following published guidelines: Division of Community Services North Dakota Renaissance Zone Program (Web address— http://www.nd.gov/dcs/community/docs/renpds.pdf) Office of State Tax Commissioner Renaissance Zone Act Tax Incentives Guideline (Web address— http://www.nd.gov/tax/genpubs/renaissance.pdf)
Renaissance Zone— Property Tax Exemption	Local renaissance zone authority or city assessor. Division of Community Services North Dakota Department of Commerce 1600 East Century Avenue, Suite 2 Bismarck, ND 58503 Phone : 701-328-5300 E-mail : dcs@state.nd.us Fax : 701-328-5320 Web : www.nd.gov/dcs	State Board of Equalization North Dakota Office of State Tax Commissioner 600 East Boulevard Avenue, Dept. 127 Bismarck, ND 58505-0599 Phone— Property Tax Section : 701-328-3127 TTY: (800) 366-6888 (Relay ND) E-mail : taxinfo@state.nd.us Fax : 701-328-3700 Web : www.nd.gov/tax				S.L. 2003, ch. 350, §§ 1 and 2; S.L. 2003, ch. 351, § 1
Renaissance Zone— Renaissance Fund Organization Investment Tax Credit	Division of Community Services North Dakota Department of Commerce 1600 East Century Avenue, Suite 2 Bismarck, ND 58503 Phone : 701-328-5300 E-mail : dcs@state.nd.us Fax : 701-328-5320 Web : www.nd.gov/dcs	North Dakota Office of State Tax Commissioner 600 East Boulevard Avenue, Dept. 127 Bismarck, ND 58505-0599 Phone— Corporation Income Tax Section : 701-328-2045 Individual Income Tax Section : 701-328-1032 TTY: (800) 366-6888 (Relay ND) E-mail— Corporation Income Tax Section : corptax@state.nd.us Individual Income Tax Section : individualtax@state.nd.us Fax : 701-328-1942 Web : www.nd.gov/tax	A renaissance fund organization is exempt from tax under N.D.C.C. ch. 57-35.3 (relating to the financial institution tax) and N.D.C.C. ch. 57-38 (relating to the income tax). However, a renaissance fund organization is not exempted from any requirement to file a return under either chapter. If a renaissance fund organization is an employer, the exemption also does not apply to any income tax withholding requirement under N.D.C.C. ch. 57-38. If a renaissance fund organization is a partnership, S corporation, or other passthrough entity, the exemption is passed through to the entity's owners. At the owner level, the exemption operates to exempt any income passed through to the owner by the entity. If a renaissance fund organization receives investments for which the additional 2.5 million of tax credits are allowed, the renaissance fund organization may use no more than 50 percent of the investments to invest in an area located outside a renaissance zone. For this purpose, the "original \$2.5 million" of tax credits means the amount of tax credits originally allowed by law when the renaissance zone law was enacted in 1999.	Created in 1999. Amended in 2001, 2003, and 2005. Change in 2005 was a technical change that did not affect the substantive application of the law. Current provisions (excluding 2005 change) effective as of August 1, 2003.		See the following published guidelines: Division of Community Services North Dakota Renaissance Zone Program (Web address— http://www.nd.gov/dcs/community/docs/renpds.pdf) Office of State Tax Commissioner Renaissance Zone Act Tax Incentives Guideline (Web address— http://www.nd.gov/tax/genpubs/renaissance.pdf)

INCENTIVE PROGRAM CURRENT 2/25/2006

Name	Source 1	Source 2	Other definitions	Effective date	Sunset date	Additional guidance
Research and Experimental Expenditures Credit	Office of State Tax Commissioner Cory Fong, Commissioner 600 E Boulevard Ave., Dept. 127 Bismarck ND 58505-0599 Phone: (701) 328-2770 TTY: (800) 366-6888 (Relay ND) E-mail: taxinfo@state.nd.us www.nd.gov/tax/			Taxable years beginning after December 31, 1987	None	
Salary and Wage Tax Credit For New Industries	Office of State Tax Commissioner Cory Fong, Commissioner 600 E Boulevard Ave., Dept. 127 Bismarck ND 58505-0599 Phone: (701) 328-2770 TTY: (800) 366-6888 (Relay ND) E-mail: taxinfo@state.nd.us www.nd.gov/tax/		New industry is defined as a corporate enterprise engaged in assembling, fabricating, manufacturing, mixing, or processing of any agricultural, mineral, or manufactured products or any combination thereof.		None	
Sales Tax Incentives	North Dakota Office of State Tax Commissioner 600 East Boulevard Avenue, Dept. 127 Bismarck, ND 58505-0599 Phone— (701) 328-3470 TTY: (800) 366-6888 (Relay ND) E-mail: saletax@state.nd.us Fax: 701-328-1942 www.nd.gov/tax					
Secondary Recovery Incremental Production - Oil Extraction Tax Exemption	Office of State Tax Commissioner Cory Fong, Commissioner 600 E Boulevard Ave., Dept. 127 Bismarck ND 58505-0599 Phone: (701) 328-2770 TTY: (800) 366-6888 (Relay ND) E-mail: taxinfo@state.nd.us www.nd.gov/tax		"Qualifying secondary recovery project" means a project employing water flooding. To be eligible for the tax reduction provided under section 57-51.1-02, a secondary recovery project must be certified as qualifying by the industrial commission and the project operator must have achieved for six consecutive months an average production level of at least twenty-five percent above the level that would have been recovered under normal recovery operations. To be eligible for the tax exemption provided under section 57-51.1-03 and subsequent thereto the rate reduction provided under section 57-51.1-02, a secondary recovery project must be certified as qualifying by the industrial commission and the project operator must have obtained incremental production as defined in subsection 5 of section 57-51.1-03.			
Seed Capital Investment Tax Credit	Division of Economic Development and Finance North Dakota Department of Commerce 1600 East Century Avenue, Suite 2 Bismarck, ND 58503 Phone : 701-328-5300 E-mail : commerce@state.nd.us Fax : 701-328-5320 Web : www.ndcommerce.com	North Dakota Office of State Tax Commissioner 600 East Boulevard Avenue, Dept. 127 Bismarck, ND 58505-0599 Phone— Corporation Income Tax Section : 701-328-2045 Individual Income Tax Section : 701-328-1032 TTY: (800) 366-6888 (Relay ND) E-mail— Corporation Income Tax Section : corptax@state.nd.us Individual Income Tax Section : individualtax@state.nd.us Fax : 701-328-1942 Web : www.nd.gov/tax		Created in 1993. Amended in 1997, 2001, and 2005. Current provisions effective for taxable years beginning on or after January 1, 2005. Note: The provision limiting the tax credit to the first \$500,000 of eligible investments in a qualified business applies to qualified businesses certified on or after January 1, 2005.		

INCENTIVE PROGRAM CURRENT 2/25/2006

Name	Source 1	Source 2	Other definitions	Effective date	Sunset date	Additional guidance
Shallow Gas - Gross Production Tax Exemption	Office of State Tax Commissioner Cory Fong, Commissioner 600 E Boulevard Ave., Dept. 127 Bismarck ND 58505-0599 Phone: (701) 328-2770 TTY: (800) 366-6888 (Relay ND) E-mail: taxinfo@state.nd.us www.nd.gov/tax		Shallow gas" means gas produced from a gas well completed in or producing from a shallow gas zone, as certified to the tax commissioner by the industrial commission. "Shallow gas zone" means strata of formation, including lignite or coal strata or seam, located above the depth of five thousand feet [1524 meters] below the surface, or located more than five thousand [1524 meters] below the surface but above the top of the Rierdon formation, from which gas is or may be produced.			
Stripper Well - Oil Extraction Tax Exemption	Office of State Tax Commissioner Cory Fong, Commissioner 600 E Boulevard Ave., Dept. 127 Bismarck ND 58505-0599 Phone: (701) 328-2770 TTY: (800) 366-6888 (Relay ND) E-mail: taxinfo@state.nd.us www.nd.gov/tax		"Stripper well property" means a "property" whose average daily production of oil, excluding condensate recovered in nonassociated production, per well did not exceed ten barrels per day for wells of a depth of six thousand feet [1828.80 meters] or less, fifteen barrels per day for wells of a depth of more than six thousand feet [1828.80 meters] but not more than ten thousand feet [3048 meters], and thirty barrels per day for wells of a depth of more than ten thousand feet [3048] meters during any preceding consecutive twelve-month period. Wells which did not actually yield or produce oil during the qualifying twelve-month period, including disposal wells, dry wells, spent wells, and shut-in wells, are not production wells for the purpose of determining whether the stripper well property exemption applies.			
Tax Credit for Charitable Contribution to Secondary or Higher Education	North Dakota Office of State Tax Commissioner 600 East Boulevard Avenue, Dept. 127 Bismarck, ND 58505-0599 Phone— Corporation Income Tax Section : 701-328-2045 Individual Income Tax Section : 701-328-1032 TTY: (800) 366-6888 (Relay ND) E-mail— Corporation Income Tax Section : corptax@state.nd.us Individual Income Tax Section : individualtax@state.nd.us Fax : 701-328-1942 Web : www.nd.gov/tax			Created in 1975. Amended in 1979, 1981, and 1983. Current provisions effective for tax years beginning on or after January 1, 1983.		
Tertiary Recovery Incremental Production - Oil Extraction Tax Exemption	Office of State Tax Commissioner Cory Fong, Commissioner 600 E Boulevard Ave., Dept. 127 Bismarck ND 58505-0599 Phone: (701) 328-2770 TTY: (800) 366-6888 (Relay ND) E-mail: taxinfo@state.nd.us www.nd.gov/tax		"Qualifying tertiary recovery project" means a project for enhancing recovery of oil which meets the requirements of section 4993(c), Internal Revenue Code of 1954, as amended through December 31, 1986, and includes the following methods for recovery: a. Miscible fluid displacement. b. Steam drive injection. c. Microemulsion. d. In situ combustion. e. Polymer augmented water flooding. f. Cyclic steam injection. g. Alkaline flooding. h. Carbonated water flooding. i. Immiscible carbon dioxide displacement. j. New tertiary recovery methods certified by the industrial commission. It does not include water flooding, unless the water flooding is used as an element of one of the qualifying tertiary recovery techniques described in this subsection, or immiscible natural gas injection. To be eligible for the tax reduction provided under section 57-51.1-02, a tertiary recovery project must be certified as qualifying by the industrial commission, the project operator must continue to operate the unit as a qualifying tertiary recovery project, and the project operator must have achieved fol at least one month a production level of at least fifteen percent above the level that would have been recovered under normal recovery operations. To be eligible for the tax exemption provided under section 57-51.1-03 and subsequent thereto the rate reduction provided under section 57-51.1-02, a tertiary recovery project, and the project operator must have obtained incremental production as defined in subsection 5 of section 57-51.1-03.			
Two-Year Inactive Well - Oil Extraction Tax Exemption	Office of State Tax Commissioner Cory Fong, Commissioner 600 E Boulevard Ave., Dept. 127 Bismarck ND 58505-0599 Phone: (701) 328-2770 TTY: (800) 366-6888 (Relay ND) E-mail: taxinfo@state.nd.us www.nd.gov/tax		"Two-year inactive well" means any well certified by the industrial commission that did not produce oil in more than one month in any consecutive twenty-four-month period before being recompleted or otherwise returned to production after July 31, 1995. A well that has never produced oil, a dry hole, and a plugged and abandoned well are eligible for status as a two-year inactive well.			

INCENTIVE PROGRAM CURRENT 2/25/2006

Name	Source 1	Source 2	Other definitions	Effective date	Sunset date	Additional guidance
Venture Capital Corporation Investment Tax Credit	North Dakota Secretary of State 600 East Boulevard Avenue, Dept. 108 Bismarck, ND 58505-0500 Phone : 701-328-2900 Toll-free : 800-352-0867 (Ext. 8-4284) E-mail : sosbir@state.nd.us Fax : 701-328-2992 Web : www.nd.gov/sos	North Dakota Office of State Tax Commissioner 600 East Boulevard Avenue, Dept. 127 Bismarck, ND 58505-0599 Phone— Corporation Income Tax Section : 701-328-2045 Individual Income Tax Section : 701-328-1032 TTY: (800) 366-6888 (Relay ND) E-mail— Corporation Income Tax Section : corptax@state.nd.us Individual Income Tax Section : individualtax@state.nd.us Fax : 701-328-1942 Web : www.nd.gov/tax		Created in 1985. Amended in 1987, 1989, 1991, 1993, 1999, 2001, and 2005. Current provisions effective as of August 1, 2001. Note: The 2005 change set a sunset on the provisions effective on August 1, 2007.	August 1, 2007.	
Wind Turbine Electric Generation Property Tax Reduction	Office of State Tax Commissioner Cory Fong, Commissioner 600 E Boulevard Ave., Dept. 127 Bismarck ND 58505-0599 Phone: (701) 328-2770 TTY: (800) 366-6888 (Relay ND) E-mail: taxinfo@state.nd.us www.ndtaxdepartment.com	North Dakota Department of Commerce Office of Renewable Energy & Energy Efficiency Phone: 701.328.5300 E-mail: commerce@state.nd.us www.ndcommerce.com				
Wind-Powered Electrical Generating Facilities Sales and Use Tax Exemption	North Dakota Office of State Tax Commissioner 600 East Boulevard Avenue, Dept. 127 Bismarck, ND 58505-0599 Phone— (701) 328-3470 TTY: (800) 366-6888 (Relay ND) E-mail: salestax@state.nd.us Fax: 701-328-1942 www.nd.gov/tax	North Dakota Department of Commerce Office of Renewable Energy & Energy Efficiency Phone: 701.328.5300 E-mail: commerce@state.nd.us www.ndcommerce.com				

INCENTIVE PROGRAM CURRENT 2/25/2006

Name	Source 1	Source 2	Other definitions	Effective date	Sunset date	Additional guidance
Workforce 20/20 Program	Job Service North Dakota Workforce Solutions P.O. Box 5507 Bismarck, North Dakota 58506-5507		"Eligible business" means a business which is creating new employment opportunities in North Dakota, introducing new technologies or equipment, or making significant changes in production methods or operations which require substantive instruction or training. (Businesses engaged in interstate or intrastate commerce for the purpose of manufacturing, processing, and assembly of products, or businesses engaged in the provision of services in interstate commerce are targeted under this program.) The business site must be located in the state of North Dakota.			
Work-Over Well - Oil Extraction Tax Exemption	Office of State Tax Commissioner Cory Fong, Commissioner 600 E Boulevard Ave., Dept. 127 Bismarck ND 58505-0599 Phone: (701) 328-2770 TTY: (800) 366-6888 (Relay ND) E-mail: taxinfo@state.nd.us www.nd.gov/tax		The twelve-month period runs consecutively from the first day of the third month after completion of the work-over project, even though all or a portion of the exemption may be rendered ineffective by the oil price trigger. The commissioner must receive a work-over qualification letter signed by a representative of the industrial commission stating that the work-over project meets the requirements set forth in North Dakota Century Code section 57-51.1-03. It is the operator's responsibility to ensure that the notification process is complete and that the oil purchaser has been informed.			