

**Testimony To
THE INTERIM WORKFORCE COMMITTEE
Prepared Monday, October 29, 2007 by
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REGARDING COUNTY JOBS DEVELOPMENT ACTIVITY

Chairman Grindberg and members of the Workforce Committee, thank you for your request to compile information regarding business incentives provided in whole or in part through funding generated by County Jobs Development Authorities. As the Committee may be aware, 35 counties currently levy a property tax for this purpose, and several other counties have indicated they use General or other funds to support JDA activities. A list of county 2006 JDA levies is attached at the end of this testimony.

Our office surveyed the County JDA's and asked a number of specific questions about business incentives granted in Calendar Year 2006. Unfortunately, the timing of this request was such that much of the data is still arriving. We were able to provide the survey to each JDA by Thursday, October 18th, but the Economic Developers' statewide training conference began that next Monday – limiting the time available to many for responding to our request. From the data provided to-date, the Committee can possibly make some projections and assumptions.

In general, the funding generated by JDA levies is a crucial, but relatively minor component of the business incentives provided Statewide. Several responses included comments suggesting that the JDA Levy funds are “just the tip of the iceberg” when it comes to local economic development. It is also obvious; however, this funding is much more important in the smaller counties with fewer alternative resources. Whereas, some of the larger City/County economic development efforts rely almost exclusively on dedicated sales tax revenue for incentives, and the relatively small amount generated by dedicated property taxes is only a minor factor.

From the surveys received to-date – representing approximately 35 percent of the counties with JDA levies – the following summary data was compiled.

Calendar Year 2006 County JDA Activity – Statewide Summary

Number of Entities Responding to the Survey by 10/29/07	12
Number of Responding Entities that Provided Incentives in 2006	9 (75%)
Number of Businesses Receiving Incentives	21
Total Amount Provided as Loans	\$ 595,000
Loan Amount Funded with County JDA Levy	\$ 162,000 (27%)
Total Amount Provided as Grants	\$ 275,000
Grant Amount Funded with County JDA Levy	\$ 3,000 (1%)
Estimated Amount of Support Provided as Prop. Tax Exemptions	Unknown
Estimated Amount of Support Provided in Rent/Bldg/Etc.	\$2,000
Number of Jobs to be Created by these Incentives	433
Number of Jobs to be Preserved by these Incentives	28

The Committee additionally requested information on the prevalence of local JDA organizations taking equity positions in supported businesses, as addressed by SB2149 in the past Legislative Session. From the survey responses we learned that 1 (10%) of the responding entities have an equity position in one or more businesses. The following table lists the number and types of businesses involved, and the average share of the business held by the JDA.

Calendar Year 2006 County JDA Activity – Statewide Summary

Number of Entities Responding to the Survey by 10/29/07	12
Number of Responding Entities that hold Equity Positions	1 (8%)

Business Type	Number	Avg. Equity Position
Agricultural Processing	0	0%
Manufacturing	1	11%
Retail	0	0%
All Other	0	0%

As additional surveys are returned, this information will be updated and provided to the Committee.

County Job Development Levy #1219

	Mills	Dollars
Adams	3.95	29,654
Barnes	4.00	149,799
Benson	2.00	27,588
Billings		
Bottineau	4.00	103,898
Bowman		
Burke	2.58	22,381
Burleigh	0.47	91,597
Cass		
Cavalier	3.61	77,077
Dickey	3.00	52,390
Divide	4.00	38,547
Dunn	4.00	51,506
Eddy		
Emmons		
Foster	4.00	51,491
Golden Valley	4.00	22,388
Grand Forks	1.17	189,255
Grant	4.00	35,686
Griggs		
Hettinger	4.00	39,252
Kidder		
Lamoure		
Logan		
McHenry	1.52	34,697

	Mills	Dollars
McIntosh	1.00	18,575
McKenzie	4.00	68,922
McLean		
Mercer		
Morton	3.00	92,831
Mountrail	3.12	50,884
Nelson	4.00	44,285
Oliver		
Pembina	2.00	62,351
Pierce	0.17	2,466
Ramsey		
Ransom	4.00	67,910
Renville	4.00	40,788
Richland	2.00	78,188
Rolette	1.00	10,209
Sargent	2.00	30,384
Sheridan		
Sioux		
Slope	2.04	10,580
Stark	2.00	89,127
Steele	4.00	44,267
Stutsman	4.00	214,826
Towner		
Trail	4.00	107,768
Walsh	3.35	109,333
Ward		
Wells	2.00	37,700
Williams		

Total \$ 2,198,600