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Testimony of David K. Martin, President & CEO, Chamber of Commerce of Fargo Moorhead to North Dakota Senate Finance and Taxation Committee regarding Senate Bill 2390: A Bill for an Act to create and enact chapter 40-64 of the North Dakota Century Code, relating to the establishment and development of certified technology parks.

Mr. Chairman and Committee members, for the record I am David K. Martin, President & CEO of the Chamber of Commerce of Fargo Moorhead. Our Chamber is a regional federation of 1,900 private, public and non-profit sector member firms that collectively employ more than 80,000 people. Our mission is unifying & advancing business & community interests in our region

One of these interests is legislation that encourages entrepreneurship in the state and that improves the state's global economic competitiveness. Another is to support expansion of an advanced, high-tech regional economy.

The Certified Technology Parks program was created as a tool to support the attraction of high-technology business in North Dakota and related technology transfer opportunities. North Dakota has gained a reputation for supporting emerging businesses, entrepreneurs and expansions. The state's growing agricultural, energy, manufacturing and technology industries, enhanced with incentives, are drawing new, relocated and expanded companies into the state. Combined with a highly educated workforce, North Dakota has become a dynamic place to live, work and be in business.

Passage of Senate Bill 2390 would enable the Department of Commerce to establish important eligibility requirements and benefits for certified technology parks in the state, encourage their development and contribute to their success. Their success will in turn benefit the state and its economy while also enhancing the state's business and research climates and reputation

We encourage your committee to give SB 2390 a DO PASS recommendation.

Thank you.

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Testimony to Senate Finance and Taxation Committee

SB: 2390

Dennis Walaker

Mayor of Fargo

Chair and Committee Members,

On behalf of the City of Fargo, I come before you to support Senate Bill 2390 which establishes into law the development of certified technology parks in our state. Fargo's experience with technology development has been rewarding. Great Plains Software was purchased by Microsoft and has prospered in our community. Despite the recent downturn in the economy this company is still proceeding on completing a third building in our City, making it the second or third largest campus for Microsoft.

Through the efforts of many individuals from NDSU and the private sector, the NDSU Technology Park has brought world leading technology research to North Dakota. This partnership of university, state, local and private efforts serves as a model for other economic development efforts in the state.

The development of the NDSU Technology Park has not come without some real innovative approaches to financing of infrastructure, building construction and research. In reading the proposed legislation of SB 2390 it appears the intent of the authors is to make development of technology parks easier to undertake. We support this concept. As I indicated to you earlier we had to be real innovative in financing the infrastructure for the NDSU Technology Park. We used the State's existing Payment in Lieu of Taxes (PILOT) program in conjunction with negotiated lease payments of the Technology Park landlords to provide financing for the water, sewer, curb and gutters and streets in the park. The proposed legislation would direct the property taxes collected on technology park property into an account that would allow for the development of the infrastructure. This streamlines the infrastructure financing and limits the risk to the technology park sponsors.

We are excited about the future of North Dakota. Oil development in the west, bio-gas development and wind energy expansion combined with more traditional energy expansion, and technology park research and development opportunities will keep our state from falling into an economic downturn that other states are experiencing. Please pass SB 2390. Thank you.

TESTIMONY ON SENATE BILL 2390

Senate Finance and Taxation Committee

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**Mayor Michael R. Brown
City of Grand Forks**

February 3, 2009

Mr. Chairman and members of the Finance and Taxation Committee, thank you for the opportunity to testify on behalf of the city of Grand Forks in support of Senate Bill 2390 and request a Do Pass recommendation from this committee.

Senate Bill 2390 provides for the establishment and the development of a Certified Technology Park (CTP) and a mechanism to foster investment in the CTP through the certain state and local taxes collected on its activity. This is just the type of industry and just the type of idea that North Dakota needs right now.

Technology is just the type of industry we must be supporting throughout the state. The technology sector already has a strong hold in communities in every size town from the west to the east. This industry provides real economic development through primary sector economic activity. It brings dollars into the state and into our community.

The technology industry is also where a great number of our younger people and younger workers want to be. As we strive to retain and attract young people and young families, it just makes sense that we build the types of jobs they want to have.

The Certified Technology Park Program is just the type of idea we need right now. By its very nature it is innovative and it is entrepreneurial.

The CTP program allows for reinvestment of state and local tax revenue right back into the park that produced it. This results in a upward spiral of investment and growth. With more investment there's more growth and with more growth, even more investment.

This is just the type of idea we need right now also because it underscores the fundamental partnerships that are creating so many growth opportunities. Partnerships between the state and localities and between universities and the private sector.

This program builds on the successful foundation that we've already built through efforts like the Centers of Excellence and the Red River Valley Research Corridor. By proceeding with this program, we invest in our future through the success of our past.

This is just the type of idea we need right now because it encourages not only investment but innovation and entrepreneurship. The Certified Technology Park encourages investment by individuals and new companies by simply giving their businesses a reliable home to grow and to prosper.

Finally, this is just the type of idea we need right now because it is permissive. It is put into place when the time is right for each community and for each circumstance.

They say there is nothing so powerful as an idea whose time has come. This is the time for this idea.

I thank you, again, for the opportunity to testify on behalf of Senate Bill 2390 and the creation and development of a Certified Technology Park. I request your favorable consideration of this bill and a DO PASS recommendation from the committee.

Thank you.

FOR 2390 to establish Certified Tech Parks in North Dakota

1. Certified Technology Park has great promise as a tool to support the creation, attraction and growth of high tech, high-wage ventures in North Dakota and to facilitate tech commercialization through private/university partnerships near our many campuses.
2. University Tech Parks do not currently have a funding mechanism for growth, infrastructure, maintenance, operation, payment of bonds, and other business-generating activities. Budgets are hobbled together now. This is the solution.
3. The CTP program allows for the increased tax revenues generated by park tenants—property, sales and income taxes—to be reinvested into the park up to \$5 M per park over its life. Funds may be used for economic development purposes within the park, including vital infrastructure such as research or laboratory facilities business incubators, high speed telecommunications – expensive infrastructure companies cannot afford to invest in early their development.
4. CTP are similar to but more powerful than Tax Incremental Financing (TIF) districts. In addition to capturing incremental *property* tax revenue like a TIF district does, Certified Tech Parks also have the ability to capture incremental *sales and income* taxes for specified uses within the park.
5. The maximum of \$5 M over the life of the park is an incentive to leverage and match this tax funding. Funding is used for 'capacity building' for high tech firms so payback is significant to state over time, safely projected as a multiple of \$5 M
6. Universities are getting a track record as an economic engine for North Dakota including, technology startups and companies that want to be close to university talent and convenient access to the many assets of a college campus. Revenues generated as part of the CTP program help fund these important industry/business relationships.
7. As North Dakota has benefited from Renaissance Zones, North Dakota will benefit from a tech park district made up mostly of high tech businesses. Parks provide and create a synergistic environment to grow strong companies and helps attract a critical mass of high tech workers to our state.
8. The establishment of high tech activities and public facilities within a CTP serves a public purpose and benefits general welfare by encouraging investment, job creation and retention, and economic growth and diversity.
9. Works well in tandem with the Centers of Excellence program and the Red River Research Corridor, which do not fund tech park infrastructure and operations.
10. The 55 acre UND Tech Park was formed in 1991 by President Tom Clifford. Grown to 8 facilities worth \$49 M and employing over 500 people. The Tech Park has two tech incubators which currently host 19 early stage companies employing 130 people with an average wage of \$47,000, well above the state average. This activity could have been doubled if not tripled with this funding mechanism.
11. Certified Tech Park Legislation was passed in Indiana in 2002, to foster high tech activity to diversify and grow that state's economy. Purdue Research Park was the first park certified in 2003. By 2007 the park had more than 140 companies, and about 90 of those firms are technology-related. Twenty-four of the companies in the Park are based on or utilizing Purdue University discoveries. The Purdue Park added more than 700 new jobs and increased payroll by more than \$36 million from 2003 to 2007 when it was recertified. Indiana has 18 tech parks as of 2007.
12. Good accountability as each year CTP is required to make an Annual Report to the state that highlights the total employment and payroll for all businesses in the Park, the number of jobs created during the year, the nature and extent of any technology transfer (from research into commercial products), the nature and extent of any non-technology businesses in the Park, the use and outcome of any State monies, as well as an analysis of the Park's overall contribution to the technology-based economy through capital investment, product development or commercialization.