Testimony of Sen. Mac Schneider – SB 2390
House IBL
March 9, 2009

Mr. Chairman, members of the committee, my name is Mac Schneider and I represent Grand Forks' District 42 in the Senate. I'm happy to be here to discuss Senate Bill 2390 – legislation which would authorize a study on creating a "certified technology park" designation in North Dakota and potentially assist in the creation, expansion, and clustering of high-technology businesses in our state.

Background

This bill stems from an initiative promoted last fall by the Association of University Research Parks, which recommends the establishment of innovation zones to serve as a centerpiece for efforts to modernize our country's approach to competitive research and development.

In a reflection of this effort, Indiana recently passed legislation to create a certified technology park designation in that state. The first park to receive such a designation was at Purdue University. Currently, the Purdue Research Park is home to over 2,500 employees and 110 businesses. Nine other Indiana communities followed suit and are now using certified technology parks to help create and expand high-technology jobs.

What is a certified technology park?

Under Indiana's legislation, a political subdivision may apply to the state (through an agency similar to our Department of Commerce) for designation of part of its territory as a certified technology park. Applications are evaluated at the state level based on a variety of factors, including a commitment from at least one business engaged in a high-technology activity and support from an institution of higher education.

If the political subdivision's application is approved by the state, the area designated as a certified technology park receives special tax treatment. Specifically, incremental increases in property taxes, sales taxes, and income taxes assessed upon entities within the park would be re-invested in the park itself. Generally speaking, this revenue could be used for construction, maintenance, and equipping research facilities.

In other words, it allows parks to invest in themselves, which encourages development and, in turn, more investment.

Benefits of a certified technology park designation in North Dakota

As the members of this committee are well aware, North Dakota's Red River Valley Research Corridor and Centers of Excellence have become critical drivers of economic development in our state.

In a recent example, UND's "REAC 1" building was opened to the public just a few weeks ago. This $16 million, 50,000 square foot building is home to several high-technology companies – including Avianax of Grand Forks, NovaDigm Theraputics of Los Angeles, CA, and Alion Science and Technology of McLean, VA. It is anticipated that 70 new jobs will be created at REAC 1 within the next year alone. Similarly impressive successes have been achieved at NDSU, Bismarck State College and in other communities across North Dakota.
A certified technology park designation could be the icing on the Centers of Excellence cake. By allowing high-technology companies to benefit from their own successes, we can build on the gains we have made in cutting-edge research and quality job creation.

Closing

While SB 2390, in its original form, had the support of the mayors of Fargo and Grand Forks, the F-M chamber, and economic development leaders in North Dakota, there were questions about how the admittedly complex legislation would work in practice. A Legislative Council study on this issue would help further define the benefits of a certified technology park designation and clarify the possible challenges of implementing such a program in North Dakota.

Thank you for your time, Mr. Chairman and members of the committee. I'd be happy to try and answer any questions you may have.

Good neighbors: Indiana's certified-technology-park program.

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GOOD NEIGHBORS ARE always important, whether on a residential street or in a business setting. Building strong high-tech neighborhoods is the goal of Indiana's certified-technology-park program.

In late June, state officials named the 10th certified technology park, awarding the status to downtown Evansville. The city joins locations across the state that have been designated certified technology parks, designed to welcome high-tech businesses with solid technological infrastructure, university connections and tech-focused neighbors. The program includes grants to get the parks off the ground and special tax treatment allowing incremental increases in tax revenues to be funneled back into the parks Dr further improvements and development.

"The certified-technology-park program has been really exciting for me, as I watch communities think in whole new ways about what their opportunities are to grow new businesses," says Lt. Gov. Kathy Davis, whose duties include overseeing the economic-development efforts of the Indiana Department of Commerce.

The technology-park program emerged from the tax-restructuring legislation of 2002. The hope is to boost high-tech economic development within specific areas identified by local development organizations. The program allows for the increased tax revenues generated by park tenants--including property, sales and income taxes--to he reinvested into the park. The money can be used lot improvements, facility operation and maintenance, payment on bonds and other promotional activities. The program also offers grants of up to $500,000 to help get park development rolling.

A host of requirements must be met before the state will declare an area a certified technology park. There must be significant support promised by a university and a commitment to the commercialization of products. A business incubator must be part of the plan, and local officials must line up at least one commitment by a high-tech company to operate within the park.

Davis says the 10 parks designated thus far take a variety of forms. The first to be named was the existing Purdue Research Park, which already had a critical mass of technology pursuits and strong university ties. Not only was it the first Indiana certified technology

park, it was one of the first university research parks in the country when it opened in 1961, according Greg Deason, director of research park development for the Purdue Research Foundation. "We're over 2,500 employees in the park, have morn than 1.2 million square feet under roof and 110 businesses total."

But even with that strong start, the park will benefit from the state's designation, he says. "We have a great opportunity to tap a different kind of funding source to allow us to grow the park," he says, noting that an expansion at park tenant Cook Biotech is one of the projects that will funnel incremental tax revenues back into the park.

Plenty of activity also was already under way at Indiana University's Emerging Technologies Center in downtown Indianapolis when it earned the state's designation. Becoming a certified technology park should speed further development, according to Mark Long, president of IU's Advanced Research and Technology Institute, based at the site. "It encourages more development ill the area related to life sciences and research."

About 20 companies have set up shop in the high-tech incubator, Long says. "That's about 90 new high-tech jobs in downtown Indianapolis in less than a year," he notes. "It reflects a lot of pent-up demand."

Besides those two existing operations, "we have a number of parks where the concept really came from the legislation and the availability of a grant to help build the park," Davis says. "For the Evansville park they drew a line around most of the downtown, and within that line the city will identify individual buildings in which they can provide high-speed access."

Certified technology parks are likely to play a future role in the area around the Naval Surface Warfare Center at Crane. Ron Arnold, executive director of the Daviess County Growth Council, says some 200 acres have been so designated, and officials of adjacent Martin and Greene counties hope to add more acreage to the development on their own sides of the county lines. The project is known as West Gate at Crane, and in addition to its proximity to Crane, Arnold says the site is within half a mile of the proposed Interstate 69 extension.

Though the site is far from a major population center, it's a potential high-tech hotbed, according to Arnold. "Because of Crane, basically there is pent up demand already," he says. Crane outsources plenty of work, so there are lots of high-tech opportunities in the area.

And those opportunities are likely to stay no matter happens to Crane down the road. If military officials choose to shutter the facility through the ongoing base realignment process, there will be lots of laid-off engineers looking for a place to set up their own businesses. If Crane remains open, it likely will expand to take in work from elsewhere, again providing local tech-park opportunities, Arnold says. "The whole area will look a whole lot different."

Indiana's Certified
Technology Parks

Flagship Enterprise Center Anderson

InfoTech Park	Columbus
West Gate at Crane	Daviess Country
Digital Downtown Certified Technology Park	Evansville
Northeast Indiana Innovation Center	Fort Wayne
Downtown Hammond	Hammond
Indiana University Emerging Technologies Center	Indianapolis
Community Campus	Scottsburg
Intelliplex Park	Shelbyville
Purdue Research Park	West Lafayette

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