

Renaissance Fund Organizations Audits
By
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September 22, 2010

Mr. Chairman, committee members, my name is Zachary Weis and I am with the Department of Commerce, Division of Community Services and one of my responsibilities is to administer the Renaissance Zone program. I am here today to report on the number of Renaissance Fund Organizations (RFO) and also the status of the credits available to the cities.

There are currently forty nine Renaissance Zones with seven cities having a Renaissance Fund Organization. The cities with a Renaissance Fund Organization include: Casselton, Fargo, Jamestown, Hazen, Mayville, Valley City and West Fargo. All the cities except for Hazen and Mayville are managed by a private entity; Mayville and Hazen each manage their own RFO.

All the cities named above have one Renaissance Fund Organization except for Fargo. Fargo approved their second RFO in 2008 and a third RFO is currently starting in Fargo. In addition Grand Forks is exploring the idea of starting an RFO along with the City of Hope.

The statuses of the Renaissance Fund Organization tax credits as of September 2010 are as follows: The original \$2.5 million authorized by the 1999 legislature have been allocated as of June 2, 2008. This triggered the release of the 2003 credits that are in the process of being used by investors. The third \$2.5 million authorized by the 2009 legislature has been allocated to cities with populations over 30,000.

The second and third sets of credits have the additional requirement that at least fifty percent must be used in the renaissance zone.

The three tables below show the three allocations of RFO tax credits, total credits used and the total investment reported for each category

Table 1. 1999 RFO Tax Credits

	Original Allocation	Total Credits	Total Investment Reported
Category 1 (0 to 5,000 people)	\$68,750	\$68, 750	\$137,500
Category 2 (5,001 to 30,000 people)	\$250,000	\$250,000	\$500,000
Category 3 (Over 30,000 people)	\$2,181,250	\$2,181,250	\$4,362,500

Table 2. 2003 RFO Tax Credits

	Maximum Credits Allowed	Total Credits	Total Investment Reported/Pending
Category 1 (0 to 5,000 people)	\$250,000	\$20,550	\$41,100
Category 2 (5,001 to 30,000 people)	\$432,500	0	0
Category 3 (Over 30,000 people)	\$1,817,500	\$1,253,750	\$2,507,500

Table 3. 2009 RFO Tax Credits

	Maximum Credits Allowed	Total Credits	Total Investment Reported/Pending
Category 1 (0 to 5,000 people)	0	0	0
Category 2 (5,001 to 30,000 people)	0	0	0
Category 3 (Over 30,000 people)	\$2,500,000	0	0

Table 4 shows the amount of credits available today (maximum credits allowed), the total credits used by category since 1999, and the amount of credits reserved. The remaining \$563,750 in category 3 credits of the 2003 allocation has been reserved for the use of a current Fargo RFO and, \$1,250,000 of the 2009 allocation has been reserved for the use of the proposed third RFO in Fargo. These reserved credits can be used by other RFO's if not claimed.

Table 4. RFO Tax Credit Summary

	Maximum Credits Allowed	Total Credits Used Since 1999	Credits Reserved
Category 1 (0- 5,000 population)	\$238,500	\$89,300	0
Category 2 (5,001 – 30,000 population)	\$432,500.	\$250,000	0
Category 3 (over 30,000 in population)	\$1,250,000	\$3,435,000	\$1,813,750

An additional requirement for a Renaissance Zone Organization is that they must provide an audit to the city, Department of Commerce and to the Tax Commissioner. All Renaissance Zone Fund Organizations have completed and submitted the annual audit to Commerce as of today.

Mr. Chairman, committee members, this concludes my report on audits for the Renaissance Fund Organizations and on the status of the available tax credits to the cities and I will try to answer any questions.