

Renaissance Fund Organizations Audits

By

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Mr. Chairman, committee members, my name is Andrea Holl Pfennig and I am with the Department of Commerce, Division of Community Services and I am a co-administrator of the Renaissance Zone program. My colleague, Zac Weis, focuses on Renaissance Fund Organizations (RFO) and I am here today for him to report on the number of Renaissance Fund Organizations (RFO) and also the status of the credits available to the cities.

There are currently fifty-three Renaissance Zones with nine cities having a Renaissance Fund Organization. The cities with a Renaissance Fund Organization include: Casselton, Fargo, Jamestown, Hazen, Mayville, Valley City, West Fargo and Hope. All the cities except for Hazen, Mayville, and Hope are managed by a private entity; Mayville, Hazen, and Hope each manage their own RFO. The City of Grand Forks is in the process of approving a RFO that will be established by the end of the year.

All of those cities have one Renaissance Fund Organization except for Fargo. Fargo approved their second RFO in 2008. In addition Grand Forks is in the process of approving a RFO that will be established by the end of the year.

The statuses of the Renaissance Fund Organization tax credits as of September 2011 are as follows: The original \$2.5 million authorized by the 1999 legislature were 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 latest \$1 million authorized by the 2011 legislature has been allocated to category 3 cities but can be moved to the other categories as needed.

Table 1 shows the amount of credits available today (maximum credits allowed), the total credits allowed for investments since 1999, and the amount of credits reserved. In category 3, \$563,750 of credits has been reserved for the use of a Fargo RFO. In category 1, \$226,400 of credits has been reserved for a project in the Hope RFO. The reserved credits can be used by other RFO's if not claimed in a timely manner.

Table 1. RFO Tax Credit Summary

	Total Credits Authorized	Total Credits Allowed for Investments to Date	Credits Reserved	Maximum Credits Available
Category 1 (0- 5,000 population)	\$342,450	\$112,800	\$226,400	\$229,650
Category 2 (5,001 – 30,000 population)	\$682,500	\$250,000	\$0	\$432,500
Category 3 (over 30,000 in population)	\$7,475,050	\$4,838,250	\$563,750	\$2,636,800
Totals	\$8,500,000	\$5,201,050	\$790,150	\$3,298,950

As of today we have received the yearly financial audits from one of the RFOs and are expecting to receive the other cities but, we do not expect to see any findings.

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 would be happy to answer any questions.