

RENAISSANCE FUND ORGANIZATION AUDITS
SEPTEMBER 20, 2012
BUDGET SECTION
SENATE CHAMBER, STATE CAPITOL
SENATOR TONY GRINDBERG, CHAIRMAN

ANDREA PFENNIG – PROGRAM ADMINISTRATOR, ND DEPARTMENT OF COMMERCE

Mr. Chairman, committee members, my name is Andrea Pfennig, and I manage the Renaissance Zone program for the Department of Commerce. I am here today to report on the status of Renaissance Fund Organizations (RFO). The purpose of a Renaissance Fund Organization is to raise funds to be used to finance zone projects and other projects located in designated Renaissance Zones.

There are currently fifty-five cities that have a Renaissance Zone. Of those, nine have a Renaissance Fund Organization. The cities with a Renaissance Fund Organization include: Casselton, Fargo, Jamestown, Hazen, Mayville, Valley City, West Fargo, Hope, and Grand Forks. The City of Fargo has two RFOs established. Mayville, Hazen, and Hope each manage their own RFO. The other RFOs are managed by a private entity.

I have received the yearly financial audits from seven of the RFOs to date. None of the audits received have had findings. I expect to receive the remaining audits shortly.

Since 1999, a total of \$8.5 million in tax credits has been authorized for projects by Legislature. To date, \$11,049,532 has been invested by RFOs, and \$5,524,766 worth of credits has been claimed. RFOs have been divided into 3 categories based on population to ensure that cities of all sizes with established renaissance zones have an opportunity to access the tax credits.

Table 1 reflects the total credits allowed, the amount of credits claimed, and the amount of credits available per category. Of the \$2,975,234 credits available, \$563,750 of credits has been reserved for the use of a Fargo RFO and \$1.2 million has been reserved for the Grand Forks RFO. The reserved credits can be used by other RFO's if not claimed in a timely manner. Uncommitted credits can also be shifted to other categories based on demand.

Table 1: RFO Tax Credit Summary

	Total Credits Authorized	Total Credits Claimed	Total Credits Available	
			Committed Credits	Uncommitted Credits
Category 1 (0- 5,000 population)	\$439,766	\$439,766	\$0	\$0
Category 2 (5,001 – 30,000 population)	\$682,500	\$250,000	\$0	\$432,500
Category 3 (Over 30,000 in population)	\$7,377,734	\$4,835,000	\$1,763,750	\$778,984
Totals	\$8,500,000	\$5,524,766	\$1,763,750	\$1,211,484

Table 2 reflects the amount of credits claimed by city.

Table 2: Credits Claimed by City

Category	City	Total Credits Claimed
1	Casselton	\$37,500
1	Hazen	\$15,500
1	Mayville	\$99,050
1	Hope	\$287,716
2	Jamestown	\$150,000
2	West Fargo	\$100,000
3	Fargo	\$4,835,000
	Total	\$5,524,766

Mr. Chairman and members of the committee, this concludes my report and I would be happy to answer any questions.