



Senate Political Subdivisions  
Chairperson and Committee Members  
SB2139 Concerns

The Downtown Business Association of Bismarck represents over 200 members with 9,000 employees in North Dakota's second largest employment district.

Our Board of Directors have some concerns regarding SB2139, applying something called "neighborhood zones" similarly to Renaissance Zones. Bismarck has worked very hard to be judicious about using their Renaissance Zone, having some of the highest standards for a zone in the state. As a result, Bismarck's Renaissance Zone has paid for itself, surpassing its exemptions, according to the City of Bismarck's latest program evaluation.

However, SB2139 'Neighborhood Zones' does not take into account what makes a Renaissance Zone program create a positive return on investment.

- Having large tax exemptions in primarily lower density residential areas may not create enough benefit to generate a return on investment due to lower tax rates
- Applying an incentive to primarily low-income low-density residential areas may accelerate gentrification and increase housing costs and rents, instead of following an incremental development pattern that is more financially sustainable and less detrimental to current residents
- Should the City of Fargo want to target specific neighborhoods for redevelopment, they would be able to create a city-wide program to address their Fargo Core Neighborhoods Plan
- Should the City of Fargo want to address dilapidated residential properties, they could work with landlords on habitable standards or land-value tax
- Commercial properties in mixed and high density areas in need of redevelopment often create more taxable value for a city because they are taxed at a higher rate, this is why the Renaissance Zone Program works

While SB2139 may be well intentioned to assist Fargo residential neighborhoods, we feel its duplication of Renaissance Zone benefits without the real possibility of a return is concerning and may damage the Renaissance Program's understandable public benefits. Without addressing these concerns, we would lean opposed to SB2139.

A handwritten signature in black ink, appearing to read "Kate Herzog".

Kate Herzog, COO  
Chief Operating Officer  
Downtowners Bismarck