



Legislative Session Summary

North Dakota's 60th Legislative session adjourned on Wednesday, April 25, having made significant investments in growing the state's economy.

Legislators heard from business leaders and economic development professionals about the importance of a qualified workforce, and they responded by passing many workforce initiatives including:

- **Talent Strategy** – gives the Division of Workforce Development responsibility, along with partner organizations, to develop and implement a talent strategy including a system of performance and accountability measures.
- **Statewide Intelligence Coordination Strategy** – gives the Division of Workforce Development responsibility to develop and implement a strategy for coordinating workforce information. Good workforce information is needed to make good decisions on all other workforce initiatives.
- **Operation Intern** – the continuation and expansion of a program to encourage higher education internships and work experience opportunities in North Dakota with \$600,000 in funding.
- **Career Promotion** – a new program for the Division of Workforce Development to coordinate private industry efforts to promote career opportunities available in North Dakota.
- **Workforce Enhancement Grants** – a \$2 million competitive grant program for developing new training programs that are responsive to workforce needs.
- **Workforce Training Quadrants** – increased funding by \$1.65 million for a total of \$3 million.
- **Web site spidering program** – a software tool that will allow North Dakota jobs to be posted on one website. This will allow us to market one website as the source for all job listings and will provide valuable information on the number and types of jobs available.
- **Longitudinal data system committee** – a committee to plan and propose a longitudinal data system that will provide information on the educational and workforce systems.
- **Workforce system initiative** – a legislative council study to include input gathering in the form of focus groups and a Workforce Congress. This is modeled after, and replaces, the Business Congress process that was conducted the past two interims.
- **Internship Tax Credit** – a tax credit in the amount of 10 percent of salaries or stipends paid to an intern with a lifetime cap of \$3,000 per taxpayer.
- **Workforce Recruitment Tax Credit for Hard-to-Fill Employment Positions** – a tax credit for an employer in the amount of 5 percent of the salary paid for the first 12 consecutive months to the employee hired for a hard-to-fill employment position. The employee receives a tax deduction for the payment of a signing bonus, moving expenses, or non-typical fringe benefits.

Renewable energy and agriculture development was another legislative focus. Legislative efforts included a \$5 million Biofuels PACE program; a \$3 million Renewable Energy Development

Fund (plus \$17 million in special fund authority to leverage other funding sources); expanding the Agriculture Business Investment Tax Credit to include livestock facilities that use a byproduct of a biofuels plant; up to \$3 million in tradable tax credits for wind energy devices; and a property tax reduction for wind generation units from 3 percent to 1.5 percent of assessed value.

The legislature also looked to tax credits as a way to spur private sector investment into North Dakota's economy. They approved a 45 percent tax credit for investments in Angel Funds with a maximum tax credit of \$45,000 per taxpayer per year. Angel Funds are now also eligible to receive the Seed Capital Investment Tax Credit, but individual investors may not receive both tax credits. The overall limit of the Seed Capital Investment Tax Credit was also increased to \$3.5 million per year. A new microbusiness tax credit was made available to businesses employing five or fewer employees inside a community with fewer than 2,000 residents.

A very significant change included increasing the rates of the Research and Experimental Expenditures Tax Credit (also known as the R&D Tax Credit) to be the most generous rates in the country. Companies that start conducting research in North Dakota in the next four years will receive a tax credit of 25 percent of the first \$100,000 in qualified research expenditures and 20 percent of additional qualified research expenditures until the 2017 tax year. Additionally, companies with annual gross revenues of less than \$750,000 may sell or transfer up to \$100,000 in R&D tax credits. North Dakota companies that have previously received the R&D tax credit will have their tax credit incrementally increased over a four year period to a rate of 25 percent for the first \$100,000 of qualified research expenditures and 18 percent of additional qualified research expenditures until the 2017 tax year. After 2017 the tax rate will be 25 percent for the first \$100,000 of qualified research expenditures and 8 percent of additional qualified research expenditures.

Other economic development legislative initiatives include:

- The Centers of Excellence program was continued with up to \$20 million in funding and some changes to the program.
- The Partnership in Assisting Community Expansion (PACE) program was funded at \$8 million, compared to \$5.7 million in the previous session.
- The North Dakota Development Fund received \$3 million in general funds to help continue its level of involvement in local economic development projects and the ability to request an additional \$1 million from the PACE fund if needed.
- The North Dakota Trade Office doubled their fund level at \$1.5 million, including funds for their Export Assistants Program.
- The Division of Tourism received over \$3 million in general funds to replace the sunsetted 1 percent lodging tax.

If you have any questions about any of this legislative action, please contact Justin Dever at jdever@nd.gov.