

**DEPARTMENT OF COMMERCE TESTIMONY**  
**RENAISSANCE ZONE ANNUAL REPORT**  
**SEPTEMBER 5, 2024; 11:30 AM**  
**INTERIM TAXATION COMMITTEE**  
**REPRESENTATIVE JARED HAGERT, CHAIR**

**RIKKI ROEHRICH – DEPUTY DIRECTOR, DIVISION OF COMMUNITY SERVICES, ND DEPARTMENT OF COMMERCE**

Mr. Chairman, Members of the Committee, my name is Rikki Roehrich, and I manage the Renaissance Zone Program for the Department of Commerce. I am here today to provide the annual report on the Renaissance Zone program in accordance with NDCC 40-63-03.2. The information in this report is for the time period of January 1, 2023, through December 31, 2023.

The Renaissance Zone program is a tool to help cities revitalize their communities. By offering both state and local tax incentives for up to eight years, both residents and business owners are provided with an incentive to invest in their community. Since the program's inception, there have been 2,101 projects approved. Of those projects, a total of 1,634 projects have been completed.

As of 2023, the total number of Renaissance Zones within the state is 51. During that year, seven communities with established zones reached their expiration date, all of which received either a five- or ten-year extension. In 2023, 55 projects were approved at the state and local level and 41 projects were completed.

The estimated property tax and state tax liability for the 41 projects completed in 2023 is as follows:

- State single family, business and investor income tax exemptions \$3,004,824.50
- Historical tax credits \$0
- Property tax exemption \$5,328,563.51

According to a survey of Renaissance Zone communities, in 2023:

- 10 new businesses created
- 9 business expansions
- 30 commercial buildings constructed or rehabilitated for business purposes
- 14 commercial buildings or space in buildings leased
- 227 new residential units
- 63 new jobs created
- 920 new residents

The Renaissance Zone continues to be a vital economic tool for smaller communities. In 2023, 20 of the 41 completed projects were in towns with a population of less than 5,000. The program continues to be a key component in downtown rehabilitation.

For example, the city of Grafton reports that "this program is used as a local incentive to help revitalize Grafton's

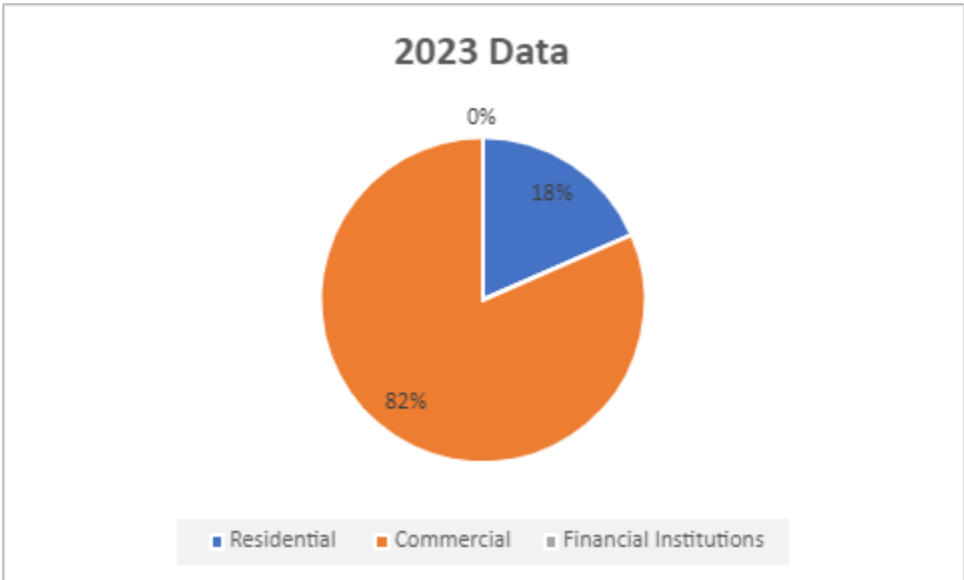
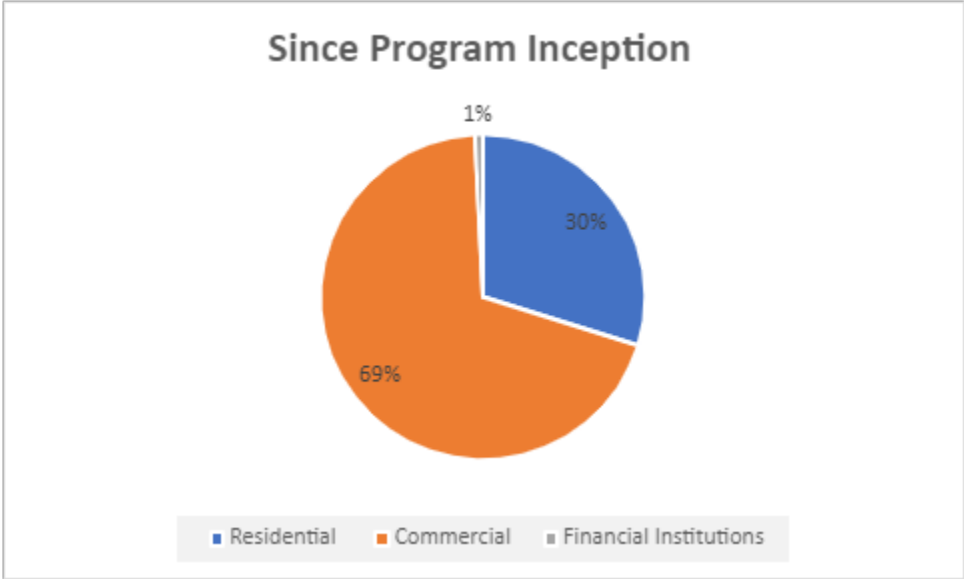
business district and commercial properties within the Zone. In small towns, we are seeing many commercial structures age and succumb to neglect. However, through the Renaissance Zone Program, many of our aging buildings have undergone renovation which has increased the taxable value of properties, preserved prominent buildings downtown, and has incentivized businesses to expand locally. The cost to renovate or build a new commercial structure is a strong deterrent for many business owners. This program alleviates some of the expense in the early years, allowing for small businesses to become established. In rural communities, every single business plays a vital role in sustaining our local economy.”

Larger cities are also seeing a revitalization of their downtown communities, as well as increased property values. For example, the City of Fargo reports that in the last five years, there have been nine large-scale new construction mixed use projects completed, which invested approximately \$270 million, two residential new construction projects completed, which invested approximately \$49.5 million, as well as various rehabilitation projects. Since zone inception, the property value of all RZ projects in the community has increased from \$64.2 million to \$523 million (2023).

The charts on the following page illustrate the number of commercial and residential projects completed in 2023 and over the course of the program. The charts reflect that the percentage of commercial versus residential projects in 2023 shows a slight decrease in the number of residential projects during this year when compared to the program as a whole. In 2023, 18% of the completed projects were residential compared to 30% since program inception. Similarly, 82% of the projects were commercial projects in 2023, while 69% have been commercial projects over the course of the program. A very small percentage of projects have involved financial institutions, which are no longer eligible for inclusion in the program. This data indicates that Renaissance Zone is functioning as intended. It is serving as a tool for economic development and revitalizing communities.

Following the Renaissance Zone program data is the report on properties located in TIF and Renaissance Zone with the potential to receive benefits from both programs. Only the city of Fargo has properties in both. The data indicates that most of these only receive benefits from one program or the other-with only one project in Fargo receiving both.

Chairman Hagert, Members of the Committee, this concludes my update. I am happy to answer any follow-up questions you may have about the Renaissance Zone program.



**2023 Report on Properties Located in TIFs and Renaissance Zones**  
 Prepared for Interim Taxation Committee

City	Property Description	Expected Duration in RZ & TIF	Annual Renaissance Zone (RZ) Benefit			Tax Increment Financing (TIF) District Benefit		
			Property Tax (\$)	Income Tax (\$)	Duration of Benefit	Description	Amount (\$)	Duration of Benefit
Fargo	Highroad Partners 209 & 211 NP Ave.	2023-2027	25,000.00	10,000.00	2023-2027	Riverfront Improvements	\$0	2023-2045
Fargo	Dillard Building 223 & 229 Roberts Street North	2021-2025	254,419.00	1,000.00	2021-2025	Parking access	\$0	2015-2035
Fargo	Block 9 224 & 226 5th St. N.	2021-2026	1,022,197.00	0.00	2021-2026	Partial funding of bonds for garage and plaza	\$140,572	2019-2043
Fargo	Mercantile Building 401 Broadway, 410 & 412 5th St. N.	2022-2026	171,810.00	0.00	2022-2026	Parking access	\$0	2021-2045
Fargo	EPIC Gateway 310 Main Avenue	2022-2026	154,956.00	0.00	2022-2026	Riverfront Improvements	\$0	2021-2045
Fargo	Ruby Rules, LLC 321 4th Street North	2020-2024	15,734.00	0.00	2020-2024	Riverfront Improvements	\$0	2021-2045
Fargo	Residential Purchases (multiple units) 200 4th Ave. N.	2020-2026	260,044.00	215,845.00	2022-2026	Riverfront Improvements	\$0	2021-2045
Fargo	Kelser 624 2nd Ave. N.	2023-2027	273,731.00	0.00	2023-2027	Parking access	\$0	2023-2045

*\*This data reflects the reports we have received to date.*