



**M E M O**

**County  
Administrator**

TO: County Commissioners  
FROM: Robert W. Wilson  
DATE: March 3, 2022  
SUBJECT: PILOT Application – ND Soybean Processors, LLC

---

Robert W. Wilson  
701-241-5770  
wilsonro@casscountynynd.gov

North Dakota Soybean Processors, LLC has submitted an application for a Payment in Lieu of Taxes (PILOT) incentive for development of a soybean crushing facility located in Section 34, Casselton Township (west of Casselton). The County Commission considered this application at its meeting on Tuesday, February 22, 2022 and tabled action on the application after receiving public testimony.

The application proposes a 15-year Payment in Lieu of Taxes of \$230,000 on the improvements to the property. The land will continue to generate full tax revenue. If approved, Cass County and Central Cass School District would each receive \$100,000 per year in revenue generated by the PILOT. The remaining taxing entities (Casselton Township, Soil Conservation District, and Water Resource District) will receive their normal apportionment of taxes from the PILOT.

The Central Cass School Board considered – and approved – participating in this PILOT on February 14<sup>th</sup>. If the Commission approves this application, the PILOT will be approved.

Commission direction at the conclusion of the last Board meeting was for the PILOT applicant to work with the townships and area residents to hear their concerns, provide answers, and attempt to find solutions to the stated concerns.

Between February 22<sup>nd</sup> and today there have been a series of in-person and virtual meetings between representatives of the City of Casselton, ND Soybean Processors, Casselton and Everest Townships, the Greater Fargo Moorhead Economic Development Corporation, state legislators, Cass County, and individual residents.

**SUGGESTED MOTION:**

**Move to approve a Payment in Lieu of Taxes (PILOT) incentive submitted by North Dakota Soybean Processors, LLC to construct a soybean crushing facility for a period of up to fifteen years.**

PO Box 2806  
211 Ninth Street South  
Fargo, North Dakota 58108

The Greater Fargo Moorhead Economic Development Corporation has prepared, in this document, a compilation of recent 10-year PILOT approvals and TIFs in the Casselton area and in other parts of Cass County as a frame of reference. This report has been prepared in response to several recent requests by various parties interested in understanding the rationale on how incentives are approved.

## Casselton Area Projects

### ADM Edible Bean expansion

- 10-year PILOT (approved May 2021)
- 100% exemption
- Building value - \$3.1 million
- Exemption of \$43,303 per year for 10 years
  - Total exemption of \$433,030 over 10 years
- **Paying 0% in taxes over 10 years on tax liability of \$433,000**

### Abbiamo Pasta

- 10 Year PILOT - \$100 payment per year (approved November 2020)
- \$5.2 million building value
- \$68,000 tax exemption/ year
  - \$680,000 tax reduction over 10 years
- **Effectively a 100% exemption paying a total of \$1,000 in tax over 10 years**
  - **Abbiamo is effectively paying 0% in taxes on a liability of \$680,000 over 10 years**

### Tharaldson Ethanol

- 10 Year PILOT - Graduated scale (approved 2007)
  - 100% year 1; 90% years 2-5; 80% years 6-8; 70% years 9-10
    - **Average of 85% exemption over the 10 years**
- \$ 62,801,900 building value
- Average annual exemption of \$522,526 (total benefit of \$5.2 million over 10 years)
- Total taxes of \$992,000 paid over 10 years
- Average annual PILOT payment of \$92,200 – **total of \$992,000 in PILOT payments over 10 years (effectively paying 15% in taxes on the total \$6.14 million liability).**

### Maple River Grain – TIFs - total tax savings of **\$2,172,028.92** for TIF #1 & #2 below

- Maple River Grain TIF #1 – principal was \$465,000 plus interest paid on the bond over 13 years (bonded in 2004, 15-year bond paid off early)
- Maple River Grain TIF #2 – principal was \$350,000 plus interest paid on the bond over 8 years (bonded in 2010, 10-year bond paid off early)
- Industrial Park TIF - #316 – MRG was part of a larger group paying for this TIF. They paid a total of \$727,137.89 Bonded in 2008, paid off in 2020 (15-year bond paid off early)
- Heartland Extension 2019-1 TIF – principal was \$660,307.28, started in 2019 on a 15-year bond

## Other Cass County Area Projects

### Aldevron

- 10 Year PILOT – (approved July 2019)
  - 100% - years 1-5 and 50% - years 6-10
    - Average of 75% exemption over 10 years
- \$43 million building value
- Annual tax exemption at full value = \$620,490 (first 5 years)
- Annual Tax exemption at half value = \$310,245 (years 6-10)
  - TOTAL EXEMPTION = \$4.65 million
- Average annual PILOT payment of \$155,122 – total of \$1,551,225 over 10 years (effectively paying 25% in taxes on total liability of \$6.2 million)
- Total taxes paid over 10 years of \$1.55 million

### Tecton

- 10-year PILOT – graduated (approved April 2021)
  - 100% - years 1-5, followed by 80%, 60%, 40%, 20%, and 10% in years 6-10
    - Average of 71% exemption over 10 years
- \$16 million building value
- Average annual exemption amount of \$157,444
- Total exemption benefit of \$1.574 million over 10 years
- 71% On total liability of \$2.2 million
  - Average annual payment of \$128,616 – total of \$643,081 over 10 years (29% payment on total liability of \$2.2 million)
  - Total Taxes paid over 10 years of \$643,081

## ND Soybean Processors proposal

### ND Soybean Processors (current proposal)

- 15 year PILOT - \$230,000 payment per year
- \$135.5 million building value
- \$1.1 million exemption per year
- ND Soybean PILOT of \$230,000 equals an effective rate of 83% exemption each year
- ND Soybean is effectively paying 17.34% payment on total \$3,450,000 PILOT on total tax liability of \$19.895 million
- Total taxes paid of \$2.3 million over 10-year period

## Benefit to Investor vs. Investment:

<u>Project Name:</u>	<u>Building Cost:</u>	<u>Equipment:</u>	<u>Total:</u>	<u>Total Incentive Benefit:</u>	<u>Benefit vs. Investment:</u>	<u>Length of Incentive:</u>
<b>Approved:</b>						
Tecton Products	\$ 16,000,000	\$ 6,500,000	\$ 22,500,000	\$ 1,574,440	7.00%	10 years
Aldeveron	\$ 43,000,000	\$ 26,000,000	\$ 69,000,000	\$ 4,650,000	6.74%	10 years
Abbiamo Pasta	\$ 5,200,000	\$ 4,500,000	\$ 9,700,000	\$ 680,000	7.01%	10 years
ADM	\$ 3,157,000		\$ 3,157,000	\$ 433,030	13.72%	10 years
Tharaldson	\$ 20,000,000	\$ 153,000,000	\$ 173,000,000	\$ 5,200,000	3.01%	10 years
<b>Proposed:</b>						
ND Soybean	\$ 135,500,000	\$ 170,000,000	\$ 305,500,000	\$ 16,050,000	5.25%	15 years

# Application For Property Tax Incentives For New or Expanding Businesses

N.D.C.C. Chapter 40-57.1

Project Operator's Application To Cass  
City or County

File with the City Auditor for a project located within a city; County Auditor for locations outside of city limits.

A representative of each affected school district and township is included as a non-voting member in the negotiations and deliberation of this application.

**This application is a public record**

## Identification Of Project Operator

1. Name of project operator of new or expanding business North Dakota Soybean Processors, LLC
2. Address of project S 1/2 Section 34, Casselton Township  
City Casselton County Cass
3. Mailing address of project operator P.O. Box 289  
City Mt. Vernon State IN Zip 47620
4. Type of ownership of project  
 Partnership  Subchapter S corporation  Individual proprietorship  
 Corporation  Cooperative  Limited liability company
5. Federal Identification No. or Social Security No. 87-4147630
6. North Dakota Sales and Use Tax Permit No. 365889
7. If a corporation, specify the state and date of incorporation N/A
8. Name and title of individual to contact Brad Brechtel - Tax Director  
Mailing address CGB Enterprises, 1127 Hwy 190 East Service Road  
City, State, Zip Covington, LA 70433 Phone No. 985-871-2496

## Project Operator's Application For Tax Incentives

9. Indicate the tax incentives applied for and terms. Be specific.  
 **Property Tax Exemption**  
\_\_\_\_\_ Number of years  
\_\_\_\_\_ Percent of exemption  
 **Payments In Lieu of Taxes**  
2025 Beginning year 2039 Ending year  
see sched 4 Amount of annual payments (attach schedule if payments will vary)
10. Which of the following would better describe the project for which this application is being made:  
 New business project  Expansion of a existing business project

**Description of Project Property**

11. Legal description of project real property

~~Land, Land Improvements, Building, Grain Elevators, and Storage Tanks~~  
 \_\_\_\_\_  
 \_\_\_\_\_

12. Will the project property be owned or leased by the project operator?  Owned  Leased

If the answer to 12 is leased, will the benefit of any incentive granted accrue to the project operator?  
 Yes  No

If the property will be leased, attach a copy of the lease or other agreement establishing the project operator's benefits.

13. Will the project be located in a new structure or an existing facility?  New construction  Existing facility

If existing facility, when was it constructed? \_\_\_\_\_

If new construction, complete the following:

a. Estimated date of commencement of construction of the project covered by this application Q2 2022

b. Description of project to be constructed including size, type and quality of construction  
Soybean crushing/production facility on approximately acres 300 (+/-)  
Production campus would comprise of multiple buildings of approximately 200,000+ square feet.  
Oil and meal are the main by-products of the production

c. Projected number of construction employees during the project construction 250-300

14. Approximate date of commencement of this project's operations Q2 2024

15. Estimated market value of the property used for this project:

a. Land..... \$ 4,000,000


b. Existing buildings and structures for which an exemption is claimed..... \$ 0

c. Newly constructed buildings and structures when completed ..... \$ 135,500,000

d. Total ..... \$ 139,500,000

e. Machinery and equipment ..... \$ 170,000,000

16. Estimate taxable valuation of the property eligible for exemption by multiplying the market values by 5 percent:

a. Land (not eligible) ..... 

b. Eligible existing buildings and structures ..... \$ 0

c. Newly constructed buildings and structures when completed..... \$ 6,775,000

d. Total taxable valuation of property eligible for exemption (Add lines b and c)..... \$ 6,775,000

e. Enter the consolidated mill rate for the appropriate taxing district ..... 195.77

f. Annual amount of the tax exemption (Line d multiplied by line e) ..... \$ 1,326,341.75

**Description of Project Business**

**Note: "project" means a newly established business or the expansion portion of an existing business. Do not include any established part of an existing business.**

17. Type of business to be engaged in:  Ag processing  Manufacturing  Retailing  
 Wholesaling  Warehousing  Services

18. Describe in detail the activities to be engaged in by the project operator, including a description of any products to be manufactured, produced, assembled or stored (attach additional sheets if necessary).

This new facility will be a soybean crushing/production facility. Oil and meal will be the main by-products of the production.

19. Indicate the type of machinery and equipment that will be installed

Processing equipment such as conveyors, bucket elevators, pumps, heat exchangers, boilers, tanks, etc. used to process soybeans into soybean meal, hulls, and oil.

20. For the project only, indicate the projected annual revenue, expense, and net income (before tax) from either the new business or the expansion itself for each year of the requested exemption.

Year (12 mo. periods)	New/Expansion	New/Expansion	New/Expansion	New/Expansion	New/Expansion
	Project only	Project only	Project only	Project only	Project only
	Year 1	Year 2	Year 3	Year 4	Year 5
Annual revenue	\$686,490M	\$694,758M	\$704,609M	\$713,977M	\$720,639M
Annual expense	\$605,017M	\$611,643M	\$630,610M	\$637,995M	\$652,813M
Net income	\$81,473M	\$83,115M	\$73,999M	\$75,982M	\$67,826M

21. Projected annual average number of persons to be employed by the project itself at the project location for each year for the first five years and the estimated annual payroll.

Year	Company-wide (before project)	New/	New/	New/	New/	New/
		Expansion Project only	Expansion Project only	Expansion Project only	Expansion Project only	Expansion Project only
		Year 1	Year 2	Year 3	Year 4	Year 5
No. of Employees	(1) 0	56	58	60	62	64
	(2) 0	0	0	0	0	0
Estimated payroll	(1) \$0	\$5,246M	\$5,569M	\$5,904M	\$6,255M	\$6,617M
	(2)					
<b>Average Wage</b>		<b>\$93,683</b>	<b>\$96,013</b>	<b>\$98,405</b>	<b>\$100,880</b>	<b>\$103,397</b>

(1) - full time  
(2) - part time

**Previous Business Activity**

22. Is the project operator succeeding someone else in this or a similar business?  Yes  No

23. Has the project operator conducted this business at this or any other location either in or outside of the state?  
 Yes  No

24. Has the project operator or any officers of the project received any prior property tax incentives?  Yes  No  
 If the answer to 22, 23, or 24 is yes, give details including locations, dates, and name of former business (attach additional sheets if necessary).  
 \_\_\_\_\_  
 \_\_\_\_\_

**Business Competition**

25. Is any similar business being conducted by other operators in the municipality?  Yes  No  
 If YES, give name and location of competing business or businesses  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**Property Tax Liability Disclosure Statement**

26. Does the project operator own real property in North Dakota which has delinquent property tax levied against it?  Yes  No

27. Does the project operator own a greater than 50% interest in a business that has delinquent property tax levied against any of its North Dakota real property?  Yes  No  
 If the answer to 26 or 27 is Yes, list and explain  
 \_\_\_\_\_  
 \_\_\_\_\_

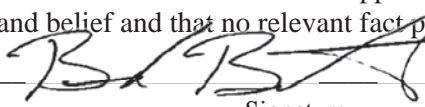
**Use Only When Reapplying**

28. The project operator is reapplying for property tax incentives for the following reason(s):  
 To present additional facts or circumstances which were not presented at the time of the original application  
 To request continuation of the present property tax incentives because the project has:  
 moved to a new location  
 had a change in project operation or additional capital investment of more than twenty percent  
 had a change in project operators  
 To request an additional annual exemption for the year of \_\_\_\_\_ on structures owned by a governmental entity and leased to the project operator. (See N.D.C.C. § 40-57.1-04.1)

**Notice to Competitors of Hearing**

Prior to the hearing, the applicant must present to the governing body of the county or city a copy of the affidavit of publication giving notice to competitors unless the municipality has otherwise determined there are no competitors.

I, Brad Brechtel, do hereby certify that the answers to the above questions and all of the information contained in this application, including attachments hereto, are true and correct to the best of my knowledge and belief and that no relevant fact pertaining to the ownership or operation of the project has been omitted.

 Tax Director 1/5/2022  
 Signature Title Date



**PRIVACY ACT NOTIFICATION**

In compliance with the Privacy Act of 1974, disclosure of a social security number or Federal Employer Identification Number (FEIN) on this form is required under N.D.C.C. §§ 40-57.1-03, 40-57.1-07, and 57-01-15, and will be used for tax reporting, identification, and administration of North Dakota tax laws. Disclosure is mandatory. Failure to provide the social security number or FEIN may delay or prevent the processing of this form.

**Certification of Governing Body (To be completed by the Auditor of the City or County)**

The municipality shall, after granting any property tax incentives, certify the findings to the State Tax Commissioner and Director of Tax Equalization by submitting a copy of the project operator's application with the attachments. The governing body, on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, granted the following:

**Property Tax Exemption**

\_\_\_\_ Number of years

\_\_\_\_ Percent of exemption

**Payments in lieu of taxes**

\_\_\_\_ Beginning year      \_\_\_\_ Ending year

\_\_\_\_ Amount of annual payments (Attach schedule if payments will vary)

\_\_\_\_\_  
Auditor



# NORTH DAKOTA OFFICE OF STATE TAX COMMISSIONER

## GUIDELINE - PROPERTY TAX: INCENTIVES FOR NEW OR EXPANDING BUSINESSES

DECEMBER 2017

North Dakota Century Code ch. 40-57.1 provides incentives in the form of property tax exemptions, payments in lieu of taxes, or a combination of both to a qualifying business. The incentives are granted at the discretion of the city or county in which the property is located.

Before a municipality may grant a property tax exemption under N.D.C.C. § 40-57.1-03, the project must be certified as a primary sector business by the Commerce Department.

A city or county with fewer than 40,000 population may grant an exemption to a project operating in the retail sector if the governing body has obtained approval from a majority of the qualified electors voting on the question at a city or county election held in conjunction with a statewide general election and if that governing body has established by resolution or ordinance the criteria that will be applied by the governing body to determine whether it is appropriate to grant an exemption for a project operating in the retail sector. Minimum criteria are specified in N.D.C.C. § 40-57.1-03(1). A city or county may not supersede or expand the provisions of this section under home rule authority.

- \* Before a city grants a property tax incentive on a parcel that is anticipated to receive a property tax incentive for more than five years, the governing body of the city is required to send a letter, by certified mail, to the chairman of each county commission and the president of each school district affected by the tax incentive. The letter must provide terms of the proposed property tax incentive.
- \* Within 30 days of receipt of the notice, each affected county and school district must notify the city, in writing, whether it elects to participate in granting the tax incentive on the county or school district portion of the property tax. If no letter is received, the city must treat each county or school district as participating in the property tax incentive.

### DEFINITIONS

1. Commencement of construction means the building or erecting of any improvements other than site preparation or excavation.
2. Commencement of project operation means “the date the plant actually goes into its planned operations. To use the example..., if a manufacturing plant actually begins manufacturing of its products in December, 1970, that would be the date of commencement of project operations. The Act does not purport to authorize granting of tax exemptions for the time of construction of plants.” 1969 N.D. Op. Att’y Gen. 415.
3. Local Development Corporation means a profit or nonprofit corporation incorporated in this state for the purpose of furthering the economic development of a specified community or area.

4. Municipality means a city or a county.
5. Primary sector means a business that adds value to a product, process, or service that results in the creation of new wealth. New wealth means revenues to a North Dakota business generated by sales of products or services to customers outside North Dakota, or revenues to a North Dakota business from sales in North Dakota, if the product or service was previously unavailable or of limited availability.
6. Project means any new revenue-producing business or an expansion to an existing business.
7. Project operator means the individual, partnership, limited liability company (LLC), corporation, or association that owns or operates the project.
8. Statewide general election, as provided in N.D.C.C. § 16.1-13-01, means the general election held on the first Tuesday after the first Monday in November of each even-numbered year.
9. Structure means any property where a business is conducted. The structure might be an entire building, if occupied by one business, or individual quarters within a larger building.

## WHAT QUALIFIES

10. New and existing buildings, structures, and improvements owned or leased by a qualifying project may receive property tax incentives.
11. New buildings, structures, and improvements constructed and owned by a local development corporation may receive a partial or complete exemption from ad valorem taxation while unoccupied. Once occupied, the exemption continues until the next assessment date following the first occupancy. A qualifying project that locates in a building owned by a local development corporation qualifies for the property tax incentives, provided application is made and granted prior to occupancy.

## ALLOWABLE INCENTIVES

12. A qualifying project may receive a complete or partial exemption from ad valorem taxation on structures used in or necessary to the operation of a project for up to five years following the commencement of project operations.
13. The exemption period begins with the assessment date immediately following the date of commencement of project operations.
14. Projects that produce or manufacture a product from agricultural commodities may receive a complete or partial property tax exemption on structures for up to ten years.
15. A project located in a structure leased from a governmental entity and which received a five-year property tax exemption qualifies for additional exemptions for up to five years. For the additional exemptions, the municipality grants the exemption one year at a time upon annual application.
16. Payments in lieu of taxes may be used in place of, or in combination with, property tax exemptions for qualifying projects. The municipality and project operator negotiate the amount of annual payments, when the payments begin, and the ending date, which may be no later than twenty years from the date project operations began.

17. Payments in lieu of taxes are apportioned in the same manner as the general real estate taxes unless a taxing district enters into a written agreement for an alternate method. Any agreement entered into between the municipality and other taxing districts for an alternate method of apportioning the payments in lieu of taxes may not affect the apportionment to any taxing district that is not a party to the agreement.
18. The tax incentives are valid as long as the property is used for the purposes stated in the application. If there is a change in use or project operator, a new application for the incentives must be filed with and approved by the municipality to receive the remainder of the incentives.

## LIMITATIONS

19. A project is not eligible for the property tax incentives if the project received a tax exemption under tax increment financing.
20. The tax exemption and the payments in lieu of taxes are limited to the new or existing buildings or structures used in the qualifying project.
21. Tax incentives may not be granted for land.
22. Payments in lieu of taxes are not eligible for the 5% discount for early payment.

## PROCEDURES

23. The project operator applies to the governing body of the municipality where the potential project is to be located. If the project will be within city limits, the project operator applies to the city governing body. If the project is outside city limits, application is made to the county commission.
24. The municipality forwards the application to the Department of Commerce, Division of Economic Development and Finance, P.O. Box 2057, Bismarck, ND 58502-2057, for its review and recommendation as to the eligibility of the project as a primary sector business.
25. Application for the property tax exemption must be made *and* granted prior to the commencement of construction if the project locates in a new structure. If the project locates in an existing structure, application must be made *and* granted before the structure is occupied.

For qualifying projects, applications for payments in lieu of property taxes may be made after construction or occupancy of the structure.

A representative appointed by the board of each affected school district and of each affected township is included as a non-voting member during the negotiation and deliberation of granting tax incentives.

26. The project operator publishes two notices to competitors of hearing on the application. The notices are published in the official newspaper of the city or county at least one week apart. The last notice must be published at least 15 days, but not more than 30 days, before the city or county considers the application. For example, notices published one week apart on May 1 and May 8 would be appropriate for a hearing scheduled any time between May 23 and June 7. An affidavit of publication is presented to the governing body prior to the hearing as proof of publication. Publication of notices is not required if the municipality determines that project competitors do not exist in the municipality.
27. The city or county holds a public hearing on the application and takes testimony both in favor of and in opposition to the granting of the tax incentives.

28. After the public hearing, the governing body determines the best interests of the municipality and approves or denies, in whole or in part, the application for tax incentives.
29. The municipality certifies the tax incentives granted by submitting a copy of the project operator's application with the attachments to the State Tax Commissioner and county director of tax equalization. The county director of tax equalization advises the local assessor when the property is taxable or exempt.
30. Political subdivision grantors shall maintain records of business incentives provided to recipients. They shall prepare an annual political subdivision grantor report to the Department of Commerce before April 1 each year that includes:
  - The name of the business receiving business incentives during that year;
  - The number of jobs expected to be created or retained by each business as a result of the business incentives;
  - The average compensation expected to be provided by the employer for the jobs expected to be created or retained as a result of the business incentives, including identification of the average benefits and average earnings to be provided by the employer for these jobs; and
  - The total dollar value of all business incentives provided by the political subdivision during that year.

## ADDITIONAL CONDITIONS

North Dakota Century Code § 40-57.1-03 provides that the governing body of a municipality, before the beginning of a taxable year for which a property tax exemption or the option to make payments in lieu of taxes has previously been approved by the governing body, may revoke or reduce an exemption, or revoke or increase payments in lieu of taxes for that taxable year for reasons specified in a negotiated agreement or if the governing body finds that:

- a. Information provided by the project operator has proven to be inaccurate or untrue;
- b. Use of the property by the project operator does not comply with the reasonable expectations of the governing body at the time the property tax exemption or the option to make payments in lieu of taxes was approved;
- c. The property has been improved to a substantially greater extent than the governing body reasonably anticipated at the time the property tax exemption or the option to make payments in lieu of taxes was approved; or
- d. There has been a change of ownership of the property since the property tax exemption or the option to make payments in lieu of taxes was approved.

\* Indicates significant change since last revised.

**NOTICE TO COMPETITORS OF  
HEARING ON APPLICATION FOR  
PROPERTY TAX INCENTIVES**

Notice is hereby given that the County Commission of Cass County, North Dakota will meet at 3:30 p.m. on Tuesday, February 22, 2022, in the Commission Room, Cass County Courthouse, 211 9 th Street South, Fargo, North Dakota, to consider the application of North Dakota Soybean Processors, LLC, PO Box 289 Mount Vernon, Indiana, for a property tax relief on the project which the applicant will use in the operation of soybean crushing and production at that part of South ½ Section 34 of Casselton Township.

Any competitor of that applicant may appear and be heard by the Cass County Commission at the time and place designated herein. A competitor may provide written comments to the governing body before the scheduled hearing.

This notice is given by the above-named applicant pursuant to the provisions of North Dakota Century Code Section 40-57.1-03.  
(Jan. 26 & Feb. 2, 2022) 24093

January 7, 2022

Steve O'Nan  
North Dakota Soybean Processors, LLC  
PO Box 289  
Mt. Vernon, IN 47620

Dear Steve:

Thank you for your application for primary-sector certification by the North Dakota Department of Commerce, Economic Development & Finance Division. We have reviewed your application and determined that ED&F can certify your company, **North Dakota Soybean Processors, LLC**, as primary sector, and a new wealth creator in the economy of North Dakota. This certification is valid for **four years** from today's date (expires 1/7/2026).

Most of North Dakota's economic development programs, tools and incentives are targeted toward primary-sector clients. You may be requested to provide a copy of this primary-sector certification letter when you apply for certain economic development incentive and funding programs.

This certification does not guarantee the receipt of any North Dakota business incentive. For example, there are additional qualification criteria for the Seed Capital Investment and Agricultural Business Investment personal income tax credits, and it is critical that investments **NOT** be made prior to the business receiving certification for these two credits. If you are pursuing certification for investment tax credits and need to know the criteria required for qualification, contact Joseph Mwagura at 701-328-5367.

This certification is not the application process for the North Dakota New Jobs Training Program administered by Job Service North Dakota. To apply for the North Dakota New Jobs Training Program, you must contact Job Service North Dakota for the required application forms. Application forms for other programs that require primary sector certification are available from the agency administering the program.

Also, companies and individuals pursuing the investment tax credit incentive are reminded there is a cap on available dollars. Please visit with the ND Office of the Tax Commissioner regarding the remaining balance for investment tax credits. The credits are available on a first-come-first-serve basis until the law-defined cap is met.

North Dakota appreciates your contribution to the citizens and economy of our state. If there is anything further, we can do to assist your company, please contact us at 701-328-5300.

Sincerely,



Joshua Teigen, Director  
Economic Development & Finance Division

North Dakota Soybean Processors PILOT Schedule
--

Entity	Mill as Percent	Dollar Amount
Casselton Township	9%	\$ 21,558.46
Cass County	26%	\$ 100,702.09
Central Cass School District	62%	\$ 100,702.10
Soil Conservation District	0%	\$ 575.68
State of North Dakota	1%	\$ 1,174.85
Water Resource District	2%	\$ 5,286.82
Total		\$ 230,000.00





**FARGO  
MOORHEAD**

ECONOMIC DEVELOPMENT

**North Dakota Soybean Processors Plant**

**Economic and Tax Impact Analysis**

**February 2022**

# Executive Summary



## 3 Key Takeaways:

- Even with the proposed 15-year property tax exemption, the Central Cass School District and Cass County see a positive return on investment
- Main Street businesses in Cass County would see sales of \$30M annually
- 60 jobs with an attractive annual compensation of \$90,000, above the median Cass County household wage of \$64,500

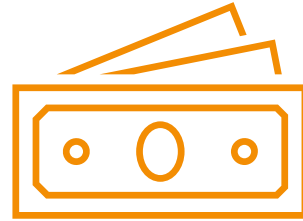
# Economic Effects of Project on Cass County



## Jobs

Total of **442** jobs will be created in the county

**231** jobs will be on-going each year  
60 direct  
171 ripple effect jobs  
**211** annual jobs supported by construction activities for a period of two years



## Payroll

**\$39.7M** in new payroll/benefits in the county

**\$14.7M** in recurring payroll/benefits  
direct annual compensation: \$90K  
Average ripple effect salary: \$51.5K  
**\$24.99M** in total payroll/benefits over two years due to construction activities  
Average annual salary: \$59K



## Sales

**\$885.62M** in sales to businesses in the county

**\$739.12M** sales will be on-going each year  
\$704,094,600 in direct sales  
\$35M in ripple effect sales  
**\$146.5M** in one-time sales supported by construction activities  
\$100,000,000 in direct sales  
\$46.5M in ripple effect sales

# Cass County Government Revenue Impacts

## Completed Construction + Full Capacity Operations



### Annual Revenue During 15-year PILOT

\$100,000 PILOT payment

\$409,000 in ripple effect taxes to county

---

**\$509,000 in annual revenue during 15-year PILOT**

### Annual Revenue Post Proposed PILOT

\$341,000 annual tax revenue from operations each year

\$409,000 in ripple effect taxes to county

---

**\$750,000 in annual revenue post PILOT**

### One Time Construction Impacts

\$132,000 tax revenue from one-time construction activities

*Note: Not included in analysis are the land taxes that will continue to be paid*

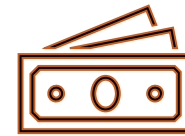
### Total Revenue During 15-year PILOT

\$1,500,000 in PILOT payments (\$100,000/year)

\$6,136,000 in ripple effect taxes to county

---

**\$7,636,000 in total revenue during 15-year PILOT**



**Cass County is estimated to receive more than \$2 for every \$1 invested in the project.**

### Without Project- Forgone Revenue next 30 years

\$7,635,000 (\$509,000 annual revenue during PILOT x 15)

\$11,250,000 (\$750,000 annual revenue post PILOT x15)

\$132,000 (tax from one-time construction activity)

---

**\$19,017,000 in forgone revenue**

# Sub-County & Water Resource District Revenue Impacts Completed Construction + Full Capacity Operations



## Annual Revenue During 15-year PILOT

\$30,000 PILOT payment (*township and water resource district*)  
\$9,100 in ripple effect taxes to sub-county (*city and township*)

---

**\$39,100 in annual revenue during 15-year PILOT**

## Annual Revenue Post Proposed PILOT

\$119,900 annual tax revenue from operations to township  
\$9,100 in ripple effect taxes to sub-county (*city and township*)  
\$29,800 in water resource district revenue

---

**\$158,800 in annual revenue post PILOT**

## One Time Construction Impacts

\$6,000 in revenue from one-time construction activities

## Total Revenue During 15-year PILOT

\$450,000 in PILOT payments (\$30,000/year)  
\$136,500 in ripple effect taxes to subcounty (*city and township*)

---

**\$586,500 in total revenue during 15-year PILOT**

## Without Project- next 30 years

\$447,000 (\$29,800 annual revenue during PILOT x 15)  
\$2,385,000 (\$159,000 annual revenue post PILOT x15)  
\$6,000 (tax from one-time construction activity)

---

**\$2,838,000 in forgone revenue**

# Main Street Industry Sales in Cass County



The industries below will see the following increase in their sales once the soybean crushing plant is at full employment capacity and construction activities are concluded. Varying somewhat by economic sector, **recurring impacts year after year represent 18% (\$31M)** of the sales values shown below.

Construction	\$101,100,000	Food Services and Drinking Places	\$1,900,000
Wholesale Trade	\$10,200,000	Publishing Industries	\$800,000
Truck Transportation	\$7,700,000	Religious/Grantmaking/Civil/Professional	\$800,000
Real Estate	\$7,500,000	Scenic and Sightseeing Transportation	\$800,000
Professional/Scientific/Tech Services	\$5,200,000	Credit Intermediation and Related	\$700,000
Utilities	\$4,700,000	Data Processing/Hosting/Related Services	\$700,000
Rail Transportation	\$3,100,000	Non-store Retailers	\$700,000
Insurance Carriers and Related	\$3,000,000	Telecommunications	\$700,000
Rental and Leasing Services	\$2,600,000	Broadcasting	\$600,000
Administrative and Support Services	\$2,500,000	Securities/Commodity Contracts/Other Financial	\$600,000
Hospitals	\$2,500,000	Water Transportation	\$600,000
Repair and Maintenance	\$2,400,000	Nursing and Residential Care	\$500,000
Ambulatory Health Care	\$1,900,000	Other Main Street Industry Sectors	\$5,121,000

# Methodology



- Using nationally recognized economic modeling software, the model used a customized spending pattern for likely plant inputs purchased from Cass County entities
- Improved soybean basis due to the plant was modeled as an increase in household income, not suggesting increased employment in ag production
- Reduction in grain handling at local elevators as soybeans are delivered to the plant
- No increased soybean production is modeled as the region is already producing soybeans, eliminating possible double counting
- Conservative assessment of transportation increases due to grain hauling
- Modeling of road improvements or maintenance costs has been omitted
- Conservative approach was taken using pre-pandemic modeling structure

# Central Cass School District Revenue Impacts Completed Construction + Full Capacity Operations



## Annual Revenue During 15-year PILOT

\$100,000 PILOT payment

\$ unknown ripple effect taxes to school district

---

**\$100,000+ in annual revenue during 15-year PILOT**

## Annual Revenue Post Proposed PILOT

\$ 763,100 annual tax revenue from operations each year

\$ unknown ripple effect taxes to school district

---

**\$763,000+ in annual revenue post PILOT**

## Not Included in Model

- Population demographics to include more students within school district boundaries
- Economic impact of \$763k annual taxes to school district post PILOT
- Land taxes will continue to be paid

## Total Revenue During 15-year PILOT

\$1,500,000 in PILOT payments (\$100,000/year)

\$ unknown ripple effect taxes to school district

---

**\$1,500,000+ in total revenues during 15-year PILOT**

## Without Project- next 30 years

\$1,500,000 (\$100,000 annual revenue during PILOT x 15)

\$11,445,000 (\$763,000 annual revenue post PILOT x15)

Unknown application of state per pupil payment rate

---

**\$12,945,000+ in forgone revenue**



# Central Cass School District Revenue Impacts Long Range Financial Plan

## Key Points Drawn from Central Cass Long Range Financial Plan (2020)

- Increase in taxable valuation at 3.8% annually
- No significant property will be removed from the tax rolls and other local tax sources will grow as local businesses and housing developments are added within the City of Casselton and other rural communities within the District.
- Central Cass School Realized State Per Pupil Payment Rate is \$8,999

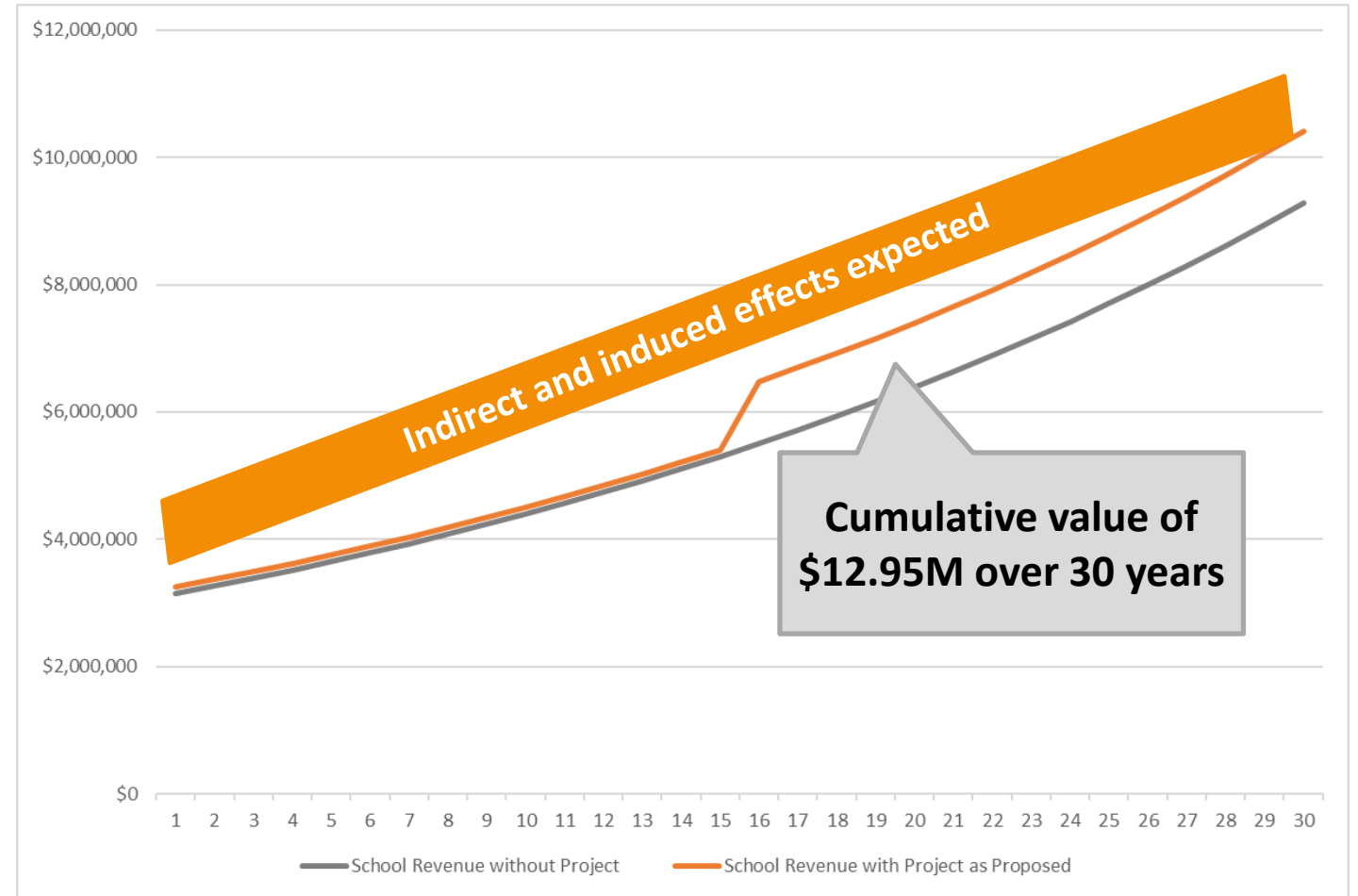


Chart above assumes **3.8% valuation increase on existing property tax** per the Central Cass Long Range Financial Plan. No valuation changes are modeled for the project, which could result in additional tax revenue.



Thank you

[GFMEDC.com](http://GFMEDC.com)  
701-364-1900