

PROPERTY TAX INCENTIVE APPLICATION FOR
VANNA CON
(NICK LEHR)

SUGGESTED MOTION:

Move to approve the request for a property tax exemption submitted by Vanna Con to construct a new manufacturing facility located at 9700 39th Street South in Fargo for an exemption of 100% for five years.

OR

SUGGESTED MOTION:

Move to **NOT** approve the request for a property tax exemption submitted by Vanna Con to construct a new manufacturing facility located at 9700 39th Street South in Fargo for an exemption of 100% for five 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 County
City or County

POSTMARK
SEP 20 2022

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 Vanna Con

2. Address of project 9700 39th Street S, Fargo, ND 58104
City Fargo, County Cass

3. Mailing address of project operator 1710 26th street S
City Moorhead State MN Zip 56560

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. 85-3882794

6. North Dakota Sales and Use Tax Permit No. 85-388279401 *NA 09/19/2022*

7. If a corporation, specify the state and date of incorporation _____

8. Name and title of individual to contact Nick Lehr, Engagement Director
Mailing address 1710 26th street S
City, State, Zip Moorhead, MN, 56560 Phone No. 218-329-5392

Project Operator's Application For Tax Incentives

9. Indicate the tax incentives applied for and terms. Be specific.

<input checked="" type="checkbox"/> Property Tax Exemption	<input type="checkbox"/> Payments In Lieu of Taxes
<u>5</u> Number of years	Beginning year _____ Ending year _____
<u>100%</u> Percent of exemption	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

T 3 BLK 1 Commerce ON I29 Addition. Parcle ID 64047500030000

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 November 2022

b. Description of project to be constructed including size, type and quality of construction
64,960 sq ft, Pre engineered, Insulated, Liner pannel building.

c. Projected number of construction employees during the project construction 100

14. Approximate date of commencement of this project's operations November 2023

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

a. Land..... \$ 750,000

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

c. Newly constructed buildings and structures when completed \$ 6300000

d. Total..... \$ 7050000

e. Machinery and equipment \$ 0

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..... \$ 6300000

d. Total taxable valuation of property eligible for exemption (Add lines b and c)..... \$ 365000

e. Enter the consolidated mill rate for the appropriate taxing district 0.30

f. Annual amount of the tax exemption (Line d multiplied by line e) \$ 108,043.65

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).

Manufacturing of off grid 4-season camper vans, mobile offices and mobile medical units.

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

Lifts, Paint booths, CNC, Design tools, Wire cutting and upholstery stations.

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 Project only	New/Expansion Project only	New/Expansion Project only	New/Expansion Project only	New/Expansion Project only
	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Annual revenue	<u>3715000</u>	<u>13000000</u>	<u>30000000</u>	<u>40000000</u>	<u>60000000</u>
Annual expense	<u>2861710</u>	<u>9238000</u>	<u>20332000</u>	<u>26685000</u>	<u>39285000</u>
Net income	<u>853560</u>	<u>3762000</u>	<u>9668000</u>	<u>13315000</u>	<u>20715000</u>

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/ Expansion Project only	New/ Expansion Project only	New/ Expansion Project only	New/ Expansion Project only	New/ Expansion Project only
		<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
No. of Employees	(1) <u>30</u>	<u>60</u>	<u>60</u>	<u>60</u>	<u>60</u>	<u>60</u>
	(2) _____	_____	_____	_____	_____	_____
Estimated payroll	(1) <u>1151650</u>	<u>2410000</u>	<u>2410000</u>	<u>2410000</u>	<u>2410000</u>	<u>2410000</u>
	(2) _____	_____	_____	_____	_____	_____

(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
-
-

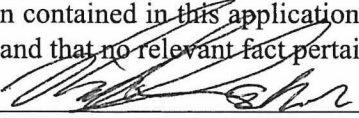
Use Only When Reapplying

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, Nick Lehr, 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.



Signature

Engagement Director

Title

9/19/2022

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

Payments in lieu of taxes

_____ Number of years

_____ Beginning year

_____ Ending year

_____ Percent of exemption

_____ Amount of annual payments (Attach schedule if payments will vary)

Auditor

**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 Monday, November 7, 2022, in the Commission Room, Cass County Courthouse, 211 9th Street South, Fargo, North Dakota, to consider the application of Vanna Con, 1710 26th Street South, Moorhead, MN, for a property tax relief on the project which the applicant will use in the operation of manufacturing off grid four season camper vans, mobile offices, and mobile medical units at 9700 39th Street South in Fargo, ND 58104 Lot 3 Block 1 Commerce on I29 Addition.

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.

(Oct. 12 & 19, 2022) 110128



August 1, 2022

Nick Lehr
Vanna Conversions, LLC
1710 26th St S
Morhead, MN 58103

Dear Nick:

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, **Vanna Conversions, LLC**, as primary sector and a new wealth creator in the economy of North Dakota. This certification is valid for **four years** (7/29/2022 to 7/29/2026).

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 Mwangura 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

1600 E Century Avenue, Suite 6 | P.O. Box 2057 | Bismarck, ND 58502

PHONE: 701-328-5300 | TOLL FREE: 1-866-4DAKOTA | ND RELAY TTY: 1-800-366-6888 | VOICE: 1-800-366-6889 |
NDCommerce.com



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. Completed, attached**
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. Completed, attached**
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. Required during meeting**

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.

SUBJECT: TAX INCENTIVE POLICY

ADOPTED DATE: JANUARY 2, 2018

PAGE 1 OF 5

This policy sets forth the criteria under which the Cass County Board of Commissioners may grant tax exemptions for new or expanding businesses, whether commercial, industrial or service. The Cass County Board of Commissioners states that its purpose in adopting this policy is to sanction, authorize, and encourage activities in the public interest and for the welfare of the State of North Dakota, its political subdivisions, and the people by assisting in the establishment of additional industrial plants, the expansion and retention of existing business, and promotion of economic activities within the State, and thereby increasing production of wealth, and adding to the volume of employment. This policy is a business expansion and jobs creation policy and applies to new and existing businesses as well as new or existing buildings. This tax incentive policy shall apply only to businesses that locate in Cass County, outside of any incorporated city.

New or Expanding Business Exemption/PILOT (N.D.C.C. 40-57.1) [Page 10]

This allows for a 5-year exemption for buildings of certain new or expanding business projects. A 10-year exemption may be granted to projects producing or manufacturing a product from agricultural commodities, at the commission's discretion, evaluated on a case by case basis. In addition to, or instead of a property tax exemption, projects may be granted an option to set up to 20 years of payments in lieu of taxes (PILOT) again at the commission's discretion. The amount of those payments would be determined through negotiations with the County and the project operator.

The following guidelines are recommended:

Cass County will use as a guide the general review criteria below in evaluating the applications for assistance. Each incentive option will be administered according to the appropriate state law in conjunction with the specific policy or guideline adopted by the Cass County Commission.

- 1) A \$100.00 non-refundable fee is required to begin the application process. In addition, the project operator shall publish two notices, the form of which shall be prescribed by the State Board of Equalization. This notice to competitors of such an application for tax exemption shall be published in the official newspaper at least one week apart and not less than 15, nor more than 30 days, before the Board of Commissioners is scheduled to consider such application.
- 2) A new business to the community must not gain unfair advantage with existing competitors using the exemption. The "unfair advantage" argument must be made by a competitive business, in writing, to the Board of Commissioners within 15 days after publication of the official notice.
- 3) An existing business is eligible for tax exemption if expansion of the business includes new jobs and a minimum 20% increase in taxable property value, limited to the assessed valuation of the expansion. Property tax liability on existing buildings are not eligible for the exemption.
- 4) Warehousing and retail projects would not receive exemptions unless the owner could prove need or provide other information to justify granting the exemption.
- 5) Growth projections in the community must be verifiable through either the County Assessor or County Auditor's Office.

SUBJECT: TAX INCENTIVE POLICY

ADOPTED DATE: JANUARY 2, 2018

PAGE 2 OF 5

Economic Impact to the County

The economic impact to the County to be considered will be determined by increased construction activity and the purchase of local equipment, goods and services. Also, consideration will be given in terms of the size of the payroll and the value of the real property which ultimately serves to increase the tax base of the county.

Diversification and Growth of the Economic Base

The County is concerned about attracting and retaining companies that provide diversification from the existing industrial base to bring about a more stable economic environment in the county.

Number and Type of Jobs to be Created

The County is interested in knowing the projection for job creation over the term of the assistance. Consideration will be given to the salary, benefits, and type of jobs to be created or anticipated jobs to be added in the future.

Quality and Growth Potential of the Client

Consideration will be given to the company's reputation in other areas of the country in terms of the client's track record, credit history, stability, and overall industry standing. The County will also be interested in the company's history of growth, potential for future growth, and the general outlook for growth of the industry.

If requested by the County, the developer shall provide adequate financial guarantees to ensure completion of the project, including, but not limited to: assessment agreements, letters of credit, cash escrows, and personal guaranties. If requested by the County, or its consultants, the developer shall provide sufficient financial, environmental, or other data relative to the successful operation of the project.

Kinds of Businesses Targeted for Possible Incentives

The County will typically assist primary sector businesses. Primary sector businesses are those in which at least 70% of the revenues generated by the product or service, they provide come from outside the Fargo trade area (150-mile radius). The product may be completed by another firm (i.e. Cardinal Glass provides glass to Integrity Windows). This information will be provided by the business as part of the application process.

The business must receive "Primary Sector" designation from the North Dakota Department of Commerce and submit that information along with the incentive application. Targeted primary sector businesses are:

1. Those engaged in manufacturing, remanufacturing or processing of a raw material or base product.
2. Those providing packaging and distribution of end products.
3. Service industries that are involved in data processing, data communications, telecommunications services, computer software development, technology support, research facilities, research and development of new technologies, or any form of information processing.

The County is sensitive to concerns of providing assistance if jobs are simply being relocated within the Fargo Trade Area.

SUBJECT: TAX INCENTIVE POLICY

ADOPTED DATE: JANUARY 2, 2018

PAGE 3 OF 5

Kinds of Businesses Typically Not Eligible for Incentives:

- Retail or any business selling directly to the consumer
- Health Care industry
- Education industry
- Property that is occupied by a public, as opposed to private, school, academy, college or other institution of learning for the use of students in attendance upon such public educational institution would be eligible for incentives.
- Hospitality services (hotels, restaurants, taverns, etc.).
- Professionals (architects, attorneys, physicians, dentists, CPA's, real estate developers, investment advisors, advertising/public relations advisors)
- General office facilities
- General warehousing facilities

Evaluation Point System to Be Used as A Guide

A point system will be utilized as a guide in evaluating primary sector projects for possible incentive programs. Although the point system will not be the final determining factor regarding eligibility for incentives, it will be used as a tool to quantify certain criteria.

A total of 100 points is required for recommended approval under the point system. The following is a breakdown of the criteria evaluated by the point system:

Project Type:

Points Project Description

- +38 Manufacturing
- +25 Support Services
- +13 Distribution
- +25 Primary Sector Distribution
- +38 Primary Sector Service Industry
- +38 Technology Research
- 63 Common Service Industry
- 63 Warehousing
- 63 Retail
- 63 Lodging Industry

Jobs Created (Initial Year):

Points Number of Jobs

- + 0 1-10
- +15 11-50
- +20 51-100
- +25 101-250
- +30 251+

SUBJECT: TAX INCENTIVE POLICY

ADOPTED DATE: JANUARY 2, 2018

PAGE 4 OF 5

Points Hourly Salary w/o Benefits

- 25 Under \$13.00	
+ 0 \$13.01 - \$15.00	A weighted average of points will be used according to the number of jobs created in each range.
+25 \$15.01 - \$20.00	
+30 \$20.01 - \$28.00	
+35 \$28.01 - \$35.00	
+50 Over \$35.00	

Local Competition:

Points % of Gross Income with Any Local Competition

+25 0% - 10%
+15 11% - 30%
+0 31% - 50%
-25 Over 50%

Value of Proposed Buildings:

Points Proposed Building Value

+ 0 Up to \$80,000
+ 5 \$80,001 - \$100,000
+ 7.5 \$100,001 - \$500,000
+ 10 \$500,001 - \$1,000,000
+12.5 \$1,000,001 - \$5,000,000
+ 15 \$5,000,001 - \$10,000,000
+ 20 \$10,000,000 - \$15,000,000
+ 30 Over \$15,000,000

Startup Firms:

Points Startup
+15 New "startup" projects

Timing of Filing Application:

Points Application Filing
-100 If filed after start of construction on a new building
-100 If filed after occupancy on an existing building

Incentive Agreement and Reporting Requirements

Each company receiving a business incentive shall be subject to a business incentive agreement with the County as well as the State of ND and reporting provisions and requirements set forth by the ND Century Code and summarized below:

1) Progress Reports

The recipient shall file a report annually for two years after receiving the incentive or until all goals set forth in the incentive agreement have been met, whichever is later. Reports shall be completed using the format drafted by the State of ND and shall be filed with the County no later than March 1 of each year for the progress made the previous year.

SUBJECT: TAX INCENTIVE POLICY

ADOPTED DATE: JANUARY 2, 2018

PAGE 5 OF 5

- 2) Maintain Facility
The recipient agrees to maintain and operate its facility at the site where the incentive is used for a period of five years after the date the incentive is provided.
- 3) Failure to Comply
Business failing to comply with the incentive program will be subject to fines and repayment requirements and will be deemed ineligible to receive any future incentives for a period of five years.

Incentive Application Process and Procedure

Application for business incentives must be made on forms provided by the County and include the \$100.00 non-refundable fee. Following a review and evaluation by appropriate County Staff and/or County's consultant, (GFMEDC), the application shall be referred to the Cass County Commission for further action.

The application packet shall include: a detailed description of the project, preliminary site plan, the incentive amount requested, public purpose of the project, number and type of jobs to be created, wages and benefits, verifiable funding sources and uses, projected project financial statements.

Applicants must complete and submit a property tax clearance record which can be obtained from the state tax office. The purpose of this document is to show the applicant is current on existing property tax liabilities.

In those cases, where an application for tax exemption involves new construction, an exemption which has been granted will be considered lapsed and invalid if construction has not begun in 1 year and/or completed in 2 years. Notice will be sent to the project operator 90 days prior to the exemption lapsing. If, however, the business submits information prior to the exemption lapsing outlining circumstances which necessitate a longer construction schedule, the County Commission can vote to extend the construction period.

If an exemption has been granted and the project operator wishes to locate the operation in another facility, the exemption may be transferred to the new building if the value of the new building is no more than 15% higher than that of the building for which the exemption was originally granted or if the capital investment in the project does not increase by more than 20%. If the new building is more than 15% greater in estimated value or the capital investment in the project increases by more than 20%, the County Commission will reconsider the exemption.

HISTORICAL REFERENCE DATE: JUNE 5, 1995
AUGUST 3, 1998
FEBRUARY 21, 2006
JANUARY 2, 2018

Exemption Evaluation Calculator 2022			136.6
Vanna Adventure Vans			<u>Points</u>
Project Type Code (Ctrl-C to view)		5	38.0
Current Number Of Employees		25	
Hourly Salary Without Benefits	# Jobs		
Under \$13.00	0		
\$13.01-\$15.00	0		
\$15.01-\$20.00	60		
\$20.01-\$28.00	15	Pts. For # Jobs->	30.0
\$28.01-\$35.00	0	Pts. For \$ Jobs->	15.6
Over \$35.00	0		
TOTAL # OF JOBS CREATED	75		
% GI w/ Local Competition (not downtown)		0%	25.0
Value of Proposed Buildings		\$ 7,050,000	15.0
Downtown Location (Y/N)		N	0.0
Exemption Needed (Y/N)		N	
Startup Firm (Y/N)		Y	13.0
Has Const Started or Has Bldg Been Occupied If Existing (Y/N)		N	0.0
Number of Years (Exemption)		5	
Building Age (if substantial renovation)		0	0.0
RECOMMENDATION IS TO APPROVE			