

Automate ND Grant Program

Background

The North Dakota Development Fund received \$5,000,000 during the 67th Legislative Assembly Special Session in American Rescue Plan Act (ARPA) funding for a grant program. Automate ND was developed in response to the workforce shortage in North Dakota which was exacerbated by the COVID-19 pandemic. As of February 2024, North Dakota has over 30,000 open jobs and has the lowest unemployment rate in the country. Companies in ND are facing growing customer demand but lack the workforce to enable expansion and increased productivity. Automation can help increase the productivity per employee and allow companies to expand without hiring additional talent. Impacts of automation include increased company profit, higher wages for employees, improved employee satisfaction, and an increase in state GDP.

The Automate ND Grant Program will make grants of up to \$500,000 to North Dakota Primary Sector Certified (PSC) businesses (i.e., manufacturing, ag processing, etc). The grant cannot be more than 50% of the machinery, equipment, or software being purchased.

The Department of Commerce offers complimentary grant programs through its Workforce Division.

- Are you facing challenges with workforce and need assistance determining the feasibility of automated equipment, machinery, or technology? The Technical Skills Training Grant is accepting applications for grants to cover the cost of a feasibility study related to automation, including the feasibility study required with this grant application.
- Do you need to upskill your staff to run your new automated equipment, machinery, or technology? The Technical Skills Training Grant is accepting applications for grants to cover the cost of upskilling employees.

Purpose

Automate ND is designed to provide financial support to North Dakota PSC businesses who are facing a workforce shortage. The funds may be used for the purchase or lease of machinery, equipment, and software (upfront configuration/setup costs) to automate existing processes to increase output per employee and provide opportunities for upskilling.

Eligibility

Eligible applicants must meet the following criteria:

- Business must be registered to do business in the state of North Dakota
- Business must be a Primary Sector Certified Business at the time of application
- Business must have less than 500 employees (tourism primary sector businesses do not qualify for this grant opportunity).
 - o Business can apply for Primary Sector Certification here: [Forms \(nd.gov\)](https://www.nd.gov/forms)
- The equipment must be utilized in a facility located in North Dakota
- The machinery, equipment, or software has not been purchased.

- Business must have a 3rd party feasibility study (with Smart Manufacturing Assessment and Value Stream Mapping (VSM)) completed to measure the following impacts of the proposed project (*see list of recommended partners*):
 - ROI and payback period
 - Increased capacity per cell or value stream
 - Hours saved – (factory wide, value stream, cell)
 - Additional revenue projected as a result of the project
 - Average increase in hourly earnings per employee on automated line or cell
 - Improved employee safety*
 - Improved production quality*

***Items listed may not apply to all projects.**

Calculating Total Project Cost:

Qualifying Project Costs: The qualifying project cost means the full* purchase price of the machinery or equipment item itself and any items, such as computer software, that are necessary to the operation of the machinery or equipment item. If the transaction includes a trade-in of other property, the purchase costs means the otherwise eligible cost of the acquired machinery or equipment item less the trade-in value of the other property. To calculate the qualifying purchase costs, subtract non-qualifying costs (described below) from the invoice amounts.

- Note: The timing of the payments has no effect on the total project cost.
- Qualifying project costs must be incurred by September 30, 2025.

Qualifying purchases also include equipment acquired under a capital lease and only for the taxable year in which the lease is executed. A capital lease is a lease which meets generally accepted accounting principles. The qualifying cost of the equipment acquired under a capital lease is the fair market value of the equipment at the inception of the lease rather than the individual lease payments as they are made over the years. For equipment acquired under a capital lease, also include a copy of the lease agreement.

Non-qualifying cost: Delivery, training, assembly, installation costs, interest on financing, training, sales tax and other costs incidental to the machinery or equipment purchase are considered the non-qualifying portion of your invoice costs and are not applicable to the project cost. Optional warranties are also not eligible to be included in the project cost.

Application

Assessment period: March 21st – May 30th

Submittal period March 21st –May 30th

Evaluation period June 1st- July 1st

Notification of Awards – July 15th

Proposal Review and Rating

Review and rating of proposals is conducted by the Economic Development & Finance Review Committee. The committee will work with designated individuals to clarify proposals, verify match requirement, and to ensure completeness.

Committee: 3-person Committee

1. Proposals will be rated by the committee using these scoring metrics:
 - a. Project Description (25 Points)
 - i. Include space available
 - ii. Include description on current process
 - iii. Include description of process after improvements made
 - iv. Include explanation for why this is necessary
 - b. Anticipated Project Impact (40 points)
 - i. Including anticipated changes in productivity per employee and upskilling opportunities
 - ii. Include ROI and payback period estimations
 - iii. Show how workforce shortage and demand necessitate investment
 - iv. Include list of each metric and measured impact:
 - ROI and payback period
 - Increased capacity per cell or value stream
 - Hours saved – (factory wide, value stream, cell)
 - Additional revenue projected as a result of the project
 - Average hourly earnings per employee on automated line and cell
 - Improved employee safety*
 - Improved production quality*
 - c. Goals & Timeline (5)
 - d. Detailed Budget Proposal (30 points)
 - i. Include sources of funds
 - ii. Include status of or plan for securing matching funds

***Items listed may not apply to all projects.**

Total Points = 100

Match Requirements

General Match Requirements

- a. Match must be identified in the proposal.
 - i. In some instances, match may not be fully obtained at the time the proposal is made. This is allowable, however in that instance, once match is identified, it must be approved by the Committee and the grant agreement will be modified to describe the match.

- ii. If match is not secured at the time of application, the applicant must secure matching funds within 90-days of grant approval
- b. Identified match **collected** prior to date of application will not be eligible.
 - i. Companies who have been approved for a financing but have not yet closed on that financing are eligible to apply for 50% of the eligible costs.
- c. Match should be from the private sector. State and federal funds may qualify as match if the source of the funds allows. If using state or federal funds as match, applicant must specify the source and demonstrate that they can be used as match per funding source regulations.
- d. Match must be approved by the Committee and must be directly related to the approved project.
- e. Project records must include documentation to demonstrate that match was used to support the approved grant project.
- f. All match used to support grant reimbursement must be used solely for this project during the grant agreement period.

Funding

Funds will be disbursed upon receipt of purchase order form and proof of matching funds.

Automation Tax Credit Eligibility

Portion of the project cost paid for by this grant will not be eligible for Automation Tax Credit. For example:

- If a business has a \$1,000,000 purchase in automation equipment, it is eligible for a \$500,000 grant. For purposes of Automation Tax Credit, only \$500,000 would be eligible for the tax credit.

Re-Application

A business may only be awarded once through this program. Businesses may resubmit an application if denied. Second application must be materially different from the business's first application.

Recommended Feasibility Study Providers

Feasibility Study costs are born by the applicant. The Feasibility Study must include an assessment for Smart Manufacturing readiness and a value stream map showing impact of project. Feasibility Study providers must be approved by the North Dakota Department of Commerce Division of Economic Development and Finance prior to conducting the assessment. Currently approved providers include:

- Impact Dakota
 - Cost: Appx. \$2,500.00 (potential for up to half covered through Technical Skills Training Grant)
 - Average time to complete feasibility study: One week: Includes Pre-meeting, 1 day in house, and a follow-up meeting
- Other providers as approved by Commerce.

To be considered as an approved feasibility study provider, please contact North Dakota Department of Commerce ED&F division director.

Questions

The Automate ND Grant is administered by the North Dakota Development Fund.

Questions may be directed to:

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