North Dakota®
DEPARTMENT OF COMMERCE

2012 Report to the Joint Industry, Business & Labor Committee

BUSINESS DEVELOPMENT – BY THE NUMBERS

17

New businesses or expansions completed since January 2011

> 2,318

Total employment (direct/indirect) projected through 2017

> $600 million

Personal income projected through 2017

> $2.5 billion

Economic output projected through 2017

> $127 million

State tax revenue projected through 2017

84

New projects actively considering North Dakota or who have an interest level in the state since January 2011

30

Company site visits to consider North Dakota as a business location since January 2011

> Of all the areas where we've expanded, North Dakota has really been one of the best places.

Eric Bartsch
United Pulse Trading

United Pulse Trading

Although the growing oil industry has been getting a lot of attention in North Dakota lately, agriculture is still king as the state's largest industry. For United Pulse Trading, North Dakota is a prime location to capitalize on the growing market for dried peas, beans and other products known as pulse crops. "We are the number one producer of dried peas and lentils," says Eric Bartsch, general manager for United Pulse Trading, a value-added pulse crop processer. "In 2000 we had less than 100,000 acres in North Dakota. Now we are close to 700-800,000 acres of dried peas, lentils and chickpeas."

In 2007, the company opened its processing facility in Williston, ND, close to the source of the crop fields. The pulse crops are processed, cleaned and color sorted, making them ready for the table. The company packages and ships the products to over 100 countries, including India and countries in North Africa and the Middle East.

Bartsch sees North Dakota as one of their key factors of success. "We have facilities located in six countries around the world. We have a pretty far reach. Of all the areas where we've expanded, North Dakota has really been one of the best places."

United Pulse Trading received assistance from the state of North Dakota to get the Williston facility built and operating. "We used the North Dakota Development Fund from the North Dakota Department of Commerce, and the PACE loan program through the Bank of North Dakota. It's really programs like these that have made North Dakota a perfect environment for expanding business."

United Pulse itself is growing and looking to expand. The company currently employs 35 people in Williston with additional staff in Bismarck. A new United Pulse processing facility in Minot is expected to be in operation by first quarter 2013, milling another 100,000 metric tons of area producers' split peas and chickpeas while adding approximately 40 new jobs. The North Dakota Department of Commerce worked closely with United Pulse and the Minot Area Development Corporation to assist United Pulse with several finance and tax incentives available to the company. "The programs and the environment in the state are pro-business," Bartsch says. "It really gives a company an advantage to expand here."

TOURISM – BY THE NUMBERS

$4.8 billion

Contributed by tourism to the state's economy in 2011

$119

Returned in visitor spending for every $1 invested in advertising the state

#1

In the nation for tourism expenditure growth at 14.9% compared to national average of 6.8%

10 million

Persons reached by Tourism's online presence

20%

Increase in the hotel sector since 2010

3,667

Additional rooms available to travelers at 43 new properties throughout the state

> We knew that if Regent were to become a destination, we had to have a motel. If it wasn't for the help of the North Dakota Department of Commerce, we wouldn't have had a start.

Gary Greff
Enchanted Castle, Regent, ND

Enchanted Highway and Enchanted Castle

When the highway to the rural town of Regent, North Dakota was upgraded from gravel to pavement, Gary Greff wondered how he could encourage travelers on the nearby interstate to make a detour and stop at the community's local businesses. When Greff noticed people stopping their vehicle to take pictures next to a welded statue of a man holding a hay bale created by a local farmer, an idea was born.

"I'd never laid a bead of weld in my life before I started this project," Greff said. "But you can do anything you want if you set your mind to it. I'm living proof of that."

The first sculpture, The Tin Family, was erected in 1991, and others soon followed. Currently, the Enchanted Highway boasts seven sculptures, including "Geese in Flight," which is listed in the Guinness Book of World Records as the world's largest scrap metal sculpture.

Since the sculptures have been erected, a recent vehicle count shows traffic on the highway has dramatically increased.

The Enchanted Highway Gift Shop sign-in book records visitors from all 50 states and many different countries. "Regent hasn't gotten any bigger, so we know the Enchanted Highway had its influence," said Greff, who now heads the Enchanted Highway Foundation. "I've had more than one person say they would not be in Regent if it wasn't for the Enchanted Highway."

With support from the North Dakota Department of Commerce's Tourism Division, the Enchanted Highway Foundation is developing a hotel, bringing additional economic activity to the area. The Enchanted Castle opened in 2012 and is drawing tourists, hunters and workers from the region.

The Enchanted Highway is located off Interstate 94, exit 72 east of Dickinson, and extends for 32 miles south to Regent. There is no cost to view the sculptures, but visitors are encouraged to visit the Enchanted Highway Gift Shop and make a donation. For more information, visit www.enchantedhighway.net

COMMUNITY DEVELOPMENT – BY THE NUMBERS

24,000

People impacted by Community Development and Community Services Block Grants

632

Families and individuals in the Relocation program who notified us of their move to North Dakota

70

Families with disabilities assisted with Shelter Plus Care housing assistance grants

82

Homes rehabilitated with Community Development Block Grants and HOME Program

144

New affordable housing and rental units with Community Development Block Grants and HOME Program

244

Proposed jobs from Community Development Block Grants projects

> “There is a lot of monetary commitment when you purchase a business. I think all the (assistance) programs are absolutely amazing and we couldn’t have done any of it without their help.”

Dave and Tana Smolnikar
Dale’s Clothing, Bowman, ND

Dale’s Clothing

Dale’s Clothing has been a landmark in downtown Bowman, North Dakota for 38 years. When the original owners, Dale and Martha, were ready to retire, the community worried that it would lose one of the few clothing shops in the region.

“Bowman has a thriving, diverse economy, but losing Dale’s Clothing would’ve been a big loss to the community,” explains Ashley Alderson, Bowman County Development’s executive director. “We used the Renaissance Zone and other development incentives to help another local family purchase this successful business.”

Dave and Tana Smolnikar of Bowman owned a trucking business, but after Dave was involved in a life-threatening accident, they decided it was time for a change and saw opportunity in Dale’s Clothing store. “In 12 weeks, we went from owning a trucking company to owning a clothing store and embroidery shop,” explains Tana, recounting the event. “I believe there was an upper hand in the whole situation.”

To help with the initial investment, the Smolnikars utilized business investment programs from the state, including the Renaissance Zone program from the North Dakota Department of Commerce, which provides tax incentives to help revitalize North Dakota’s downtown areas and keep them vibrant.

“I don’t think (buying the business) would’ve been possible without it,” says Tana of the Renaissance Zone program. “There is a lot of monetary commitment when you purchase a business. I think all the (assistance) programs are absolutely amazing and we couldn’t have done any of it without their help.”

When asked about the name of the store, the Smolnikars insist they have no plans to change the name from Dale’s Clothing. “It’s been Dale’s Clothing for 38 years,” says Tana. “We didn’t change the name; it’s an icon down here in southwestern North Dakota.”

WORKFORCE DEVELOPMENT – BY THE NUMBERS

8,000
Out-of-state job seekers connected to the Experience ND Relocation Program

632
Families and individuals assisted since July 2008 in relocating to North Dakota

109
Businesses participating in Operation Intern

348
Internships with funding assistance from Operation Intern

210,000
Views on Career Conservations podcast videos

5,500
Students and parents reached with Youth Forward's information on North Dakota education and job opportunities

> NDSU and UND are world-class educational institutions. Being able to hook into those sources of talent is really a key point of differentiation. It allows us to do some things here that we really couldn't do elsewhere.

Dean Atchison
Spectrum Aeromed

Spectrum Aeromed

Transporting medical patients by airplane or helicopter presents unique challenges. Medical equipment needs to be accessible, yet secure. Compact equipment design is important due to the tight spaces of smaller aircraft.

Spectrum Aeromed, based in North Dakota and recently recognized as one of Inc. Magazine's 500 fastest-growing companies, provides smart solutions for air ambulance equipment. From stretchers to oxygen storage, the company equips aircraft from around the world with life flight systems.

Eighty percent of Spectrum Aeromed's business comes from international sales, with many clients based in South America, the Middle East, Europe and Russia. All of Spectrum Aeromed's operations are in Fargo near Hector International Airport with the exception of two small customer service operations in Washington state and Germany.

The company's customers appreciate the ease of international travel and transactions out of Fargo. "So much of our business is international that if we bring in an aircraft from Brazil, Mexico or even Canada, they can do customs right here," says Spectrum Aeromed CEO and President Dean Atchison.

Atchison cites the business-friendly climate of North Dakota as one of the factors contributing to the company's success. "North Dakota gets it, from the governor on down," Atchison says. "We don't need to show entrepreneurs how to do things. We need to set up programs and then let them be successful. I think that's what really happens in North Dakota."

Spectrum Aeromed has been able to employ five interns thanks to the North Dakota Department of Commerce's Operation Intern, a cost-sharing program that encourages businesses to employ and train interns. The company has also developed relationships with local universities for workforce recruitment. "North Dakota State University and University of North Dakota are world-class educational institutions," states Atchison. "Being able to hook into those sources of talent is really a key point of differentiation. It allows us to do some things here that we really couldn't do elsewhere."

BUSINESS & INDUSTRY DEVELOPMENT

APUC — The Agricultural Products Utilization Commission (APUC) administers grants for the development of new and expanded uses for North Dakota agricultural products.

- Total sponsored projects from July 2011 – December 2012: 41
- Total funding provided: $1.6 million

CENTERS OF EXCELLENCE & RESEARCH EXCELLENCE — These hubs of research and development at North Dakota colleges and universities partner with private companies to commercialize new products and services. Detail reflects total impacts through June 30, 2012.

- Total state dollars invested: $44.1 million
- Total private dollars spent: $95.3 million
- Total economic impact: $634.6 million
- 1,082 new direct jobs
- More than $4 raised for every $1 awarded

DEVELOPMENT FUND — Providing important gap financing for companies starting or expanding in North Dakota, the Development Fund coordinates efforts between all financial sources, business and community.

- Invested $7.8 million through 33 loans in 15 cities since January 1, 2011
- Total jobs at time of funding: 693
- 24 month job creation: 890
- Total dollars leveraged for each $1 funded: $14.03
- Total childcare loans accessed since July 2009: 19
- Total childcare dollars loaned since July 2009: $1.011 million

EMPOWER NORTH DAKOTA — The EmPower Commission's 2012 Policy Updates and Recommendations report was recently completed in preparation for the 2013 Legislative session.

- EmPowerND.com

ENERGY EFFICIENCY & RENEWABLE ENERGY — Commerce is involved in many activities to promote energy efficiency in the public and private sectors and to facilitate the development and use of renewable energy sources within the state.

- Total energy grants: 323
- Total funding provided: $59.1 million
- Number of public buildings retrofitted: 197
- Number of housing units weatherized: 1,654
- Blender pumps installed: 210
  - Increase in gallons of fuel blended with ethanol sold: 15.5%

INNOVATE ND — Innovate ND provides education and support to help people turn business ideas into reality in North Dakota.

- Total new businesses in operation or development in state: 135

RENAISSANCE ZONES — By providing incentives to investors to find new uses for existing buildings, Renaissance Zones are helping to attract new businesses and housing to downtown areas across the state. Detail reflects activity from July 2011 through December 2012.

- Total cities participating: 55
- Total approved/completed projects: 1,172/923

SMALL BUSINESS DEVELOPMENT CENTER (SBDC) — The Small Business Development Center provides business assistance in the form of counseling, training and research that results in job creation/retention and economic wealth. Detail reflects activity from July 2011 through December 2012.

- Businesses served: 2,927
- Hours of consultation: 18,985
- Businesses started: 262
- Jobs created: 1,440
- Jobs retained: 1,021
- Total capital infused into small businesses in 2011-12: $208.8 million

TOURISM — The efforts of our statewide hospitality industry, business partners and the Tourism Division make tourism the third-largest industry in North Dakota.

- For every $1 invested in advertising the state, $119 was returned in visitor spending.
- North Dakota's tourism industry leads the nation in growth with visitor expenditures increasing to 14.9% vs. national average of 6.8%. Increases were also seen in travel-generated payroll (7.6%) and travel-generated tax revenue (6.1%).
- Tourism contributed $4.8 billion to the state's economy in 2011.
- Tourism expansion and infrastructure grants awarded funds to 16 projects, with results including new lodges, campgrounds, art and historic site expansions and a winery tasting room and event center.
- Through December 2012, Tourism's online presence had reached a unique audience of more than 10 million.
- Tourism Development in North Dakota reported a 20% increase in the hotel sector since 2010. With 43 new properties built throughout the state, an additional 3,667 rooms were available to travelers.

COMMUNITY DEVELOPMENT

COMMUNITY DEVELOPMENT BLOCK GRANTS (CDBG) — CDBG provides financial assistance to local governments through grants and loans for public facilities, housing rehabilitation and economic development projects benefiting low to very low income individuals.

- Total homes rehabilitated: 46
- Total new affordable housing units: 67
- Total proposed jobs from projects: 244
- Total dollars expended in match funds: $20.1 million
- Number of residents impacted: 24,065

COMMUNITY SERVICES BLOCK GRANTS (CSBG) — CSBG is an anti-poverty grant addressing low income challenges such as employment, education, income management, housing, emergency services, nutrition, self sufficiency and health.

- Total CSBG funds distributed to communities in 2011-12: $6.2 million
- 24,086 residents in 12,805 families impacted

EMERGENCY GRANTS — Through federal funding, Commerce delivers financial assistance to facilities and programs within North Dakota which provide temporary shelter to homeless individuals.

- More than $1.06 million was awarded in 2011-2012 to 27 homeless and domestic violence providers.
- Over $450,000 from the Shelter Plus Care Program was provided for housing assistance grants to more than 70 families with disabilities.

HOME PROGRAM — The North Dakota HOME program has two primary activities: home owner assistance and rental unit production and assistance.

- Affordable rental units produced: 77
- Homebuyers assisted: 151
- Single family homes rehabilitated: 36
- Total funding provided for HOME rental, acquisition, rehabilitation and construction: $3.2 million
- Other funds leveraged for the development of affordable housing: $12.1 million

COMMUNITY SERVICES INITIATIVES ALSO INCLUDE:

- Backpacks for Kids
- Childcare Grants
- Homeless Grants
- Manufactured Housing
- North Dakota Census Office

WORKFORCE DEVELOPMENT

CAREER CONVERSATIONS — Career Conversations connects students, parents and educators to professionals with perspectives on life in high-demand careers, using short videos profiling their occupation.

- Number of views: 210,000
- Career Conversations videos posted as of December 2012: 60

EXPERIENCE NORTH DAKOTA — Experience North Dakota provides one-to-one personalized assistance and connects out-of-state job seekers with career opportunities, training, and relocation information such as housing, community resources and recreation.

- Over 8,000 out-of-state job seekers in the Relocation Program database
- 87,000 unique visitors to ExperienceND.com since July 2011
- 632 families and individuals in the Relocation program who notified us of their move to North Dakota

OPERATION INTERN — The Operation Intern grant program expands internship opportunities available with North Dakota employers.

- Businesses participating: 109
- Number of internships funded: 348
- Number of interns who notified us they were hired for full-time jobs from 2007-2012: 78

YOUTH FORWARD — Youth Forward connects people ages 12-24 to a future in North Dakota by promoting jobs, entertainment, education and opportunities in our state.

- People reached with career and education opportunities information:
  - Student leaders and advisors: >2,000
  - Rural high school students and parents: >5,500

WORKFORCE DEVELOPMENT PROGRAMS ALSO INCLUDE:

- AmeriCorps
- Talent Initiative
- Workforce Enhancement Grants
- Governor's Workforce & HR Conference

North Dakota®
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