

# MANUFACTURING *in Lehman's Terms*

## Incentives 101

I hope everyone is enjoying the warmer weather! It feels like spring has finally sprung in North Dakota and construction season is just around the corner! Throughout the winter and into this spring, I have been working with a handful of manufacturers who are gearing up to break ground on new expansions. I bring this up, because if you've been sitting on the fence regarding your expansion plans, you may want to dig into the various incentives available to help make those plans pencil out. North Dakota has gained a reputation for establishing a business climate that is supportive of our primary industries, and manufacturing is no exception. These incentives come in many forms, but most of the incentives commonly sought out by our manufacturing community in North Dakota will fall under the following categories:

1. **Loans:** There is a wide range of loan related instruments such as low interest loans, loan guarantees, interest buydowns, forgivable loans, and hybrids of these. Typically, however, most of these are financing tools aimed at reducing risk for more favorable loan terms.
2. **Grants:** Do not typically need to be paid back assuming certain conditions are met.
3. **Tax Incentives:** May be property, sales, or income based.

So, that's great, but what can they be used for? There are many incentives out there originating from various sources. Most are offered through federal, state, and local agencies who are all trying to accomplish various outcomes. Some of the more common applications for the incentives available to manufacturers in North Dakota include the following:

1. Manufacturing expansion (facilities and equipment),
2. Energy efficiency improvements (lighting, equipment, etc.),
3. Workforce training,
4. Intern employment,
5. Research & Development,
6. Entering new markets (foreign and domestic),
7. Value added agriculture,
8. and many others.

Keep in mind not all incentives will apply to every operation. For example, some may require primary sector certification, or some may be more geared toward a particular industry. In many cases, however, (especially with expansions), these incentives have brought about a tangible impact for those manufacturers who have applied for them.

So how does this work? Typically, I would support your local economic developer in identifying those incentives which would fit your application and helping you to work through the process. If you are interested in learning more about these incentives, please stay tuned as I will be doing a deeper dive into each of them individually in future posts. If your need is more immediate, however, please feel free to contact myself or your local developer and we will help you get your project moving forward. Until next time...



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