

# MANUFACTURING *in Lehman's Terms*

## 2022 Automation Tax Credit Status

With tax time right around the corner, I wanted to take this opportunity to cover the Automation Tax Credit (ATC). This program provides tax credits of up to 20% of the applicants' investment in automating manual processes. For each of the past four years, the legislature has set aside \$1M for the ATC program. This means that if the demand is less than \$5M per year, all applicants would receive a full 20% tax credit on their investment (\$1M/\$5M). However, if the cumulative demand across the state goes beyond \$5M, the percentage realized by applicants is prorated. For the 2022 tax year, there were \$11,468,504 in approved applications. Taking the proration into account, applicants will receive 8.72% of their investment back as a tax credit. This amount is very close to the average realized over the past four years. Review of the applications for the ATC have recently wrapped up and the final letters have been sent out to all the applicants.



Dave Lehman  
[dlehman@nd.gov](mailto:dlehman@nd.gov)  
701-226-0309

This year (2022 tax year) was the last year of a four-year run for the ATC. Due to this sunset, a new bill (HB 1168) is working its way through the legislative session and being formed into what may (if approved) become the successor to the current ATC. You can find additional information regarding this bill at <https://www.ndlegis.gov/assembly/68-2023/regular/bill-overview/bo1168.html>.

The ATC is one of the programs under consideration during this year's legislative session aimed at building capacity within our manufacturing sector to address workforce challenges in the state. I encourage anyone having input (positive or negative) pertaining to this bill or others, to reach out to your legislators as they sincerely appreciate constituent feedback and sentiment regarding various pieces of legislation. Remember, you are the experts the legislators rely upon to make well informed decisions. For information regarding the various bills working their way through this year's session, the Greater North Dakota Chamber does a great job of covering those bills with the potential to impact business activity in North Dakota. Their business bill tracker can be viewed here: <https://www.ndchamber.com/business-bill-tracker>.

For additional information regarding this or other incentives applicable to your manufacturing operation, please feel free to reach out and I will point you in the right direction. Also, if you are considering an expansion or relocation to North Dakota, I would be happy to work with you to make that a reality!

*David Lehman is the Advanced Manufacturing Business Development Manager at the North Dakota Department of Commerce. He can be reached at (701) 226-0309 or by email at [dlehman@nd.gov](mailto:dlehman@nd.gov).*

To access past Lehman's Terms content, please visit the archive at <https://www.impactdakota.com/news/lehmansterms/>