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MEMO

TO: County Commission

FROM: Robert W. Wilson

Date: October 14, 2025

Subject: Cass County Tax Incentive Policy Consideration

The Commission first reviewed this draft policy on October 6, 2025, with the intent that Board would consider approving the updated policy at the October 20th meeting. The attached policy includes two additional paragraphs updated based on the Commission's feedback.

As previously discussed, this update will simplify the policy and provide developers and municipalities with a better sense of how the Commission may view future incentive applications. Second, considering the state legislature's recent actions enacting property tax caps, Cass County has an additional obligation to be vigilant about approved incentives.

Under the proposed policy, primary sector incentive requests will generally be supported as submitted. This recognizes the unique economic impact of businesses that produce products in the Fargo-West Fargo-Moorhead area and sell most of their products across the nation or world.

The policy will encourage non-primary sector projects submitted by municipalities to not exceed 5 years with a 100% abatement. Projects supported by municipalities that do not exceed 5 years do not require County approval.

Recognizing the region has a serious shortage of low-income housing, the policy will support federally sponsored low and moderate-income housing incentives that utilize programs such as the Low-Income Housing Tax Credit (LIHTC) program.

Tax Increment Financing (TIF) and Payment in Lieu of Taxes (PILOT) applications not otherwise identified in other sections of this policy will generally be considered at half the requested amount.

Adoption of this policy will not limit the Commission's ability to act individually on incentive applications. The County will continue to receive notification of incentive applications approved by municipalities for longer than five years.

There was a discussion at the October 6th meeting about bringing more certainty to the timeframes for TIF's and PILOT's. PILOT's already have specific timeframes. The timeframe for a TIF is dependent on several factors that may not all be known when the incentive is approved.

MOTION: Update Cass Commission Policy Manual # 34.00, Tax Incentive Policy to reflected the attached language.

SUBJECT: TAX INCENTIVE POLICY

ADOPTED DATE: OCTOBER , 2025

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This policy sets forth the criteria under which the Cass County Board of Commissioners may vote affirmatively to participate in tax incentives for new or expanding businesses or developments. This tax incentive policy shall apply to businesses and developments located both within and outside of incorporated municipalities in Cass County, whether the application is received directly by Cass County, or approved and forwarded by an incorporated municipality.

N.D.C.C Chapter 40-05-24 states that if a municipality anticipates granting a property tax incentive for more than five years the impacted county retains the option to participate – or not - in the incentive. This policy recognizes that tax incentives shift a portion of the tax burden between taxpayers in an effort to stimulate economic growth or otherwise promote a public good. For this reason and the limitations to increase tax revenue placed on county governments by the North Dakota State Legislature, the Cass County Commission will generally limit the utilization of tax incentives to the following circumstances:

Primary Sector Businesses:

Recognizing that development and expansion of primary sector businesses (businesses that produce goods or services locally and sell a majority of their products outside the Fargo, West Fargo, Moorhead metropolitan area) represent one of the most direct and impactful ways to grow local economies, the Cass County Commission will generally support applications that promote primary sector business development.

Non-Primary Sector Projects Approved and Forwarded by Municipalities:

The Cass County Commission will encourage municipalities to limit the length of 100% property tax abatements to not more than five (5) years, recognizing that incentives up to five years do not require Cass County Commission approval.

Support for Federally Supported Low and Moderate-Income Housing Programs:

Recognizing Cass County has a shortage of low- and moderate-income housing, the Cass County Commission will support incentive applications that utilize programs such as the Low-Income Housing Tax Credit (LIHTC) program to leverage additional investment in Cass County's housing stock.

Tax Increment Financing (TIF) and Payment in Lieu of Taxes (PILOT) Incentives Not Otherwise Recognized in this Policy:

Tax incentive proposals not aligning within the categories listed in this policy will not be granted for more than 50% of the request. Applications for non-Primary Sector existing facility expansions or remodels will not be considered.

Timing of County Review:

In the case of applications submitted by municipalities requesting County participation, applications should be submitted for County Commission consideration prior to consideration by the originating municipalities' policy board.

Transferability of Incentive:

So long as a county-approved incentive is active on a property, that incentive is not transferable to a new owner without action by the County Commission affirming the transferability of the remaining incentive.

Renaissance Zone Incentives:

Cass County does not support Renaissance Zone incentives beyond five years.

With respect to applications made directly to the County (not originating within a municipality), the Cass County Commission's general goal will be consistency with the incentives described above.

HISTORICAL REFERENCE DATE: JUNE 5, 1995
AUGUST 3, 1998
FEBRUARY 21, 2006
JANUARY 2, 2018
October __, 2025