



City of Grand Forks
Staff Report
Committee of the Whole – June 9, 2025
City Council – June 16, 2025
City Council – July 21, 2025 (Public Hearing)

APPROVED & ACCEPTED
by City Council
06/16/2025
Maureen Storstad
Maureen Storstad
City Auditor

APPROVED & ACCEPTED
by City Council
07/21/2025
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Agenda Item: Agristo Tax Incentive Application and Set Public Hearing

Submitted by: Todd Feland, City Administrator
Dan Gaustad, City Attorney
Maureen Storstad, Finance Director
Tami Lazur, City Assessor

Staff Recommended Action – Approve the Agristo Tax Incentive Application and approve moving through the tax incentive final review and approval process to include the preliminary recommendation of a 20 year/90% Payment In Lieu of Taxes (PILOT) and set the City Council Public Hearing date for July 21, 2025

June 9, 2025 - Committee Recommended Action:

Motion by Sande, second by Berg, to refer to City Council for approval of staff recommendation.
Motion passed 5-1, with Osowski dissenting.

June 16, 2025 – Council Action:

Motion by Berg, second by Lunski to approve staff recommended action including setting the public hearing for July 21, 2025. Motion passed 5-1, with Osowski dissenting.

July 21, 2025 – Council Action (Public Hearing):

Motion by Weigel, second by Sande to approve. Motion passed 6-1, Osowski dissenting.

BACKGROUND:

Agristo, a family-owned potato processing company from Belgium, has informed the City of Grand Forks they intend to build their first North American facility in Grand Forks, North Dakota. For the last three years, Agristo has been working with local potato growers on trial plots with European potato varieties. Agristo has been in site discussions with locations in the Midwest. With this decision, their exploration in other states will be paused to focus on negotiations in North Dakota and Grand Forks. The final decision is contingent on certain conditions related to infrastructure, incentives, and finalizing competitive BNSF transportation rates.

The United States, North Dakota, and Grand Forks Agristo project was and is a collaborative public/private partnership to include and not limited to the following: Agristo, Northland Potato Growers Association, Federal, North Dakota, and Local governments, and Grand Forks Region Economic Development Corporation.

Agristo is amid global expansion and sustainable growth in Europe, India, and in the United States (U.S.). Agristo has already established a strong presence in the U.S. market and the U.S. potato processing facility is intended to meet the U.S. market’s sustainable and long-term growth. The Grand Forks, North Dakota has been selected as the location for Agristo’s U.S. production site due to the following key factors:

- Home to a strong agricultural community with deep expertise in potato farming, offering valuable collaboration opportunities with local stakeholders.
- Vast agricultural land and favorable growing conditions proved ideal during extensive tests of potato varieties. These trials demonstrated exceptional potential for optimal crop yield and quality.
- Expansive land and development-friendly policies in the region provide ample room for future growth and alignment with market growth demand.

- Shared values, sustainable production sites, meaningful collaborations with stakeholders, and creating long lasting benefits for the community.

The Grand Forks site represents an initial investment of at least \$450 million in the first phase of development. In addition, there is an associated and collaborative of approximately \$150 million for on-farm or off-site grower storage. The groundbreaking is set for the spring of 2026 with plans to commence operations in summer/fall of 2028. The investment is expected to create 300-350 direct jobs and stimulate indirect investments in agriculture and supply chains, significantly boosting local and regional economies.

ANALYSIS AND FINDINGS OF FACT:

- On January 21, 2025, the City Council approved a Preliminary Memorandum of Understanding provides for agreed upon preliminary and working framework to begin and pursue good faith negotiations to arrive at and execute a mutually agreeable development agreement. It is anticipated that from these good faith negotiations, the succeeding development agreement will contain terms and conditions relating to the construction and operation of the Agristo Grand Forks expansion, including any public utility or service infrastructure that may be needed to accommodate the Agristo Grand Forks expansion, and incentives Agristo seeks or may seek for this proposed expansion.
- To be competitive with alternative and potential Agristo production locations in the United States, the City of Grand Forks administration has preliminarily presented to Agristo the following incentives for this expansion (subject, however, to the parties reaching a development agreement and subject to required governmental authority approvals):
 - **Forgivable Infrastructure Line of Credit: \$30 million** The North Dakota Legislative Assembly in the 2025 legislative session developed and approved a \$30,000,000.00 (U.S. Dollars) forgivable line of credit infrastructure program under the North Dakota Department of Agriculture and with an emergency clause. The funding will be utilized to assist Agristo’s development of infrastructure needs such as property acquisition, water lines, wastewater lines, electricity, gas, roads, and rail. As proposed, fifty percent (50%) of the \$30,000,000.00 (U.S. Dollars) forgivable line of credit will be forgiven upon issuance of a certificate of occupancy of the Agristo Plant, and the remaining amount will be forgiven upon the Agristo Plant achieving fifty percent (50%) production capacity.
 - **20-Year, 90% Property Tax Incentive** The City will consider, and seek approval from Grand Forks County and the applicable public school district, an application from the Developer for a 20-year, 90% real property tax incentive. This 20-year property tax incentive is expected to be in the form of a payment in lieu of property tax that will result in a reduction of the property tax payment of 90% on property taxes that would otherwise be due without this incentive (but excluding the land which will remain subject to the full amount of property tax).
 - **Sales and Use Tax Exemption - Construction Materials: \$9.8 million (est.)** Pursuant to North Dakota law (N.D.C.C. §§ 57-39.2-04.4 and 57-40.2-04(15)), the State of North Dakota exempts from sales and use tax any construction materials used to construct the agricultural commodity processing facility in North Dakota. It is anticipated that Agristo would be eligible for this tax incentive.
 - **Sales and Use Tax Exemption - Manufacturing/Processing Equipment: \$8.1 million (est.)** Pursuant to North Dakota law (N.D.C.C. §§ 57-39.2-04.3 and 57-40.2-04(15)), the State of North Dakota exempts any new and expanding plant from paying sales and use tax on machinery and equipment used for manufacturing. It is anticipated that Agristo would be eligible for this tax incentive.
 - **Corporate Income Tax Exemption: Value to be determined** Pursuant to North Dakota law (N.D.C.C. ch. 40-57.1), the State of North Dakota may exempt from state corporate income tax all income generated from the production facility for a period of 60 months from commencement of operations. It is anticipated that Agristo would be eligible for this tax incentive.
 - **North Dakota AdvanceND Loan: \$2.24 million** The North Dakota Development Fund awards “deal closing” low interest loans to companies considering a new industrial project

in North Dakota when competing with other states. It is anticipated Agristo will be eligible for up to \$20 Million (U.S.) Dollars at 2% interest rate to utilize for working capital, equipment, permitting, and engineering cost.

- **Interest Subsidy Grants: \$1.5 million** The Bank of North Dakota's Participating in Assisting Community Expansion (PACE) and Agriculture Diversification and Development (ADD) programs provide a total grant up to \$1.5 Million (U.S.) Dollars to reduce interest on a loan used to acquire land, purchase equipment or for working capital. It is anticipated Agristo would be eligible for this PACE and ADD program incentives.
 - **Equipment Grant: \$0.50 million** The North Dakota Department of Agriculture provides a total grant of \$500,000.00 (U.S.) Dollars for the acquisition of processing equipment for new or expanding value added agricultural businesses that demonstrate financial feasibility, enhance profitability for farmers, create jobs and grow North Dakota's economy. It is anticipated that Agristo would be eligible for this grant.
 - **Engineering Grant: \$0.25 million** The North Dakota Department of Agriculture provides a total grant of \$250,000.00 (U.S.) Dollars to support engineering and design activity for creating new wealth and employment opportunities the development and expanded use of North Dakota's agricultural products. It is anticipated that Agristo would be eligible for this grant.
- On Wednesday, June 4, 2025, City representatives discussed and received a project update from Agristo Legal & External Affairs Director International Ward Claerbout. The summary project update is as follows:
 - Agristo has reached a general agreement on terms with Fufeng Group USA on the purchase of the Fufeng Group USA site in Grand Forks. Agristo anticipates signing a letter of intent on the real estate purchase in the next week or two. A real estate closing is estimated to occur in September 2025. The groundbreaking on the facility is planned for the spring of 2026 with completion in the summer/fall of 2028.
 - Agristo continues to work on the processing facility engineering/environmental design and permitting and general contractor selection process.
 - Agristo continues to work on potato agronomy with local and regional potato growers.
 - Agristo continues to work on its Committee on Foreign Investment in the United States (CFIUS) filing as it relates to its U.S. investment.
 - Agristo met with Federal and State of North Dakota representatives while in Washington, DC.
 - Mr. Claerbout and Agristo Project Leader U.S. Ruben Devos will be in Grand Forks the week of June 16 to continue work with City representatives on the development agreement and engineering/environmental design and permitting. Mr. Claerbout and Mr. Devos are planning to attend the City Council meeting on June 16, 2025 to provide an Agristo project update. The City administration is anticipating having a final development agreement for review, consideration, and approval with the City Council in the July/August 2025 timeframe. Agristo is working with the North Dakota Department of Agriculture regarding the forgivable line of credit infrastructure program and expects program application to become available in July 2025.
 - The PILOT property tax incentive of 20 years, 90% is one of the key economic development incentives the City is leading. The Fufeng Group USA land site's estimated value is \$11 million as an approximate 350 acre, industrial and infrastructure ready site. Of the estimated \$450 million Agristo potato processing facility investment, the estimated real estate property tax value is approximately \$186 million. The estimated PILOT for 2029 of 100% land value and the reduced calculated payment to a based on applying the mill rate to the 10% real estate property taxable value is \$476,481.00 of additional property tax value. Even with the deferred real estate property tax value, this will make Agristo one of the highest industrial property taxpayer in Grand Forks. The estimated additional property tax value in 2049 with 100% real estate taxable value is \$3,744,803.00.

- PILOT Timeline:
 - Monday, June 9– Committee of the Whole review of property tax incentive request.
 - Monday, June 16 – City Council provides further review of property tax incentive, refers request to Local Government Advisory Committee (LGAC), and sets public hearing for July 21, 2025.
 - Prior to LGAC and any further action, the City will consult with the Department of Commerce regarding proposed payment in lieu of taxes option as per N.D.C.C. § 40-57.1-03(3)
 - Wednesday, June 18, 2025 – Send Public Notice to GF Herald as per N.D.C.C. § 40-57.1-03(5).
 - **GF Herald Public Notices posted on June 25 and July 2, 2025**
 - Week of June 23 - Local Government Advisory Committee (LGAC) review and consideration of payment in lieu of property tax option to meet provision of N.D.C.C. § 40-57.1-03(7) (City/Park District/School District/County).
 - Monday, July 14 – Grand Forks School Board Meeting as per N.D.C.C. §§ 40-05-24 and 40-57.1-03(7).
 - Tuesday, July 1 – County Commission Meeting as per N.D.C.C. §§ 40-05-24 and 40-57.1-03(7).
 - Monday, July 21 – City Council holds public hearing on property tax incentive and takes final action, as per N.D.C.C. 40-57.1-03(3) & (5).

SUPPORT MATERIALS:

- Agristo PILOT Impact Analysis
- Highway 81 Infrastructure Layout Map
- Approved City Staff Report Agristo Working Draft Development Memorandum of Understanding with attachments, dated January 21, 2025.
- Agristo Presentation to the ND Legislature, dated February 19, 2025.
- House Bill No. 1332 – “Agristo Bill”