

**Combined Grand Forks Local Government Subdivisions Payment in Lieu of Tax (PILOT)
Incentive Review Process Guideline**

Date: March 29, 2026

Step 1:

The City of Grand Forks (City) receives a tax incentive application form. After City Council review and approval of the tax incentive application, a copy of the tax incentive application is sent to all local taxing entities and a fee of \$10,000 (previously \$2,500) is collected from the project developer seeking the tax incentive. The approval by the City Council is only with respect to permitting the process for consideration of the requested tax incentive to proceed forward, and is not considered approval of the requested tax incentive. In addition, the City shall contact and consult with the North Dakota Department of Commerce regarding the PILOT incentive request, as required by N.D.C.C. § 40-57.1-03(3). Competitive industrial projects will not be subject to the 'but-for-test' nor any associated fees (e.g., *Agristo*, *Simplot high bay freezer*), the rest of the process remains the same.

The \$10,000 developer payment pays for a 3rd party but-for-test analysis and for a financial accountability review at the one-year mark after project completion (*City currently utilizes Baker Tilly as its financial advisor*). Potential claw backs or disqualification from any future tax incentives would be potential remedies per a development agreement.

Step 2:

A Combined City Council, School Board, and County Commission Meeting (Combined Work Session) is noticed and held for the project developer to present the project and answer initial questions from the local taxing entities governing boards. The meeting will be considered a work session for the purpose of initially introducing the requested PILOT incentive to the School Board and County Commission, commence the negotiation and deliberation for such incentive, and for opening questions or concerns the members of these governing bodies may have.

A co-presentation from the finance directors of each of the local subdivisions outlining financial impacts will be a part of the work session meeting. A legal review will be provided by the City Attorney and School and County legal counsels as requested and necessary, citing applicable state and local legal requirements.

After this Combined Work Session, an approximate six-week period is set to allow sufficient time for further fact gathering and discussion by the City, School and County, including continued deliberation for such incentive and for the developer to prepare responses and/or make project adjustments as may be needed.

This Combined Work Session meeting will be scheduled as needed and on dates on which the governing bodies of the City, School and County do not meet (anticipated being Thursdays at 5:30 PM and reasonable efforts will be made to consolidate project developer applications to allow for consolidated, efficient, and effective Combined Work Session meetings).

During the Combined Work Sessions, the public will be given the opportunity to speak regarding the applicable development projects. Five (5) minutes per speaker will be permitted during the Combined Working Session. The public comment period (during the City's public hearing as noted in Step 4) will not have a maximum time limit.

Step 3:

After the Combined Work Session, the City will allow for the noted and approximate six-week period for the City Council, School Board, and County Commission to review, consider, and decide on the tax incentive development request. In approximately the second week of the six week period,, the City will send out the statutorily required notice letter under N.D.C.C. § 40-05-24 that triggers the time period for a decision by the County Commission and School Board and to respond to the City on whether such governing bodies elect to participate in granting the PILOT or elect not to participate in granting the PILOT and if electing to participate whether either are willing to negotiate the terms of the PILOT with the City. It should be noted that pursuant to N.D.C.C. § 40-05-24, if the City does not receive a response from County and/or the School Board within 30 days of the delivery of the notice from the City, the non-responding governmental entity must be treated as participating in the PILOT. Also, approximately two weeks after the Combined Work Session, timely notice to competitors shall be published as per N.D.C.C. § 40-57.1-03(5) for the City Council's public hearing on the PILOT application.

Step 4:

After the Combined Work Session and within the approximate six week due diligence and decision time period and also after the 30-day notice period under N.D.C.C. § 40-05-24 has expired and the publication period under N.D.C.C. § 40-57.1-03(5) has

been satisfied, a Public Hearing will be held by City Council and its decision of the proposed PILOT tax incentive request will be made.

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