

North Dakota Department of Transportation

DBE NEWSLETTER

— For the December 20, 2024, Bid Letting —



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Upcoming Bid Letting Meeting

DBE Industry Update Meeting—Dec. 9, 2024, at 9-10 a.m. CT
for the Dec. 20, 2024, Bid Opening

Microsoft Teams Meeting

Join on your computer, mobile app, or room device

[Click here to join the meeting](#)

Meeting ID: 256 730 016 589

Passcode: cJjAqv

Join with a video conferencing device

Tenant key: teams@join.nd.gov

Video ID: 112 778 355 9

Dial in by phone

+1 701-328-0950,,677862761# United States, Fargo

Phone conference ID: 677 862 761#

[Click here](#) to view the slides from the November 15 DBE Industry Update Meeting

[Click here](#) to view the upcoming DBE Industry Update Meetings

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Advertisements

Newsletter advertisements are due to the Civil Rights Office 15 business days prior to each bid opening by noon CT:

- Thursday, Dec. 26, 2024 (for Jan. 10, 2025)

Submit the required information online at:

<https://apps.nd.gov/dot/cr/csi/login.htm>

The North Dakota Department of Transportation (NDDOT) will consider every request for reasonable accommodation to provide:

- An accessible meeting facility or other accommodation for people with disabilities.
- Language interpretation for people with limited English proficiency (LEP)
- Translations of written material necessary to access NDDOT programs and information.

To request accommodations, contact Heather Christianson, Civil Rights Division, NDDOT at 701-328-2978 or civilrights@nd.gov TTY users may use Relay North Dakota at 711 or 1-800-366-6888.

Strategic Year-End Heavy Equipment Purchases: A Path to Financial Growth



As the year draws to a close, business owners—particularly those in the construction industry—may find themselves considering a year-end heavy equipment purchase. This decision can offer a range of benefits, from optimizing taxable income to enhancing operational capabilities, ultimately positioning a business for success in the year ahead. By strategically purchasing heavy equipment before year-end, business owners can reduce their fiscal load, gain a competitive edge, and ensure smoother operations moving forward. Below, we explore the advantages of such purchases, the critical tax benefits available through Section 179, and various financing options that allow for more flexible and cost-effective equipment acquisitions.

Section 179: A Key Tax Break for Business Owners

One of the most compelling reasons for making a year-end heavy equipment purchase is to take advantage of Section 179 of the IRS tax code, which allows businesses to deduct the full purchase price of qualifying equipment in the year it is purchased. This deduction helps businesses reduce their taxable income and, by extension, their overall tax liability.

In simple terms, Section 179 allows businesses to deduct the full cost of qualifying purchases in the same tax year—even if they financed the equipment, rather than paying in full upfront. For example, if a business buys \$100,000 worth of equipment, they can potentially deduct the full \$100,000 from their taxable income. This reduces the taxable income, effectively lowering the amount of taxes owed. When combined with depreciation benefits, the Section 179 deduction becomes a powerful tool for reducing tax burdens and boosting a company's financial health.

The deduction works regardless of whether the equipment is purchased outright, financed, or leased. The key is that the equipment must be used for business purposes more than 50% of the time. The Section 179 deduction for 2024 allows businesses to deduct up to \$1,220,000 of equipment purchases, provided the total equipment cost does not exceed \$3,050,000. Once equipment purchases surpass the \$3,050,000 threshold, the available deduction begins to phase out. It's important to note that Section 179 differs from bonus depreciation, which is a percentage-based deduction rather than a dollar-based one. Therefore, consulting with a tax professional is essential to navigate these options effectively and to determine which one offers the most significant benefit for a specific business.

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Tax Benefits of Leasing, Buying, and Rental Purchase Options

In addition to the Section 179 deduction, businesses have multiple avenues for acquiring heavy equipment: leasing, borrowing (financing through loans), and rental purchase options (RPOs). Each of these options has its own set of benefits, and the choice largely depends on a business's needs, project timelines, and long-term goals.

Leasing Equipment: Flexibility for Short-Term Needs

Leasing equipment is an attractive option for businesses that need equipment for short-term projects or seasonal work. With leasing, companies can enjoy smaller monthly payments than if they were to purchase the equipment outright. In addition, lease payments are often tax-deductible, which can help businesses offset some of the operational costs. At the end of the lease term, businesses may also have the option to purchase the equipment at a discounted rate. Leasing is ideal for businesses in industries with high equipment turnover or those working in harsh environments where equipment wears out quickly.



Rental Purchase Option (RPO): Build Equity with Flexibility

The Rental Purchase Option (RPO) provides another layer of flexibility. This option allows businesses to rent equipment initially and then decide at the end of the term whether to purchase it. It's a great choice for businesses with uncertain project durations or for those new to using heavy equipment. The RPO allows companies to test equipment before committing to a full purchase while also building equity over time.

Financing (Loan): Long-Term Ownership

For companies seeking long-term ownership, financing through a loan is the most traditional and straightforward option. While it typically requires a larger upfront down payment, the business gains immediate ownership of the equipment, which can be an asset for operations that rely on consistent, day-to-day use of the machinery. The financing term can vary, with many businesses opting for a 36-month term for construction equipment. This option is ideal for businesses that need to own their equipment outright and plan to use it for several years.

Interest Rates and Terms

When it comes to financing, interest rates can vary depending on the equipment cost, the company's credit profile, and the lender's terms. Standard loan rates typically range from 6% to 9%, though some dealers offer subsidized financing with 0% interest on certain pieces of equipment or for specific promotional periods. The financing term can vary, with options ranging from 12 to 60 months, and sometimes even extending to 72 months for smaller equipment such as mini-excavators. Businesses should compare rates, terms, and fees across different lenders to find the most advantageous deal. The application process is typically straightforward, especially when financing through a manufacturer's lending partner. A simple one-page credit application is generally all that is needed to apply.

How to Finance Heavy Equipment

The application process for financing or leasing heavy equipment can be fairly simple. Typically, businesses will need to provide some basic information, such as the company's legal name, address, phone number, tax ID, and the financing amount being requested. Some lenders may also require a personal guarantee, especially if the business is relatively new or has limited credit history. Once the application is submitted, businesses can usually receive an approval decision within minutes.

If approved, the funds are disbursed directly to the dealer, and the equipment is delivered to the business. For established businesses with good credit histories and strong financials, financing terms are often competitive, and securing favorable interest rates is common. However, businesses with weaker credit histories may need to provide additional documentation or consider offering a down payment to increase their chances of approval.

Depreciation Deductions: A Major Benefit of Section 179

A significant benefit of Section 179 is the depreciation deduction available for businesses that purchase qualifying equipment. Depreciation allows businesses to write off the cost of equipment over time. However, Section 179 allows businesses to deduct the full purchase price upfront. This immediate deduction can provide a substantial tax savings, especially for large purchases. By leveraging this deduction, a business that purchases equipment worth \$100,000 could effectively reduce its tax bill by \$35,000 (assuming a 35% tax rate).

Conclusion: Making the Most of Year-End Equipment Purchases

For business owners in the construction industry, a strategic year-end equipment purchase can lead to a healthier financial outlook for the upcoming year. Not only does it provide immediate tax benefits through Section 179, but it also offers flexibility in terms of financing and operational needs. Whether through leasing, a Rental Purchase Option (RPO), or financing through a loan, businesses can select the most suitable option based on their project timelines and financial goals.

Ultimately, combining the tax advantages of Section 179 with the right financing approach can give businesses in the construction industry a competitive edge while improving their cash flow and financial position. It's crucial to work closely with a tax advisor to understand the full scope of potential savings and ensure that the equipment purchase aligns with the company's broader financial strategy.
an approval decision within minutes.



Quoting Opportunities

December 20, 2024, Bid Opening at 9:30 a.m. CST

EDLING ELECTRIC, INC - PO BOX 1456, BISMARCK, ND 58502, is seeking quotes on any and all items or materials within the scope of the project(s) on job number(s) 23277 for the December 20, 2024 NDDOT Bid Opening to be held at 09:30 AM. We will assist you in interpreting plans and specifications, preparing proposals, provide advice to obtain bonding and insurance, project scheduling, pit information (location, length of haul, type of road, etc.) method of measurement (seeding by the mile or acre, hauling by the ton-mile or by the hour, etc.), expected overtime, payment schedule, items of work included in the quote or any other project related issues. EDLING ELECTRIC, INC will be accepting quotes up until deadlines as specified in the DBE Special Provisions for this letting. You can email your quotes to james@edlingelectric.com or fax your quotes to 701-255-2835. To speak to someone in our office regarding quoting please contact James Ruud at 701-595-7570. Any and all disadvantaged businesses are encouraged to submit a quote. EDLING ELECTRIC, INC is an Equal Opportunity Employer.

KNIFE RIVER CORPORATION - NORTH CENTRAL - 3303 ROCK ISLAND PLACE, BISMARCK, ND 58504, is seeking quotes on any and all items or materials within the scope of the project(s) on job number(s) 23277, 24026 for the December 20, 2024 NDDOT Bid Opening to be held at 09:30 AM. We will assist you in interpreting plans and specifications, preparing proposals, provide advice to obtain bonding and insurance, project scheduling, pit information (location, length of haul, type of road, etc.) method of measurement (seeding by the mile or acre, hauling by the ton-mile or by the hour, etc.), expected overtime, payment schedule, items of work included in the quote or any other project related issues. KNIFE RIVER CORPORATION - NORTH CENTRAL will be accepting quotes up until deadlines as specified in the DBE Special Provisions for this letting. You can email your quotes to KRWND.Subquotes@kniferiver.com. To speak to someone in our office regarding quoting please contact Cody Bennett at 701-774-2066 extension 3755. Any and all disadvantaged businesses are encouraged to submit a quote. KNIFE RIVER CORPORATION - NORTH CENTRAL is an Equal Opportunity Employer.

MARTIN CONSTRUCTION, INC. - 3685 116TH AVE SW, DICKINSON, ND 58601, is seeking quotes on any and all items or materials within the scope of the project(s) on job number(s) 23277 for the December 20, 2024 NDDOT Bid Opening to be held at 09:30 AM. We will assist you in interpreting plans and specifications, preparing proposals, provide advice to obtain bonding and insurance, project scheduling, pit information (location, length of haul, type of road, etc.) method of measurement (seeding by the mile or acre, hauling by the ton-mile or by the hour, etc.), expected overtime, payment schedule, items of work included in the quote or any other project related issues. MARTIN CONSTRUCTION, INC. will be accepting quotes up until deadlines as specified in the DBE Special Provisions for this letting. You can email your quotes to mquotes@martinnd.com. To speak to someone in our office regarding quoting please contact Matt Church at 701-495-2417. Any and all disadvantaged businesses are encouraged to submit a quote. MARTIN CONSTRUCTION, INC. is an Equal Opportunity Employer.

NORTHERN IMPROVEMENT COMPANY - 4000 12TH AVENUE NORTH, FARGO, ND 58102, is seeking quotes on any and all items or materials within the scope of the project(s) on job number(s) 23277, 24026 for the December 20, 2024 NDDOT Bid Opening to be held at 09:30 AM. We will assist you in interpreting plans and specifications, preparing proposals, provide advice to obtain bonding and insurance, project scheduling, pit information (location, length of haul, type of road, etc.) method of measurement (seeding by the mile or acre, hauling by the ton-mile or by the hour, etc.), expected overtime, payment schedule, items of work included in the quote or any other project related issues. NORTHERN IMPROVEMENT COMPANY will be accepting quotes up until deadlines as specified in the DBE Special Provisions for this letting. You can email your quotes to subquotes@nicnd.

To speak to someone in our office regarding quoting please contact Bruce Thompson at 701-223-6695. Any and all disadvantaged businesses are encouraged to submit a quote. NORTHERN IMPROVEMENT COMPANY is an Equal Opportunity Employer.

REEDE CONSTRUCTION, INC. - 5237 HIGHWAY 12 E, STE 1, ABERDEEN, SD 57401, is seeking quotes on any and all items or materials within the scope of the project(s) on job number(s) 23277 for the December 20, 2024 NDDOT Bid Opening to be held at 09:30 AM. We will assist you in interpreting plans and specifications, preparing proposals, provide advice to obtain bonding and insurance, project scheduling, pit information (location, length of haul, type of road, etc.) method of measurement (seeding by the mile or acre, hauling by the ton-mile or by the hour, etc.), expected overtime, payment schedule, items of work included in the quote or any other project related issues. REEDE CONSTRUCTION, INC. will be accepting quotes up until deadlines as specified in the DBE Special Provisions for this letting. You can email your quotes to jbruns@reedeconstruction.net. To speak to someone in our office regarding quoting please contact Jesse Bruns at 605-225-7082 extension 27. Any and all disadvantaged businesses are encouraged to submit a quote. REEDE CONSTRUCTION, INC. is an Equal Opportunity Employer.

STRATA CORPORATION - PO BOX 13500, GRAND FORKS, ND 58208, is seeking quotes on any and all items or materials within the scope of the project(s) on job number(s) 23277 for the December 20, 2024 NDDOT Bid Opening to be held at 09:30 AM. We will assist you in interpreting plans and specifications, preparing proposals, provide advice to obtain bonding and insurance, project scheduling, pit information (location, length of haul, type of road, etc.) method of measurement (seeding by the mile or acre, hauling by the ton-mile or by the hour, etc.), expected overtime, payment schedule, items of work included in the quote or any other project related issues. STRATA CORPORATION will be accepting quotes up until deadlines as specified in the DBE Special Provisions for this letting. You can email your quotes to quotes@stratacorporation.com. To speak to someone in our office regarding quoting please contact Robert Martens at 701-741-4239. Any and all disadvantaged businesses are encouraged to submit a quote. STRATA CORPORATION is an Equal Opportunity Employer.



THE USDOT BONDING EDUCATION PROGRAM PROVIDES THE INFORMATION TO TAKE YOUR COMPANY TO THE NEXT LEVEL

What have you done to position your business for increased success? In this Building Business Capacity Program, you will hear from experts in construction accounting, construction law, estimating, project management, surety, bonding, marketing and access to capital. This program is designed to help you take your company to the next level. If you are ready for that next step, SIGN UP TODAY.

LEARN ABOUT

- Construction Accounting
- Construction Legal Contracts
- Project Management
- Surety
- Estimating
- Bonding
- Marketing
- Access to Capital
- Strategic Planning

WHAT GRADUATES HAVE TO SAY

"I got a lot out of the bonding class. I was able to listen to a whole lot of very professional people about bonding insurance and accounting. Overall, it was just a great class."

BEP GRADUATE

Register at: www.WestCentralSBTRC.com/bonding

Registration Deadline - Jan 9, 2025



Jan 14, 21, 28 and Feb 4, 11 & 25, 2025



Zoom Webinar



8:30am - 10:30am MT each day



This class is free for qualified businesses to attend