

**SECOND ENGROSSMENT  
with Senate Amendments**

Fifty-seventh  
Legislative Assembly  
of North Dakota

**REENGROSSED HOUSE BILL NO. 1400**

Introduced by

Representatives Berg, Pietsch, Severson, Tieman

Senators Klein, Trenbeath

1 A BILL for an Act to create and enact a new section to chapter 54-34.3 of the North Dakota  
2 Century Code, relating to a rural growth incentive program administered by the department of  
3 economic development and finance; and to provide for allocation of the North Dakota  
4 development fund.

5 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

6 **SECTION 1.** A new section to chapter 54-34.3 of the North Dakota Century Code is  
7 created and enacted as follows:

8 **Rural growth incentive program.**

- 9 1. The department shall manage and administer the rural growth incentive program.  
10 A city with a population of less than two thousand five hundred may apply to the  
11 department to be designated as a rural growth incentive city. The department shall  
12 designate an applicant city as a rural growth incentive city if the city raises funds in  
13 the amount of a dollar for dollar match for the amount requested in the loan,  
14 prepares an economic development strategic plan, and meets any additional  
15 program requirements provided by rule. The source of city funds may be any  
16 combination of public and private funds.
- 17 2. If the department designates a city as a rural growth incentive city:
- 18 a. Subject to the availability of funds, the state shall make a loan to the city in an  
19 amount not less than twenty-five thousand dollars and not more than  
20 seventy-five thousand dollars. The department shall establish the amount of  
21 the interest rate for loans provided to a city under this section. The funding  
22 source of the state loan is the North Dakota development fund. The city shall  
23 distribute the city and state funds to qualifying new or expanded primary  
24 sector businesses in the city. A qualifying business in the city includes a

1 business that provides essential services to the city. For purposes of this  
2 section, a business that provides essential services does not include a public  
3 utility. The governing body of the city determines whether a new or expanded  
4 primary sector business qualifies for funding, and the director of the  
5 department determines whether a business that provides essential services to  
6 the city qualifies for funding. The state shall distribute a loan to a rural growth  
7 incentive city once the city establishes the city has chosen a specified  
8 qualified business to receive funding. The city may not use city or state funds  
9 raised or provided under this section for costs associated with administering  
10 the rural growth incentive city.

- 11 b. The department shall provide the city with training to assist the city in  
12 expanding primary sector businesses and working with state economic  
13 development programs.

14 **SECTION 2. NORTH DAKOTA DEVELOPMENT FUND ALLOCATIONS.** A portion of  
15 the amount available in the North Dakota development fund relating to the transfer of regional  
16 rural development revolving loan fund moneys may be used for the purpose of providing state  
17 loan funds under section 1 of this Act.