

Introduced by

Representatives S. Kelsh, Drovdal, Ekstrom

Senators Christenson, Grindberg, T. Mathern

1 A BILL for an Act to amend and reenact section 40-63-07 of the North Dakota Century Code,
2 relating to the limitation on the total amount of tax credits for investments in renaissance fund
3 corporations; and to provide an effective date.

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

5 **SECTION 1. AMENDMENT.** Section 40-63-07 of the 1999 Supplement to the North
6 Dakota Century Code is amended and reenacted as follows:

7 **40-63-07. Renaissance fund corporation - Exemption from taxation.**

- 8 1. Each city with a designated renaissance zone may establish a renaissance fund
9 corporation, if the provisions for such a corporation are clearly established in the
10 development plan and approved with the plan. The renaissance fund corporation
11 may be a for-profit subsidiary of the local authority if one is designated.
- 12 2. The purpose of a renaissance fund corporation is solely to raise funds to be used
13 to make investments in zone projects, and to provide financing to enterprise zone
14 projects in a manner that will encourage capital investment in downtowns and
15 central portions of cities, encourage the establishment or expansion of commercial
16 businesses in downtowns and central portions of cities, and encourage the
17 purchase of homes and encourage residency in the downtowns and central
18 portions of cities.
- 19 3. A renaissance fund corporation may provide financing to zone projects, including
20 projects undertaken by individuals, partnerships, limited partnerships, limited
21 liability companies, trusts, corporations, nonprofit organizations, and public entities.
22 The financing may include any combination of equity investments, loans,
23 guarantees, and commitments for financing. The amount of financing is not limited
24 by this chapter.

- 1 4. A renaissance fund corporation is exempt from any tax imposed by chapter
2 57-35.3 or 57-38. A corporation or financial institution entitled to the exemption
3 provided by this subsection must file required returns and report income to the tax
4 commissioner as required by the provisions of those chapters as if the exemption
5 did not exist. If an employer, this subsection does not exempt a renaissance fund
6 corporation from complying with the income tax withholding laws.
- 7 5. A credit against state tax liability as determined under section 57-35.3-03,
8 57-38-29, 57-38-30, or 57-38-30.3 is allowed for investments in a renaissance fund
9 corporation. The amount of the credit is fifty percent of the amount invested in the
10 renaissance fund corporation during the taxable year. Any amount of credit which
11 exceeds a taxpayer's tax liability for the taxable year may be carried forward for up
12 to five taxable years after the taxable year in which the investment was made.
- 13 6. The total amount of credits allowed under this section may not exceed, in the
14 aggregate, ~~two five million five hundred thousand~~ two five million dollars for all taxpayers in all
15 taxable years.
- 16 7. Income to a renaissance fund corporation derived from the sale or refinancing of
17 zone properties financed wholly or in part by the corporation may be dispersed as
18 annual dividends equal to the income, minus ten percent, derived from all sources
19 and proportional to the investment. In the event of a loss to the fund resulting in a
20 temporary diminishment of the fund below the original principal amount, no annual
21 dividend may be paid until the fund is restored.
- 22 8. Income to a renaissance fund corporation derived from interest or the temporary
23 investment of its funds in certificates of deposit, bonds, treasury bills, or securities
24 may be used for administration.
- 25 9. If an investment in a renaissance fund corporation which is the basis for a credit
26 under this section is redeemed by the investor within ten years of the date it is
27 purchased, the credit provided by this section for the investment must be
28 disallowed, and any credit previously claimed and allowed with respect to the
29 investment must be paid to the tax commissioner with the appropriate return of the
30 taxpayer covering the period in which the redemption occurred. When payments

1 are made to the tax commissioner under this section, the amount collected must be
2 handled in the same manner as if no credit had been allowed.

3 10. A renaissance fund corporation may invest in any housing, commercial, or
4 infrastructure project in a zone project.

5 11. Each petition for investment must include a plan for sale or refinancing that results
6 in proceeds equal to or in excess of the proportional investment made by the
7 renaissance fund corporation.

8 **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
9 December 31, 2000.