

**FIRST ENGROSSMENT
with House Amendments**

Sixty-first
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2060

Introduced by

Legislative Council

(Workforce Committee)

1 A BILL for an Act to amend and reenact subsection 7 of section 40-63-01, subdivision g of
2 subsection 1 of section 40-63-03, and sections 40-63-04 and 40-63-05 of the North Dakota
3 Century Code, relating to renaissance zone rehabilitation of public utility infrastructure and
4 renaissance zone boundaries; and to provide an effective date.

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

6 **SECTION 1. AMENDMENT.** Subsection 7 of section 40-63-01 of the North Dakota
7 Century Code is amended and reenacted as follows:

8 7. "Rehabilitation", as used in sections 40-63-04 and 40-63-05, means the repair or
9 remodeling of a building or public utility infrastructure at a cost that is equal to or
10 exceeds fifty percent of the current true and full value for commercial buildings or
11 public utility infrastructure and twenty percent for single-family homes.

12 **SECTION 2. AMENDMENT.** Subdivision g of subsection 1 of section 40-63-03 of the
13 North Dakota Century Code is amended and reenacted as follows:

14 g. The proposed renaissance zone may have a single exception to the
15 continuous boundary and contiguous block requirements under subdivision d
16 if the area of the excepted noncontiguous blocks does not exceed three
17 square blocks ~~and if the shortest distance between the noncontinuous~~
18 ~~boundaries of the two portions of the zone does not exceed one-half mile [.80~~
19 ~~kilometer].~~

20 **SECTION 3. AMENDMENT.** Section 40-63-04 of the North Dakota Century Code is
21 amended and reenacted as follows:

22 **40-63-04. Income tax exemptions.**

23 1. An individual taxpayer who purchases or rehabilitates single-family residential
24 property for the individual's primary place of residence as a zone project is exempt

from up to ten thousand dollars of personal income tax liability as determined under section 57-38-29 or 57-38-30.3 for five taxable years beginning with the date of occupancy or completion of rehabilitation.

2. Any taxpayer that purchases, leases, ~~or~~ rehabilitates, or makes leasehold improvements to residential, public utility infrastructure, or commercial property for any business or investment purpose as a zone project is exempt from any tax on income derived from the business or investment locations within the zone for five taxable years, beginning with the date of purchase, lease, or completion of rehabilitation.

3. If the cost of a new business purchase, leasehold improvement, or expansion of an existing business, approved as a zone project, exceeds seventy-five thousand dollars, and the business is located in a city with a population of not more than two thousand five hundred, an individual taxpayer may, in lieu of the exemption provided in subsection 2, elect to take an income tax exemption of up to two thousand dollars of personal income tax liability as determined under section 57-38-29 or 57-38-30.3. The election must be made on the taxpayer's zone project application. The election is irrevocable and binding for the duration of the exemptions provided in subsection 2 or this subsection. If no election is made on the zone project application, the taxpayer is only eligible for the exemption provided in subsection 2.

4. If a property owner not participating in a renaissance zone project is required to make changes in utility services or in a building structure because of changes made to property that is part of a zone project, the owner of the nonparticipating property is entitled to state income tax credits equal to the total amount of the investment necessary to complete the required changes. The credit must be approved by the local renaissance zone authority. The credit must be claimed in the taxable year in which the related project was completed. The credit may not exceed the taxpayer's tax liability, and an unused credit may be carried forward up to five taxable years.

5. The exemptions provided by this section do not eliminate any duty to file a return or to report income as required under chapter 57-35.3 or 57-38.

1 **SECTION 4. AMENDMENT.** Section 40-63-05 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **40-63-05. Property tax exemptions.**

- 4 1. A municipality may grant a partial or complete exemption from ad valorem taxation
5 on single-family residential property, exclusive of the land on which it is situated, if
6 the property was purchased or rehabilitated by an individual for the individual's
7 primary place of residence as a zone project. An exemption granted under this
8 subsection may not extend beyond five taxable years following the date of
9 acquisition or completion of rehabilitation.
- 10 2. A municipality may grant a partial or complete exemption from ad valorem taxation
11 on buildings, structures, fixtures, and improvements purchased or rehabilitated as
12 a zone project for any business or investment purpose. The state board of
13 equalization may grant a partial or complete exemption from ad valorem taxation
14 on public utility infrastructure rehabilitated as a zone project. An exemption under
15 this subsection may not extend beyond five taxable years following the date of
16 purchase or completion of rehabilitation.

17 **SECTION 5. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
18 December 31, 2008.