

**FIRST ENGROSSMENT  
with House Amendments  
ENGROSSED SENATE BILL NO. 2050**

Introduced by

Legislative Management

(Taxation Committee)

1 A BILL for an Act to create and enact a new subsection to section 40-58-20 of the North Dakota  
2 Century Code, relating to tax increment financing districts; and to amend and reenact  
3 subsection 2 of section 40-58-01.1 and subsection 1 of section 40-58-20 of the North Dakota  
4 Century Code, relating to tax increment financing by cities.

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

6 **SECTION 1. AMENDMENT.** Subsection 2 of section 40-58-01.1 of the North Dakota  
7 Century Code is amended and reenacted as follows:

8 2. "Blighted area" means an area other than a slum area which by reason of the  
9 presence of a substantial number of slums, deteriorated or deteriorating structures,  
10 predominance of defective or inadequate street layout, faulty lot layout in relation to  
11 size, adequacy, accessibility, or usefulness, unsanitary or unsafe conditions,  
12 deterioration of site or other improvements, diversity of ownership, tax or special  
13 assessment delinquency exceeding the fair value of the land, defective or unusual  
14 conditions of title, improper subdivision or obsolete platting, or the existence of  
15 conditions which endanger life or property by fire and other causes, or any  
16 combination of these factors, substantially impairs or arrests the sound growth of a  
17 municipality, retards the provision of housing accommodations or constitutes an  
18 economic or social liability and is a menace to the public health, safety, morals, or  
19 welfare in its present condition and use. "Blighted area" does not include land  
20 assessed as agricultural property.

21 **SECTION 2. AMENDMENT.** Subsection 1 of section 40-58-20 of the North Dakota Century  
22 Code is amended and reenacted as follows:

23 1. At any time after the governing body of a municipality has approved a development or  
24 renewal plan for any development or renewal area and has filed that plan with the

1        department of commerce division of community services, it may request the county  
2        auditor and treasurer to compute, certify, and remit tax increments resulting from the  
3        development or renewal of the area in accordance with the plan and any modifications  
4        thereof, and the county auditor and treasurer shall do so in accordance with this  
5        section. Tax increments computed for a development or renewal area under this  
6        section or section 40-58-20.1 may not be used for more than twenty taxable years  
7        without the original taxable values being reset by the governing body of the  
8        municipality to taxable values that are not more than twenty taxable years old, unless  
9        principal and interest payments on indebtedness incurred before July 1, 2011, would  
10       become impossible to pay from the tax increment fund when due. Tax increments  
11       computed for a development or renewal area under this section or section 40-58-20.1  
12       for properties that were not obligated before July 1, 2011, for making principal and  
13       interest payments on indebtedness must be reset so the taxable values used as the  
14       original values are never more than ten taxable years old.

15       **SECTION 3.** A new subsection to section 48-50-20 of the North Dakota Century Code is  
16       created and enacted as follows:

17       The governing body of a municipality with an active tax increment financing district  
18       may at any time identify funds on hand that are in excess of the costs it determines  
19       necessary to complete the activities included in the last approved urban renewal plan  
20       for that district. The governing body shall cause the identified surplus to be transferred  
21       to the county treasurer to be distributed to the state and all political subdivisions  
22       having power to tax property in the area, in amounts proportionate to the most recent  
23       five-year average of the property tax levy within the district.