

**FIRST ENGROSSMENT
with House Amendments
ENGROSSED SENATE BILL NO. 2218**

Introduced by

Senators Sorvaag, Krebsbach, Triplett

Representatives Kempenich, Kreun, Thoreson

1 A BILL for an Act to create and enact a new subsection to section 40-63-07 of the North Dakota
2 Century Code, relating to restrictions on renaissance fund organization investments in
3 enterprises owned by renaissance fund organization officers, employees, and investors; to
4 amend and reenact subsections 2 and 5 of section 40-63-07 of the North Dakota Century Code,
5 relating to renaissance fund organization income tax credits; and to provide an effective date.

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

7 **SECTION 1. AMENDMENT.** Subsection 2 of section 40-63-07 of the North Dakota Century
8 Code is amended and reenacted as follows:

9 2. The purpose of a renaissance fund organization is solely to raise funds to be used to
10 ~~make investments in~~ finance zone projects and to make investments ~~other projects~~
11 located in designated renaissance ~~zone cities~~ zones. A renaissance fund organization
12 may provide financing to projects undertaken by individuals, partnerships, limited
13 partnerships, limited liability companies, trusts, corporations, nonprofit organizations,
14 and public entities. The financing may include any combination of equity investments,
15 loans, guarantees, and commitments for financing. The amount of financing is not
16 limited by this chapter.

17 **SECTION 2. AMENDMENT.** Subsection 5 of section 40-63-07 of the North Dakota Century
18 Code is amended and reenacted as follows:

19 5. The total amount of credits allowed under this section may not exceed, in the
20 aggregate, ~~seven~~ eight million five hundred thousand dollars for investments in
21 renaissance fund organizations. A renaissance fund organization that has received
22 investments that qualify for ~~these additional~~ the credits under this subsection ~~may~~
23 ~~not~~ shall use ~~more than fifty percent of such~~ those investments for organization-
24 ~~investments outside of~~ to finance projects within a renaissance zone.

1 **SECTION 3.** A new subsection to section 40-63-07 of the North Dakota Century Code is
2 created and enacted as follows:

3 Renaissance fund organization officers, employees, and investors may be actively
4 involved in the enterprises in which the renaissance fund organization invests but the
5 renaissance fund organization may not invest in any enterprise if any one renaissance
6 fund organization investor owns more than forty-nine percent of the ownership interest
7 in the enterprise. A renaissance fund organization may not invest in an enterprise if
8 renaissance fund organization officers, employees, and investors collectively own
9 more than forty-nine percent of the ownership interests, either through direct
10 ownership or through ownership of interest in a passthrough entity.

11 **SECTION 4. EFFECTIVE DATE.** The changes in sections 1 and 2 of this Act requiring a
12 renaissance fund organization to limit its financing to projects located in a renaissance zone are
13 effective for new financing initiated after June 30, 2011. Section 3 of this Act is effective for
14 investments made in a renaissance fund organization after December 31, 2011.