

Sixty-second  
Legislative Assembly  
of North Dakota

**SENATE BILL NO. 2050**

Introduced by

Legislative Management

(Taxation Committee)

1 A BILL for an Act to create and enact ~~section 40-58-20.2~~ a new subsection to section 40-58-20  
2 of the North Dakota Century Code, relating to ~~establishment of a joint review board for approval~~  
3 ~~of~~ tax increment financing districts; and to amend and reenact subsection 2 of section  
4 40-58-01.1; and subsection 1 of section 40-58-20; ~~and section 40-58-20.1~~ of the North Dakota  
5 Century Code, relating to tax increment financing by cities; ~~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 40-58-01.1 of the North Dakota  
8 Century Code is amended and reenacted as follows:

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

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

1. At any time after the governing body of a municipality has approved a development or renewal plan ~~and has obtained approval of that plan from a joint review board under section 40-58-20.2~~ for any development or renewal area and has filed that plan with the department of commerce division of community services, it may request the county auditor and treasurer to compute, certify, and remit tax increments resulting from the development or renewal of the area in accordance with the plan and any modifications thereof, and the county auditor and treasurer shall do so in accordance with this section. Tax ~~increment financing~~ increments computed for a development or renewal area under this section or section 40-58-20.1 may not be used for more than ~~twenty~~ twenty-five taxable years without the original taxable values being reset by the governing body of the municipality so that the taxable values used as the original values are never more than twenty taxable years old.

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

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

**SECTION 3. AMENDMENT.** ~~Section 40-58-20.1 of the North Dakota Century Code is amended and reenacted as follows:~~

~~**40-58-20.1. Use of tax increment financing for the development of certain industrial or commercial property -- Public hearing -- Eligible costs of development.**~~

~~1. The governing body of a municipality may use the tax increment financing method authorized by section 40-58-20 to assist a project developer in the development of industrial or commercial property, as limited by this section, pursuant to an agreement between the municipality and the project developer.~~

~~2. Prior to entering into an agreement with a project developer under subsection 1, the governing body of the municipality shall consider the agreement at a public hearing,~~

1           which may be held in conjunction with the public hearing required by subsection 3 of  
2           section ~~40-58-06~~, after providing written notice of the hearing at least fifteen days prior  
3           to the hearing to potential competitors of the prospective industrial or commercial  
4           enterprise, and may enter into the agreement only if it determines that the agreement  
5           will not result in unfair competition and that the agreement is in the best interests of  
6           the municipality as a whole.

7     ~~3. Before entering an agreement with a project developer under subsection 1, the~~  
8     ~~governing body of the municipality must obtain approval of that agreement from a joint~~  
9     ~~review board under section 40-58-20.2.~~

10   ~~4. For the purpose of determining costs of development of industrial or commercial~~  
11   ~~property to be reimbursed by tax increments under section 40-58-20, only the~~  
12   ~~following public costs necessarily incurred, by either the municipality or the project~~  
13   ~~developer, for the purpose of preparing the property for private development by the~~  
14   ~~project developer may be included in the agreement as reimbursable public costs of~~  
15   ~~development:~~

16   ~~a. The cost of acquiring, or the market value, of all or a part of the industrial or~~  
17   ~~commercial property;~~

18   ~~b. Costs of demolition, removal, or alteration of buildings and improvements on the~~  
19   ~~industrial or commercial property, including the cost of clearing and grading land;~~

20   ~~c. Costs of installation, construction, or reconstruction of streets, utilities, parks, and~~  
21   ~~other public works or improvements necessary for carrying out the development~~  
22   ~~or renewal plan; and~~

23   ~~d. All interest and redemption premiums paid on bonds, notes, or other obligations~~  
24   ~~issued by the municipality to provide funds for the payment of eligible public costs~~  
25   ~~of development.~~

26   ~~**SECTION 4.** Section 40-58-20.2 of the North Dakota Century Code is created and enacted~~  
27   ~~as follows:~~

28   ~~**40-58-20.2. Joint review board.**~~

29   ~~1. A city that seeks to create a development or renewal area under section 40-58-20 or~~  
30   ~~40-58-20.1 or to amend an existing plan or agreement adopted under either of those~~  
31   ~~sections shall convene a joint review board to review the proposal.~~

- 1 ~~2. The joint review board must consist of one representative appointed by the governing~~  
2 ~~body of each city, county, school district, and each other political subdivision that has~~  
3 ~~power to levy taxes on property within the development or renewal area and one~~  
4 ~~member chosen to represent the public.~~
- 5 ~~3. The public member and the chairman of the board must be selected by a majority of~~  
6 ~~the other board members before the public hearing on the proposed creation and~~  
7 ~~designation of the boundaries of the development or renewal area.~~
- 8 ~~4. All board members must be appointed and the first board meeting must be held within~~  
9 ~~not fewer than fourteen days and not more than thirty days after publication of notice~~  
10 ~~under subsection 5.~~
- 11 ~~5. The city shall publish notice of a public hearing held by the joint review board in the~~  
12 ~~official newspaper of the city. Before publication, the city shall send a copy of the~~  
13 ~~notice by first-class mail to the chief executive officer or administrator of each political~~  
14 ~~subdivision having the power to levy taxes on property located within the proposed~~  
15 ~~development or renewal area.~~
- 16 ~~6. The public hearing may be adjourned and reconvened upon approval by a majority of~~  
17 ~~the members of the board.~~
- 18 ~~7. The city that seeks to create the proposed development or renewal area shall provide~~  
19 ~~administrative support for the joint review board.~~
- 20 ~~8. A development or renewal area under section 40-58-20 or 40-58-20.1 may not be~~  
21 ~~created and an existing plan or agreement may not be amended unless the joint~~  
22 ~~review board approves the action by a majority vote not more than thirty days after~~  
23 ~~receiving the proposal from the governing body of the city.~~
- 24 ~~**SECTION 5. EFFECTIVE DATE.** This Act is effective for any action by a city governing~~  
25 ~~body occurring after July 31, 2011.~~