

Sixty-second  
Legislative Assembly  
of North Dakota

**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  
20 ~~predominantly open land area that has been developed only for~~ assessed as  
21 agricultural purposes property.

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

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

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