

Sixty-third  
Legislative Assembly  
of North Dakota

**HOUSE BILL NO. 1079**

Introduced by

Industry, Business and Labor Committee

(At the request of the Bank of North Dakota)

1 A BILL for an Act to amend and reenact section 6-09.14-03, subsection 4 of section 6-09.14-04,  
2 and subsection 2 of section 54-60.1-01 of the North Dakota Century Code and section 22 of  
3 chapter 579 of the 2011 Session Laws, relating to the partnership in assisting community  
4 expansion program at the Bank of North Dakota and the definition of business incentive.

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

6 **SECTION 1. AMENDMENT.** Section 22 of chapter 579 of the 2011 Session Laws is  
7 amended and reenacted as follows:

8 **SECTION 22. FLEX PACE PROGRAM USE.** The Bank of North Dakota shall  
9 utilize the flex partnership in assisting community expansion program to assist in  
10 financing of affordable multifamily housing units for individuals in ~~areas of~~ North Dakota  
11 ~~affected by oil and gas development, for the period~~biennium beginning with the  
12 ~~effective date of this Act~~July 1, 2013, and ending June 30, ~~2013~~2015.

13 **SECTION 2. AMENDMENT.** Section 6-09.14-03 of the North Dakota Century Code is  
14 amended and reenacted as follows:

15 **6-09.14-03. Fund - Purpose - Interest rate buydown.**

16 Moneys in the partnership in assisting community expansion fund must be used for the  
17 purpose of buying down the interest rate on loans made by a lead financial institution in  
18 participation with the Bank of North Dakota. The Bank of North Dakota's participation may not  
19 exceed eighty percent nor be less than fifty percent of the total loans. If the loan is approved by  
20 the lenders and there is evidence of the community's commitment and ability to fund its portion  
21 of the buydown, the fund's participation in the buydown must automatically be approved. The  
22 community's contribution of direct cash, loans, equity investments, land, property, or  
23 infrastructure may count toward the community's funding of its portion of the buydown.

1       **SECTION 3. AMENDMENT.** Subsection 4 of section 6-09.14-04 of the North Dakota  
2 Century Code is amended and reenacted as follows:

3       4.    The maximum amount from the fund in the interest rate buydown may not exceed  
4           ~~three~~five hundred thousand dollars per loan. The fund participation must be limited to  
5           the amount required to buy down the interest to five hundred basis points below the  
6           national prime interest rate.

7       **SECTION 4. AMENDMENT.** Subsection 2 of section 54-60.1-01 of the North Dakota  
8 Century Code is amended and reenacted as follows:

9       2.    "Business incentive" means a state or political subdivision direct cash transfer, loan, or  
10           equity investment; contribution of property or infrastructure; reduction or deferral of  
11           any tax or any fee; guarantee of any payment under any loan, lease, or other  
12           obligation; or preferential use of government facilities given to a business. To be  
13           considered a business incentive, the total assistance in all forms must be valued at  
14           twenty-five thousand dollars or more committed within a year. Unless specifically  
15           provided otherwise, the term does not include:

- 16           a.   Assistance that is generally available to all businesses or to a general class of  
17               similar businesses, such as a line of business, size, or similar criteria.
- 18           b.   Incentives resulting from Bank of North Dakota programs unless the incentive is  
19               a direct interest rate buydown with a jobs creation requirement or is an  
20               investment made pursuant to the North Dakota alternative and venture capital  
21               investments and early-stage capital funds program. An entrepreneurial center  
22               award under section 10-30.5-12 is not a business incentive.
- 23           c.   Public improvements to buildings or lands owned by the state or political  
24               subdivision which serve a public purpose and do not principally benefit a single  
25               business or defined group of businesses at the time the improvements are made.
- 26           d.   Assistance provided for the sole purpose of renovating old or decaying building  
27               stock or bringing such building stock up to code and assistance provided for  
28               designated historic preservation districts, provided that the assistance does not  
29               exceed seventy-five percent of the total cost.
- 30           e.   Assistance to provide job-readiness and training services if the sole purpose of  
31               the assistance is to provide those services.

- 1           f. Assistance for housing.
- 2           g. Assistance for pollution control or abatement.
- 3           h. Assistance for energy conservation.
- 4           i. Tax reductions resulting from conformity with federal tax law.
- 5           j. Benefits derived from regulation.
- 6           k. Indirect benefits derived from assistance to educational institutions.
- 7           l. Assistance for a collaboration between a North Dakota institution of higher
- 8           education and a business.
- 9           m. Redevelopment if the recipient's investment in the purchase of the site and in site
- 10           preparation is seventy percent or more of the assessor's current year's estimated
- 11           market value.
- 12           n. General changes in tax increment financing law and other general tax law
- 13           changes of a principally technical nature.
- 14           o. Federal assistance provided through the state or a political subdivision until the
- 15           assistance has been repaid to, and reinvested by, the state or political
- 16           subdivision.
- 17           p. Federal or state assistance for the lignite research, development, and marketing
- 18           program under chapter 54-17.5.
- 19           q. Federal or state assistance for the oil and gas research, development, and
- 20           marketing program under chapter 54-17.6.
- 21           r. Federal or state assistance for the renewable energy program under chapter
- 22           54-63.