

Fifty-eighth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1423

Introduced by

Representatives Froseth, Haas, Severson

Senators Andrist, Grindberg, Klein

1 A BILL for an Act to amend and reenact section 54-34.3-13 of the North Dakota Century Code,
2 relating to rural growth incentive program grants and loans by the department of commerce;
3 and to provide an expiration date.

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

5 **SECTION 1. AMENDMENT.** Section 54-34.3-13 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **54-34.3-13. Rural growth incentive program.**

8 1. The department shall manage and administer the rural growth incentive program.

9 A city with a population of less than two thousand five hundred may apply to the
10 department to be designated as a rural growth incentive city. A rural growth
11 incentive city may be eligible for a loan, grant, or both under this section.

12 2. The department shall designate an applicant city as a rural growth incentive city
13 eligible for a loan if the city raises funds in the amount of a dollar for dollar match
14 for the amount requested in the loan, prepares an economic development strategic
15 plan, and meets any additional program requirements provided by rule. The
16 source of city funds used for loan matching funds may be any combination of
17 public and private funds.

18 ~~2.~~ If the department designates a city as a rural growth incentive city:

19 a. ~~Subject~~ subject eligible for a loan under this section,

20 subject to the availability of funds, the state shall make a loan to the city in an
21 amount not less than twenty-five thousand dollars and not more than
22 seventy-five thousand dollars. The department shall establish the amount of
23 the interest rate for loans provided to a city under this ~~section~~ subsection.

24 The funding source of the state loan is the North Dakota development fund.

1 The city shall distribute the city and state funds to qualifying new or expanded
2 primary sector businesses in the city. A qualifying business in the city
3 includes a business that provides essential services to the city. For purposes
4 of this ~~section~~ subsection, a business that provides essential services does
5 not include a public utility. The governing body of the city determines whether
6 a new or expanded primary sector business qualifies for funding, and the
7 director of the department determines whether a business that provides
8 essential services to the city qualifies for funding. The state shall distribute a
9 loan to a rural growth incentive city once the city establishes the city has
10 chosen a specified qualified business to receive funding.

11 3. The department shall designate an applicant city as a rural growth incentive city
12 eligible for a grant if the city raises funds in the amount of a dollar-for-dollar match
13 for the amount requested in the grant application and meets any additional
14 program requirements provided by rule. The source of city funds used for grant
15 matching funds may be any combination of public and private funds. If the
16 department designates a city as a rural growth incentive city eligible for a grant
17 under this section, subject to availability of funds, the state shall make a grant to
18 the city in an amount not to exceed ten thousand dollars. The recipient rural
19 growth incentive city shall use the grant money received to conduct a feasibility
20 study for the location of a new business, including an expansion of a business with
21 the primary place of business outside the rural growth incentive city. The business
22 under this subsection is not limited to primary sector businesses. The funding
23 source of the state grant is the North Dakota development fund. Total grants
24 awarded by the department under this subsection may not exceed one hundred
25 thousand dollars per biennium.

26 4. The city may not use city or state funds raised or provided under this section for
27 costs associated with administering the rural growth incentive city.

28 b- The department shall provide the rural growth incentive city with training to
29 assist the city in expanding primary sector businesses, locating new
30 businesses, and working with state economic development programs.

1 **SECTION 2. EXPIRATION DATE.** This Act is effective through July 31, 2005, and
2 after that date is ineffective.