

October 2008

Introduced by

1 A BILL for an Act to amend and reenact subsection 7 of section 40-63-01 and sections  
2 40-63-04 and 40-63-05 of the North Dakota Century Code, relating to renaissance zone tax  
3 incentives for utility infrastructure; and to provide an effective date.

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

5 **SECTION 1. AMENDMENT.** Subsection 7 of section 40-63-01 of the North Dakota  
6 Century Code is amended and reenacted as follows:

7 7. "Rehabilitation", as used in sections 40-63-04 and 40-63-05, means the repair or  
8 remodeling of a building or utility infrastructure at a cost that is equal to or exceeds  
9 fifty percent of the current true and full value for commercial buildings or utility  
10 infrastructure and twenty percent for single-family homes.

11 **SECTION 2. AMENDMENT.** Section 40-63-04 of the North Dakota Century Code is  
12 amended and reenacted as follows:

13 **40-63-04. Income tax exemptions.**

14 1. An individual taxpayer who purchases or rehabilitates single-family residential  
15 property for the individual's primary place of residence as a zone project is exempt  
16 from up to ten thousand dollars of personal income tax liability as determined  
17 under section 57-38-29 or 57-38-30.3 for five taxable years beginning with the date  
18 of occupancy or completion of rehabilitation.

19 2. Any taxpayer that purchases, leases, or rehabilitates residential, utility  
20 infrastructure, or commercial property for any business or investment purpose as a  
21 zone project is exempt from any tax on income derived from the business or  
22 investment locations within the zone for five taxable years, beginning with the date  
23 of purchase, lease, or completion of rehabilitation.

- 1           3. If the cost of a new business purchase, leasehold improvement, or expansion of an  
2           existing business, approved as a zone project, exceeds seventy-five thousand  
3           dollars, and the business is located in a city with a population of not more than two  
4           thousand five hundred, an individual taxpayer may, in lieu of the exemption  
5           provided in subsection 2, elect to take an income tax exemption of up to two  
6           thousand dollars of personal income tax liability as determined under section  
7           57-38-29 or 57-38-30.3. The election must be made on the taxpayer's zone project  
8           application. The election is irrevocable and binding for the duration of the  
9           exemptions provided in subsection 2 or this subsection. If no election is made on  
10          the zone project application, the taxpayer is only eligible for the exemption  
11          provided in subsection 2.
- 12          4. If a property owner not participating in a renaissance zone project is required to  
13          make changes in utility services or in a building structure because of changes  
14          made to property that is part of a zone project, the owner of the nonparticipating  
15          property is entitled to state income tax credits equal to the total amount of the  
16          investment necessary to complete the required changes. An income tax credit  
17          under this section must be taken within five years of project completion.
- 18          5. The exemptions provided by this section do not eliminate any duty to file a return or  
19          to report income as required under chapter 57-35.3 or 57-38.

20           **SECTION 3. AMENDMENT.** Section 40-63-05 of the North Dakota Century Code is  
21   amended and reenacted as follows:

22           **40-63-05. Property tax exemptions.**

- 23          1. A municipality may grant a partial or complete exemption from ad valorem taxation  
24          on single-family residential property, exclusive of the land on which it is situated, if  
25          the property was purchased or rehabilitated by an individual for the individual's  
26          primary place of residence as a zone project. An exemption granted under this  
27          subsection may not extend beyond five taxable years following the date of  
28          acquisition or completion of rehabilitation.
- 29          2. A municipality may grant a partial or complete exemption from ad valorem taxation  
30          on buildings, structures, fixtures, utility structure, and improvements purchased or  
31          rehabilitated as a zone project for any business or investment purpose. An

1 exemption under this subsection may not extend beyond five taxable years  
2 following the date of purchase or completion of rehabilitation.

3 **SECTION 4. EFFECTIVE DATE.** This Act is effective for taxable years beginning after  
4 December 31, 2008.