

Introduced by

Legislative Management

(Workforce Committee)

1 A BILL for an Act to create and enact a new section to chapter 54-60 of the North Dakota  
2 Century Code, relating to creation of a technology impact zone program; to provide a continuing  
3 appropriation; to provide an effective date; and to provide an expiration date.

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

5 **SECTION 1.** A new section to chapter 54-60 of the North Dakota Century Code is created  
6 and enacted as follows:

7 **Technology impact zones - Continuing appropriation.**

- 8 1. The department shall administer a technology impact zone program to provide  
9 financial support for regional technology-based economic development efforts. The  
10 program shall provide a qualified technology impact zone with a state sales and use  
11 tax reimbursement that equals the authorized zone award amount.
- 12 2. An applicant may qualify under the program as follows:
- 13 a. The applicant must be one or more cities or counties working together for  
14 purposes of the technology-based economic development efforts.
- 15 b. The boundaries of a technology impact zone must encompass the geographical  
16 boundaries of the applicant cities and counties.
- 17 c. The applicant shall establish the availability of matching funds equal to the  
18 amount of the authorized zone award amount.
- 19 d. The applicant may apply with a local governmental or nonprofit local economic  
20 development organization.
- 21 e. An applicant and any local governmental or nonprofit local economic  
22 development organization that is a party to the application shall agree to the  
23 terms of the zone award.
- 24 f. The applicant shall meet qualifying requirements established by the department.

- 1       3. An award received by an applicant under this section:
- 2           a. Must be used to support regional technology-based economic development
- 3           initiatives that do not include regular operational funding;
- 4           b. Must be used in a manner that aligns with the North Dakota economic
- 5           development foundation's strategic plan for economic development;
- 6           c. Must be consistent with the plan established in the application; and
- 7           d. May be distributed to a local governmental or nonprofit local economic
- 8           development organization that is a party to the application.
- 9       4. In considering whether to grant an applicant technology impact zone status, the
- 10       department shall take into consideration whether the technology-based economic
- 11       development efforts are significantly supported by an institution of higher education
- 12       under the control of the state board of higher education.
- 13       5. Upon granting a zone an award under this section, the department shall notify the tax
- 14       commissioner of the agreement and the identity of the cities and counties in the zone.
- 15       6. An applicant granted zone status under this section is limited to a lifetime cap of
- 16       receipt of three million dollars of state matching funds.
- 17       7. During the 2013-15 biennium, the department may award no more than four applicants
- 18       zone status under this section. The department may award no more than a total of
- 19       eight applicants zone status.
- 20       8. Distribution of state sales and use tax revenue to a technology impact zone, up to the
- 21       amount awarded by the department, is calculated and made as follows:
- 22           a. ~~A distribution to a zone, up to the amount awarded by the department, is based~~
- 23           ~~on the apportionment formula provided in subsections 2 and 3 and is paid in two~~
- 24           ~~semiannual installments, one before July first and one before December~~
- 25           ~~thirty-first of each year.~~On or before February 29, 2012, and the last day of
- 26           February of each subsequent year, the tax commissioner shall determine, based
- 27           on the best information available, and certify to the state treasurer an amount for
- 28           payment to a technology impact zone identified in subsection 5 equal to the sales
- 29           and use tax revenue generated by the cities and counties in the zone during the
- 30           last six months of the previous calendar year. The state treasurer shall pay the

1 distribution amount to the technology impact zone on or before March 31, 2012,  
2 and March thirty-first of each subsequent year.

3 b. On or before August 31, 2012, and August thirty-first of each subsequent year,  
4 the tax commissioner shall determine, based on the best information available,  
5 and certify to the state treasurer an amount for payment to a technology impact  
6 zone identified in subsection 5 equal to the sales and use tax revenue generated  
7 by the cities and counties in the zone during the first six months of the current  
8 calendar year. The state treasurer shall pay the distribution amount to the  
9 technology impact zone on or before September 30, 2012, and September  
10 thirtieth of each subsequent year.

11 b.c. The amounts necessary to make a distribution payment is appropriated to the  
12 state treasurer as a standing and continuing appropriation for distribution under  
13 this section. The source of moneys distributed under this section is all moneys  
14 collected and deposited in the general fund as provided in section 57-39.2-26.

15 ~~9. Apportionment of state sales and use tax revenue to each technology impact zone~~  
16 ~~under this section is as follows:~~

17 ~~a. If a zone encompasses a single political subdivision, that zone receives one~~  
18 ~~hundred percent of the sales and use tax revenue attributable to that zone.~~

19 ~~b. If a zone encompasses two or more political subdivisions, each political~~  
20 ~~subdivision comprising that zone must be reimbursed in an amount attributable to~~  
21 ~~the sales and use tax revenue generated from within that individual political~~  
22 ~~subdivision.~~

23 ~~10. In distributing sales and use taxes to a technology impact zone under this section, the~~  
24 ~~amount attributable to each political subdivision is determined in the following manner:~~

25 ~~a. Before April 1, 2011, and each subsequent year, the tax commissioner shall~~  
26 ~~determine the total amount of tax collected from each zone county during the~~  
27 ~~previous calendar year.~~

28 ~~b. The amount determined under subdivision a must be divided by the amount of~~  
29 ~~revenue collected from each political subdivision in that county.~~

30 ~~c. The percentage determined under subdivision b equals the amount attributable to~~  
31 ~~the revenue generated from each political subdivision.~~

1       **SECTION 2. EFFECTIVE DATE - EXPIRATION DATE.** This Act is effective for taxable  
2 events beginning after June 30, 2011, and through ~~July 31~~ June 30, 2023, and after that date is  
3 ineffective.