

Introduced by

Legislative Management

(Taxation Committee)

1 A BILL for an Act to create and enact section 40-58-20.2 of the North Dakota Century Code,  
2 relating to establishment of a joint review board for approval of tax increment financing districts;  
3 to amend and reenact subsection 2 of section 40-58-01.1, subsection 1 of section 40-58-20,  
4 and section 40-58-20.1 of the North Dakota Century Code, relating to tax increment financing  
5 by cities; and to provide an effective date.

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

7 **SECTION 1. AMENDMENT.** Subsection 2 of section 40-58-01.1 of the North Dakota  
8 Century Code is amended and reenacted as follows:

9 2. "Blighted area" means an area other than a slum area which by reason of the  
10 presence of a substantial number of slums, deteriorated or deteriorating structures,  
11 predominance of defective or inadequate street layout, faulty lot layout in relation to  
12 size, adequacy, accessibility, or usefulness, unsanitary or unsafe conditions,  
13 deterioration of site or other improvements, diversity of ownership, tax or special  
14 assessment delinquency exceeding the fair value of the land, defective or unusual  
15 conditions of title, improper subdivision or obsolete platting, or the existence of  
16 conditions which endanger life or property by fire and other causes, or any  
17 combination of these factors, substantially impairs or arrests the sound growth of a  
18 municipality, retards the provision of housing accommodations or constitutes an  
19 economic or social liability and is a menace to the public health, safety, morals, or  
20 welfare in its present condition and use. "Blighted area" does not include  
21 predominantly open land area that has been developed only for agricultural purposes.

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 and has obtained approval of that plan from a joint review board under  
3                    section 40-58-20.2 for any development or renewal area, 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 increment financing for a development or renewal area under this section  
8                    or section 40-58-20.1 may not be used for more than twenty taxable years.

9           **SECTION 3. AMENDMENT.** Section 40-58-20.1 of the North Dakota Century Code is  
10 amended and reenacted as follows:

11           **40-58-20.1. Use of tax increment financing for the development of certain industrial or**  
12 **commercial property - Public hearing - Eligible costs of development.**

- 13           1.    The governing body of a municipality may use the tax increment financing method  
14                    authorized by section 40-58-20 to assist a project developer in the development of  
15                    industrial or commercial property, as limited by this section, pursuant to an agreement  
16                    between the municipality and the project developer.
- 17           2.    Prior to entering into an agreement with a project developer under subsection 1, the  
18                    governing body of the municipality shall consider the agreement at a public hearing,  
19                    which may be held in conjunction with the public hearing required by subsection 3 of  
20                    section 40-58-06, after providing written notice of the hearing at least fifteen days prior  
21                    to the hearing to potential competitors of the prospective industrial or commercial  
22                    enterprise, and may enter into the agreement only if it determines that the agreement  
23                    will not result in unfair competition and that the agreement is in the best interests of  
24                    the municipality as a whole.
- 25           3.    Before entering an agreement with a project developer under subsection 1, the  
26                    governing body of the municipality must obtain approval of that agreement from a joint  
27                    review board under section 40-58-20.2.
- 28           4.    For the purpose of determining costs of development of industrial or commercial  
29                    property to be reimbursed by tax increments under section 40-58-20, only the  
30                    following public costs necessarily incurred, by either the municipality or the project  
31                    developer, for the purpose of preparing the property for private development by the

- 1 project developer may be included in the agreement as reimbursable public costs of  
2 development:
- 3 a. The cost of acquiring, or the market value, of all or a part of the industrial or  
4 commercial property;
- 5 b. Costs of demolition, removal, or alteration of buildings and improvements on the  
6 industrial or commercial property, including the cost of clearing and grading land;
- 7 c. Costs of installation, construction, or reconstruction of streets, utilities, parks, and  
8 other public works or improvements necessary for carrying out the development  
9 or renewal plan; and
- 10 d. All interest and redemption premiums paid on bonds, notes, or other obligations  
11 issued by the municipality to provide funds for the payment of eligible public costs  
12 of development.

13 **SECTION 4.** Section 40-58-20.2 of the North Dakota Century Code is created and enacted  
14 as follows:

15 **40-58-20.2. Joint review board.**

- 16 1. A city that seeks to create a development or renewal area under section 40-58-20 or  
17 40-58-20.1 or to amend an existing plan or agreement adopted under either of those  
18 sections shall convene a joint review board to review the proposal.
- 19 2. The joint review board must consist of one representative appointed by the governing  
20 body of each city, county, school district, and each other political subdivision that has  
21 power to levy taxes on property within the development or renewal area and one  
22 member chosen to represent the public.
- 23 3. The public member and the chairman of the board must be selected by a majority of  
24 the other board members before the public hearing on the proposed creation and  
25 designation of the boundaries of the development or renewal area.
- 26 4. All board members must be appointed and the first board meeting must be held within  
27 not fewer than fourteen days and not more than thirty days after publication of notice  
28 under subsection 5.
- 29 5. The city shall publish notice of a public hearing held by the joint review board in the  
30 official newspaper of the city. Before publication, the city shall send a copy of the  
31 notice by first-class mail to the chief executive officer or administrator of each political

1           subdivision having the power to levy taxes on property located within the proposed  
2           development or renewal area.

3           6. The public hearing may be adjourned and reconvened upon approval by a majority of  
4           the members of the board.

5           7. The city that seeks to create the proposed development or renewal area shall provide  
6           administrative support for the joint review board.

7           8. A development or renewal area under section 40-58-20 or 40-58-20.1 may not be  
8           created and an existing plan or agreement may not be amended unless the joint  
9           review board approves the action by a majority vote not more than thirty days after  
10          receiving the proposal from the governing body of the city.

11          **SECTION 5. EFFECTIVE DATE.** This Act is effective for any action by a city governing  
12          body occurring after July 31, 2011.