

**FIRST ENGROSSMENT
with House Amendments
ENGROSSED SENATE BILL NO. 2050**

Introduced by

Legislative Management

(Taxation Committee)

1 A BILL for an Act to create and enact a new subsection to section 40-58-20 of the North Dakota
2 Century Code, relating to tax increment financing districts; and to amend and reenact
3 subsection 2 of section 40-58-01.1 and subsection 1 of section 40-58-20 of the North Dakota
4 Century Code, relating to tax increment financing by cities.

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

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

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

21 **SECTION 2. AMENDMENT.** Subsection 1 of section 40-58-20 of the North Dakota Century
22 Code is amended and reenacted as follows:

23 1. At any time after the governing body of a municipality has approved a development or
24 renewal plan for any development or renewal area and has filed that plan with the

1 department of commerce division of community services, it may request the county
2 auditor and treasurer to compute, certify, and remit tax increments resulting from the
3 development or renewal of the area in accordance with the plan and any modifications
4 thereof, and the county auditor and treasurer shall do so in accordance with this
5 section. Tax increments computed for a development or renewal area under this
6 section or section 40-58-20.1 may not be used for more than twenty taxable years
7 without the original taxable values being reset by the governing body of the
8 municipality to taxable values that are not more than twenty taxable years old, unless
9 principal and interest payments on indebtedness incurred before July 1, 2011, would
10 become impossible to pay from the tax increment fund when due. Tax increments
11 computed for a development or renewal area under this section or section 40-58-20.1
12 for properties that were not obligated before July 1, 2011, for making principal and
13 interest payments on indebtedness must be reset so the taxable values used as the
14 original values are never more than ten taxable years old.

15 **SECTION 3.** A new subsection to section 48-50-20 of the North Dakota Century Code is
16 created and enacted as follows:

17 The governing body of a municipality with an active tax increment financing district
18 may at any time identify funds on hand that are in excess of the costs it determines
19 necessary to complete the activities included in the last approved urban renewal plan
20 for that district. The governing body shall cause the identified surplus to be transferred
21 to the county treasurer to be distributed to the state and all political subdivisions
22 having power to tax property in the area, in amounts proportionate to the most recent
23 five-year average of the property tax levy within the district.