

**FISCAL NOTE**  
**Requested by Legislative Council**  
**01/22/2015**

Bill/Resolution No.: SB 2329

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

SB 2329 changes the North Dakota renaissance zone law provisions relating to the allowable size of a zone and the total number of income tax credits allowed for investments in renaissance fund organizations set up by cities with zones.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Current law limits the size of a zone to 23 blocks. An exception to this applies in the case of city with a population over 5,000 people, in which case the zone may be increased up to 38 blocks at the rate of 1 block for each additional 5,000 in population. SB 2329 will increase these limits on the size of a zone to 34 blocks and 49 blocks, respectively.

Current law also provides a limit of \$8.5 million on the total number of income tax credits that may be claimed for making an investment in a renaissance fund organization established by a city with a zone for the purpose of raising funds to be used to finance projects in a zone. SB 2329 will increase this amount to \$10.5 million, an increase of \$2 million.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

If enacted, SB 2329 may reduce state general fund revenues for the 2015-17 biennium. The amount of that reduction, if any, cannot be determined. The number of potential new projects attributable to the increased size of the zones and the number and amount of potential investments made in renaissance fund organizations are unknowns.

From 1999 (the year the renaissance zone program was created) through the 2013 tax year, the total estimated reduction in income and financial institution tax revenues attributable to the renaissance zone program is approximately \$34.3 million, of which approximately \$5.6 million is attributable to investments made in renaissance

fund organizations. The number of tax credits still available under the renaissance fund organization part of the program is approximately \$2.9 million (of which approximately \$2.2 million is set aside, or reserved, for certain cities' renaissance fund organizations).

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*
- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

**Name:** Kathryn L. Strombeck

**Agency:** Office of Tax Commissioner

**Telephone:** 328-3402

**Date Prepared:** 02/04/2015