

**Sixty-ninth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 7, 2025**

SENATE BILL NO. 2154
(Senators Cleary, Meyer, Thomas)
(Representatives Bahl, Monson, Nelson)

AN ACT to amend and reenact subsection 13 of section 1-01-49, subsection 4 of section 10-30.5-01, and section 40-57.1-02 of the North Dakota Century Code, relating to the definition of primary sector business.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subsection 13 of section 1-01-49 of the North Dakota Century Code is amended and reenacted as follows:

13. "Primary sector business" means an individual, corporation, limited liability company, partnership, or association certified by the department of commerce division of economic development and finance which through the employment of knowledge or labor adds value to a product, process, or service which results in the creation of new wealth. The term includes tourism operations demonstrating the creation of new wealth by attracting out-of-state visitors.

For purposes of this subsection, "new wealth" means revenues generated by a business or tourism operation in this state through the sale of products or services to:

- a. Customers or visitors from outside of this state; or
- b. Customers in this state if the products or services were previously unavailable or difficult to obtain from a business in this state.

SECTION 2. AMENDMENT. Subsection 4 of section 10-30.5-01 of the North Dakota Century Code is amended and reenacted as follows:

4. "Primary sector business" has the meaning provided in section 1-01-49 ~~and includes tourism~~ but does not include production agriculture.

SECTION 3. AMENDMENT. Section 40-57.1-02 of the North Dakota Century Code is amended and reenacted as follows:

40-57.1-02. Definitions.

As used in this chapter, unless a different meaning clearly appears from the context:

1. "Local development organization", as used in section 40-57.1-04.3, means a profit or nonprofit corporation incorporated under the laws of this state or a limited liability company organized under the laws of this state, formed for the purpose of furthering the economic development of its community and environs, with authority to promote and assist the growth and development of business concerns in the areas covered by its operations. The operations of the corporation or limited liability company must be limited to a specified area in this state. The controlling interest in the corporation or limited liability company must be held by at least twenty-five persons residing or doing business in the community or its environs. These persons must control not less than seventy-five percent of the voting control of the corporation or limited liability company. ~~No~~ A shareholder or member of the corporation or limited liability company may not own in excess of twenty-five percent of the voting control in the corporation or limited liability company if that shareholder or member has a direct pecuniary interest in any project or business concern ~~which~~ that will occupy the property of the corporation or limited liability company. The primary objective of the corporation or limited liability company must be to

benefit the community through increased employment, payroll, business volume, and corresponding factors rather than monetary profits to its shareholders or members. Any monetary profits or other benefits going to the shareholders or members must be merely incidental to the primary objective of the corporation or limited liability company.

2. "Municipality" means counties as well as municipalities of the types listed in subsection 4 of section 40-01-01.
3. "Primary sector business" has the meaning provided in section 1-01-49.
4. "Project" means any revenue-producing enterprise, or any combination of two or more of these enterprises. For the purpose of the income tax exemption, "project" means both "primary sector business" and "tourism" as defined by this section and includes the establishment of a new qualifying business or the expansion of a qualifying existing business.
5. ~~"Tourism" means all tourism-related businesses and activities, including recreation, historical and cultural events, guide services, and unique lodging and food services which serve as destination attractions.~~

President of the Senate

Speaker of the House

Secretary of the Senate

Chief Clerk of the House

This certifies that the within bill originated in the Senate of the Sixty-ninth Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2154.

Senate Vote: Yeas 47 Nays 0 Absent 0

House Vote: Yeas 91 Nays 1 Absent 2

Secretary of the Senate

Received by the Governor at _____ M. on _____, 2025.

Approved at _____ M. on _____, 2025.

Governor

Filed in this office this _____ day of _____, 2025,

at _____ o'clock _____ M.

Secretary of State