CHAPTER 40-58
URBAN RENEWAL LAW

40-58-01. Short title.
Repealed by S.L. 1989, ch. 499, § 19.

40-58-01.1. Definitions.
In this chapter, unless the context otherwise requires:

1. "Area of operation" means the area within the corporate limits of the municipality and the area within five miles [8.05 kilometers] of those limits, except that the term does not include any area that lies within the territorial boundaries of another incorporated city unless a resolution is adopted by the governing body of the other city declaring a need for the inclusion.
2. "Blighted area" means an area other than a slum area which by reason of the presence of a substantial number of slums, deteriorated or deteriorating structures, predominance of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility, or usefulness, unsanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the fair value of the land, defective or unusual conditions of title, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire and other causes, or any combination of these factors, substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations or constitutes an economic or social liability and is a menace to the public health, safety, morals, or welfare in its present condition and use. "Blighted area" does not include any land that has been assessed as agricultural property within the last ten years unless it was located within the interior boundaries of a city for at least ten years.
3. "Board" or "commission" means a board, commission, department, division, office, body, or other unit of the municipality.
4. "Bonds" means any bonds, including refunding bonds, notes, interim certificates, certificates of indebtedness, debentures, or other obligations.
5. "Clerk" means the clerk or other official of a municipality who is the custodian of the official records of the municipality.
6. "Development" includes the construction of new buildings, structures, or improvements; the demolition, alteration, remodeling, repair, or reconstruction of existing buildings, structures, or improvements; the acquisition of equipment; and the clearing and grading of land on industrial or commercial property in a development or renewal area. However, for the purpose of determining amounts to be reimbursed by tax increments under section 40-58-20, only those eligible public costs of development enumerated under section 40-58-20.1 are reimbursable for that purpose.
7. "Development or renewal area" means industrial or commercial property, a slum or blighted area, or a combination of these properties or areas that the local governing body designates as appropriate for a development or renewal project.
8. "Development or renewal plan" means a plan for a development or renewal project which:
   a. Conforms to the general plan for the municipality as a whole; and
   b. Is sufficiently complete to indicate any land acquisition, development, demolition and removal of structures, redevelopment, improvements, or rehabilitation as may be proposed to be carried out in the development or renewal area, zoning and planning changes, if any, land uses, maximum densities, building requirements, and the plan's relationship to definite local objectives relating to appropriate land uses, improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements.
9. "Development or renewal project" may include authorized undertakings or activities of a municipality in a development or renewal area for the development of commercial or

industrial property or for the elimination and prevention of the development or spread of slums and blight.

10. "Dwelling" means any building, or structure, or part of a building or structure used and occupied for human habitation or intended to be so used, and includes any appurtenances to the building or structure.
11. "Federal government" means the United States or any agency or instrumentality, corporate or otherwise, of the United States.
12. "Governing body" means the city council, the board of city commissioners, or the board of township supervisors.
13. "Housing authority" means a housing authority created by and established pursuant to the housing authorities law.
14. "Industrial or commercial property" means unused or underutilized real property that is zoned or used as an industrial or commercial site.
15. "Mayor" means the mayor of a municipality or other officer or body having the duties customarily imposed upon the executive head of a municipality.
16. "Municipality" means any incorporated city in the state.
17. "Obligee" includes any bondholder, agents or trustees for any bondholder, or lessor demising to the municipality property used in connection with a development or renewal project, or any assignee or assignees of the lessor's interest or any part thereof, and the federal government when it is a party to any contract with the municipality.
18. "Person" means any individual, firm, partnership, corporation, limited liability company, company, association, joint-stock association, or body politic and includes any trustee, receiver, assignee, or other person acting in a similar representative capacity.
19. "Public body" means the state or any municipality, township, board, commission, authority, district, or any other political subdivision or public body of the state.
20. "Public officer" means any officer who is in charge of any department or branch of the government of the municipality relating to health, fire, building regulations, or to other activities concerning dwellings in the municipality.
21. "Real property" includes all lands, including improvements and fixtures on the land, and property of any nature appurtenant to the land, or used in connection with the land, and every estate, interest, right and use, legal or equitable, in the land, including terms for years and liens by way of judgment, mortgage, or otherwise.
22. "Rehabilitation" or "conservation" includes the restoration and renewal of all or a part of a slum or blighted area, in accordance with a development or renewal plan, by:
    a. Carrying out plans for a program of voluntary or compulsory repair and rehabilitation of buildings or other improvements.
    b. Acquisition of real property and demolition or removal of buildings and improvements on the real property if necessary to eliminate unhealthful, unsanitary, or unsafe conditions, lessen density, reduce traffic hazards, eliminate obsolete or other uses detrimental to the public welfare, or to otherwise remove or prevent the spread of blight or deterioration, or to provide land for needed public facilities.
    c. Installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out the purposes of this chapter.
    d. The disposition of any property acquired in the development or renewal area, including sale, initial leasing, or retention by the municipality at its fair value for uses in accordance with the development or renewal plan.
23. "Slum area" means an area in which there is a predominance of buildings or improvements, whether residential or nonresidential, which by reason of dilapidation, deterioration, age or obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, or the existence of conditions which endanger life or property by fire and other causes, or any combination of these factors is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime, and is detrimental to the public health, safety, morals, or welfare.

24. "Slum clearance and redevelopment" may include:
    a. Acquisition of all or part of a slum area or a blighted area.
    b. Demolition and removal of buildings and improvements.
    c. Installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out the development or renewal plan.
    d. Making the land available for development or redevelopment by private enterprise or public agencies, including sale, initial leasing, or retention by the municipality at its fair value for uses in accordance with the development or renewal plan.
25. "Urban renewal agency" means a public agency created pursuant to section 40-58-16.

40-58-02. Findings and declarations of necessity.

1. It is hereby found and declared that there exist in municipalities of the state slum and blighted areas which constitute a serious and growing menace, injurious to the public health, safety, morals, and welfare of the residents of the state; that the existence of these areas contributes substantially and increasingly to the spread of disease and crime, constitutes an economic and social liability, substantially impairs or arrests the sound growth of municipalities, retards the provision of housing accommodations, aggravates traffic problems, and substantially impairs or arrests the elimination of traffic hazards and the improvement of traffic facilities; and that the prevention and elimination of slums and blight is a matter of state policy and state concern in order that the state and its municipalities do not continue to be endangered by areas which are focal centers of disease, promote juvenile delinquency, and, while contributing little to the tax income of the state and its municipalities, consume an excessive proportion of its revenues because of the extra services required for police, fire, accident, hospitalization, and other forms of public protection, services, and facilities. It is further found and declared that certain slum or blighted areas, or portions thereof, may require acquisition, clearance, and disposition subject to use restrictions, as provided in this chapter, since the prevailing condition of decay may make impracticable the reclamation of the area by conservation or rehabilitation; that other areas or portions thereof may, through the means provided in this chapter, be susceptible of conservation or rehabilitation in such a manner that the conditions and evils described in this section may be eliminated, remedied, or prevented; and that to the extent feasible salvable slum and blighted areas should be conserved and rehabilitated through voluntary action and the regulatory process.
2. It is further found and declared that there exist in municipalities of the state conditions of unemployment, underemployment, and joblessness detrimental to the economic growth of the state economy; that it is appropriate to implement economic development programs both desirable and necessary to eliminate the causes of unemployment, underemployment, and joblessness for the benefit of the state economy; and that tax increment financing is an economic development program designed to facilitate projects that create economic growth and development.

40-58-03. Encouragement of private enterprise.

A municipality, to the greatest extent it determines to be feasible in carrying out this chapter, shall afford maximum opportunity, consistent with the sound needs of the municipality as a whole, to the development, rehabilitation, or redevelopment of the development or renewal area by private enterprise. A municipality shall give consideration to this objective in exercising its powers under this chapter, including the formulation of a workable program, the approval of development or renewal plans consistent with the general plan for the municipality, the adoption and enforcement of ordinances as provided for in section 40-58-18, the exercise of its zoning powers, the enforcement of other laws, codes, and regulations relating to the use of land and the use and occupancy of buildings and improvements, the disposition of any property acquired, and the provision of necessary public improvements.

40-58-04. Workable program.

A municipality for the purposes of this chapter may formulate a workable program for utilizing appropriate private and public resources, including those specified in section 40-58-18, to facilitate the development of industrial or commercial properties, eliminate and prevent the development or spread of slums and urban blight, encourage needed urban rehabilitation, provide for the redevelopment of slum and blighted areas, or undertake these activities or other feasible municipal activities as may be suitably employed to achieve the objectives of the workable program. The workable program may include provision for:

1. The development of industrial or commercial properties;
2. The prevention of the spread of blight into areas of the municipality which are free from blight through diligent enforcement of housing, zoning, and occupancy controls and standards;
3. The rehabilitation or conservation of slum and blighted areas or portions of those areas by replanning, removing congestion, providing parks, playgrounds, and other public improvements, by encouraging voluntary rehabilitation and by compelling the repair and rehabilitation of deteriorated or deteriorating structures; and
4. The clearance and redevelopment of slum areas or portions of those areas.

40-58-05. Finding of necessity by governing body.

A municipality may not exercise any of the powers conferred upon municipalities by this chapter until its governing body adopts a resolution finding that:

1. One or more slum or blighted areas or industrial or commercial properties exist in the municipality; and
2. The development, rehabilitation, conservation, or redevelopment, or a combination thereof, of the area or properties is necessary in the interest of the public economy, health, safety, morals, or welfare of the residents of the municipality.

40-58-06. Preparation, adoption, and revision of development or renewal plans.

1. A municipality may not approve a development or renewal plan for a development or renewal area unless the governing body by resolution determines that the area is a slum or blighted area or consists of industrial or commercial property, or a combination of those areas or properties, and designates the area or properties as appropriate for a development or renewal project. The local governing body may not approve a development or renewal plan until a general plan for the municipality is prepared. For this purpose and other municipal purposes, a municipality may prepare, adopt, and revise a general plan for the physical development of the municipality as a whole giving due regard to the environs and metropolitan surroundings, establish and maintain a planning commission for this purpose and related municipal planning activities, and make available and appropriate necessary funds for these purposes. A municipality may not acquire real property for a development or renewal project unless the governing body approves the development or renewal plan in accordance with subsection 4.
2. The municipality may prepare or cause to be prepared a development or renewal plan, or any person or agency, public or private, may submit a development or renewal plan to a municipality. Prior to its approval of a development or renewal plan, the governing body shall submit the plan to the planning commission of the municipality, if any, for review and recommendations as to its conformity with the general plan for the development of the municipality as a whole. However, if the development or renewal plan relates only to proposed development of industrial or commercial property, the governing body is not required to submit the plan to the planning commission unless the proposed development is not consistent with the comprehensive city plan. The planning commission shall submit its written recommendations with respect to the proposed development or renewal plan to the governing body within thirty days after receipt of the plan for review. Upon receipt of the recommendations of the planning commission, or if no recommendations are received within the thirty-day period, the

governing body may proceed with the hearing on the proposed development or renewal plan prescribed by subsection 3.

3. The governing body shall hold a public hearing on a development or renewal plan or substantial modification of an approved plan, after public notice of the hearing is provided by publication in a newspaper having a general circulation in the area of operation of the municipality. The notice must describe the time, date, place, and purpose of the hearing, generally identify the development or renewal area covered by the plan, and outline the general scope of the development or renewal project under consideration.
4. Following the hearing, the governing body may approve a development or renewal plan if it finds that:
   a. A feasible method exists for the location of families who will be displaced from the development or renewal area in decent, safe, and sanitary dwelling accommodations within their means and without undue hardship to those families;
   b. The development or renewal plan conforms to the general plan of the municipality as a whole; and
   c. The development or renewal plan will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the development, rehabilitation, or redevelopment of the development or renewal area by private enterprise.
5. A development or renewal plan may be modified at any time; provided, that if modified after the lease or sale by the municipality of real property in the development or renewal project area, the modification is subject to the rights at law or in equity as a lessee or purchaser, or the lessee's or purchaser's successor or successors in interest, is entitled to assert. Any proposed modification which will substantially change the development or renewal plan as previously approved by the governing body is subject to the requirements of this section, including the requirement of a public hearing, before it may be approved.
6. Upon the approval of a development or renewal plan by the municipality, the provisions of the plan governing the future use and building requirements applicable to the property covered by the plan control the future use of and building on the property.

40-58-07. Powers.

A municipality has all the powers necessary or convenient to carry out and effectuate the purposes and provisions of this chapter, including the power:

1. To authorize or undertake and carry out development or renewal projects within its area of operation; to make and execute contracts and other instruments necessary or convenient to the exercise of its powers under this chapter; and to disseminate industrial or commercial development, slum clearance, and urban renewal information.
2. To provide, arrange, or contract for the furnishing or repair by any person or agency, public or private, of services, privileges, works, streets, roads, public utilities, or other facilities for or in connection with a development or renewal project; to install, construct, and reconstruct streets, utilities, parks, playgrounds, and other public improvements; and to agree to any conditions that it may deem reasonable and appropriate attached to federal financial assistance and imposed pursuant to federal law relating to the determination of prevailing salaries or wages or compliance with labor standards, in the undertaking or carrying out of a development or renewal project, and to include in any contract let in connection with the project, provisions to fulfill those conditions as it may deem reasonable and appropriate.
3. Within its area of operation, to enter upon any building or property in any development or renewal area in order to make surveys, appraisals, soundings, or test borings, and to obtain an order for this purpose from a court of competent jurisdiction in the event entry is denied or resisted; to acquire by purchase, lease, option, gift, grant, bequest, devise, or otherwise, any real property or personal property for its administrative purposes together with any property improvements; to hold, improve, clear, or prepare

for development or redevelopment any such property; to mortgage, pledge, hypothecate, or otherwise encumber or dispose of any real property; to insure or provide for the insurance of any real or personal property or operations of the municipality against any risks or hazards, including the power to pay premiums for the insurance; and to enter into any contracts necessary to effectuate the purposes of this chapter; provided, however, that no statutory provision with respect to the acquisition, clearance, or disposition of property by public bodies restricts a municipality or other public body exercising powers under this subsection, in the exercise of those functions with respect to a development or renewal project, unless the legislative assembly shall specifically so state.

4. To invest development or renewal project funds held in reserves or sinking funds, or any of those funds not required for immediate disbursement, in property or securities in which savings banks may legally invest funds subject to their control; to redeem bonds issued pursuant to section 40-58-10 at the established redemption price or to purchase bonds at less than redemption price, all bonds so redeemed or purchased to be canceled.
5. To borrow money and to apply for and accept advances, loans, grants, contributions, and any other form of financial assistance from the federal government, the state, county, or other public body, or from any sources, public or private, for the purposes of this chapter, and to give such security as may be required and to enter into and carry out contracts in connection therewith. A municipality may include in any contract for financial assistance with the federal government for a development or renewal project any conditions imposed pursuant to federal law as the municipality may deem reasonable and appropriate and which are not inconsistent with the purposes of this chapter.
6. Within its area of operation, to make or cause to have made all plans necessary to the carrying out of the purposes of this chapter and to contract with any person, public or private, in making and carrying out those plans and to adopt or approve, modify, and amend those plans. The plans may include:
   a. A general plan for the locality as a whole.
   b. Development or renewal plans.
   c. Plans for carrying out a program of voluntary or compulsory repair and rehabilitation of buildings and improvements.
   d. Plans for the enforcement of state and local laws, codes, and regulations relating to the use of land and the use and occupancy of buildings and improvements and to the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements.
   e. Appraisals, title searches, surveys, studies, and other preliminary plans and work necessary to prepare for the undertaking of development or renewal projects. The municipality may develop, test, and report methods and techniques, and carry out demonstrations and other activities, for the prevention and the elimination of slums and urban blight, and to apply for, accept, and utilize grants of funds from the federal government for such purposes.
7. To prepare plans and provide reasonable assistance for the relocation of families displaced from a development or renewal area.
8. To appropriate funds and make expenditures that are necessary to carry out the purposes of this chapter, and to levy taxes within the limitations of the capital improvements fund under section 57-15-38 and to levy assessments for those purposes; to close, vacate, plan, or replan streets, roads, sidewalks, ways, or other places; to plan or replan or zone or rezone any part of the municipality or make exceptions from building regulations; and to enter into agreements with a housing authority or an urban renewal agency vested with urban renewal project powers under section 40-58-15, which agreements may extend over any period, notwithstanding any provision or rule of law to the contrary, respecting action to be taken by the municipality pursuant to any of the powers granted by this chapter.

9. Within its area of operation, to organize, coordinate, and direct the administration of this chapter as those provisions apply to the municipality in order that the objectives of remedying slum and blighted areas and preventing the causes of those areas and facilitating the development of industrial or commercial properties within the municipality may be most effectively promoted and achieved, and to establish new offices of the municipality or to reorganize existing offices in order to carry out that purpose most effectively.
10. To exercise all or any part or combination of the powers granted by this section.

40-58-08. Eminent domain.

Repealed by S.L. 2007, ch. 293, § 46.

40-58-09. Disposal of property in development or renewal area.

1. A municipality may sell, lease, or otherwise transfer real property or any interest in real property acquired by it, and may enter into contracts with respect to the real property, in a development or renewal area for residential, recreational, commercial, industrial, or other uses or for public use, or may retain the property or interest for public use, in accordance with the development or renewal plan, subject to such covenants, conditions, and restrictions, including covenants running with the land, as it may deem to be necessary or desirable to assist in preventing the development or spread of future slums or blighted areas, to facilitate the development of industrial or commercial properties, or to otherwise carry out the purposes of this chapter; provided, that the sale, lease, other transfer, or retention, and any agreement relating thereto, may be made only after the approval of the development or renewal plan by the governing body. The purchasers or lessees and their successors and assigns must be obligated to devote the real property only to the uses specified in the development or renewal plan, and may be obligated to comply with any other requirements that the municipality determines are in the public interest, including the obligation to begin within a reasonable time any improvements on the real property required by the development or renewal plan. The real property or interest must be sold, leased, otherwise transferred, or retained at not less than its fair value for uses in accordance with the development or renewal plan. In determining the fair value of real property for uses in accordance with the development or renewal plan, a municipality shall take into account and give consideration to the uses provided in the plan; the restrictions upon, and the covenants, conditions, and obligations assumed by the purchaser or lessee or by the municipality retaining the property; and the objectives of the plan for the development of industrial or commercial properties and the prevention of the recurrence of slum or blighted areas. The municipality in any instrument of conveyance to a private purchaser or lessee may provide that the purchaser or lessee may not sell, lease, or otherwise transfer the real property without the prior written consent of the municipality until the purchaser or lessee has completed the construction of any and all improvements which the purchaser or lessee is obligated to construct on the real property. Real property acquired by a municipality which, in accordance with the provisions of the development or renewal plan, is to be transferred, must be transferred as rapidly as feasible in the public interest consistent with the carrying out of the provisions of the development or renewal plan. The inclusion in any contract or conveyance to a purchaser or lessee of any such covenants, restrictions, or conditions, including the incorporation by reference of the provisions of a development or renewal plan or any part of the plan, does not prevent the filing of the contract or conveyance in the land records of the recorder in a manner that affords actual or constructive notice of the contract or conveyance.
2. A municipality may dispose of real property in a development or renewal area to private persons in a manner that appropriately carries out the purposes and provisions of this chapter. Thereafter, the municipality may execute the contract in accordance with the provisions of subsection 1 and deliver deeds, leases, and other instruments and take all steps necessary to effectuate the contract.

3. A municipality may temporarily operate and maintain real property acquired in a development or renewal area pending the disposition of the property for development or redevelopment, without regard to the provisions of subsection 1, for any uses and purposes as may be deemed desirable even though not in conformity with the development or renewal plan.

40-58-10. Issuance of bonds.

1. A municipality may issue bonds from time to time in its discretion to finance the undertaking of any development or renewal project, including the payment of principal and interest upon any advances for surveys and plans for development or renewal projects, and may issue refunding bonds for the payment or retirement of bonds previously issued by it. The bonds must be made payable, as to both principal and interest, solely from the income, proceeds, revenues, and funds of the municipality derived from or held in connection with its undertaking and carrying out of development or renewal projects; provided, however, that the payment of bonds, both as to principal and interest, may be further secured by a pledge of any loan, grant, or contribution from the federal government or other source, in aid of any development or renewal projects of the municipality, and by a mortgage of all or any part of a development or renewal project, title to which is in the municipality.
2. Bonds issued under this section do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction, and are not subject to any other law or charter relating to the authorization, issuance, or sale of bonds. Bonds issued under this chapter are declared to be issued for an essential public and governmental purpose and, together with interest and income, are exempt from all taxation.
3. Bonds issued under this section must be authorized by resolution or ordinance of the governing body and may be issued in one or more series and must bear such date or dates, be payable upon demand or mature at such time or times, bear interest at such rate or rates, resulting in an average annual net interest cost not exceeding twelve per centum per annum on those issues which are sold at private sale. The bonds must be in such denominations, be in such form, either coupon or registered, carry such conversion or registration privileges, have such rank or priority, be executed in such manner, be payable in such medium of payment, at such places, and be subject to such terms of redemption with or without premium, be secured in such manner, and have such other characteristics, as may be provided by the resolution or trust indenture or mortgage issued pursuant to the resolution.
4. The bonds may be sold at not less than par at public sales held after notice published prior to the sale in a newspaper having a general circulation in the area of operation and in any other medium of publication as the municipality may determine or may be exchanged for other bonds on the basis of par; provided, that the bonds may be sold to the federal government at private sale at not less than par, and, in the event less than all of the authorized principal amount of the bonds is sold to the federal government, the balance may be sold at private sale at not less than par at an interest cost to the municipality of not to exceed the interest cost to the municipality of the portion of the bonds sold to the federal government. The bonds may also be sold at private sale if the obligations do not exceed the total sum of one hundred thousand dollars. There is no interest rate ceiling on issues sold at public sale or to the state of North Dakota or any of its agencies or instrumentalities.
5. If a public official of the municipality whose signature appears on any bonds or coupons issued under this chapter ceases to be a public official before the delivery of the bonds, the signature is, nevertheless, valid and sufficient for all purposes, as if the official had remained in office until the delivery. Any law to the contrary notwithstanding, any bonds issued pursuant to this chapter are fully negotiable.
6. In any suit, action, or proceeding involving the validity or enforceability of any bond issued under this chapter or the security for the bond, any bond reciting in substance that it has been issued by the municipality in connection with a development or

renewal project is conclusively deemed to have been issued for that purpose and the project is conclusively deemed to have been planned, located, and carried out in accordance with this chapter.

40-58-11. Bonds as legal investments.

All banks, trust companies, bankers, savings banks and institutions, savings and loan associations, investment companies, and other persons carrying on a banking or investment business and all executors, administrators, curators, trustees, and other fiduciaries may legally invest any sinking funds, moneys, or other funds belonging to them or within their control in any bonds or other obligations issued by a municipality pursuant to this chapter or by any urban renewal agency or housing authority vested with urban renewal project powers under section 40-58-15. However, the bonds and other obligations must be secured by an agreement between the issuer and the federal government in which the issuer agrees to borrow from the federal government and the federal government agrees to lend to the issuer, prior to the maturity of the bonds or other obligations, moneys in an amount which together with any other moneys irrevocably committed to the payment of interest on the bonds or other obligations will suffice to pay the principal of such bonds or other obligations with interest to maturity thereon, which moneys under the terms of the agreement are required to be used for the purpose of paying the principal of and the interest on the bonds or other obligations at their maturity. The bonds and other obligations are authorized security for all public deposits. This section does not relieve any person of any duty of exercising reasonable care in selecting securities.

40-58-12. Property exempt from taxes and from levy and sale by virtue of an execution.

1. All property of a municipality, including funds, owned or held by it for the purposes of this chapter is exempt from levy and sale by virtue of an execution, and no execution or other judicial process may issue against the same nor may judgment against a municipality be a charge or lien upon the property; provided, however, that the provisions of this section do not apply to or limit the right of obligees to pursue any remedies for the enforcement of any pledge or lien given pursuant to this chapter by a municipality on its rents, fees, grants, or revenues from development or renewal projects.
2. The property of a municipality, acquired or held for the purposes of this chapter, is declared to be public property used for essential public and governmental purposes and the property is exempt from all taxes of the municipality, the county, the state, or any political subdivision of the state; provided, that this tax exemption terminates when the municipality sells, leases, or otherwise disposes of the property in a development or renewal area to a purchaser or lessee which is not a public body entitled to tax exemption with respect to the property.

40-58-13. Cooperation by public bodies.

1. For the purpose of aiding in the planning, undertaking, or carrying out of a development or renewal project located within the area in which it is authorized to act, any public body may, upon any terms, with or without consideration, as it may determine:
   a. Dedicate, sell, convey, or lease any of its interest in any property or grant easements, licenses, or other rights or privileges therein to a municipality;
   b. Incur the entire expense of any public improvements made by the public body in exercising the powers granted in this section;
   c. Do any and all things necessary to aid or cooperate in the planning or carrying out of a development or renewal plan;
   d. Lend, grant, or contribute funds to a municipality;
   e. Enter into agreements which may extend over any period, notwithstanding any law to the contrary with a municipality or other public body relating to action to be taken pursuant to any of the powers granted by this chapter, including the

furnishing of funds or other assistance in connection with a development or renewal project; and

f. Cause public buildings and public facilities, including parks, playgrounds, recreational, community, educational, water, sewer or drainage facilities, or any other works which it is otherwise empowered to undertake to be furnished; furnish, dedicate, close, vacate, pave, install, grade, regrade, plan, or replan streets, roads, sidewalks, ways, or other places; plan or replan or zone or rezone any part of the public body or make exceptions from building regulations; and cause administrative and other services to be furnished to the municipality. If at any time title to or possession of any development or renewal project is held by any public body or governmental agency, other than the municipality, which is authorized by law to engage in the undertaking, carrying out, or administration of development or renewal projects, including the federal government, the provisions of the agreements referred to in this section inure to the benefit of and may be enforced by the public body or governmental agency. As used in this subsection, the term "municipality" shall also include an urban renewal agency or a housing authority vested with authority pursuant to section 40-58-15.

2. Any sale, conveyance, lease, or agreement provided for in this section may be made by a public body without appraisal, public notice, advertisement, or public bidding.
3. For the purpose of aiding in the planning, undertaking, or carrying out of the authority of an urban renewal agency or a housing authority, a municipality may in addition to its other powers and upon any terms, with or without consideration, as it may determine do and perform any or all of the actions or things which, by the provisions of subsection 1, a public body is authorized to do or perform, including the furnishing of financial and other assistance.
4. For the purposes of this section, or for the purpose of aiding in the planning, undertaking, or carrying out of a development or renewal project of a municipality, the municipality may in addition to any authority to issue bonds pursuant to section 40-58-10 issue and sell its general obligation bonds. Any bonds issued by a municipality pursuant to this section must be issued in the manner and within the limitations prescribed by the laws of this state for the issuance and authorization of bonds by the municipality for public purposes generally.

40-58-14. Title of purchaser.

Any instrument executed by a municipality and purporting to convey any right, title, or interest in any property under this chapter shall be conclusively presumed to have been executed in compliance with the provisions of this chapter insofar as title or other interest of any bona fide purchasers, lessees, or transferees of such property is concerned.

40-58-15. Exercise of urban renewal project powers.

1. A municipality may itself exercise its urban renewal project powers, as defined by this section, or may, if the governing body by resolution determines the action to be in the public interest, elect to have those powers exercised by the urban renewal agency created by section 40-58-16 or by the housing authority, if one exists or is subsequently established in the community. In the event the governing body makes that determination, the urban renewal agency or the housing authority, as the case may be, is vested with all of the urban renewal project powers in the same manner as though those powers were conferred on the agency or authority instead of the municipality. However, an urban renewal agency or housing authority may not exercise any rights, powers, functions, and duties of a municipality under this chapter which relate to the development of industrial or commercial property under section 40-58-20.1. If the governing body does not elect to make a determination under this subsection, the municipality may exercise its urban renewal project powers through a board or commissioner or through any officers of the municipality as the governing body may by resolution determine.

2. As used in this section, the term "urban renewal project powers" includes the rights, powers, functions, and duties of a municipality under this chapter, except the following:
   a. The power to determine an area to be industrial or commercial property or a slum or blighted area or combination thereof and to designate the property or area as appropriate for a development or renewal project;
   b. The power to approve and amend development or renewal plans and to hold any public hearings required with respect to those plans;
   c. The power to establish a general plan for the locality as a whole;
   d. The power to formulate a workable program under section 40-58-04;
   e. The powers, duties, and functions referred to in section 40-58-18;
   f. The power to make the determinations and findings provided for in sections 40-58-03 and 40-58-05 and subsection 4 of section 40-58-06;
   g. The power to issue general obligation bonds; and
   h. The power to appropriate funds, to levy taxes within the limitations of the capital improvements fund under section 57-15-38 and to levy assessments, and to exercise other powers provided for in subsection 8 of section 40-58-07.

40-58-16. Urban renewal agency.

1. There is created in each municipality a public body corporate and politic to be known as the "urban renewal agency" of the municipality; provided, that the agency may not transact any business or exercise its powers under this chapter until or unless the local governing body has made the finding prescribed in section 40-58-05 and has elected to have the urban renewal project powers exercised by an urban renewal agency as provided in section 40-58-15.
2. If the urban renewal agency is authorized to transact business and exercise powers under this chapter, the mayor, by and with the advice and consent of the local governing body, shall appoint a board of commissioners of the urban renewal agency which must consist of five commissioners. The term of office of each commissioner is one year.
3. A commissioner may not receive compensation for services but is entitled to the necessary expenses, including traveling expenses, incurred in the discharge of the commissioner's duties. Each commissioner shall hold office until a successor has been appointed and has qualified. A certificate of the appointment or reappointment of any commissioner must be filed with the clerk of the municipality and the certificate is conclusive evidence of the due and proper appointment of the commissioner.
4. The powers of an urban renewal agency must be exercised by the commissioners of the agency. A majority of the commissioners constitutes a quorum for the purpose of conducting business and exercising the powers of the agency and for all other purposes. Action may be taken by the agency upon a vote of a majority of the commissioners present, unless in any case the bylaws require a larger number. Approval of the payment of an account or claim must be recorded in the record of the agency's proceedings and this is sufficient to indicate approval without requiring a majority of the commissioners to sign or initial the voucher or order for payment.
5. Any persons may be appointed as commissioners if they reside within the area of operation of the agency which shall be coterminous with the area of operation of the municipality and are otherwise eligible for appointments under this chapter. The mayor shall designate a chairman and vice chairman from among the commissioners. An agency may employ an executive director, technical experts, and such other agents and employees, permanent and temporary, as it may require, and determine their qualifications, duties, and compensation. For legal services it may require, an agency may employ or retain its own counsel and legal staff. An agency authorized to transact business and exercise powers under this chapter shall file, with the local governing body, on or before March thirty-first of each year a report of its activities for the preceding calendar year, which report must include a complete financial statement setting forth its assets, liabilities, income, and operating expense as of the end of the calendar year. At the time of filing the report, the agency shall publish in a newspaper

of general circulation in the community a notice to the effect that the report has been filed with the municipality and that the report is available for inspection during business hours in the office of the auditor and in the office of the agency.

6. For inefficiency or neglect of duty or misconduct in office, a commissioner may be removed only after a hearing and after the commissioner has been given a copy of the charges at least ten days prior to the hearing and has had an opportunity to be heard in person or by counsel.

40-58-17. Interested public officials, commissioners, or employees.

No public official or employee of a municipality or board or commission thereof, and no commissioner or employee of a housing authority or urban renewal agency which has been vested by a municipality with urban renewal project powers under section 40-58-15 shall voluntarily acquire any interest, direct or indirect, in any development or renewal project, or in any property included or planned to be included in any development or renewal project of the municipality or in any contract or proposed contract in connection with the development or renewal project. If the acquisition is not voluntary, the interest acquired must be immediately disclosed in writing to the governing body and the disclosure must be entered upon the minutes of the governing body. If an official, commissioner, or employee presently owns or controls, or owned or controlled within the preceding two years, any interest, direct or indirect, in any property which that official, commissioner, or employee knows is included or planned to be included in a development or renewal project, that official, commissioner, or employee shall immediately disclose this act in writing to the governing body, and the disclosure must be entered upon the minutes of the governing body, and any such official, commissioner, or employee may not participate in any action by the municipality or board or commission thereof, housing authority, or urban renewal agency affecting the property. Any disclosure required to be made by this section to the governing body must be concurrently made to a housing authority or urban renewal agency which has been vested with urban renewal project powers by the municipality pursuant to the provisions of section 40-58-15. A commissioner or other officer of any housing authority, urban renewal agency, board, or commission exercising powers pursuant to this chapter may not hold any other public office under the municipality other than the commissionership or office with respect to the housing authority, urban renewal agency, board, or commission. Any violation of the provisions of this section constitutes misconduct in office.

40-58-18. Ordinances relating to repair, closing, and demolition of dwellings unfit for human habitation.

1. If a municipality finds that there exist in the municipality dwellings which are unfit for human habitation due to dilapidation, defects increasing the hazards of fire, accidents or other calamities, lack of ventilation, light or sanitary facilities, or due to other conditions, including those set forth in subsection 3, rendering those dwellings unsafe or unsanitary, or dangerous or detrimental to the health, safety, or morals, or otherwise inimical to the welfare of the residents of the municipality, the municipality may require or cause the repair, closing, or demolition or removal of those dwellings in the manner provided by this section.
2. Upon the adoption of an ordinance finding that dwelling conditions of the character described in subsection 1 exist within a municipality, the governing body of the municipality may adopt ordinances relating to the dwellings within the municipality. The ordinances must include the following provisions:
   a. That a public officer be designated or appointed to exercise the powers prescribed by the ordinances.
   b. If a petition is filed with the public officer or by at least five residents of the municipality charging that any dwelling is unfit for human habitation or whenever it appears to the public officer on the public officer's own motion that any dwelling is unfit for human habitation, the public officer shall, if the public officer's preliminary investigation discloses a basis for those charges, issue and cause to be served upon the owner, every mortgagee of record and all parties in interest in the dwelling, including persons in possession, a complaint stating the charges in

that respect. The complaint must contain a notice that a hearing will be held before the public officer or the public officer's designated agent at a place designated in the complaint not less than ten days nor more than thirty days after the serving of the complaint; that the owner, mortgagee, and parties in interest must be given the right to file an answer to the complaint and to appear in person, or otherwise, and give testimony at the place and time designated in the complaint; and that the rules of evidence are not controlling in hearings before the public officer.

c. If, after the notice and hearing, the public officer determines that the dwelling under consideration is unfit for human habitation, the public officer shall state in writing the findings of fact in support of the determination and shall issue and cause to be served upon the owner of the dwelling an order which:
   (1) If the repair, alteration, or improvement of the dwelling can be made at a reasonable cost in relation to the value of the dwelling, the ordinance of the municipality shall fix a certain percentage of the cost as being reasonable for that purpose, requires the owner, within the time specified in the order, to repair, alter, or improve the dwelling to render it fit for human habitation or to vacate and close the dwelling as a human habitation; or
   (2) If the repair, alteration, or improvement of the dwelling cannot be made at a reasonable cost in relation to the value of the dwelling, the ordinance of the municipality shall fix a certain percentage of the cost as being reasonable for that purpose, requires the owner, within the time specified in the order, to remove or demolish the dwelling.

d. If the owner fails to comply with an order to repair, alter, or improve or to vacate and close the dwelling, the public officer may cause the dwelling to be repaired, altered, or improved, or to be vacated and closed.

e. If the owner fails to comply with an order to remove or demolish the dwelling, the public officer may cause the dwelling to be removed or demolished.

f. The amount of the cost of any repairs, alterations, or improvements, or vacating and closing, or removal or demolition by the public officer constitutes a lien against the real property upon which the cost was incurred and the lien, including an allowance of the public officer's costs and necessary attorney's fees, may be foreclosed in judicial proceedings in the manner provided by law for loans secured by liens on real property. If the dwelling is removed or demolished by the public officer, the public officer shall sell the materials of the dwelling and credit the proceeds of the sale against the cost of the removal or demolition. Any balance remaining must be paid to the parties entitled to it as determined by proper judicial proceedings instituted by the public officer after deducting the costs of the judicial proceedings, including necessary attorney's fees incurred in those proceedings by the public officer, as determined by the court.

3. An ordinance adopted by a municipality pursuant to this section must provide that the public officer may determine that a dwelling is unfit for human habitation if the public officer finds that conditions exist in the dwelling which are dangerous or injurious to the health, safety, or morals of the occupants of the dwelling, the occupants of neighboring dwellings, or other residents of the municipality, or which have a blighting influence on properties in the area. Those conditions may include defects in the dwelling increasing the hazards of fire, accident, or other calamities; lack of adequate ventilation, light, or sanitary facilities; dilapidation; disrepair; structural defects; uncleanliness; overcrowding; inadequate ingress and egress; inadequate drainage; or any violation of health, fire, building, or zoning regulations, or any other laws or regulations relating to the use of land and the use and occupancy of building and improvements. The ordinance may provide additional standards to guide the public officer or the public officer's agents or employees in determining the fitness of a dwelling for human habitation.

4. Complaints or orders issued by a public officer pursuant to an ordinance adopted under this section must be served upon persons either personally or by registered or

certified mail, but if the location of those persons is unknown and cannot be ascertained by the public officer in the exercise of reasonable diligence, and the public officer shall make an affidavit to that effect, then the serving of the complaint or order upon those persons may be made by publishing the complaint or order once each week for two consecutive weeks in a newspaper printed and published in the municipality, or, in the absence of such newspaper, in one printed and published in the county and circulating in the municipality in which the dwellings are located. A copy of the complaint or order must be posted in a conspicuous place on the premises affected by the complaint or order. A copy of the complaint or order must also be filed with the clerk of the county in which the dwelling is located and the filing of the complaint or order has the same force and effect as other lis pendens notices provided by law.

5. Any person affected by an order issued by the public officer may petition the district court, in accordance with the procedure provided in section 28-34-01, for an injunction restraining the public officer from carrying out the provisions of the order, and the court may, upon that petition, issue a temporary injunction restraining the public officer pending the final disposition of the cause. Hearings must be held by the court on the petitions within twenty days, or as soon thereafter as possible, and must be given preference over other matters on the court's calendar. The court shall hear and determine the issues raised and enter a final order or decree in the proceeding. In the proceeding, the findings of the public officer as to facts, if supported by evidence, are conclusive. The court may assess costs. The remedies provided under this section are exclusive remedies and a person affected by an order of the public officer may not recover any damages for action taken pursuant to any order of the public officer, or because of compliance by that person with any order of the public officer.
6. An ordinance adopted by the governing body of the municipality may authorize the public officer to exercise those powers as may be necessary or convenient to carry out and effectuate the purposes and provisions of this chapter, including the following powers in addition to other authority granted under this section:
   a. To investigate the dwelling conditions in the municipality in order to determine which dwellings are unfit for human habitation;
   b. To administer oaths and affirmations, examine witnesses, and receive evidence;
   c. To enter any premises for the purpose of making examinations, provided that entry must be made in a manner that causes the least possible inconvenience to the persons in possession, and to obtain an order for this purpose from a court of competent jurisdiction in the event entry is denied or resisted;
   d. To appoint and fix the duties of such officers, agents, and employees as the public officer deems necessary to carry out the purposes of the ordinance; and
   e. To delegate any of the public officer's functions and powers under the ordinance to such officers, agents, and employees as the public officer may designate.
7. The governing body of any municipality adopting an ordinance under this section shall as soon as possible prepare an estimate of the annual expenses or costs to provide the equipment, personnel, and supplies necessary for periodic examinations and investigations of the dwellings in the municipality for the purpose of determining the fitness of the dwellings for human habitation, and for the enforcement and administration of its ordinance or ordinances adopted under this section.
8. This section may not be construed to abrogate or impair the powers of the courts or of any department of any municipality to enforce any provisions of its charter or its ordinances or regulations, nor to prevent or punish violations thereof; and the powers conferred by this section are in addition and supplemental to the powers conferred by any other law.
9. This section may not be construed to impair or limit in any way the power of the municipality to define and declare nuisances and to cause their removal or abatement, by summary proceedings or otherwise.
10. The governing body of a city may adopt ordinances prescribing minimum standards for the use and occupancy of dwellings throughout the city and to prevent the use or

occupancy of any dwelling which is injurious to the public health, safety, morals, or welfare.

40-58-19. Definitions.

Repealed by S.L. 1989, ch. 499, § 19.

40-58-20. Tax increment financing.

1. At any time after the governing body of a municipality has approved a development or renewal plan for any development or renewal area and has filed that plan with the department of commerce division of community services, it may request the county auditor and treasurer to compute, certify, and remit tax increments resulting from the development or renewal of the area in accordance with the plan and any modifications thereof, and the county auditor and treasurer shall do so in accordance with this section.
   a. For a tax increment district established before July 1, 2011, the base year for tax increments computed for a development or renewal area under this section or section 40-58-20.1 may not be used for more than twenty-five taxable years without the governing body of the municipality establishing a new base year using taxable values, established as of February first of the following year, which are not more than fifteen years old. Regardless of length of the initial district, the new base year may be used to compute tax increments for up to an additional fifteen years after which time the tax increment district must be closed, except that the original base year for tax increments pledged for an indebtedness incurred before July 1, 2011, may continue until the indebtedness is paid.
   b. For a tax increment district established after July 1, 2011, the base year for tax increments computed for a development or renewal area under this section or section 40-58-20.1 may not be used for more than twenty-five taxable years without the governing body of the municipality establishing a new base year using taxable values, established as of February first of the following year, which are not more than fifteen years old. The new base year may be used to compute tax increments for up to an additional five years after which time the tax increment district must be closed.
2. The auditor shall compute and certify the original taxable value of each lot and parcel of real estate in the area, as last assessed and equalized before the date of the request, including the taxable value of any lot or parcel previously acquired by the municipality or its urban renewal agency, as last assessed and equalized before it was acquired. However, any real property acquired by the city or the city's urban renewal agency prior to July 1, 1973, or more than five years prior to the approval of a development or renewal plan for any development or renewal area, whichever is later, is deemed to have an original taxable value of zero and the county auditor shall so certify.
3. In each subsequent year, the auditor shall compute and certify the net amount by which the original taxable value of all lots and parcels of real estate in the area, as then assessed and equalized, including real estate then held by the municipality or urban renewal agency valued at zero, has increased or decreased in comparison with the original taxable value of all such real estate. The net amount of the increase or decrease is referred to in this section as the incremental value or the lost value for that year, as the case may be.
4. In any year when there is an incremental value, the auditor shall exclude it from the taxable value upon which the auditor computes the mill rates of taxes levied in that year by the state, the county, the municipality, the school district, and every other political subdivision having power to tax the development or renewal area, until the cost of development or renewal of the area has been reimbursed in accordance with this section. However, the auditor shall extend the aggregate mill rate of those taxes against the incremental value as well as the original taxable value, and the amount of

taxes received from that extension against the incremental value is referred to in this section as the tax increment for that year.

5. In any year when there is a lost value, the auditor shall compute and certify the amounts of taxes which would have resulted from the extension against the lost value of the mill rate of taxes levied that year by the state and each political subdivision having power to tax the development or renewal area. The amounts so computed are referred to in this section as the tax losses for that year.
6. The county auditor shall segregate all tax increments from the development or renewal area in a special fund, crediting to the fund, in each year when there is an incremental value, that proportion of each collection of taxes on real estate within the area which the incremental value bears to the total taxable value in that year.
7. Upon receipt of any tax increments in the fund, the county treasurer, at the times when the county treasurer distributes collected taxes to the state and to each political subdivision for which a tax loss has previously been recorded, shall also remit to each of them from the tax increment fund an amount proportionate to the amount of that tax loss, until all those tax losses have been reimbursed. Thereafter, at the time of each distribution, the county treasurer shall remit the entire balance then on hand in the fund to the municipality, until the cost of development or renewal of the area has been reimbursed to the municipality as provided in this section.
8. The cost of development or renewal subject to reimbursement from the tax increment fund for each development or renewal area must include all expenditures incident to carrying out the development or renewal plan for the area and any modifications thereof, not otherwise reimbursed in one of the ways referred to below, including all expenses of the clearance, development, redevelopment, rehabilitation, and conservation of the area, and all interest and redemption premiums paid on bonds, notes, or other obligations issued by the municipality or urban renewal agency to provide funds for payment of those expenses, subject to section 40-58-20.1 for the purpose of determining eligible cost of development of industrial or commercial property. From the total cost to be reimbursed there must be deducted, except as provided below, all amounts received from the federal government or others, and all special assessments, revenues, and other receipts except property taxes, which are actually collected and applied to the payment of the cost or the bonds, notes, or other obligations, at the times when those payments are due. However, if the proceeds of tax increments or of bonds, notes, or other obligations are loaned to finance part or all of the cost of a project comprising the restoration, reconstruction, and improvement of a privately owned state historical site situated within the development or renewal area or any buildings or structures thereon, as contemplated in section 55-10-08, or of a property listed in the national register of historic places, as contemplated in section 55-10-11, in consideration of the grant to the city of a historic easement with respect thereto, repayments of the loan may not be deducted from the cost of development or renewal subject to reimbursement.
9. The tax increments from any development or renewal area may be appropriated by the governing body of the municipality for the payment of any general obligation bonds, special improvement warrants, or refunding improvement bonds issued by the municipality to provide funds for payment of the cost of development or renewal, together with interest and redemption premiums thereon, other than that portion, if any, of such principal, interest, and redemption premiums which can be paid when due from collections of special assessments, revenues, or other funds, excluding property taxes, which are pledged for the payment thereof. When special improvement warrants or refunding improvement bonds are issued to pay the cost of public improvements of special benefit to properties within the development or renewal area, the governing body may cause those special benefits to be computed, together with the cost properly assessable against those properties, and may appropriate the tax increments from the area to the payment of that cost, in lieu of levying special assessments upon the property. In this event, the amount so appropriated, divided into the same number of installments as the special assessments and with interest at the

same rate on the declining balance thereof, is deemed a part of the special assessments appropriated for payment of the cost, within the meaning of section 40-26-08.

10. When the cost of development or renewal of any development or renewal area has been fully paid and all bonds, notes, or other obligations issued by the municipality to pay that cost have been retired, or funds sufficient for the retirement thereof have been received by the municipality, the governing body shall cause this to be reported to the county auditor, who shall thereafter compute the mill rates of all taxes upon the total taxable value of the development or renewal area. Any balance then on hand in the tax increment fund must be distributed by the county treasurer to the state and all political subdivisions having power to tax property in the area, in amounts proportionate to the amounts of the tax losses previously reimbursed to them.
11. As an alternative to the sale of bonds to be amortized with tax increments as provided in this section, the governing body of a municipality may, in its discretion, grant a total or partial tax exemption for the project in order to provide assistance to a project developer in a development or renewal area, pursuant to agreement with the municipality. However, if a developer of a development or renewal project receives a tax exemption for that project pursuant to this subsection, that project developer may not receive a tax exemption for that project under section 40-57.1-03, 40-57.1-04, 40-57.1-04.1, or 40-57.1-04.3. The amount of annual tax exemption under this subsection is limited to the tax increment as defined in this section as it applies to the development or renewal project and may extend for a period not to exceed fifteen years. In determining the total amount of the tax exemption to be authorized, the municipality shall give due consideration to the same elements as are involved in the sale of bonds to be amortized by tax increments. The amount to be reimbursed, by tax exemption, to the project developer must be all or a portion of eligible public costs which have been paid by the project developer, plus interest on those costs at a rate not to exceed ten percent per annum. The amount of tax exemption must be an amount sufficient to reimburse the project operator for those eligible costs, amortized pursuant to the agreement between the project developer and the municipality.
12. The governing body of a municipality with an active tax increment financing district may at any time identify funds on hand that are in excess of the costs it determines necessary to complete the activities included in the last approved urban renewal plan for that district. The governing body shall cause the identified surplus to be transferred to the county treasurer to be distributed to the state and all political subdivisions having power to tax property in the area, in amounts proportionate to the most recent five-year average of the property tax levy within the district.

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

1. The governing body of a municipality may use the tax increment financing method authorized by section 40-58-20 to assist a project developer in the development of industrial or commercial property, as limited by this section, pursuant to an agreement between the municipality and the project developer.
2. Prior to entering into an agreement with a project developer under subsection 1, the governing body of the municipality shall consider the agreement at a public hearing, which may be held in conjunction with the public hearing required by subsection 3 of section 40-58-06, after providing written notice of the hearing at least fifteen days prior to the hearing to potential competitors of the prospective industrial or commercial enterprise, and may enter into the agreement only if it determines that the agreement will not result in unfair competition and that the agreement is in the best interests of the municipality as a whole.
3. For the purpose of determining costs of development of industrial or commercial property to be reimbursed by tax increments under section 40-58-20, only the following public costs necessarily incurred, by either the municipality or the project developer, for the purpose of preparing the property for private development by the project

developer may be included in the agreement as reimbursable public costs of development:

a. The cost of acquiring, or the market value, of all or a part of the industrial or commercial property;
b. Costs of demolition, removal, or alteration of buildings and improvements on the industrial or commercial property, including the cost of clearing and grading land;
c. Costs of installation, construction, or reconstruction of streets, utilities, parks, and other public works or improvements necessary for carrying out the development or renewal plan; and
d. All interest and redemption premiums paid on bonds, notes, or other obligations issued by the municipality to provide funds for the payment of eligible public costs of development.

40-58-20.2. Tax increment financing proposal - Public hearing - Invitation to representatives of affected taxing districts.

1. Before approval of a development or renewal plan for any development or renewal area under section 40-58-20, the governing body of the municipality shall conduct a public hearing on the proposal. The governing body shall provide invitations to participate in the public hearing to the governing body of each county, school district, and park district within the development or renewal area. At a minimum, the governing body of the municipality shall provide the following information at the public hearing:
   a. The anticipated costs of development of property to be reimbursed by tax incentives.
   b. The anticipated annual revenue from tax increments which will be received to complete the development or renewal plan.
   c. The anticipated date when the plan will be completed, the costs will be fully paid, and the tax increments will be released.
   d. The estimate of the dollars annually attributable to the levies from each taxing entity which will be credited to the tax increment fund.
2. Before granting a property tax incentive on any parcel of property that is anticipated to receive a property tax incentive for more than five years, the governing body of the municipality must comply with the requirements in section 40-05-24.

40-58-20.3. Tax increment financing reports.

For each development or renewal plan for any development or renewal area under section 40-58-20 in existence at the end of a calendar year, the governing body of the municipality shall file an annual report with the department of commerce, by the following July thirty-first, which is in a format prescribed by the department. The report must include:

1. The total of outstanding indebtedness.
2. The balance of funds on hand.
3. The name of the tax increment financing district.