

February 6, 2001

PROPOSED AMENDMENTS TO SENATE BILL NO. 2033

Page 1, line 3, remove "and", remove "subsection 2 of section", and replace the second "sections" with "40-63-05,"

Page 1, line 4, remove "and" and after "40-63-09" insert ", and 40-63-10"

Page 2, line 11, overstrike "corporation" and insert immediately thereafter "organization"

Page 2, line 12, after the period insert "If a city is not ready to commit to establishing a renaissance fund organization, the city may indicate in the renaissance zone application the city's desire to submit a plan for approval at a later date."

Page 2, line 17, overstrike "corporation" and insert immediately thereafter "organization"

Page 2, line 18, after the period insert:

""Lease" means the lease of space in a building in a designated renaissance zone by a new business moving into the zone or by an existing zone business expanding in the zone, and the continuation of a lease of an existing zone tenant in a building rehabilitated as an approved zone project. For existing zone tenants expanding in the zone, the term does not include existing leased space.

5."

Page 2, line 22, overstrike "5." and insert immediately thereafter "6." and remove the overstrike over ~~""Original principal amount" means the funds invested in a renaissance fund"~~

Page 2, line 23, after "~~corporation~~" insert "organization" and remove the overstrike over "~~after designation of the renaissance zone and before the sunset of that~~"

Page 2, remove the overstrike over line 24

Page 2, after line 24, insert:

"7. "Rehabilitation", as used in sections 40-63-04 and 40-63-05, means the repair or remodeling of a building at a cost that is equal to or exceeds fifty percent to the current true and full value for commercial buildings and twenty percent for single-family homes."

Page 2, line 25, after "~~6."~~ insert "8."

Page 2, line 27, replace "6" with "9"

Page 2, line 29, replace "7" with "10" and overstrike "any project contained within a designated renaissance zone"

Page 2, line 30, overstrike "and" and insert immediately thereafter "the purchase, lease, rehabilitation, or historical preservation or renovation of a building or space in a building"

Page 4, line 14, overstrike "corporation" and insert immediately thereafter "organization"

Page 5, after line 14, insert:

- "8. The use of grant funds as the sole source of investment in the purchase of a building or space in a building does not qualify a taxpayer for any tax exemption or credit available under the chapter, and grant funds may not be counted in determining if the cost of rehabilitation meets or exceeds the current true and full value of the building.
9. If after a minimum of five years a portion of an approved renaissance zone is not progressing, the city may request the division of community services to permit deleting that portion and to make a one-time adjustment of the boundaries to add another equal, contiguous area to the original zone."

Page 5, line 15, replace "Subsection 2 of section" with "Section"

Page 5, replace lines 17 through 20 with:

"40-63-04. Income tax exemptions.

1. An individual taxpayer who purchases single-family residential property for the individual's primary place of residence as ~~part of~~ a zone project is exempt from up to ten thousand dollars of personal income tax liability as determined under section 57-38-29 or 57-38-30.3 for five taxable years beginning with the date of occupancy or completion of rehabilitation.
2. ~~A business~~ Any taxpayer that purchases ~~or~~, leases, or rehabilitates residential or commercial property for any business or investment purpose as ~~part of~~ a zone project is exempt from ~~income~~ any tax on income derived from the business or investment locations within the zone for five taxable years, beginning in the year of the investment or lease for income derived from the business locations within the zone with the date of purchase, lease, or completion of rehabilitation.
3. ~~An individual, partnership, limited partnership, limited liability company, trust, or corporation that purchases residential or commercial property as an investment as part of a zone project is exempt from any income tax for five taxable years resulting from income earned from that investment.~~
4. The exemptions provided by this section do not eliminate any duty to file a return or to report income as required under chapter 57-35.3 or 57-38.

SECTION 5. AMENDMENT. Section 40-63-05 of the 1999 Supplement to the North Dakota Century Code is amended and reenacted as follows:

40-63-05. Property tax exemptions.

1. A municipality may grant a partial or complete exemption from ad valorem taxation on single-family residential property, exclusive of the land on which it is situated, ~~located in a zone project~~ if the property was purchased or rehabilitated by an individual for the individual's primary place of residence as a zone project. An exemption granted under this subsection may not extend beyond five taxable years following the date of acquisition or rehabilitation.

2. A municipality may grant a partial or complete exemption from ad valorem taxation on buildings, structures, fixtures, and improvements purchased ~~by a business~~ or on improvements made as a zone project for any business or investment purpose, ~~excluding investment, as part of a zone project.~~ An exemption ~~granted~~ under this subsection may not extend beyond five taxable years ~~beginning in the year of the investment~~ following the date of purchase or rehabilitation.
3. ~~A municipality may grant a partial or complete exemption from ad valorem taxation on all buildings, structures, fixtures, and improvements to residential or commercial property located in a zone project if the property was purchased solely for investment purposes. An exemption granted under this subsection may not extend beyond five taxable years following the date of acquisition."~~

Page 5, line 27, overstrike "fifty" and insert immediately thereafter "twenty-five" and overstrike "during the taxable year"

Page 5, line 28, overstrike "from the date of the"

Page 5, line 29, overstrike "investment" and insert immediately thereafter "up to a maximum of two hundred fifty thousand dollars"

Page 6, line 1, overstrike "**corporation**" and insert immediately thereafter "organization"

Page 6, line 3, overstrike the first "corporation" and insert immediately thereafter "organization", overstrike "provisions" and insert immediately thereafter "detailed plan", and overstrike "a corporation are" and insert immediately thereafter "an organization is"

Page 6, line 4, after the second "plan" insert ", or is submitted at a later date to the division of community services for approval after the designation of a renaissance zone" and overstrike "The renaissance fund corporation"

Page 6, overstrike line 5

Page 6, line 6, remove "A renaissance fund corporation that is not established by a city may provide"

Page 6, remove line 7

Page 6, line 8, remove "3." and overstrike "corporation" and insert immediately thereafter "organization"

Page 6, line 15, overstrike "corporation" and insert immediately thereafter "organization"

Page 6, line 21, overstrike "4." and insert immediately thereafter "3." and overstrike "corporation" and insert immediately thereafter "organization"

Page 6, line 26, overstrike "corporation" and insert immediately thereafter "organization"

Page 6, line 27, overstrike "5." and insert immediately thereafter "4."

Page 6, line 29, overstrike "corporation" and insert immediately thereafter "organization"

Page 7, line 3, overstrike "6." and insert immediately thereafter "5."

Page 7, line 6, overstrike "7." and insert immediately thereafter "6." and overstrike "corporation" and insert immediately thereafter "organization"

Page 7, line 7, overstrike "corporation" and insert immediately thereafter "organization"

Page 7, line 12, overstrike "8." and insert immediately thereafter "7." and overstrike "corporation" and insert immediately thereafter "organization"

Page 7, line 15, overstrike "9." and insert immediately thereafter "8." and overstrike "corporation" and insert immediately thereafter "organization"

Page 7, line 23, overstrike "10." and insert immediately thereafter "9.", overstrike "corporation" and insert immediately thereafter "organization", overstrike "housing," and insert immediately thereafter "residential or", and overstrike ", or"

Page 7, line 24, overstrike "infrastructure project" and insert immediately thereafter "property involved"

Page 8, after line 9, insert:

"SECTION 9. AMENDMENT. Section 40-63-10 of the 1999 Supplement to the North Dakota Century Code is amended and reenacted as follows:

40-63-10. Pass-through of tax exemption or credit. A partnership, subchapter S corporation, limited partnership, limited liability company, or any other pass-through entity that purchases or leases property in a renaissance zone for any business purpose, invests in a historic preservation or renovation of property within a renaissance zone, or invests in a renaissance fund ~~corporation~~ organization must be considered to be the taxpayer for purposes of any investment limitations in sections 40-63-04, 40-63-06, and 40-63-07, and the amount of the exemption or credit allowed with respect to the entity's investments must be determined at the pass-through entity level. The amount of the total exemption or credit determined at the entity level must be passed through to the partners, shareholders, or members in proportion to their respective interests in the pass-through entity."

Renumber accordingly