

Sixty-first
Legislative Assembly
of North Dakota

HOUSE BILL NO.

Introduced by

Representative Thorpe

1 A BILL for an Act to amend and reenact section 40-63-03 and subsection 5 section 40-63-07 of
2 the North Dakota Century Code, relating extension of the duration of a renaissance zone
3 program, available income tax credits for renaissance zone investments, and designation of
4 additional blocks as part of a renaissance zone; and to provide an effective date.

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

6 **SECTION 1. AMENDMENT.** Section 40-63-03 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **40-63-03. Renaissance zones.**

- 9 1. A city may apply to the department of commerce division of community services to
10 designate a portion of that city as a renaissance zone if the following criteria are
11 met:
- 12 a. The geographic area proposed for the renaissance zone is located wholly
13 within the boundaries of the city submitting the application.
 - 14 b. The application includes a development plan.
 - 15 c. The proposed renaissance zone is not more than twenty-three square blocks,
16 except in a city with a population of greater than five thousand the
17 renaissance zone may exceed twenty-three square blocks at the rate of one
18 additional block for each additional five thousand population to a maximum
19 size of thirty-eight blocks. Population is based upon the most recent federal
20 decennial census.
 - 21 d. Except as provided under subdivision g, the proposed renaissance zone has
22 a continuous boundary and all blocks are contiguous.
 - 23 e. The proposed land usage includes both commercial and residential property.

- 1 f. The application includes the proposed duration of renaissance zone status,
2 not to exceed fifteen years.
- 3 g. The proposed renaissance zone may have a single exception to the
4 continuous boundary and contiguous block requirements under subdivision d
5 if the area of the excepted noncontiguous blocks does not exceed three
6 square blocks and if the shortest distance between the noncontinuous
7 boundaries of the two portions of the zone does not exceed one-half mile [.80
8 kilometer].
- 9 2. The department of commerce division of community services shall:
- 10 a. Review all applications for renaissance zone designation against the criteria
11 established in this section and designate zones.
- 12 b. Approve or reject the duration of renaissance zone status as submitted in an
13 application.
- 14 c. Approve or reject the geographic boundaries and total area of the renaissance
15 zone as submitted in an application.
- 16 d. Promote the renaissance zone program.
- 17 e. Monitor the progress of the designated renaissance zones against submitted
18 plans in an annual plan review.
- 19 f. Report on renaissance zone progress to the governor and the legislative
20 council on an annual basis until all designated zones expire.
- 21 3. The department of commerce division of community services shall consider the
22 following criteria in designating a renaissance zone:
- 23 a. The viability of the development plan.
- 24 b. The incorporation and enhancement of unique natural and historic features
25 into the development plan.
- 26 c. Whether the development plan is creative and innovative in comparison to
27 other applications.
- 28 d. Public and private commitment to and other resources available for the
29 proposed renaissance zone, including the provisions for a renaissance fund
30 organization.

- 1 e. How renaissance zone designation would relate to a broader plan for the
2 community as a whole.
- 3 f. How the local regulatory burden, in particular that burden associated with the
4 renovation of historic properties and that burden associated with mixed use
5 development, will be eased for developers and investors in the renaissance
6 zone.
- 7 g. The strategies for the promotion, development, and management of the zone,
8 including the use of a local zone authority if designated.
- 9 h. Any other information required by the office.
- 10 4. The department of commerce division of community services may not designate a
11 portion of a city as a renaissance zone unless, as a part of the application, the city
12 provides a resolution from the governing body of the city that states if the
13 renaissance zone designation is granted, persons and property within the
14 renaissance zone are exempt from taxes as provided in sections 40-63-04 through
15 40-63-07.
- 16 5. A city may not propose or be part of more than one renaissance zone.
- 17 6. A parcel of property may be exempted from property taxes under section 40-63-05
18 only once, but during the five taxable years of eligibility for that exemption, the
19 property tax exemption transfers with the transfer of the property to a qualifying
20 user. The ownership or lease of, or investment in, a parcel of property may qualify
21 for exemption or credit under section 40-63-04 only once, but during the five
22 taxable years of eligibility for that exemption or credit, the exemption or credit
23 under section 40-63-04 transfers with the transfer of the property to a qualified user
24 and with respect to the year in which the transfer is made must be prorated for use
25 of the property during that year.
- 26 7. A city may apply to the department of commerce division of community services at
27 any time during the duration of a zone to expand a previously approved
28 renaissance zone that is less than the maximum size allowed under subdivision c
29 of subsection 1. If the expansion is approved by the department of commerce
30 division of community services, the blocks in the expansion are eligible for up to
31 fifteen years of renaissance zone status.

1 8. The use of grant funds as the sole source of investment in the purchase of a
2 building or space in a building does not qualify a taxpayer for any tax exemption or
3 credit available under the chapter, and grant funds may not be counted in
4 determining if the cost of rehabilitation meets or exceeds the current true and full
5 value of the building.

6 9. If a portion of an approved renaissance zone is not progressing, the city may
7 request the department of commerce division of community services to permit
8 deleting that portion and to make an adjustment of the boundaries to add another
9 equal, contiguous area to the original zone.

10 **SECTION 2. AMENDMENT.** Subsection 5 of section 40-63-07 of the North Dakota
11 Century Code is amended and reenacted as follows:

12 5. The total amount of credits allowed under this section may not exceed, in the
13 aggregate, an initial limit of two million five hundred thousand dollars. Upon
14 exhaustion of this initial limit, an additional two million five hundred thousand
15 dollars in credits is available for investments in renaissance fund organizations. A
16 renaissance fund organization that has received investments that qualify for these
17 additional credits under this subsection may not use more than fifty percent of such
18 investments for organization investments outside of a renaissance zone.

19 **SECTION 3. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
20 December 31, 2008.