

HOUSE BILL NO. 1266

Introduced by

Representatives Dockter, Bosch, Heinert, Nathe

Senators Cleary, Meyer

1 A BILL for an Act to amend and reenact section 40-63-03 of the North Dakota Century Code,
2 relating to completion of existing approved projects and reapplication for renaissance zone
3 designation following expiration of renaissance zone designations.

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

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

7 **40-63-03. Renaissance zones.**

8 1. A city may apply to the department of commerce division of community services to
9 designate a portion of that city as a renaissance zone if the following criteria are met:

10 a. The geographic area proposed for the renaissance zone is located wholly within
11 the boundaries of the city submitting the application.

12 b. The application includes a development plan.

13 c. The proposed renaissance zone is not more than thirty-four square blocks,
14 except in a city with a population of greater than five thousand the renaissance
15 zone may exceed thirty-four square blocks at the rate of one additional block for
16 each additional five thousand population to a maximum size of forty-nine blocks.

17 (1) Population is based upon the most recent federal decennial census or
18 federal census estimate.

19 (2) If a city finds that renaissance zone projects have satisfactorily completed
20 one or more blocks within the renaissance zone, the city may apply for and
21 the department of commerce division of community services may approve
22 withdrawal of those blocks from the renaissance zone and replacement of
23 those blocks with other blocks that otherwise meet the requirements of this
24 chapter.

- 1 d. Except as provided under subdivision g, the proposed renaissance zone has a
2 continuous boundary and all blocks are contiguous.
- 3 e. The proposed land usage includes both commercial and residential property.
- 4 f. The application includes the proposed duration of renaissance zone status, not to
5 exceed fifteen years.
- 6 (1) Upon application by the city, the department of commerce division of
7 community services may extend the duration of renaissance zone status in
8 increments of up to five years.
- 9 (2) If a renaissance zone designated under this chapter expires, a city may
10 reapply for a subsequent renaissance zone in the same manner an original
11 renaissance zone is formed under this section.
- 12 (3) If a renaissance zone designated under this chapter expires, a city may
13 reapply for renewal of the formerly expired renaissance zone in the current
14 manner a renewal extension is granted by state law.
- 15 g. The proposed renaissance zone may have a single exception to the continuous
16 boundary and contiguous block requirements under subdivision d if the area of
17 the excepted noncontiguous blocks does not exceed three square blocks.
- 18 2. The department of commerce division of community services shall:
- 19 a. Review all applications for renaissance zone designation against the criteria
20 established in this section and designate zones.
- 21 b. Approve or reject the duration of renaissance zone status as submitted in an
22 application.
- 23 c. Approve or reject the geographic boundaries and total area of the renaissance
24 zone as submitted in an application.
- 25 d. Promote the renaissance zone program.
- 26 e. Monitor the progress of the designated renaissance zones against submitted
27 plans in an annual plan review.
- 28 f. Report on renaissance zone progress to the governor and the legislative
29 management on an annual basis until all designated zones expire.
- 30 3. The department of commerce division of community services shall consider the
31 following criteria in designating a renaissance zone:

- 1 a. The viability of the development plan.
- 2 b. The incorporation and enhancement of unique natural and historic features into
- 3 the development plan.
- 4 c. Whether the development plan is creative and innovative in comparison to other
- 5 applications.
- 6 d. Public and private commitment to and other resources available for the proposed
- 7 renaissance zone, including the provisions for a renaissance fund organization.
- 8 e. How renaissance zone designation would relate to a broader plan for the
- 9 community as a whole.
- 10 f. How the local regulatory burden, in particular that burden associated with the
- 11 renovation of historic properties and that burden associated with mixed use
- 12 development, will be eased for developers and investors in the renaissance zone.
- 13 g. The strategies for the promotion, development, and management of the zone,
- 14 including the use of a local zone authority if designated.
- 15 h. Any other information required by the office.
- 16 4. The department of commerce division of community services may not designate a
- 17 portion of a city as a renaissance zone unless, as a part of the application, the city
- 18 provides a resolution from the governing body of the city that states if the renaissance
- 19 zone designation is granted, persons and property within the renaissance zone are
- 20 exempt from taxes as provided in sections 40-63-04 through 40-63-07.
- 21 5. A city may not propose or be part of more than one renaissance zone.
- 22 6. A parcel of property may be exempted from property taxes under section 40-63-05
- 23 only once, but during the five taxable years of eligibility for that exemption, the
- 24 property tax exemption transfers with the transfer of the property to a qualifying user.
- 25 The ownership or lease of, or investment in, a parcel of property may qualify for
- 26 exemption or credit under section 40-63-04 only once, but during the five taxable
- 27 years of eligibility for that exemption or credit, the exemption or credit under section
- 28 40-63-04 transfers with the transfer of the property to a qualified user and with respect
- 29 to the year in which the transfer is made must be prorated for use of the property
- 30 during that year. Taxpayers eligible for a property or income tax incentive under this
- 31 chapter for zone projects that are incomplete immediately preceding the expiration of

1 the renaissance zone designation in the area in which the zone project is located may
2 continue to receive the incentive for the time period during which the taxpayer was
3 originally eligible to receive the incentive. For purposes of this subsection, the
4 renaissance zone designation is considered expired when the proposed duration of
5 renaissance zone and any subsequently granted extensions have lapsed.

6 7. A city may apply to the department of commerce division of community services at any
7 time during the duration of a zone to expand a previously approved renaissance zone
8 that is less than the maximum size allowed under subdivision c of subsection 1. If the
9 expansion is approved by the department of commerce division of community
10 services, the blocks in the expansion are eligible for up to fifteen years of renaissance
11 zone status.

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

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

20 10. If within a renaissance zone there is property that is included in a tax increment
21 financing district, the city in which the property is located shall provide the department
22 of commerce an annual report regarding any such property at the time requested by
23 the department of commerce. The report required under this subsection must identify
24 the property, provide the expected duration of inclusion of the property in the tax
25 increment financing district and the renaissance zone, and identify any property and
26 income tax benefits of the property and the expected duration of those benefits. The
27 department of commerce shall deliver an annual report compiling the information
28 required under this subsection to the legislative management interim committee on
29 taxation issues or upon request of any other interim committee of the legislative
30 management.