

MUNICIPAL GOVERNMENT

CHAPTER 366

HOUSE BILL NO. 1293

(Representatives Pyle, Nathe, Roers Jones, Schreiber-Beck, Warrey)
(Senators Cleary, Dever, Lee, Sorvaag)

AN ACT to amend and reenact sections 40-04.1-01, 40-04.1-05, 40-08-06, 40-08-10, 40-09-04, 40-09-09, 40-14-03, 40-15-03, 40-49-05, 40-49-07, and 40-49-08 of the North Dakota Century Code, relating to election of city commissioners, city council members, and park district commissioners.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 40-04.1-01 of the North Dakota Century Code is amended and reenacted as follows:

40-04.1-01. City council - Membership - Terms.

The governing body of a city operating under the modern council form of government is the city council, which is composed of not less than four members, one of whom is the mayor, all elected at large or by wards. Candidates for the council shall run for either mayor or council member but not both at the same time. The terms of members of the council shall be four years, ~~or commencing on the first of July of the year in which the member was elected and~~ until their successors are elected and qualified. However, the council shall establish by ordinance a procedure whereby one-half of all council members, as nearly as is practicable, are elected biennially. The number of council members may be increased or decreased pursuant to section 40-06-09.

SECTION 2. AMENDMENT. Section 40-04.1-05 of the North Dakota Century Code is amended and reenacted as follows:

40-04.1-05. Meetings - Regular, special, and for organization.

The city council shall hold its regular meetings at least once a month and may prescribe by ordinance the manner in which special meetings may be called. The city council shall establish by resolution or ordinance the date of its regular meetings. The first meeting for the organization of the city council must be held ~~on the fourth Tuesday in June in conjunction with the first meeting in July~~ of each even-numbered year.

SECTION 3. AMENDMENT. Section 40-08-06 of the North Dakota Century Code is amended and reenacted as follows:

40-08-06. Term of office of council members - Staggered terms provided for in cities where other than ten council members elected.

Council members shall hold office for four years and until their successors are elected and qualified. Terms of council members must be arranged so that one-half of

the council members in any city, as nearly as practicable, are elected in any one election. When a city first adopts the council form of government or changes the number of council members, or when a city that has adopted the commission system of government returns to the city council form of government as provided by section 40-04-08, the alternation of the terms of the council members must be perfected as follows: of the council members elected in each ward, the one receiving the greater number of votes shall serve until the ~~fourth Tuesday in June~~first day of July following the second succeeding biennial election and the one receiving the lesser number of votes shall serve until the ~~fourth Tuesday in June~~first day of July following the biennial election succeeding the council member's election; if the city is not divided into wards, the one-half of the council members elected in the entire city receiving the greater number of votes shall serve until the ~~fourth Tuesday in June~~first day of July following the second succeeding biennial election and the one-half of the council members elected in the entire city receiving the lesser number of votes shall serve until the ~~fourth Tuesday in June~~first day of July following the biennial election succeeding their election. Whenever, for any reason, vacancies exist on the council which require an unexpired term to be filled by election, the unexpired term must be designated on the ballot separate from any other regular term or terms that may also appear on the ballot. Candidates seeking nomination to an unexpired term are required to indicate whether or not they are seeking a regular term of office or an unexpired term of office on their nominating petitions as set forth in section 40-21-07.

SECTION 4. AMENDMENT. Section 40-08-10 of the North Dakota Century Code is amended and reenacted as follows:

40-08-10. Meetings of council - Regular, special, and for organization.

The city council shall hold its regular meetings at least once a month on a date certain established by resolution or ordinance of the council, and may prescribe by ordinance the manner in which special meetings may be called as well as the establishment of any additional regular meetings desired. If a regular meeting falls upon a holiday, the meeting must be held upon the next business day with the same effect as if conducted upon the day appointed. All regular and special meetings must be held at a time and place designated by the city council. The ~~first meeting for the organization of the city council must be held on the fourth~~in conjunction with the first Tuesday~~meeting~~meeting in ~~June~~July of each even-numbered year.

SECTION 5. AMENDMENT. Section 40-09-04 of the North Dakota Century Code is amended and reenacted as follows:

40-09-04. Commissioners - Terms - Resignations.

Each commissioner and the president of the board of city commissioners shall hold office for four years commencing on the ~~fourth Tuesday in June~~first day of July of the year in which the officer was elected and until a successor has been duly elected and qualified. The commission shall establish by ordinance a procedure whereby one-half of all commissioners, as nearly as practicable, are elected biennially. The president or any other member of the board may resign from office by filing a written resignation with the city auditor, who shall submit the resignation to the board of city commissioners at its next regular meeting or at a special meeting called for consideration of the resignation. The resignation is effective upon its acceptance by the board.

SECTION 6. AMENDMENT. Section 40-09-09 of the North Dakota Century Code is amended and reenacted as follows:

40-09-09. Vice president and acting president of board - Powers to act.

At the first meeting of the board after ~~each biennial election~~the newly elected commissioners take office, one of its own members ~~shall~~must be elected vice president. The vice president shall perform all the duties of the office of president in the absence or disability of the president to act. In the absence or disability to act of both the president and the vice president, the board shall elect one of its members as acting president, who ~~shall have~~has all the powers and ~~perform~~performs all the duties of the president during the absence or disability.

SECTION 7. AMENDMENT. Section 40-14-03 of the North Dakota Century Code is amended and reenacted as follows:

40-14-03. When term of elective officer begins.

Under the city council form of government, the term of each elective officer commences on the ~~fourth Tuesday of June~~first day of July of the year in which the officer is elected.

SECTION 8. AMENDMENT. Section 40-15-03 of the North Dakota Century Code is amended and reenacted as follows:

40-15-03. When term of elective officers begins.

The term of each elective officer in a city operating under the commission system of government commences on the ~~fourth Tuesday in June~~first day of July of the year in which the officer is elected.

SECTION 9. AMENDMENT. Section 40-49-05 of the North Dakota Century Code is amended and reenacted as follows:

40-49-05. Board of park commissioners in city - Terms.

1. The powers of a park district in a city must be exercised by a board of park commissioners consisting of five or three members, as determined by the governing body of the city in creating the park district or pursuant to sections 40-49-07.1 and 40-49-07.2. Except as provided in subsection 2, each commissioner shall hold office for a term of four years and until a successor is elected and qualified. The term of office of a commissioner begins ~~two weeks after the regular biennial city election at which the commissioner is elected~~on the first day of July.
2. Members of a newly created five-member board shall hold office as follows:
 - a. Three members until ~~two weeks~~the first day of July after the next regular biennial city election.
 - b. Two members until two years from the time mentioned in subdivision a.
3. Members of boards of park commissioners which existed before July 1, 1987, shall hold office on the staggered basis in effect on June 30, 1986.
4. Members of a newly created three-member board shall hold office as follows:
 - a. Two members until ~~two weeks~~the first day of July after the next regular biennial city election.
 - b. One member until ~~two years~~the first day of July after the next regular biennial city election.

SECTION 10. AMENDMENT. Section 40-49-07 of the North Dakota Century Code is amended and reenacted as follows:

40-49-07. Election and qualification of members of board of park commissioners.

The members of the board of park commissioners shall possess the qualifications of electors of the city and must be elected by the qualified electors of the park district. The members of the first board may be elected at any regular city election or at a special election called for that purpose by the governing body of the city. Thereafter, members of the board must be elected at the regular city elections. Such members shall qualify ~~within two weeks after~~ by the first day of July following their election by taking and filing with the city auditor the oath prescribed for civil officers. The board of park commissioners may enter into an agreement with the governing body of the city concerning sharing of election personnel, printing of election materials, and apportioning of election expenses.

SECTION 11. AMENDMENT. Section 40-49-08 of the North Dakota Century Code is amended and reenacted as follows:

40-49-08. Organization of board of park commissioners - City auditor to act as treasurer of board or board to appoint clerk.

~~Two weeks after their election~~ At the first meeting of the board of park commissioners in July after the regular biennial city election, the members of the ~~board of park commissioners~~ shall organize the board by selecting a president and a vice president. The city auditor shall be ex officio treasurer of the park district or the board may appoint a clerk and such other employees as shall be deemed needed for the efficient conduct of the district's business and shall fix their compensation. The clerk shall take the oath prescribed for civil officers and shall obtain such bond as may be required by the board.

Approved March 27, 2023

Filed March 28, 2023

CHAPTER 367

HOUSE BILL NO. 1495

(Representatives Wagner, Bosch, Dockter, Hauck, Headland, Louser, McLeod, Nathe,
Pyle, D. Ruby)
(Senators Meyer, Sorvaag)

AN ACT to amend and reenact subsection 4 of section 40-05-24 of the North Dakota Century Code, relating to requirements for cities granting property tax incentives; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subsection 4 of section 40-05-24 of the North Dakota Century Code is amended and reenacted as follows:

4. The term "~~negotiation~~" as used in this sectionAs used in this section:
 - a. "Negotiation" means the governing body of an affected county or school district may negotiate the terms of participating in the tax incentive, including the duration of the tax incentive and the taxable value selected for the base year for purposes of computing tax increments.
 - b. "Property tax incentive" includes a tax increment finance district used to offset public or private costs for urban renewal.

SECTION 2. EMERGENCY. This Act is declared to be an emergency measure.

Approved March 20, 2023

Filed March 21, 2023

CHAPTER 368**SENATE BILL NO. 2138**

(Senators Rummel, Sickler)
(Representatives Lefor, Steiner)

AN ACT to amend and reenact section 40-18-05 of the North Dakota Century Code, relating to municipal judges.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 40-18-05 of the North Dakota Century Code is amended and reenacted as follows:

40-18-05. Municipal judge is conservator of the peace --~~Powers on Sunday restricted.~~

The municipal judge within the judge's city shall be a conservator of the peace and shall have power to bring persons before the municipal judge ~~forthwith for trial~~ which are charged with violations of municipal ordinances. The municipal judge's court shall be open ~~every day except Sundays determined by the city~~ to hear and determine cases cognizable before the municipal judge. ~~The municipal judge shall perform no official act on Sunday but may receive complaints, issue process, take bail, and receive verdicts.~~

Approved March 14, 2023

Filed March 15, 2023

CHAPTER 369

SENATE BILL NO. 2391

(Senators Sickler, Rummel, Vedaa)

AN ACT to amend and reenact subsection 7 of section 40-63-01, sections 40-63-03, 40-63-04, and 40-63-05, and subsection 5 of section 40-63-07 of the North Dakota Century Code, relating to renaissance zones and income and property tax incentives related to renaissance zones.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subsection 7 of section 40-63-01 of the North Dakota Century Code is amended and reenacted as follows:

7. "Rehabilitation", as used in sections 40-63-04 and 40-63-05, means the repair or remodeling of a building or public utility infrastructure at a cost that is equal to or exceeds:
 - a. For an income tax or property tax exemption under this chapter which exceeds five taxable years, seventy-five percent of the current true and full value for residential property, excluding owner-occupied single-family residential property, or commercial property for a business or investment purpose.
 - b. For an income tax or property tax exemption under this chapter of five taxable years or less, fifty percent of the current true and full value for residential property, excluding owner-occupied single-family residential property, or commercial buildings or property, for a business or investment purpose.
 - c. Fifty percent of the current true and full value for public utility infrastructure and twenty.
 - d. Twenty percent of the current true and full value for owner-occupied single-family homes residential property.

²⁰⁷ **SECTION 2. AMENDMENT.** Section 40-63-03 of the North Dakota Century Code is amended and reenacted as follows:

40-63-03. Renaissance zones.

1. A city may apply to the department of commerce division of community services to designate a portion of that city as a renaissance zone if the following criteria are met:
 - a. The geographic area proposed for the renaissance zone is located wholly within the boundaries of the city submitting the application.

²⁰⁷ Section 40-63-03 was also amended by section 1 of House Bill No. 1266, chapter 370.

- b. The application includes a development plan.
- c. The proposed renaissance zone is not more than thirty-four square blocks, except in a city with a population of greater than five thousand the renaissance zone may exceed thirty-four square blocks at the rate of one additional block for each additional five thousand population to a maximum size of forty-nine blocks. Population is based upon the most recent federal decennial census or federal census estimate.

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

- d. Except as provided under subdivision g, the proposed renaissance zone has a continuous boundary and all blocks are contiguous.
 - e. The proposed land usage includes both commercial and residential property.
 - f. The application includes the proposed duration of renaissance zone status, not to exceed fifteen years. Upon application by the city, the department of commerce division of community services may extend the duration of renaissance zone status in increments of up to ~~five~~ten years.
 - g. The proposed renaissance zone may have a ~~single exception~~up to two exceptions to the continuous boundary and contiguous block requirements under subdivision d if the ~~area~~areas of the excepted noncontiguous blocks ~~does~~do not exceed three square blocks each.
2. The department of commerce division of community services shall:
 - a. Review all applications for renaissance zone designation against the criteria established in this section and designate zones.
 - b. Approve or reject the duration of renaissance zone status as submitted in an application.
 - c. Approve or reject the geographic boundaries and total area of the renaissance zone as submitted in an application.
 - d. Promote the renaissance zone program.
 - e. Monitor the progress of the designated renaissance zones against submitted plans in an annual plan review.
 - f. Report on renaissance zone progress to the governor and the legislative management on an annual basis until all designated zones expire.
 3. The department of commerce division of community services shall consider the following criteria in designating a renaissance zone:
 - a. The viability of the development plan.

- b. The incorporation and enhancement of unique natural and historic features into the development plan.
 - c. Whether the development plan is creative and innovative in comparison to other applications.
 - d. Public and private commitment to and other resources available for the proposed renaissance zone, including the provisions for a renaissance fund organization.
 - e. How renaissance zone designation would relate to a broader plan for the community as a whole.
 - f. How the local regulatory burden, in particular that burden associated with the renovation of historic properties and that burden associated with mixed use development, will be eased for developers and investors in the renaissance zone.
 - g. The strategies for the promotion, development, and management of the zone, including the use of a local zone authority if designated.
 - h. Any other information required by the office.
4. The department of commerce division of community services may not designate a portion of a city as a renaissance zone unless, as a part of the application, the city provides a resolution from the governing body of the city that states if the renaissance zone designation is granted, persons and property within the renaissance zone are exempt from taxes as provided in sections 40-63-04 through 40-63-07.
 5. A city may not propose or be part of more than one renaissance zone.
 6.
 - a. A parcel of property may be exempted from property taxes under section 40-63-05 ~~only more than once, but during~~. During the five taxable years of eligibility for that an exemption from property taxes under section 40-63-05, the property tax exemption transfers with the transfer of the property to a qualifying user. A parcel of property which previously received a property tax exemption under section 40-63-05 may not be eligible for a subsequent property tax exemption under section 40-63-05 until thirty years have lapsed from the completion date of the most recent project on the property.
 - b. The ownership or lease of, or investment in, a parcel of property may qualify for exemption or credit under section 40-63-04 ~~only more than once, but during~~. During the five taxable years of eligibility for that an exemption or credit under section 40-63-04, the exemption or credit under section 40-63-04 transfers with the transfer of the property to a qualified user and with respect to the year in which the transfer is made must be prorated for use of the property during that year.
 7. A city may apply to the department of commerce division of community services at any time during the duration of a zone to expand a previously approved renaissance zone that is less than the maximum size allowed under subdivision c of subsection 1. If the expansion is approved by the department

of commerce division of community services, the blocks in the expansion are eligible for up to fifteen years of renaissance zone status.

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 a portion of an approved renaissance zone is not progressing, the city may request the department of commerce division of community services to permit deleting that portion and to make an adjustment of the boundaries to add another equal, contiguous area to the original zone.
10. If within a renaissance zone there is property that is included in a tax increment financing district, the city in which the property is located shall provide the department of commerce an annual report regarding any such property at the time requested by the department of commerce. The report required under this subsection must identify the property, provide the expected duration of inclusion of the property in the tax increment financing district and the renaissance zone, and identify any property and income tax benefits of the property and the expected duration of those benefits. The department of commerce shall deliver an annual report compiling the information required under this subsection to the legislative management interim committee on taxation issues or upon request of any other interim committee of the legislative management.

SECTION 3. AMENDMENT. Section 40-63-04 of the North Dakota Century Code is amended and reenacted as follows:

40-63-04. Income tax exemptions.

1. An individual taxpayer who purchases or rehabilitates single-family residential property for the individual's primary place of residence as a zone project is exempt from up to ten thousand dollars of personal income tax liability as determined under section 57-38-30.3 for fiveup to eight taxable years beginning with the date of occupancy or completion of rehabilitation.
2. A taxpayer that purchases, leases, rehabilitates, or makes leasehold improvements to residential, public utility infrastructure, or commercial property for any business or investment purpose as a zone project is exempt from tax on income derived from the business or investment locations within the zone for fiveup to eight taxable years, beginning with the date of purchase, lease, or completion of rehabilitation.
 - a. The maximum amount of income that a taxpayer may exempt from tax under this subsection for any taxable year is five hundred thousand dollars. The limitation in this subdivision applies to the sum of the exempt income derived from the taxpayer's business and investment interests in all zone projects.
 - b. If a zone project consists of a physical expansion of an existing building owned and used by the taxpayer for business or investment purposes, the amount of income exempt from tax under this subsection is limited to an amount equal to the income derived from the business, or from the investment use of the building, during the taxable year multiplied by a ratio

equal to the square footage added by the expansion divided by the total square footage of the building after expansion.

3. If the cost of a new business purchase, leasehold improvement, or expansion of an existing business, approved as a zone project, exceeds seventy-five thousand dollars, and the business is located in a city with a population of not more than two thousand five hundred, an individual taxpayer may, in lieu of the exemption provided in subsection 2, elect to take an income tax exemption of up to two thousand dollars of individual income tax liability as determined under section 57-38-30.3. The election must be made on the taxpayer's return as originally and timely filed. The election is irrevocable and binding for the duration of the exemptions provided in subsection 2 or this subsection. If an election is not made on the original return, the taxpayer is only eligible for the exemption provided in subsection 2.
4. If a property owner not participating in a renaissance zone project is required to make changes in utility services or in a building structure because of changes made to property that is part of a zone project, the owner of the nonparticipating property is entitled to state income tax credits equal to the total amount of the investment necessary to complete the required changes. The credit must be approved by the local renaissance zone authority. The credit must be claimed in the taxable year in which the related project was completed. The credit may not exceed the taxpayer's tax liability, and an unused credit may be carried forward up to five taxable years.
5. The exemptions provided by this section do not eliminate any duty to file a return or to report income as required under chapter 57-38.

SECTION 4. AMENDMENT. Section 40-63-05 of 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, 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~~eight taxable years following the date of acquisition or completion of rehabilitation.
2. A municipality may grant a partial or complete exemption from ad valorem taxation on buildings, structures, fixtures, and improvements purchased or rehabilitated as a zone project for any business or investment purpose. The state board of equalization may grant a partial or complete exemption from ad valorem taxation on public utility infrastructure rehabilitated as a zone project. An exemption under this subsection may not extend beyond ~~five~~eight taxable years following the date of purchase or completion of rehabilitation.

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

5. The total amount of credits allowed under this section may not exceed, in the aggregate, ten million five hundred thousand dollars for investments in renaissance fund organizations. A renaissance fund organization that has received investments that qualify for the credits under this subsection shall use those investments to finance projects within a renaissance zone. If the

total amount of credits allowed under this section have been claimed, the renaissance fund organization allowance must terminate and additional credits may not be made available for investments in a renaissance fund organization.

Approved April 26, 2023

Filed April 27, 2023

CHAPTER 370

HOUSE BILL NO. 1266

(Representatives Dockter, Bosch, Heinert, Nathe)
(Senators Cleary, Meyer)

AN ACT to amend and reenact section 40-63-03 of the North Dakota Century Code, relating to completion of existing approved projects and reapplication for renaissance zone designation following expiration of renaissance zone designations.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

²⁰⁸ **SECTION 1. AMENDMENT.** Section 40-63-03 of the North Dakota Century Code is amended and reenacted as follows:

40-63-03. Renaissance zones.

1. A city may apply to the department of commerce division of community services to designate a portion of that city as a renaissance zone if the following criteria are met:
 - a. The geographic area proposed for the renaissance zone is located wholly within the boundaries of the city submitting the application.
 - b. The application includes a development plan.
 - c. The proposed renaissance zone is not more than thirty-four square blocks, except in a city with a population of greater than five thousand the renaissance zone may exceed thirty-four square blocks at the rate of one additional block for each additional five thousand population to a maximum size of forty-nine blocks.
 - (1) Population is based upon the most recent federal decennial census or federal census estimate.
 - (2) If a city finds that renaissance zone projects have satisfactorily completed one or more blocks within the renaissance zone, the city may apply for and the department of commerce division of community services may approve withdrawal of those blocks from the renaissance zone and replacement of those blocks with other blocks that otherwise meet the requirements of this chapter.
 - d. Except as provided under subdivision g, the proposed renaissance zone has a continuous boundary and all blocks are contiguous.
 - e. The proposed land usage includes both commercial and residential property.

²⁰⁸ Section 40-63-03 was also amended by section 2 of Senate Bill No. 2391, chapter 369.

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- f. The application includes the proposed duration of renaissance zone status, not to exceed fifteen years.
 - (1) Upon application by the city, the department of commerce division of community services may extend the duration of renaissance zone status in increments of up to five years.
 - (2) If a renaissance zone designated under this chapter expires, a city may reapply for a subsequent renaissance zone in the same manner an original renaissance zone is formed under this section.
 - (3) If a renaissance zone designated under this chapter expires, a city may reapply for renewal of the formerly expired renaissance zone in the current manner a renewal extension is granted by state law.
 - g. The proposed renaissance zone may have a single exception to the continuous boundary and contiguous block requirements under subdivision d if the area of the excepted noncontiguous blocks does not exceed three square blocks.
2. The department of commerce division of community services shall:
 - a. Review all applications for renaissance zone designation against the criteria established in this section and designate zones.
 - b. Approve or reject the duration of renaissance zone status as submitted in an application.
 - c. Approve or reject the geographic boundaries and total area of the renaissance zone as submitted in an application.
 - d. Promote the renaissance zone program.
 - e. Monitor the progress of the designated renaissance zones against submitted plans in an annual plan review.
 - f. Report on renaissance zone progress to the governor and the legislative management on an annual basis until all designated zones expire.
 3. The department of commerce division of community services shall consider the following criteria in designating a renaissance zone:
 - a. The viability of the development plan.
 - b. The incorporation and enhancement of unique natural and historic features into the development plan.
 - c. Whether the development plan is creative and innovative in comparison to other applications.
 - d. Public and private commitment to and other resources available for the proposed renaissance zone, including the provisions for a renaissance fund organization.
 - e. How renaissance zone designation would relate to a broader plan for the community as a whole.

- f. How the local regulatory burden, in particular that burden associated with the renovation of historic properties and that burden associated with mixed use development, will be eased for developers and investors in the renaissance zone.
 - g. The strategies for the promotion, development, and management of the zone, including the use of a local zone authority if designated.
 - h. Any other information required by the office.
4. The department of commerce division of community services may not designate a portion of a city as a renaissance zone unless, as a part of the application, the city provides a resolution from the governing body of the city that states if the renaissance zone designation is granted, persons and property within the renaissance zone are exempt from taxes as provided in sections 40-63-04 through 40-63-07.
 5. A city may not propose or be part of more than one renaissance zone.
 6. A parcel of property may be exempted from property taxes under section 40-63-05 only once, but during the five taxable years of eligibility for that exemption, the property tax exemption transfers with the transfer of the property to a qualifying user. The ownership or lease of, or investment in, a parcel of property may qualify for exemption or credit under section 40-63-04 only once, but during the five taxable years of eligibility for that exemption or credit, the exemption or credit under section 40-63-04 transfers with the transfer of the property to a qualified user and with respect to the year in which the transfer is made must be prorated for use of the property during that year. Taxpayers eligible for a property or income tax incentive under this chapter for zone projects that are incomplete immediately preceding the expiration of the renaissance zone designation in the area in which the zone project is located may continue to receive the incentive for the time period during which the taxpayer was originally eligible to receive the incentive. For purposes of this subsection, the renaissance zone designation is considered expired when the proposed duration of renaissance zone and any subsequently granted extensions have lapsed.
 7. A city may apply to the department of commerce division of community services at any time during the duration of a zone to expand a previously approved renaissance zone that is less than the maximum size allowed under subdivision c of subsection 1. If the expansion is approved by the department of commerce division of community services, the blocks in the expansion are eligible for up to fifteen years of renaissance zone status.
 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 a portion of an approved renaissance zone is not progressing, the city may request the department of commerce division of community services to permit deleting that portion and to make an adjustment of the boundaries to add another equal, contiguous area to the original zone.

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

Approved March 23, 2023

Filed March 23, 2023