

2023 SENATE FINANCE AND TAXATION

SB 2391

2023 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Fort Totten Room, State Capitol

SB 2391
2/1/2023

| |
|--|
| Relating to renaissance zones and income and property tax incentives related to renaissance zones. |
|--|

10:01 AM Chairman Kannianen opens hearing.

Senators present: **Kannianen, Weber, Patten, Piepkorn, Rummel, Magrum**

Discussion Topics:

- Tax credit
- Tax exemption
- Bill ROI
- Renaissance project
- Project denial
- Denial process

10:01 AM Senator Sickler introduced bill. (no written testimony)

10:03 AM Rikki Roehrich – Deputy Director ND department of Commerce, in favor.
#18402

10:13 AM Matt Gardner – ND League of Cities, in favor. #18542

10:15 AM Brian Billingsley – Community and Economic Development for Minot, in favor
#18224

10:19 AM Gwen Crawford – City Administrator for Valley City, verbally in favor

10:26 AM Kate Herzog – Chief Operating Officer for Downtowners Association, in favor
#18297

10:30 AM Rikki Roehrich – Deputy Director ND department of Commerce, verbally provided information.

10:34 AM Dana Hager – ND Economic Development Association, verbally in favor

10:34 AM Shawn Kessel – Deputy Commissioner of Commerce, verbally in Favor

10:38 AM Dustin Gawrylow – Managing Director for ND Watchdog Network, in opposition. #18310 #18311

10:49 AM Matt Marshall – Economic Development Administrator for Minnkota Power & EDND, in favor. #18340

10:57 AM Blake Nybakken – Chief Operating Officer with EPIC Companies, in favor #18419

Additional written testimony:

Shannon Duerr #18106

Roxanne Hoffarth #18203

Alexander Weber #18218

Buster Langowski #18257

Nicole Crutchfield #18259

Rachel Laqua #18308

Nathan Liesen, Committee Clerk

10:58 AM Chairman Kannianen adjourns hearing.

2023 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

SB 2391
2/1/2023

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|--|
| Relating to renaissance zones and income and property tax incentives related to renaissance zones. |
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3:17 PM Chairman Kannianen opens meeting.

Senators present: **Kannianen, Weber, Patten, Rummel, Piepkorn, Magrum.**

Discussion Topics:

- Committee action

3:19 PM Senator Rummel motioned to amend bill, LC 23.1121.01001.

3:19 PM Senator Patten seconded.

| Senators | Vote |
|---------------------------|------|
| Senator Jordan Kannianen | Y |
| Senator Mark F. Weber | Y |
| Senator Jeffery J. Magrum | Y |
| Senator Dale Patten | Y |
| Senator Merrill Piepkorn | Y |
| Senator Dean Rummel | Y |

Motion passed 6-0-0

3:21 PM Senator Rummel motioned a Do Pass as amended.

3:21 PM Senator Patten seconded.

| Senators | Vote |
|---------------------------|------|
| Senator Jordan Kannianen | Y |
| Senator Mark F. Weber | Y |
| Senator Jeffery J. Magrum | N |
| Senator Dale Patten | Y |
| Senator Merrill Piepkorn | Y |
| Senator Dean Rummel | Y |

Motioned passed 5-1-0

3:23 PM Senator Rummel will carry.

3:24 PM Chairman Kannianen adjourns meeting.

Nathan Liesen, Committee Clerk

February 1, 2023

DR
1/21
2-1-2023

PROPOSED AMENDMENTS TO SENATE BILL NO. 2391

Page 5, line 9, replace "seven and one-half" with "eight"

Page 5, line 14, replace "seven and one-half" with "eight"

Page 6, line 23, replace "seven and one-half" with "eight"

Page 6, line 30, replace "seven and one-half" with "eight"

Renumber accordingly

REPORT OF STANDING COMMITTEE

SB 2391: Finance and Taxation Committee (Sen. Kannianen, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (5 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). SB 2391 was placed on the Sixth order on the calendar. This bill does not affect workforce development.

Page 5, line 9, replace "seven and one-half" with "eight"

Page 5, line 14, replace "seven and one-half" with "eight"

Page 6, line 23, replace "seven and one-half" with "eight"

Page 6, line 30, replace "seven and one-half" with "eight"

Renumber accordingly

2023 HOUSE FINANCE AND TAXATION

SB 2391

2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Room JW327E, State Capitol

SB 2391
3/6/2023

| |
|---|
| A bill relating to renaissance zones and income and property tax incentives related to renaissance zones. |
|---|

Chairman Headland opened the hearing at 10:45 AM.

Members present: Chairman Headland, Vice Chairman Hagert, Representative Anderson, Representative Bosch, Representative Dockter, Representative Fisher, Representative Grueneich, Representative Hatlestad, Representative Motschenbacher, Representative Olson, Representative Steiner, Representative Toman, Representative Finley-DeVillie, and Representative Ista. Members absent: none.

Discussion Topics:

- Renaissance zone projects
- Renaissance zone changes
- Renaissance zone extension period
- Renaissance Fund Organization allowance

Senator Sickler verbally introduced the bill in support.

Rikki Roehrich, Deputy Director of the North Dakota Department of Commerce Division of Community Services, testified in support (#22042).

Terry Effertz, representing the City of Fargo, verbally testified in support and informed the committee of the testimony from **Nicole Crutchfield, Planning Director with the City of Fargo** (#22111).

Dustin Gawrylow, Managing Director with North Dakota Watchdog Network, testified in opposition (#22067 and 22066).

Additional written testimony:

Gwen Crawford, City of Valley City, testimony in support #22098.

Mark Lyman, Minot Area Chamber EDC/EDND, testimony in support #22073.

Brian Billingsley, City of Minot, testimony in support #22055.

Blake Nybakken, EPIC Companies, testimony in support #22029.

Vawnita Best, City of Watford City, testimony in support #22006.

House Finance and Taxation Committee
SB 2391
March 6, 2023
Page 2

Chairman Headland closed the hearing at 11:06 AM.

Mary Brucker, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

SB 2391
3/8/2023

| |
|---|
| A bill relating to renaissance zones and income and property tax incentives related to renaissance zones. |
|---|

Chairman Headland opened the meeting at 2:30 PM.

Members present: Chairman Headland, Vice Chairman Hagert, Representative Anderson, Representative Dockter, Representative Fisher, Representative Grueneich, Representative Hatlestad, Representative Motschenbacher, Representative Olson, Representative Steiner, Representative Toman, Representative Finley-DeVille, and Representative Ista. Members absent: Representative Bosch.

Discussion Topics:

- Expansion of renaissance zone values
- Spurring activity of business
- Time frame of property tax exemption

Dee Wald, General Counsel with the Office of the State Tax Commissioner, answered questions from the committee.

Committee discussion.

Chairman Headland adjourned at 2:43 PM.

Mary Brucker, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Room JW327E, State Capitol

SB 2391
3/13/2023

A bill relating to renaissance zones and income and property tax incentives related to renaissance zones.

Chairman Headland opened the meeting at 2:54 PM.

Members present: Chairman Headland, Vice Chairman Hagert, Representative Anderson, Representative Bosch, Representative Dockter, Representative Fisher, Representative Grueneich, Representative Hatlestad, Representative Motschenbacher, Representative Olson, Representative Steiner, Representative Toman, Representative Finley-DeVilleville, and Representative Ista. Members absent: none.

Discussion Topics:

- Proposed amendment
- Level of expansion
- Second island

Chairman Headland distributed a proposed amendment from Terry Effertz, attorney from Olson Effertz Firm (#24425).

Maria Effertz, Director of Community Services with the North Dakota Department of Commerce, answered questions from the committee.

Representative Dockter moved an amendment on page 5, line 9, and on page 6, lines 22 and 29, strike “eight” and keep “five” to go back to the way it was before.

Representative Steiner seconded the motion.

Roll call vote:

| Representatives | Vote |
|---|------|
| Representative Craig Headland | Y |
| Representative Jared Hagert | Y |
| Representative Dick Anderson | Y |
| Representative Glenn Bosch | Y |
| Representative Jason Dockter | Y |
| Representative Lisa Finley-DeVilleville | Y |
| Representative Jay Fisher | AB |
| Representative Jim Grueneich | Y |
| Representative Patrick Hatlestad | Y |
| Representative Zachary Ista | Y |
| Representative Mike Motschenbacher | Y |
| Representative Jeremy Olson | Y |

| | |
|------------------------------|---|
| Representative Vicky Steiner | Y |
| Representative Nathan Toman | Y |

Motion carried 13-0-1

Representative Olson moved a Do Pass as Amended.

Representative Dockter seconded the motion.

Roll call vote:

| Representatives | Vote |
|---|-------------|
| Representative Craig Headland | Y |
| Representative Jared Hagert | Y |
| Representative Dick Anderson | Y |
| Representative Glenn Bosch | Y |
| Representative Jason Dockter | Y |
| Representative Lisa Finley-DeVilleville | Y |
| Representative Jay Fisher | Y |
| Representative Jim Grueneich | Y |
| Representative Patrick Hatlestad | Y |
| Representative Zachary Ista | Y |
| Representative Mike Motschenbacher | Y |
| Representative Jeremy Olson | Y |
| Representative Vicky Steiner | Y |
| Representative Nathan Toman | N |

Motion carried 13-1-0

Representative Dockter is the bill carrier.

Chairman Headland adjourned at 3:26 PM.

**This bill was reconsidered on March 14, 2023.

Mary Brucker, Committee Clerk

March 13, 2023

OK
191
3-13-23

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2391

Page 1, line 1, replace "sections" with "section"

Page 1, line 2, remove "40-63-04, and 40-63-05,"

Page 1, line 10, replace "seventy-five" with ":

a. Seventy-five"

Page 1, line 10, remove "commercial"

Page 1, line 11, remove "buildings."

Page 1, line 11, overstrike "fifty" and insert immediately thereafter "residential, public utility infrastructure, or commercial property for any business investment purpose with respect to income tax or ad valorem property tax exemptions exceeding five taxable years;

b. Fifty"

Page 1, line 11, overstrike "for"

Page 1, line 11, after "or" insert: "for residential or commercial property with respect to income tax or ad valorem property tax exemptions extending not beyond five taxable years;

c. Fifty percent for"

Page 1, line 12, remove the underscored comma

Page 1, line 12, overstrike "and twenty" and insert immediately thereafter " or

d. Twenty"

Page 5, remove lines 3 through 31

Page 6, remove lines 1 through 30

Renumber accordingly

2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

SB 2391
3/14/2023

| |
|---|
| A bill relating to renaissance zones and income and property tax incentives related to renaissance zones. |
|---|

Chairman Headland opened the meeting at 3:16 PM.

Members present: Chairman Headland, Vice Chairman Hagert, Representative Anderson, Representative Bosch, Representative Dockter, Representative Fisher, Representative Grueneich, Representative Hatlestad, Representative Motschenbacher, Representative Olson, Representative Steiner, Representative Toman, Representative Finley-DeVille.
Members absent: Representative Ista.

Discussion Topics:

- Reconsideration
- Proposed amendment
- Committee vote

Representative Dockter moved to reconsider our actions.

Representative Bosch seconded the motion.

Voice vote-motion carried.

Representative Dockter moved to amend by removing the amendments from sections three and four and go back to the way it was before.

Representative Olson seconded the motion.

Roll call vote:

| Representatives | Vote |
|------------------------------------|------|
| Representative Craig Headland | Y |
| Representative Jared Hagert | Y |
| Representative Dick Anderson | Y |
| Representative Glenn Bosch | Y |
| Representative Jason Dockter | Y |
| Representative Lisa Finley-DeVille | Y |
| Representative Jay Fisher | Y |
| Representative Jim Grueneich | Y |
| Representative Patrick Hatlestad | Y |
| Representative Zachary Ista | AB |
| Representative Mike Motschenbacher | Y |
| Representative Jeremy Olson | Y |

| | |
|------------------------------|---|
| Representative Vicky Steiner | Y |
| Representative Nathan Toman | N |

Motion carried 12-1-1

Representative Dockter moved a Do Pass as Amended.

Representative Olson seconded the motion.

Roll call vote:

| Representatives | Vote |
|---|-------------|
| Representative Craig Headland | Y |
| Representative Jared Hagert | Y |
| Representative Dick Anderson | Y |
| Representative Glenn Bosch | Y |
| Representative Jason Dockter | Y |
| Representative Lisa Finley-DeVilleville | Y |
| Representative Jay Fisher | Y |
| Representative Jim Grueneich | Y |
| Representative Patrick Hatlestad | Y |
| Representative Zachary Ista | AB |
| Representative Mike Motschenbacher | Y |
| Representative Jeremy Olson | Y |
| Representative Vicky Steiner | Y |
| Representative Nathan Toman | N |

Motion carried 12-1-1

Representative Dockter is the bill carrier.

Chairman Headland adjourned at 3:21 PM.

Mary Brucker, Committee Clerk

March 14, 2023

OK
181
3-14-23

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2391

Page 1, line 10, replace "seventy-five" with ":

a. Seventy-five"

Page 1, line 10, remove "commercial"

Page 1, line 11, remove "buildings."

Page 1, line 11, overstrike "fifty" and insert immediately thereafter "residential, public utility infrastructure, or commercial property for any business investment purpose with respect to income tax or ad valorem property tax exemptions exceeding five taxable years;

b. Fifty"

Page 1, line 11, overstrike "for"

Page 1, line 11, after "or" insert: "for residential or commercial property with respect to income tax or ad valorem property tax exemptions extending not beyond five taxable years;

c. Fifty percent for"

Page 1, line 12, remove the underscored comma

Page 1, line 12, overstrike "and twenty" and insert immediately thereafter " or

d. Twenty"

Renumber accordingly

REPORT OF STANDING COMMITTEE

SB 2391, as engrossed: Finance and Taxation Committee (Rep. Headland, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (12 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING). Engrossed SB 2391 was placed on the Sixth order on the calendar.

Page 1, line 10, replace "seventy-five" with ":

a. Seventy-five"

Page 1, line 10, remove "commercial"

Page 1, line 11, remove "buildings."

Page 1, line 11, overstrike "fifty" and insert immediately thereafter "residential, public utility infrastructure, or commercial property for any business investment purpose with respect to income tax or ad valorem property tax exemptions exceeding five taxable years:

b. Fifty"

Page 1, line 11, overstrike "for"

Page 1, line 11, after "or" insert: "for residential or commercial property with respect to income tax or ad valorem property tax exemptions extending not beyond five taxable years:

c. Fifty percent for"

Page 1, line 12, remove the underscored comma

Page 1, line 12, overstrike "and twenty" and insert immediately thereafter "": or

d. Twenty"

Renumber accordingly

2023 CONFERENCE COMMITTEE

SB 2391

2023 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Fort Totten Room, State Capitol

SB 2391
4/12/2023
Committee Conference

| |
|--|
| Relating to renaissance zones and income and property tax incentives related to renaissance zones. |
|--|

9:31 AM Chairman Rummel opened meeting.

Present, **Rummel, Kannianen, Magrum, Steiner, Dockter, Anderson.**

Discussion Topics:

- Public utility
- Committee action

9:34 AM Dee Wald, General Counsel for ND Tax Department, provided additional information verbally.

9:39 AM Representative Dockter moved to Recede House amendments and amend with LC 23.1121.02005.

9:40 AM Representative Anderson seconded.

9:40 AM motion passed 6-0-0

Representative Dockter is the House carrier.

Senator Rummel is the Senate bill carrier.

9:41 Chairman Rummel adjourned meeting.

Nathan Liesen, Committee Clerk

at
4-12-23

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2391

That the House recede from its amendments as printed on page 1072 of the Senate Journal and pages 1231 and 1232 of the House Journal and that Engrossed Senate Bill No. 2391 be amended as follows:

Page 1, line 10, after "exceeds" insert ":

- a. For an income tax or property tax exemption under this chapter which exceeds five taxable years.

Page 1, line 10, after "for" insert "residential property, excluding owner-occupied single-family residential property, or"

Page 1, line 11, replace "buildings." with "property for a business investment purpose.

- b. For an income tax or property tax exemption under this chapter of five taxable years or less.

Page 1, line 11, remove the overstrike over "~~of the current true and full value~~"

Page 1, line 11, after "for" insert "residential property, excluding owner-occupied single-family residential property, or"

Page 1, line 11, remove the overstrike over "~~commercial~~"

Page 1, line 11, after "or" insert "property, for a business or investment purpose."

Page 1, after line 11, insert:

- c. Fifty percent of the current true and full value for

Page 1, line 12, remove the underscored comma

Page 1, line 12, overstrike "~~and twenty~~" and insert immediately thereafter ":

- d. Twenty"

Page 1, line 12, after "percent" insert "of the current true and full value"

Page 1, line 12, after "for" insert "owner-occupied"

Page 1, line 12, overstrike "~~homes~~" and insert immediately thereafter "residential property"

Re-number accordingly



**2023 SENATE CONFERENCE COMMITTEE
 ROLL CALL VOTES**

BILL/RESOLUTION NO. SB 2391 as (re) engrossed

Senate "Enter committee name" Committee

- Action Taken
- SENATE accede to House Amendments
 - SENATE accede to House Amendments and further amend
 - HOUSE recede from House amendments
 - HOUSE recede from House amendments and amend as follows
 - Unable to agree, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Dockter Seconded by: Anderson

| Senators | 4/12 | | Yes | No | | Representatives | 4/12 | | Yes | No |
|--------------------------|------|--|-----|----|--|--------------------|------|--|-----|----|
| Rummel, Dean (R) (Chair) | X | | x | | | Dockter, Jason (R) | X | | X | |
| Kannianen, Jordan L. (R) | X | | X | | | Anderson, Dick (R) | X | | X | |
| Magrum, Jeffery J. (R) | X | | X | | | Steiner, Vicky (R) | X | | X | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| Total Senate Vote | | | 3 | | | Total Rep. Vote | | | 3 | |

Vote Count Yes: 6 No: 0 Absent: 0

Senate Carrier Rummel House Carrier Dockter

LC Number 23.1121 . 02005 of amendment

LC Number 23.1121 . 05000 of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

REPORT OF CONFERENCE COMMITTEE

SB 2391, as reengrossed: Your conference committee (Sens. Rummel, Kannianen, Magrum and Reps. Dockter, D. Anderson, Steiner) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ page 1072, adopt amendments as follows, and place SB 2391 on the Seventh order:

That the House recede from its amendments as printed on page 1072 of the Senate Journal and pages 1231 and 1232 of the House Journal and that Engrossed Senate Bill No. 2391 be amended as follows:

Page 1, line 10, after "exceeds" insert ":

- a. For an income tax or property tax exemption under this chapter which exceeds five taxable years."

Page 1, line 10, after "for" insert "residential property, excluding owner-occupied single-family residential property, or"

Page 1, line 11, replace "buildings," with "property for a business investment purpose.

- b. For an income tax or property tax exemption under this chapter of five taxable years or less."

Page 1, line 11, remove the overstrike over "~~of the current true and full value~~"

Page 1, line 11, after "for" insert "residential property, excluding owner-occupied single-family residential property, or"

Page 1, line 11, remove the overstrike over "~~commercial~~"

Page 1, line 11, after "or" insert "property, for a business or investment purpose."

Page 1, after line 11, insert:

- c. Fifty percent of the current true and full value for"

Page 1, line 12, remove the underscored comma

Page 1, line 12, overstrike "and twenty" and insert immediately thereafter ":

- d. Twenty"

Page 1, line 12, after "percent" insert "of the current true and full value"

Page 1, line 12, after "for" insert "owner-occupied"

Page 1, line 12, overstrike "homes" and insert immediately thereafter "residential property"

Renumber accordingly

Reengrossed SB 2391 was placed on the Seventh order of business on the calendar.

TESTIMONY

SB 2391

Cavalier County Job Development Authority

901 3rd Street Suite 5 ∞ Langdon, ND 58249 ∞ Phone: 701-256-3475 ∞ Fax: 701-256-3536 ∞ E-mail: shannon@utma.com

January 30, 2023

Dear Chairman Kannianen and Members of the Senate Finance and Taxation Committee:

Chairman and committee members, thank you for taking the time to read this letter. I am writing to you today as both Executive Director of the Cavalier County JDA and as a member of the Langdon Renaissance Zone Committee. I would like to express my support for SB 2391. Renaissance Zones are one of the most important and most used Economic Development programs in our community. I feel the proposed changes make the program more useable for a variety of projects.

Increasing the benefit term from 5 years to up to 7.5 years for commercial rehabilitation projects that are at or above 75% of the current true and full value of the property would be a great benefit that would encourage development to properties that require a significant amount of investment.

The proposed change that would allow a property/parcel to be eligible for benefits again after thirty years have lapsed from the date of completion of the project is also a much-needed change. After that amount of time has lapsed, many properties are again in need of improvement. I would also ask you to consider adding an amendment that would allow for properties to be eligible again after major destructive events/acts of God before 30 years. In our community, we lost three main streets buildings to a fire and these parcels, even though the property was completely destroyed, were not eligible to reapply.

We do not current use the RFO organization, so sunseting it would not impact our community.

I believe the allowance of a second island is also a great proposed change. The allowance of the first island allowed us to add three blocks in the Industrial Park to our Renaissance Zone. This helped to encourage the building of three buildings on vacant property in which three new businesses started. I believe a second island would help encourage new development in other areas of the community.

Finally, increasing the renewal from 5 years to 10 is also a change we would support.

For all the reasons listed above, I encourage a Do Pass Recommendation on SB 2391.

Thank you,



Shannon Duerr
CCCJDA Executive Director



324 Eighth Avenue
Langdon, North Dakota 58249
P 701-256-2155 F 701-256-2156
city@cityoflangdon.com

January 30, 2023

Dear Chairman Kannianen and Members of the Senate Finance and Taxation Committee:

Chairman and committee members, thank you for taking the time to read this letter. I am writing to you today as City Auditor and the Langdon Renaissance Zone Administrator. I would like to express my support for SB 2391. Renaissance Zones are one of the most important and most used Economic Development programs in our community. I feel the proposed changes make the program more useable for a variety of projects.

Increasing the benefit term from 5 years to up to 7.5 years for commercial rehabilitation projects that are at or above 75% of the current true and full value of the property would be a great benefit that would encourage development to properties that require a significant amount of investment. I do wonder some confusion on the .5 year term, if it would be easier to leave it at an even year.

The proposed change that would allow a property/parcel to be eligible for benefits again after thirty years have lapsed from the date of completion of the project is also a much-needed change. After that amount of time has lapsed, many properties are again in need of improvement. I would also ask you to consider adding an amendment that would allow for properties to be eligible again after major destructive events/acts of God before 30 years. In our community, we lost three main streets buildings to a fire and these parcels, even though the property was completely destroyed, were not eligible to reapply.

We do not current use the RFO organization, so sunseting it would not impact our community. I believe the allowance of a second island is also a great proposed change. The allowance of the first island allowed us to add three blocks in the Industrial Park to our Renaissance Zone. This helped to encourage the building of three buildings on vacant property in which three new businesses started. I believe a second island would help encourage new development in other areas of the community.

Finally, increasing the renewal from 5 years to 10 is also a change we would support.

For all the reasons listed above, I encourage a Do Pass Recommendation on SB 2391.

Thank you,

RoxAnne Hoffarth
City Auditor
City of Langdon
324 8th Avenue
Langdon, ND 58249
701-256-2155
roxanne@cityoflangdon.com



23 N. 3rd St. Suite 2
Grand Forks, ND 58203
701.757.4051
downtownforks.com

Senate Finance and Taxation Committee

SB 2391 Support

The Grand Forks Downtown Development Association advocates for, promotes, grows, and improves the downtown community through its work with organizations, entrepreneurs, and community stakeholders. This includes work with businesses all over the Greater Grand Forks area as well as encouraging retention of residents through quality of life improvements.

The Grand Forks Downtown Development Association would like to express our support for SB 2391. Renaissance Zones are one of the most important and most used Economic Development programs in our community. I feel the proposed changes make the program more useable for a variety of projects. Allowing property's to be eligible for benefits again after the lapsed time would give us a great opportunity to continue the amazing development of our downtown with not only new projects, but revitalizing historic buildings that need more attention.

We encourage your support of SB 2391 with the above amendment,

Sincerely,

A handwritten signature in black ink, appearing to read "Blue Weber". The signature is fluid and cursive, with a long, sweeping underline that extends to the left.

Blue Weber
President/CEO | Downtown Development Association





January 31, 2023

Dear Chairman Kannianen and members of the Senate Finance and Taxation Committee,

I am writing to express my **support** of SB 2391 (Renaissance Zone). I am supportive of the following measures in the Bill:

- Extending the length of the commercial benefit from 5 years at 50% of the current true and full value of the property to 7 ½ years at 75% of the current true and full value of the property will provide a greater incentive to property owners to invest in the repair of dilapidated buildings. However, I request that the State also retains the current 5 years at 50% ratio for property owners who do not have the resources to reach the 7 ½ years at 75% threshold.
- I strongly support the allowance of having a property become eligible for a second benefit after 30 years has elapsed from the date of completion of the first benefit. Minot has approved 100 Renaissance Zone projects over the past 21 years. Some of our earliest projects are starting to reach a point where they are in need of additional financial assistance.
- Although Minot's current Renaissance Zone doesn't utilize an island, I am supportive of having the opportunity to create two islands.
- I support increasing the term of the program from 5 years to 10 years.

The renaissance zone program is by far the best incentive the State of North Dakota has to offer to prevent the spread of slum and blight in our community. I have had several people from Minot who have benefited from the program tell me that they never could have made their project "pencil out" without this benefit. I strongly urge you to support these refinements to the Renaissance Zone program.

Sincerely,

A handwritten signature in blue ink that reads "B. K. Billingsley".

Brian K. Billingsley, AICP
Community & Economic Development Director

Cc: Mayor Tom Ross
Minot City Council
Harold Stewart, City Manager
David Lakefield, City Finance Director
Shane Goettle, Odney Public Affairs

HAZEN COMMUNITY DEVELOPMENT, CORP.

P.O. Box 717
HAZEN, ND 58545-0717

PHONE - 701-748-6886
EMAIL - HCD@WESTRIV.COM

FAX 701-728-2559
WEB - WWW.HAZENND.ORG

January 31, 2023

Dear Chairman Kannianen and Members of the Senate Finance and Taxation Committee:

I'm writing this letter as the executive director of the Hazen Community Development organization in the City of Hazen. I'm writing in support of SB 2391. After reading through the amendments, I feel strongly that the proposed legislation will only strengthen the program in those cities that have elected to participate in this program.

Increasing the benefit term from 5 years up to 7.5 years for commercial rehabilitation projects that are at or above the 75% of the current true value of the property would be of great benefit especially to those properties that require a significant amount of investment.

I view allowing a property/parcel to be eligible for benefits again, after thirty years have lapsed from the date of completion of the project a move in the right direction. After that amount of time, many properties are again in need of improvement.

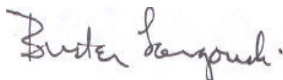
Even though we had some original investors who took advantage of the RFO that was originally set up under our by-laws, I do not see this as a big drawing card moving forward. Therefore, I would be in favor of sunseting this portion of that legislation.

Increasing the renewal from 5 years to 10 is certainly a change we would support. It seems like we just did one of these under the old guidelines and we're due to do it again. Too much redundancy in opinion.

Lastly, I believe the allowance of a second island is also a good amendment. The allowance of the first island is beneficial and would be only enhanced by allowing a second island to occur.

For all of the reasons noted above, I encourage a Do Pass Recommendation on SB 2391.

Respectfully Yours,



Buster Langowski, Ex. Director

Testimony Presented on SB 2391 to the

Senate Finance and Taxation Committee

Senator Jordan L. Kannianen, Chairman

Nicole Crutchfield, Director of Planning and Development
City of Fargo

January 31, 2023

Mr. Chairman and Members of the Committee,

My name is Nicole Crutchfield and I submit this testimony in my capacity as the Director of Planning and Development for the City of Fargo which is the department of the city that administers the City's renaissance zone program. The City of Fargo is fully supportive of North Dakota's renaissance zone program. It has been a huge success for many cities in the state, not the least of which has been our City, and for the state as a whole. The City of Fargo is in support of Senate Bill 2391; however, we think that some revisions or amendments should be made to the bill to make it better.

Section 2 of the bill would allow a city to have a second "island" or "satellite" area of renaissance zone blocks, an idea that the City of Fargo supports. The idea of permitting a single satellite block was extremely useful in Fargo for a condominium housing project on the edge of the downtown. If there were a second satellite block available in the tool kit, it could also be used for an older commercial district in Fargo in need of redevelopment.

Section 2 of the bill also increases the authority of the Department of Commerce the authority to extend the duration of renaissance zone status from a period of five (5) to a period of ten (10) years, an idea that our city fully supports. Project development has long lead times, and the shorter-than-five-year window frequently does not provide sufficient lead time for a project developer who must frequently undertake a number of time-consuming tasks—from property acquisition, to designing and financing the project, not to mention actual construction.

Section 2 of the bill would permit the award of renaissance zone treatment on the same site after a suitable waiting period. As drafted, the bill would require a 30-year waiting period; however, 30 years is too long. We have encountered an example where a small building received an RZ exemption 20 years ago and, now, a developer desires to clear a half-block area that includes the small building and then construct a brand new and larger building. Therefore, the City would recommend an amendment reducing the waiting period from 30 years to 20 years.

Sections 3 and 4 of the bill would increase the period of tax exemptions from terms of five (5) years to a longer term of 7-1/2 years. This, too, is an idea our city fully supports; however, as to the property tax exemption, half-year exemptions are not workable for city assessors and, therefore, the City would

Testimony of Nicole Crutchfield
City of Fargo Planning Director
SB 2391
Page 2

recommend an “upward amendment” from 7-1/2 years to a full eight (8) years of tax exemptions—both income tax and property tax exemptions.

In Section 5 of the bill, the City of Fargo supports the proposed termination of the tax credit allowance with an amendment that would increase the cap on tax credits from the existing \$10 million to \$15 million.

There is one portion of the bill that the City of Fargo opposes. Section 1 of the bill would increase the threshold level of rehabilitation needed for a project to qualify for the RZ program from 50% of existing building value to 75%. This increase would unfairly disqualify some rehabilitation projects—particularly larger projects. A \$2 million remodeling of a large \$3.9 million building may be a great project that should be worthy of consideration—perhaps more worthy than a \$300,000 remodel of a \$400,000 building. Let local governments decide if a remodeling of 50% is sufficient to qualify. The City opposes Section 1 of the bill and recommends its deletion in an amendment.

In summary, the City of Fargo is an enthusiastic supporter of the renaissance zone program and our City supports SB 2391 with a hearty recommendation that certain provisions be amended as stated.

Senate Finance and Taxation
Chair and Committee Members

SB 2391

The Downtown Business Association of Bismarck represents over 200 members with 9,000 employees in North Dakota's second largest employment district. SB 2391 updates portions of the State's Renaissance Zone program. Each city creates their own Renaissance Zone development plan that reflects the needs of their specific community. While Bismarck doesn't have any immediate future plans connected to these changes to the program, we recognize that each community has their own challenges to address in their redevelopment.



Secondary projects and **secondary islands** should show a real need for redevelopment or revitalization, and not just expansion of the program.

Secondary projects should only be allowed if it becomes the last project using the program. This should include cities requiring a building condition assessment on that project, as well as a design review process, to make sure all issues are addressed and there isn't need for a third project from the program.

Extending the exemption period to include a half year could be cumbersome for taxing reasons, so we suggest full years consideration, as well as retaining the 5 years at 50% investment.

Renaissance Zone Fund organizations haven't been widely used in North Dakota, should it continue there should be efforts to focus dollars in other communities.

Extension to 10 year periods we would support, since annual reports are required by the state, and reports also given annually to legislative management.

We understand the reasons communities in our state are requesting with SB 2391, please consider this our support with the above suggestions and considerations.

Sincerely,

Kate Herzog, COO
Chief Operating Officer
Downtown Business Association of Bismarck

President
Downtown Bismarck Community Foundation



**NORTH DAKOTA
PLANNING ASSOCIATION**
Serving North Dakota since 1973

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January 31, 2023

RE: Support of SB2391

Chairman Kannianen and members of the Senate Finance and Taxation Committee:

The North Dakota Planning Association is writing in support of SB 2391. The Renaissance Zone has been an extremely useful tool for the cities of North Dakota, creating many opportunities to extend the useable life of buildings across the state. The proposed changes will make the program even stronger.

As an Association, we support:

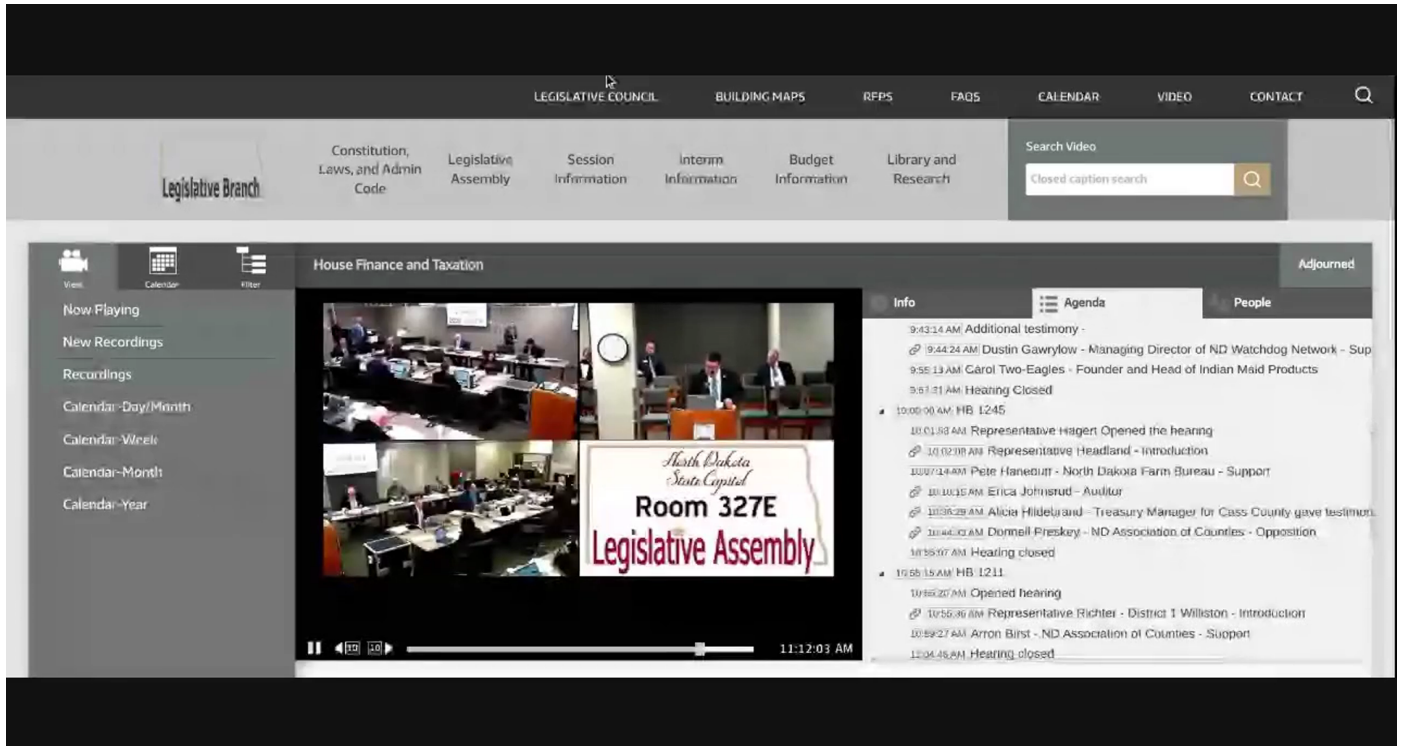
1. Extending the length of the commercial benefit from 5 years at 50% of the current true and full value of the property to 7 ½ years at 75% of the current true and full value of the property will provide a greater incentive to property owners to invest in the repair of dilapidated buildings. However, the Association requests that the State also retains the current 5 years at 50% ratio for property owners who do not have the resources to reach the 7 ½ years at 75% threshold. Our members have provided examples across the state where valuable projects have been done at the 50% of the true and full value, and which would not have been able to be completed if the threshold had been at 75%.
2. We strongly support the allowance of having a property become eligible for a second benefit after 30 years has elapsed from the date of completion of the first benefit. In many communities, buildings are starting to reach a point where they are in need of additional financial assistance. 30 years is a point at which most buildings, regardless of previous work, will require significant updates to electrical, HVAC, and roofing.
3. We support increasing the term of the program from 5 years to 10 years.

The State of North Dakota has a great program in the Renaissance Zone, and it has allowed communities across the state to invest in their buildings while incentivizing private development.

We request that the committee incorporate the retention of the current 5 year abatement at 50% of current true and full value to the property, and urge a DO PASS on a revised version of this bill.

Thank you for your consideration,

Rachel Laqua
Vice President
North Dakota Planning Association



Unreasonable Renaissance Zone Bill Threatens The Reasonable Approach



Dustin Gawrylow
Jan 30



Earlier this session, **I testified Neutral (with caveats) on HB 1266**, a bill that would simply allow a city that failed to have it's Renaissance Zone renewed have a second chance to get it back. (see video above)

The caveat to my Neutral testimony was that the committee needs to make sure this remains a clean bill, and that if any other Renaissance Zone provisions are added to this that do not protect taxpayer or weaken current protections that Neutrality would flip to Opposition.

HB 1266 – Testimony by Dustin Gawrylow (Lobbyist #266) North Dakota Watchdog Network

Mr. Chairman,

This bill is primarily here because of actions that have taken place here locally in Bismarck and Burleigh County.

As many of you know, I have been a long time critic of the Renaissance Zone program – and have been heavily involved with addressing this locally in Bismarck/Burleigh.

I have also personally been serving on the Bismarck Renaissance Zone Authority since 2019 when Mayor Steve Bakken appointed me to the committee.

My philosophy since being appointed has been “if it were up to me, the program would not exist, but as long as it does, I will do what I can to make it work for Bismarck.”

As HB stands today, I am taking a Neutral Stance on this bill as it only allows cities to come back into the system.

However, I will issue a caveat: if this bill is amended to remove the ability for other political subdivisions to have a say in how their tax revenue streams (protections that were created by the passage and enactment of 2017’s SB 2166) this neutral position will change.

One political subdivision should not have the power to influence the revenue of another political subdivision based on a discretionary tax exemption.

In conclusion, if the goal of this session is to simply give cities a second chance at the program, I do not see a problem on the surface. But if the overall goal is to do more than that, either in this bill or another bill, our position will change.

Thank you for your consideration.

HB 1266 passed the House by a vote of 84-7.

Now comes Senate Bill 2391 which has a host of absurd changes to the Renaissance Zone program itself.

Among the most egregious features of this bill, it:

- **allows cities to have two islands, not just one,**
- **allows properties to have a 2nd exemption 30 years after the completion of the 1st exemption,**

- **increases the tax-exemption time from 5-years to 7 & 1/2 years,**
- **increases the time between each renewal period from 5 years to 10 years.**

Those who have followed my work know that I have opposed previous expansions of the program, and have worked at the local level to leverage the program to get the Bismarck City Commission to close down the TIF District.



North Dakota's Watchdog Update

Archive of Bismarck Tax Battles

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November 20th, 2014 The City of Bismarck Is Abusing Tax Exemption Power...

[Read more](#)

6 years ago · Dustin Gawrylow

Since personally being appointed to the Bismarck Renaissance Authority by former mayor Steve Bakken in 2019, I have worked within the program to enhance the protections to for taxpayers by modifying the Return-On-Investment (ROI) calculations, and have proposed other changes.

The City of Bismarck will need to offer Burleigh County many one-off changes to the terms of the program in order to be granted a second chance on the program by the county commission. And that is how Local Control should work!

Senate Bill 2391 creates the danger to reopen those old fights, as well as make this program an even bigger controversy statewide.

The supporters of the Renaissance Zone program should think twice about the unreasonable provisions in SB 2391 and stick to the more reasonable approach in HB 1266.

To show your opposition to this concept of expanding the Renaissance Zone program, send a message to your legislators in opposition to SB 2391 by clicking here.

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Comments



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SB 2391 Testimony by Dustin Gawrylow, N.D. Watchdog Network (#266)

Mr. Chairman and members of the Senate Finance and Tax Committee,

In my personal capacity, I have served on the Bismarck Renaissance Zone Authority since 2019 since being appointed by former mayor Steve Bakken.

Prior to about 2019, I was without question the biggest critic of the Renaissance Zone Program.

In the 2016-2017 era, I helped lead an effort in Bismarck to end the city's 37 year old TIF District - the major way we did that was by leveraging the renewal of the Renaissance Zone by the county and forcing the city to pick one or the other. The city wisely chose to shut down the TIF District and keep the Renaissance Zone.

In the 2017 session, the assembly passed SB 2166 to formally give political sub-divisions the right to have a say in whether the city can exempt property on behalf of the other political subdivisions.

In 2019, then-mayor Steve Bakken appointed me to the Bismarck Renaissance Zone Authority.

In that role, by my count I voted for 14 of 18 projects that have come before us.

I was appointed to a subcommittee to re-configure how the ROI (Return on Investment) was calculated and portrayed in marketing materials.

This last fall, while we as a committee were putting together the new development plan, the city City of Bismarck went to the Burleigh County Commission seeking their letter of approval for the next renewal. Burleigh County denied the request by not taking a vote.

Earlier this session, I testified on House Bill 1266 from a Neutral with caveats position.

(See attached.)

HB 1266 gives cities that had their Renaissance Zones end or lapse go back for a second shot.

I stated that if that bill was passed cleanly, there would be no reason to have a big fight over this.

I am here today to urge you to give SB 2391 a DO NOT PASS recommendation, and when HB 1266 comes across the hall, leave it clean.

HB 1266 – Testimony by Dustin Gawrylow (Lobbyist #266) North Dakota Watchdog Network

Mr. Chairman,

This bill is primarily here because of actions that have taken place here locally in Bismarck and Burleigh County.

As many of you know, I have been a long time critic of the Renaissance Zone program – and have been heavily involved with addressing this locally in Bismarck/Burleigh.

I have also personally been serving on the Bismarck Renaissance Zone Authority since 2019 when Mayor Steve Bakken appointed me to the committee.

My philosophy since being appointed has been “if it were up to me, the program would not exist, but as long as it does, I will do what I can to make it work for Bismarck.”

As HB stands today, I am taking a Neutral Stance on this bill as it only allows cities to come back into the system.

However, I will issue a caveat: if this bill is amended to remove the ability for other political subdivisions to have a say in how their tax revenue streams (protections that were created by the passage and enactment of 2017’s SB 2166) this neutral position will change.

One political subdivision should not have the power to influence the revenue of another political subdivision based on a discretionary tax exemption.

In conclusion, if the goal of this session is to simply give cities a second chance at the program, I do not see a problem on the surface. But if the overall goal is to do more than that, either in this bill or another bill, our position will change.

Thank you for your consideration.



PO Box 1091 • Bismarck, ND 58502
701-355-4458 • www.ednd.org

**Testimony of Matt Marshall
Economic Development Association of North Dakota
In Support of SB 2391
February 1, 2023**

Chair Kannianen and members of the Senate Finance and Taxation Committee:

I am Matt Marshall, economic development administrator for Minnkota Power Cooperative and secretary/treasurer for the Economic Development Association of North Dakota (EDND). I want to express our support for SB 2391 regarding income and property tax incentives for Renaissance Zones.

EDND represents more than 80 state economic development organizations on the front line of economic development efforts throughout North Dakota. The organization's primary purpose is to promote the creation of new wealth throughout North Dakota to develop more vibrant and efficient communities and improve quality of life.

Strengthening and increasing community development programs is a priority for EDND. Healthy and vibrant communities are essential in attracting talent and future workforce to live and work in North Dakota. EDND supports effective tools and programs, such as Renaissance Zones, to attract development and improve the quality of life in North Dakota communities.

The Renaissance Zone program is a unique economic development tool that encourages investment in downtowns and other blighted properties. It attracts development, various businesses, and housing projects to these underutilized areas of our communities. Redevelopment projects in downtowns are often more expensive than new development projects of equal square footage, thus making these older areas of less attractive to developers. The Renaissance Zone tax incentive serves as an important tool for communities.

EDND supports allowing two exemptions to the continuous boundary and block requirements allowing additional three block areas. Communities could use the additional island(s) to increase investment in housing and commercial buildings that may not be attached to the downtown area but still need investment to prevent slums and blight. Preserving additional sections will enhance the vitality and livability of our cities. In addition, supporting projects outside the urban core that meet the community vision and objectives of the Renaissance Zone will attract additional private investment and offer the same incentive options as those projects within the existing zone.

Thank you for taking the time to examine Renaissance Zones and helping provide additional opportunities through this valuable incentive. The program changes in this bill are positive, and I urge the committee's support for SB 2391. Thank you.



**DEPARTMENT OF COMMERCE TESTIMONY ON SB2391
SENATE FINANCE AND TAXATION COMMITTEE
FEBRUARY 1, 2023, 10 AM
SENATOR JORDAN KANNIANEN, CHAIRMAN**

RIKKI ROEHRICH – DEPUTY DIRECTOR, DIVISION OF COMMUNITY SERVICES, ND DEPARTMENT OF COMMERCE

Chairman Kannianen, members of the Committee, my name is Rikki Roehrich, and I am the Deputy Director of the ND Department of Commerce Division of Community Services. I have managed the Renaissance Zone Program for Commerce since 2014. I am here today to testify in support of SB 2391, which makes several changes to the way the Renaissance Zone currently operates.

The Renaissance Zone program is a tool to help cities revitalize their communities. By offering both state and local tax incentives for five years, both residents and business owners are provided an incentive to reinvest in their community's existing infrastructure and promote rehabilitation and in-fill in the core districts of communities. As many communities with a Renaissance Zone will attest, there are financial and intangible benefits to having a Renaissance Zone. This program allows communities to create their own development plan with unique goals, then structure the program in a way that helps them meet those goals. Commonly, we see communities using the program for goals such as increasing their tax base, attracting or retaining residents and businesses, and addressing slum and blight in the community, among others.

While this program has been highly successful since its inception, the proposed changes in SB 2391 have the potential to help this program be even more successful than it has been in the past. Throughout 2022, Commerce held several focus group meetings to discuss what changes communities would like to see to make the program more functional and impactful. The changes proposed in SB 2391 are the result of these discussions.

While the program is complex and includes many different components, I would like to review the proposed changes and the rationale for them. Currently, the program requires that commercial projects invest at least 50% of the current true and full value of the property to be eligible for a five-year benefit period. SB 2391 allows communities to increase the term of the benefit period from five years to seven and a half years for applicants that meet a 75% investment threshold. This change provides additional incentive for investors to make more substantial investments into older buildings and older infrastructure. More importantly, it provides communities with greater flexibility in determining the right benefit period for different investment levels. Ideally, we would like this decision to be made by the communities themselves and for the Century Code to allow this option to be effective only if the community adopts it in their Renaissance Zone Development Plan. This flexibility protects the choices of those communities that would like to keep the term at five years for a 50% investment threshold.

SB 2391 also allows previous projects to become eligible for benefits again after 30 years have elapsed from the completion of the original Renaissance Zone project. Currently, a property is eligible for Renaissance Zone benefits once and only once. I believe this provision made sense when the program was first created and all Renaissance Zones were to be terminated after 15 years. However, subsequent changes to the Century Code now allow communities to renew their zones as they approach expiration. Given this change, it also makes sense that

the program would allow the benefits of the Renaissance Zone to be granted a second time, as we know heavily-used and older buildings may need more investment to continue to extend the life of these structures. However, we also recognize that communities and the state must get a return on investment for the tax benefits provided. Data provided to us indicates a community return on their original investment is provided within 5-10 years of a project, which is why we feel comfortable suggesting a 30-year interval would be more than appropriate. The first project to participate in the Renaissance Zone program was completed in 2000, which means we would not see any properties receiving a second benefit until at least 2030 with this change.

A third change to the program in SB 2391 is to allow the option of a second “island”, or an area that is separate from the primary, contiguous Renaissance Zone. Once again, this change is proposed in order to give communities more freedom with how the program operates. It allows the communities to identify additional areas that have already been developed and could benefit from attracting reinvestment. With this change, the communities would still be required to adhere to the maximum block limits, which are capped at 34 blocks for communities with less than 5,000 residents. Larger communities are allowed to add an additional block for each additional 5,000 residents, up to a maximum of 49 blocks. The use of islands remains an option for those communities that believe their development plan goals can be reached by implementing them.

SB 2391 also increases the extension period for zones from five to ten years. This change means that any community that receives approval for an extension request would be eligible to receive up to 10 additional years of program participation before needing to complete an additional extension request. The intent of this change is to reduce the administrative burden on the communities, as well as on the state. An extension request requires a revision or review of the Renaissance Development Plan, an update to the property inventory in the community, new letters of support from the school district and county, a public hearing, and city council approval. When we are talking about community and economic development, there are often not a lot of changes at the local level in five years. In many instances, all of this work is completed with very minor changes or no changes to the program. It is very time-intensive for the city to complete these documents and requirements and for the state to review these documents, and the Division of Community Services feels that a required update every 10 years would be sufficient. It should be noted, though, that any community can submit a revision to its Renaissance Zone Development Plan at any time, provided it is approved locally. Therefore, this change wouldn't limit the communities in any way and would simply lengthen the term of the required updates.

Finally, the last change proposed in SB 2391 is the termination of the Renaissance Fund Organization (RFO) allowance. Current law provides for the establishment of an RFO, which is a pass-through entity that provides additional exemptions for those who invest in the RFO, which can then make investments into any projects located in a community's Renaissance Zone. Throughout the life of the program, \$10.5 million in credits have been provided to the RFO program. However, the only active RFOs in the state currently are in the cities of Mayville and Hope. In recent years, interest in establishing RFOs has decreased as the process of establishing an RFO is complex. The last RFO to form did so in 2011, and we have had no new requests to establish an RFO since that time. Additionally, while this program was intended to benefit communities of all sizes, it has disproportionately benefitted large communities, with approximately 94% of the credits claimed in three of our most populated communities in the state. A summary of the claimed credits is included below. The remaining

\$494,134 in credits is reserved for use by the Hope RFO for a project that is currently ongoing. Without an additional allocation of credits, this program will not be able to provide benefits for any future RFO activity.

Table 1: Credits Claimed by City

| Category | City | Status | Total Credits Claimed |
|-----------------|--------------|---------------|------------------------------|
| 1 | Casselton | Closed | \$37,500 |
| 1 | Hazen | Closed | \$15,500 |
| 1 | Mayville | Active | \$252,650 |
| 1 | Hope | Active | \$322,716 |
| 2 | Jamestown | Closed | \$150,000 |
| 2 | West Fargo | Closed | \$100,000 |
| 3 | Fargo | 2 Closed | \$9,127,500 |
| | Total | | \$10,005,866 |

The Renaissance Zone program has benefitted many communities and has a strong history of success. One of the key reasons that the program has been successful is that it doesn't adopt a one-size-fits-all approach. While all communities with a Renaissance Zone are required to follow the state's program guidelines, there is still a lot of latitude to tailor the program to meet the unique goals and needs of a community. The community determines its priorities and offers benefits that are linked to its long-term development goals. The changes in SB 2391 support the local control of the program and offer communities greater flexibility.

Chairman Kannianen, members of the Committee, this concludes the testimony I have prepared in support of SB 2391. I am happy to answer any follow-up questions you may have about the Renaissance Zone program.



EPIC Companies

EPICCompaniesND.com
745 31st Ave. E Suite 105
West Fargo, ND 58078
701.866.1006

2.1.23

Chairman Kannianen and members of the Senate Finance and Taxation Committee:

For the record, my name is Todd Berning, and I am the President of EPIC Companies. EPIC Companies is an investment, development, and management firm based out of West Fargo, Bismarck and Minot, ND. We take underutilized spaces and construct mixed-use buildings that enhance communities through innovative development. Today, on behalf of our 85 employees, I offer testimony in support of Senate Bill 2391.

Under this bill, the creation of an additional 3 Block Renaissance Satellite Zone would be very beneficial. Many cities have other areas of their community that could use the redevelopment tool that are just as important as the core downtowns. Also, allowing communities to re-enter the program after 30 years would be beneficial to allow continued support in economic development activities. We support strategic efforts like the proposed Renaissance Zone Bill 2391, which helps strengthen our communities and keep them vibrant. On behalf of our members, I would like to thank the committee for their time and consideration.

Sincerely,

Todd Berning, President
EPIC Companies

TAX INCENTIVES

Up to \$500,000 of **income exempted** annually on income derived at an approved zone business project (5-year max)

Property tax exemptions for commercial and residential properties (5-year max)

Up to a \$10,000 tax credit per year for five years on **qualified single-family homes** (max \$50,000)

25% tax credit available for **historic property** on the amount invested (max \$250,000)

Transferable credits upon selling a single-family home

Transferable exemptions upon selling or leasing a business

SUCCESS STORIES

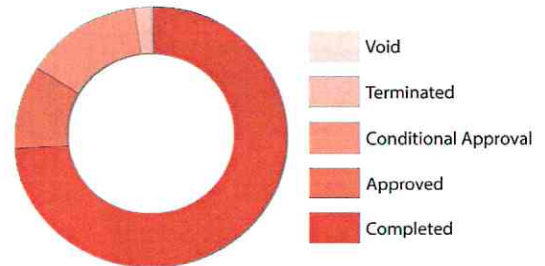
The city of West Fargo renewed the program for an additional five years in 2020. West Fargo started utilizing the Renaissance Zone Program in 2000 and has had 90 approved projects. Recent major projects include Restad Industrial Park in 2020 and Midcontinent Communications in 2017.

The city of Wahpeton renewed the program for an additional five years in 2018. Wahpeton started utilizing the Renaissance Zone Program in 2003 and has had 55 approved projects. Recent projects include Tractor Supply Company in 2017, Brew 2 Inc. in 2017, Grippers Sports in 2017 and Dakota Coffee Company in 2016.

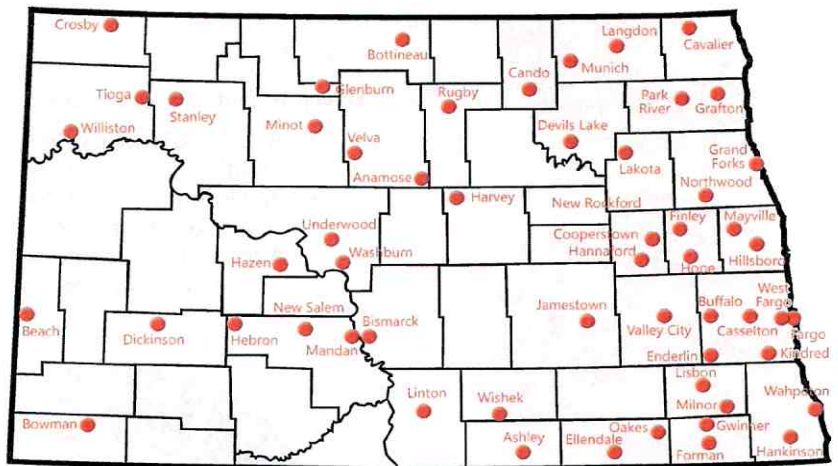
The city of Valley City renewed the program for an additional five years in 2020. Valley City started utilizing the Renaissance Zone Program in 2000 and has had 125 approved projects. Recent major projects include Brockopp Brewing LLC in 2020 and Valley Lumber Company in 2018.

The city of Hazen renewed the program for an additional five years in 2018. Hazen started utilizing the Renaissance Zone Program in 2003 and has had 26 approved projects. Recent projects include Mandate Machinery in 2017 and Tractor Supply Company in 2017.

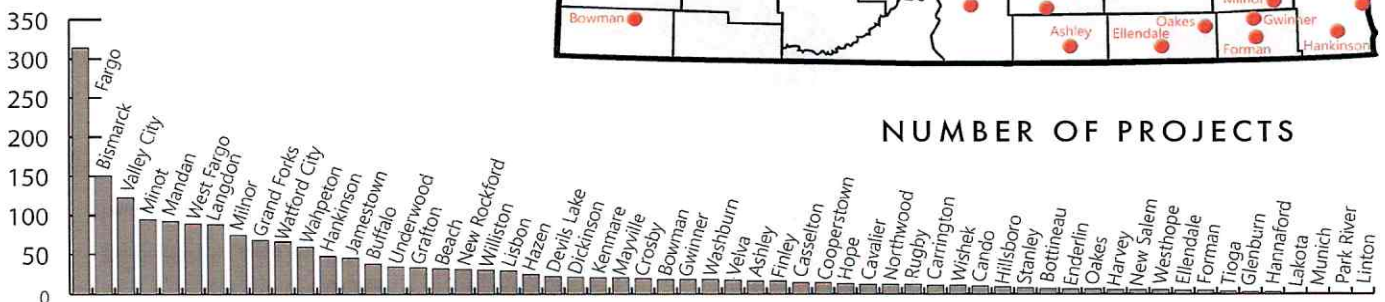
PROJECT STATUS



RENAISSANCE ZONE PARTICIPANTS



NUMBER OF PROJECTS





FACTS

57
NORTH DAKOTA
CITIES
PARTICIPATE

1,950
PROJECTS
APPROVED

MORE THAN
1,500
PROJECTS
COMPLETED

COMMUNITY
DEVELOPMENT
TOOL FOR
**ANY SIZE
CITY**

DEVELOPING DOWNTOWNS

The Renaissance Zone Program is a locally driven program that includes 57 cities across North Dakota. Since 1999, more than 1,950 projects have been approved and more than 1,500 have been completed. The Renaissance Zone Program helps create and retain jobs, businesses and residents.

The Renaissance Zone Program is a tool for community redevelopment and economic investment that incorporates tax incentives to business and residential properties. The Renaissance Act, created by the 56th Legislative Assembly, made it possible for North Dakota cities to create Renaissance Zones within their jurisdictions.

RENAISSANCE ZONE SIZES

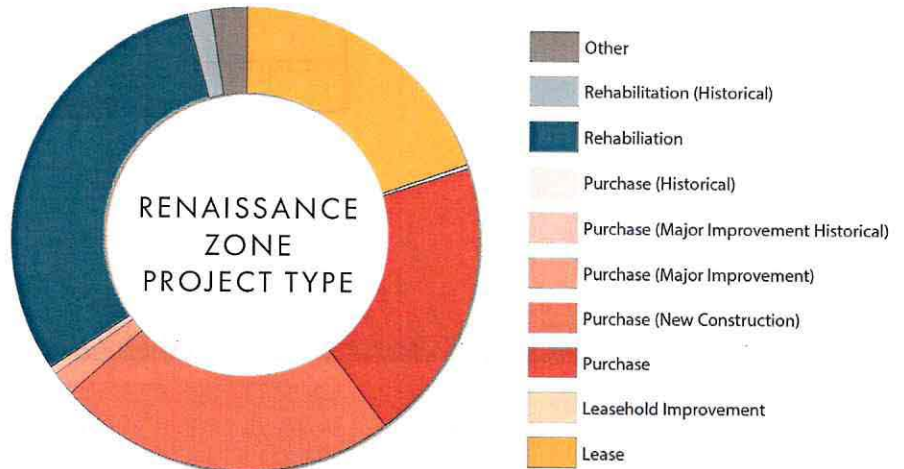
The size of the zone depends on city population.

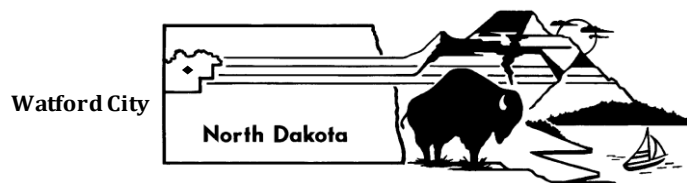
- 34 city blocks in cities with a population of up to 5,000
- One additional block granted for each additional 5,000 in population
- Maximum size 49 blocks

PROJECT REQUIREMENTS

Development of a Renaissance Zone includes:

- A comprehensive or strategic plan
- Creation of a development plan
- Public input from at least one public hearing
- Letters of support from the county and school district
- A resolution adopted by the city to provide the tax exemptions and credits permitted in the program





City of Watford City

213 2nd St. NE / PO Box 494
Watford City, ND 58854
Ph. 701-444-2533
Fax 701-444-3004
cityofwatfordcity.com

House Finance and Taxation

March 6th, 2023 – 10:30 AM

City of Watford City testimony in SUPPORT of SB 2391

Chairman Headland and Finance and Taxation committee members:

The city of Watford City supports SB 2391 and encourages a DO PASS recommendation. The continued investment in brown field property is important to downtown and urban revitalization in North Dakota communities as we complete with communities across the county in placemaking where people want to live. Incentives that are stackable and promote development in that manner, those that generate a strong net ROI are important to communities looking to strengthen their vibrancy and livability and attract families and workforce.

As the RZ program ages, and projects that were initially revitalized at the creation of the program have aged and depreciated to the point that it is time to provide for second generation tools for promotion of investment into these properties. Watford City is looking forward to reestablishing its RZ and would appreciate having a large, well equipped tool box to incentivize capital investment in the future planning efforts of the zone.

Thank you for your time and your consideration of my testimony in **SUPPORT of SB 2391**.

Best Regards,

Mayor Phil Riley

Mayor Phil Riley, Watford City

Cc: Deputy Commission Kessel, ND Department of Commerce



EPIC Companies

EPICCompaniesND.com
745 31st Ave. E Suite 105
West Fargo, ND 58078
701.866.1006

March 3, 2023

Chairman Hetland, Vice Chair Steiner and members of the House Finance and Taxation Committee:

For the record, my name is Todd Berning, and I am the President of EPIC Companies. EPIC Companies is an investment, development, and management firm based out of West Fargo, Bismarck and Minot, ND. We take underutilized spaces and construct mixed-use buildings that enhance communities through innovative development. Today, on behalf of our 85 employees, I offer testimony in support of Senate Bill 2391.

Key provisions under this bill like the creation of two additional 3 Block Renaissance Satellite Zones, and increasing the term from 5 to 8 years for the income and property tax exemptions would be very beneficial. Many cities have other areas of their community that could use the redevelopment tool that are just as important as the core downtowns. Also, allowing communities to re-enter the program after 30 years would be beneficial to allow continued support in economic development activities. We support strategic efforts like the proposed Renaissance Zone Bill 2391, which helps strengthen our communities and keep them vibrant. On behalf of our members, I would like to thank the committee for their time and consideration.

Sincerely,

Todd Berning, President
EPIC Companies



**DEPARTMENT OF COMMERCE TESTIMONY ON SB2391
HOUSE FINANCE AND TAXATION COMMITTEE
MARCH 6, 2023, 10 AM
REPRESENTATIVE CRAIG HEADLAND, CHAIRMAN**

RIKKI ROEHRICH – DEPUTY DIRECTOR, DIVISION OF COMMUNITY SERVICES, ND DEPARTMENT OF COMMERCE

Chairman Headland, members of the Committee, my name is Rikki Roehrich, and I am the Deputy Director of the ND Department of Commerce Division of Community Services. I have managed the Renaissance Zone Program for Commerce since 2014. I am here today to testify in support of SB 2391, which makes several changes to the way the Renaissance Zone currently operates.

The Renaissance Zone program is a tool to help cities revitalize their communities. By offering both state and local tax incentives for five years, both residents and business owners are provided an incentive to reinvest in their community's existing infrastructure and promote rehabilitation and in-fill in the core districts of communities. As many communities with a Renaissance Zone will attest, there are financial and intangible benefits to having a Renaissance Zone. This program allows communities to create their own development plan with unique goals, then structure the program in a way that helps them meet those goals. Commonly, we see communities using the program for goals such as increasing their tax base, attracting or retaining residents and businesses, and addressing slum and blight in the community, among others.

While this program has been highly successful since its inception, the proposed changes in SB 2391 have the potential to help this program be even more successful than it has been in the past. Throughout 2022, Commerce held several focus group meetings to discuss what changes communities would like to see to make the program more functional and impactful. The changes proposed in SB 2391 are the result of these discussions.

I would like to review the proposed changes and the rationale for them. Currently, the program requires that commercial projects invest at least 50% of the current true and full value of the property to be eligible for a five-year benefit period. SB 2391 allows communities to increase the term of the benefit period from five years to eight years for applicants that meet a 75% investment threshold. This change provides additional incentive for investors to make more substantial investments into older buildings and older infrastructure. More importantly, it provides communities with greater flexibility in determining the right benefit period for different investment levels. Ideally, we would like this decision to be made by the communities themselves and for the Century Code to allow this option to be effective only if the community adopts it in their Renaissance Zone Development Plan. This flexibility protects the choices of those communities that would like to keep the term at five years for a 50% investment threshold.

SB 2391 also allows previous projects to become eligible for benefits again after 30 years have elapsed from the completion of the original Renaissance Zone project. Currently, a property is eligible for Renaissance Zone benefits once and only once. I believe this provision made sense when the program was first created and all Renaissance Zones were to be terminated after 15 years. However, subsequent changes to the Century Code now allow communities to renew their zones as they approach expiration. Given this change, it also makes sense that

the program would allow the benefits of the Renaissance Zone to be granted a second time, as we know heavily-used and older buildings may need more investment to continue to extend the life of these structures. However, we also recognize that communities and the state must get a return on investment for the tax benefits provided. Data provided to us indicates a community return on their original investment is provided within 5-10 years of a project, which is why we feel comfortable suggesting a 30-year interval would be more than appropriate. The first project to participate in the Renaissance Zone program was completed in 2000, which means we would not see any properties receiving a second benefit until at least 2030 with this change.

A third change to the program in SB 2391 is to allow the option of a second “island”, or an area that is separate from the primary, contiguous Renaissance Zone. Once again, this change is proposed in order to give communities more freedom with how the program operates. It allows the communities to identify additional areas that have already been developed and could benefit from attracting reinvestment. With this change, the communities would still be required to adhere to the maximum block limits, which are capped at 34 blocks for communities with less than 5,000 residents. Larger communities are allowed to add an additional block for each additional 5,000 residents, up to a maximum of 49 blocks. The use of islands remains an option for those communities that believe their development plan goals can be reached by implementing them.

SB 2391 also increases the extension period for zones from five to ten years. Currently, after a community's original 15 years of program participation is up, they must apply for an extension in increments of up to 5 years. This change means that any community that receives approval for an extension request would be eligible to receive up to 10 additional years of program participation before needing to complete an additional extension request. The intent of this change is to reduce the administrative burden on the communities, as well as on the state. An extension request requires a revision or review of the Renaissance Development Plan, an update to the property inventory in the community, new letters of support from the school district and county, a public hearing, and city council approval. When we are talking about community and economic development, there are often not a lot of changes at the local level in five years. In many instances, all of this work is completed with very minor changes or no changes to the program. It is very time-intensive for the city to complete these documents and requirements and for the state to review these documents, and the Division of Community Services feels that a required update every 10 years would be sufficient. It should be noted, though, that any community can submit a revision to its Renaissance Zone Development Plan at any time, provided it is approved locally. Therefore, this change wouldn't limit the communities in any way and would simply lengthen the term of the required updates.

Finally, the last change proposed in SB 2391 is the termination of the Renaissance Fund Organization (RFO) allowance. Current law provides for the establishment of an RFO, which is a pass-through entity that provides additional exemptions for those who invest in the RFO, which can then make investments into any projects located in a community's Renaissance Zone. Throughout the life of the program, \$10.5 million in credits have been provided to the RFO program. However, the only active RFOs in the state currently are in the cities of Mayville and Hope. In recent years, interest in establishing RFOs has decreased as the process of establishing an RFO is complex. The last RFO to form did so in 2011, and we have had no new requests to establish an RFO since that time. Additionally, while this program was intended to benefit communities of all sizes, it has disproportionately benefitted large communities, with approximately 94% of the credits claimed in three of our


most populated communities in the state. A summary of the claimed credits is included below. The remaining \$494,134 in credits is reserved for use by the Hope RFO for a project that is currently ongoing. Without an additional allocation of credits, this program will not be able to provide benefits for any future RFO activity.

Table 1: Credits Claimed by City

| Category | City | Status | Total Credits Claimed |
|----------|--------------|----------|-----------------------|
| 1 | Casselton | Closed | \$37,500 |
| 1 | Hazen | Closed | \$15,500 |
| 1 | Mayville | Active | \$252,650 |
| 1 | Hope | Active | \$322,716 |
| 2 | Jamestown | Closed | \$150,000 |
| 2 | West Fargo | Closed | \$100,000 |
| 3 | Fargo | 2 Closed | \$9,127,500 |
| | Total | | \$10,005,866 |

The Renaissance Zone program has benefitted many communities and has a strong history of success. One of the key reasons that the program has been successful is that it doesn't adopt a one-size-fits-all approach. While all communities with a Renaissance Zone are required to follow the state's program guidelines, there is still a lot of latitude to tailor the program to meet the unique goals and needs of a community. The community determines its priorities and offers benefits that are linked to its long-term development goals. The changes in SB 2391 support the local control of the program and offer communities greater flexibility.

Chairman Headland, members of the Committee, this concludes the testimony I have prepared in support of SB 2391. I am happy to answer any follow-up questions you may have about the Renaissance Zone program.

 Brian.Billingsley@minotnd.gov www.minotnd.gov

March 3, 2023

Dear Chairman Headland and members of the House Finance and Taxation Committee,

I am writing to express my **support** of SB 2391 (Renaissance Zones). I am supportive of the following measures in the Bill:

- Extending the length of the commercial benefit from 5 years at 50% of the current true and full value of the property to 7 ½ years at 75% of the current true and full value of the property will provide a greater incentive to property owners to invest in the repair of dilapidated buildings. However, I request that the State also retains the current 5 years at 50% ratio for property owners who do not have the resources to reach the 7 ½ years at 75% threshold.
- I strongly support the allowance of having a property become eligible for a second benefit after 30 years has elapsed from the date of completion of the first benefit. Minot has approved 100 Renaissance Zone projects over the past 21 years. Some of our earliest projects are starting to reach a point where they are in need of additional financial assistance.
- Although Minot's current Renaissance Zone doesn't utilize an island, I am supportive of having the opportunity to create two islands.
- I support increasing the term of the program from 5 years to 10 years.

The renaissance zone program is by far the best incentive the State of North Dakota has to offer to prevent the spread of slum and blight in our community. I have had several people who have benefited from the program tell me that they never could have made their project "pencil out" without this benefit. I strongly urge you to support these refinements to the renaissance zone program.

Sincerely,

A handwritten signature in blue ink that reads "Brian K. Billingsley".

Brian K. Billingsley, AICP
Community & Economic Development Director

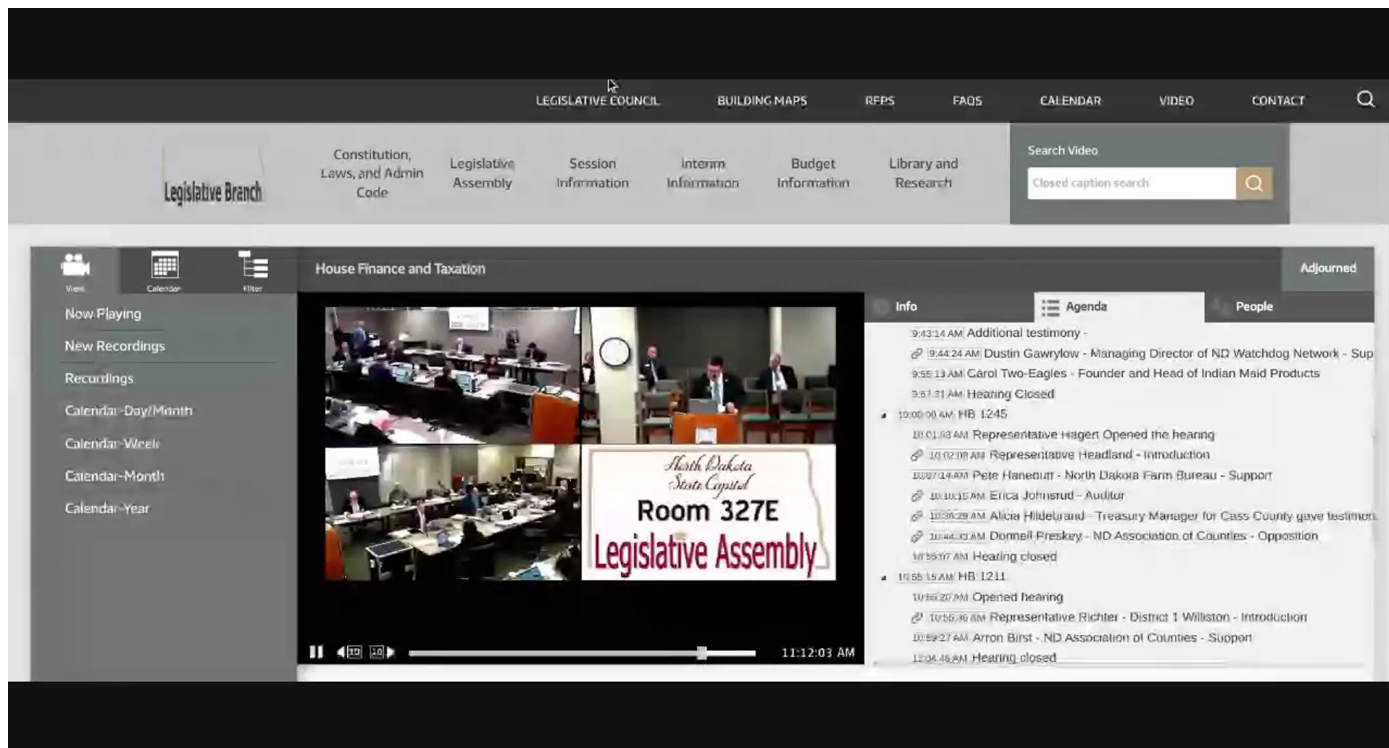
Cc: Mayor Tom Ross
Minot City Council
Harold Stewart, City Manager
David Lakefield, City Finance Director
Shane Goettle, Odney Public Affairs



701-857-4147



1025 31st St. SE
Minot, ND. 58701



Unreasonable Renaissance Zone Bill Threatens The Reasonable Approach



Dustin Gawrylow
Jan 30



Earlier this session, **I testified Neutral (with caveats) on HB 1266**, a bill that would simply allow a city that failed to have it's Renaissance Zone renewed have a second chance to get it back. (see video above)

The caveat to my Neutral testimony was that the committee needs to make sure this remains a clean bill, and that if any other Renaissance Zone provisions are added to this that do not protect taxpayer or weaken current protections that Neutrality would flip to Opposition.

HB 1266 – Testimony by Dustin Gawrylow (Lobbyist #266) North Dakota Watchdog Network

Mr. Chairman,

This bill is primarily here because of actions that have taken place here locally in Bismarck and Burleigh County.

As many of you know, I have been a long time critic of the Renaissance Zone program – and have been heavily involved with addressing this locally in Bismarck/Burleigh.

I have also personally been serving on the Bismarck Renaissance Zone Authority since 2019 when Mayor Steve Bakken appointed me to the committee.

My philosophy since being appointed has been “if it were up to me, the program would not exist, but as long as it does, I will do what I can to make it work for Bismarck.”

As HB stands today, I am taking a Neutral Stance on this bill as it only allows cities to come back into the system.

However, I will issue a caveat: if this bill is amended to remove the ability for other political subdivisions to have a say in how their tax revenue streams (protections that were created by the passage and enactment of 2017’s SB 2166) this neutral position will change.

One political subdivision should not have the power to influence the revenue of another political subdivision based on a discretionary tax exemption.

In conclusion, if the goal of this session is to simply give cities a second chance at the program, I do not see a problem on the surface. But if the overall goal is to do more than that, either in this bill or another bill, our position will change.

Thank you for your consideration.

HB 1266 passed the House by a vote of 84-7.

Now comes Senate Bill 2391 which has a host of absurd changes to the Renaissance Zone program itself.

Among the most egregious features of this bill, it:

- **allows cities to have two islands, not just one,**
- **allows properties to have a 2nd exemption 30 years after the completion of the 1st exemption,**

- **increases the tax-exemption time from 5-years to 7 & 1/2 years,**
- **increases the time between each renewal period from 5 years to 10 years.**

Those who have followed my work know that I have opposed previous expansions of the program, and have worked at the local level to leverage the program to get the Bismarck City Commission to close down the TIF District.



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November 20th, 2014 The City of Bismarck Is Abusing Tax Exemption Power...

[Read more](#)

6 years ago · Dustin Gawrylow

Since personally being appointed to the Bismarck Renaissance Authority by former mayor Steve Bakken in 2019, I have worked within the program to enhance the protections to for taxpayers by modifying the Return-On-Investment (ROI) calculations, and have proposed other changes.

The City of Bismarck will need to offer Burleigh County many one-off changes to the terms of the program in order to be granted a second chance on the program by the county commission. And that is how Local Control should work!

Senate Bill 2391 creates the danger to reopen those old fights, as well as make this program an even bigger controversy statewide.

The supporters of the Renaissance Zone program should think twice about the unreasonable provisions in SB 2391 and stick to the more reasonable approach in HB 1266.

To show your opposition to this concept of expanding the Renaissance Zone program, send a message to your legislators in opposition to SB 2391 by clicking here.

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SB 2391 Testimony by Dustin Gawrylow, N.D. Watchdog Network (#266)

Mr. Chairman and members of the Senate Finance and Tax Committee,

In my personal capacity, I have served on the Bismarck Renaissance Zone Authority since 2019 since being appointed by former mayor Steve Bakken.

Prior to about 2019, I was without question the biggest critic of the Renaissance Zone Program.

In the 2016-2017 era, I helped lead an effort in Bismarck to end the city's 37 year old TIF District - the major way we did that was by leveraging the renewal of the Renaissance Zone by the county and forcing the city to pick one or the other. The city wisely chose to shut down the TIF District and keep the Renaissance Zone.

In the 2017 session, the assembly passed SB 2166 to formally give political sub-divisions the right to have a say in whether the city can exempt property on behalf of the other political subdivisions.

In 2019, then-mayor Steve Bakken appointed me to the Bismarck Renaissance Zone Authority.

In that role, by my count I voted for 14 of 18 projects that have come before us.

I was appointed to a subcommittee to re-configure how the ROI (Return on Investment) was calculated and portrayed in marketing materials.

This last fall, while we as a committee were putting together the new development plan, the city City of Bismarck went to the Burleigh County Commission seeking their letter of approval for the next renewal. Burleigh County denied the request by not taking a vote.

Earlier this session, I testified on House Bill 1266 from a Neutral with caveats position.

(See attached.)

HB 1266 gives cities that had their Renaissance Zones end or lapse go back for a second shot.

I stated that if that bill was passed cleanly, there would be no reason to have a big fight over this.

I am here today to urge you to give SB 2391 a DO NOT PASS recommendation, and when HB 1266 comes across the hall, leave it clean.

HB 1266 – Testimony by Dustin Gawrylow (Lobbyist #266) North Dakota Watchdog Network

Mr. Chairman,

This bill is primarily here because of actions that have taken place here locally in Bismarck and Burleigh County.

As many of you know, I have been a long time critic of the Renaissance Zone program – and have been heavily involved with addressing this locally in Bismarck/Burleigh.

I have also personally been serving on the Bismarck Renaissance Zone Authority since 2019 when Mayor Steve Bakken appointed me to the committee.

My philosophy since being appointed has been “if it were up to me, the program would not exist, but as long as it does, I will do what I can to make it work for Bismarck.”

As HB stands today, I am taking a Neutral Stance on this bill as it only allows cities to come back into the system.

However, I will issue a caveat: if this bill is amended to remove the ability for other political subdivisions to have a say in how their tax revenue streams (protections that were created by the passage and enactment of 2017’s SB 2166) this neutral position will change.

One political subdivision should not have the power to influence the revenue of another political subdivision based on a discretionary tax exemption.

In conclusion, if the goal of this session is to simply give cities a second chance at the program, I do not see a problem on the surface. But if the overall goal is to do more than that, either in this bill or another bill, our position will change.

Thank you for your consideration.



PO Box 1091 • Bismarck, ND 58502
701-355-4458 • www.ednd.org

**Testimony of Mark Lyman
Economic Development Association of North Dakota
In Support of SB 2391
March 6, 2023**

Chair Headland and members of the House Finance and Taxation Committee:

I am Mark Lyman, economic development specialist for the Minot Area Chamber EDC and a member of the Economic Development Association of North Dakota (EDND). I want to express our support for SB 2391 regarding income and property tax incentives for Renaissance Zones.

EDND represents more than 80 state economic development organizations on the front line of economic development efforts throughout North Dakota. The organization's primary purpose is to promote new wealth creation throughout North Dakota to develop more vibrant and efficient communities and improve quality of life.

Strengthening and increasing community development programs is a priority for EDND. Healthy and vibrant communities are essential in attracting talent and future workforce to live and work in North Dakota. EDND supports practical tools and programs, such as Renaissance Zones, to attract development and improve the quality of life in North Dakota communities.

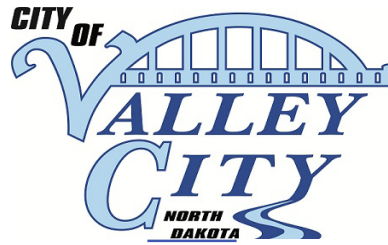
The Renaissance Zone program is a unique economic development tool encouraging investment in downtown and other blighted properties. It attracts development, various businesses, and housing projects to these underutilized areas of our communities. Redevelopment projects in downtowns are often more expensive than new development projects of equal square footage, thus making these older areas less attractive to developers. The Renaissance Zone tax incentive serves as an important tool for communities.

EDND supports a project's ability to become eligible for benefits again after 30 years from the original project. This change will allow older buildings needing more investment to extend the life of the structures for future generations.

We also support allowing two exemptions to the continuous boundary and block requirements allowing additional three block areas. Communities could use the additional island(s) to increase investment in housing and commercial buildings that may not be attached to the downtown area but still need investment to prevent slums and blight. Preserving additional sections will enhance the vitality and livability of our cities. In addition, supporting projects outside the urban core that meet the community vision and objectives of the Renaissance Zone will attract additional private investment and offer the same incentive options as those projects within the existing zone.

Thank you for taking the time to examine Renaissance Zones and helping provide additional opportunities through this valuable incentive. I urge the committee's support for SB 2391. Thank you.

City Hall
254 2nd Ave NE
PO Box 390
Valley City, ND 58072-0390



Phone: 701-845-1700
Fax: 701-845-4588
www.valleycity.us

March 6, 2023

Testimony in Support of SB 2391 by Gwen Crawford City Administrator for Valley City, ND

Chair Headland and members of the House Finance and Taxation Committee:

I'm providing testimony as not only the City Administrator of Valley City with a population of just over 6500, but also as the past Auditor and Economic Development Director of Lisbon ND who's population is just under 2200. Programs like the Renaissance Zone have been imperative for the success of these sizes of communities.

Allowance of a property/parcel to be eligible for benefits again after thirty years have lapsed from the date of completion of the project would be instrumental in continuing to improve growth and resilience in these communities. Most of the approved projects in the Renaissance Zones for Valley City and Lisbon were local community members who financed the revitalizations themselves. One thing that has been noticed is with the cost to renovate the buildings have become so high that their plan for a multiuse building had to stop at the main level. With this addition to the Renaissance Zone after 30 years they would have the opportunity to take advantage of this benefit to finish other levels no to mention the need for improvement that is usually there after 30 years of use.

Adding an option to increase the benefit term from 5 years to up to 8 years for commercial rehabilitation projects that are at or above 75% of the current true and full value of the property would not only encourage larger projects but further help multiuse projects pencil out especially with the rise in costs. We have businesses that renovated their building and were able to complete everything on their main floor but were not able to make it work to do something with their 2nd floor. With this addition to the Renaissance Zone it will be more of a possibility.

As more blighted areas are identified and houses are bought out for flood protection in our area, the allowance of a second island would be beneficial to spread the opportunity further into the community.

As with most Economic Development endeavors they take time. Most projects take several years from the inception to completion. Knowing this, you could imagine in a 5 year time period there are very little changes in regards to renewals. Increasing the term for a renewal from 5 years to 10 years will not only help with unnecessary busy work but would also cut costs in regards to the time staff has to put in.

Currently we do not and have not used the RFO program, so we have no issues with sunseting this program.

Thank you for your time and consideration of these amendments to this program.

I strongly encourage and ask for the committee's support for SB 2391.

Thank you.

Testimony Presented on SB 2391 to the

House Finance and Taxation Committee
Representative Craig Headland, Chairman

Nicole Crutchfield, Director of Planning and Development
City of Fargo

March 6, 2023

Mr. Chairman and Members of the Committee,

My name is Nicole Crutchfield and I submit this testimony in my capacity as the Director of Planning and Development for the City of Fargo which is the department of the city that administers the City's renaissance zone program. The City of Fargo is fully supportive of North Dakota's renaissance zone program. It has been a huge success for many cities in the state, not the least of which has been our City, and for the state as a whole.

The City of Fargo is in support of Senate Bill 2391; however, we do have concerns on one portion of the bill. Section 1 of the bill would increase the threshold level of rehabilitation needed for a project to qualify for the RZ program from 50% of existing building value to 75%. This increase would unfairly disqualify some rehabilitation projects—particularly larger projects. A \$2 million remodeling of a large \$3.9 million building may be a great project that should be worthy of consideration—perhaps more worthy than a \$300,000 remodel of a \$400,000 building. Let local governments decide if a remodeling of 50% is sufficient to qualify. The City opposes Section 1 of the bill and recommends its deletion in an amendment, or recommends the amendment as attached and drafted by our City Attorney.

In summary, the City of Fargo is an enthusiastic supporter of the renaissance zone program and our City supports SB 2391 with a hearty recommendation that certain provisions be amended as stated.

PROPOSED AMENDMENT TO

FIRST ENGROSSMENT

ENGROSSED SENATE BILL NO. 2391

Introduced by

Senators Sickler, Rummel, Vedaa

1 A BILL for an Act to amend and reenact subsection 7 of section 40-63-01, sections 40-63-03,
2 40-63-04, and 40-63-05, and subsection 5 of section 40-63-07 of the North Dakota Century
3 Code, relating to renaissance zones and income and property tax incentives related to
4 renaissance zones.

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

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

8 7. "Rehabilitation", as used in sections 40-63-04 and 40-63-05, means the repair or
9 remodeling of a building or public utility infrastructure at a cost that is equal to or
10 exceeds seventy-five percent of the current true and full value for ~~commercial~~

1 ~~buildings-residential, public utility infrastructure, or commercial property for any~~
~~business or investment purpose with respect to income tax or ad valorem~~
~~property tax exemptions exceeding five taxable years, fifty percent for residential,~~
~~or commercial property with respect to income tax or ad valorem property tax~~
~~exemptions extending not beyond five taxable years, of the current true and full-~~
~~value for commercial buildings or fifty percent for~~

2 public utility infrastructure, and twenty percent for single-family homes.

11
12 **SECTION 2. AMENDMENT.** Section 40-63-03 of the North Dakota Century Code is
13 amended and reenacted as follows:

14 40-63-03. Renaissance zones.

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

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

19 b. The application includes a development plan.

20
21
22
23

- 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
2 census estimate.

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

8 d. Except as provided under subdivision g, the proposed renaissance zone has a
9 continuous boundary and all blocks are contiguous.

10 e. The proposed land usage includes both commercial and residential property.

11 f. The application includes the proposed duration of renaissance zone status, not to
12 exceed fifteen years. Upon application by the city, the department of commerce
13 division of community services may extend the duration of renaissance zone
14 status in increments of up to ~~five~~ten years.

15 g. The proposed renaissance zone may have ~~a single exception~~up to two
16 exceptions to the continuous boundary and contiguous block requirements under
17 subdivision d if the ~~area~~areas of the excepted noncontiguous blocks ~~does~~do not
18 exceed three square blocks each.

19 2. The department of commerce division of community services shall:

20 a. Review all applications for renaissance zone designation against the criteria
21 established in this section and designate zones.

22 b. Approve or reject the duration of renaissance zone status as submitted in an
23 application.

24 c. Approve or reject the geographic boundaries and total area of the renaissance
25 zone as submitted in an application.

26 d. Promote the renaissance zone program.

27 e. Monitor the progress of the designated renaissance zones against submitted
28 plans in an annual plan review.

29 f. Report on renaissance zone progress to the governor and the legislative
30 management on an annual basis until all designated zones expire.

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

- 1 **b.** The ownership or lease of, or investment in, a parcel of property may qualify for
2 exemption or credit under section 40-63-04 ~~only more than once, but during,~~
3 During the ~~five~~ taxable years of eligibility for ~~that an~~ exemption or credit under
4 section 40-63-04, the exemption or credit ~~under section 40-63-04~~ transfers with
5 the transfer of the property to a qualified user and with respect to the year in
6 which the transfer is made must be prorated for use of the property during that
7 year.
- 8 7. A city may apply to the department of commerce division of community services at any
9 time during the duration of a zone to expand a previously approved renaissance zone
10 that is less than the maximum size allowed under subdivision c of subsection 1. If the
11 expansion is approved by the department of commerce division of community
12 services, the blocks in the expansion are eligible for up to fifteen years of renaissance
13 zone status.
- 14 8. The use of grant funds as the sole source of investment in the purchase of a building
15 or space in a building does not qualify a taxpayer for any tax exemption or credit
16 available under the chapter, and grant funds may not be counted in determining if the
17 cost of rehabilitation meets or exceeds the current true and full value of the building.
- 18 9. If a portion of an approved renaissance zone is not progressing, the city may request
19 the department of commerce division of community services to permit deleting that
20 portion and to make an adjustment of the boundaries to add another equal, contiguous
21 area to the original zone.
- 22 10. If within a renaissance zone there is property that is included in a tax increment
23 financing district, the city in which the property is located shall provide the department
24 of commerce an annual report regarding any such property at the time requested by
25 the department of commerce. The report required under this subsection must identify
26 the property, provide the expected duration of inclusion of the property in the tax
27 increment financing district and the renaissance zone, and identify any property and
28 income tax benefits of the property and the expected duration of those benefits. The
29 department of commerce shall deliver an annual report compiling the information
30 required under this subsection to the legislative management interim committee on

3 taxation issues or upon request of any other interim committee of the legislative
4 management.

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

7 **40-63-04. Income tax exemptions.**

8 1. An individual taxpayer who purchases or rehabilitates single-family residential property
9 for the individual's primary place of residence as a zone project is exempt from up to
10 ten thousand dollars of personal income tax liability as determined under section
11 57-38-30.3 for five up to eight taxable years beginning with the date of occupancy or
12 completion of rehabilitation.

13 2. A taxpayer that purchases, leases, rehabilitates, or makes leasehold improvements to
14 residential, public utility infrastructure, or commercial property for any business or
15 investment purpose as a zone project is exempt from tax on income derived from the
16 business or investment locations within the zone for five up to eight taxable years,
17 beginning with the date of purchase, lease, or completion of rehabilitation.

18 a. The maximum amount of income that a taxpayer may exempt from tax under this
19 subsection for any taxable year is five hundred thousand dollars. The limitation in
20 this subdivision applies to the sum of the exempt income derived from the
21 taxpayer's business and investment interests in all zone projects.

22 b. If a zone project consists of a physical expansion of an existing building owned
23 and used by the taxpayer for business or investment purposes, the amount of
24 income exempt from tax under this subsection is limited to an amount equal to
25 the income derived from the business, or from the investment use of the building,
26 during the taxable year multiplied by a ratio equal to the square footage added by
27 the expansion divided by the total square footage of the building after expansion.

28 3. If the cost of a new business purchase, leasehold improvement, or expansion of an
29 existing business, approved as a zone project, exceeds seventy-five thousand dollars,
30 and the business is located in a city with a population of not more than two thousand
31 five hundred, an individual taxpayer may, in lieu of the exemption provided in
32 subsection 2, elect to take an income tax exemption of up to two thousand dollars of
33 individual income tax liability as determined under section 57-38-30.3. The election

1 must be made on the taxpayer's return as originally and timely filed. The election is
2 irrevocable and binding for the duration of the exemptions provided in subsection 2 or
3 this subsection. If an election is not made on the original return, the taxpayer is only
4 eligible for the exemption provided in subsection 2.

5 4. If a property owner not participating in a renaissance zone project is required to make
6 changes in utility services or in a building structure because of changes made to
7 property that is part of a zone project, the owner of the nonparticipating property is
8 entitled to state income tax credits equal to the total amount of the investment
9 necessary to complete the required changes. The credit must be approved by the local
10 renaissance zone authority. The credit must be claimed in the taxable year in which
11 the related project was completed. The credit may not exceed the taxpayer's tax
12 liability, and an unused credit may be carried forward up to five taxable years.

13 5. The exemptions provided by this section do not eliminate any duty to file a return or to
14 report income as required under chapter 57-38.

15 **SECTION 4. AMENDMENT.** Section 40-63-05 of the North Dakota Century Code is
16 amended and reenacted as follows:

17 **40-63-05. Property tax exemptions.**

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

24 2. A municipality may grant a partial or complete exemption from ad valorem taxation on
25 buildings, structures, fixtures, and improvements purchased or rehabilitated as a zone
26 project for any business or investment purpose. The state board of equalization may
27 grant a partial or complete exemption from ad valorem taxation on public utility
28 infrastructure rehabilitated as a zone project. An exemption under this subsection may
29 not extend beyond ~~five~~eight taxable years following the date of purchase or completion
30 of rehabilitation.

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

3 5. The total amount of credits allowed under this section may not exceed, in the
4 aggregate, ten million five hundred thousand dollars for investments in renaissance
5 fund organizations. A renaissance fund organization that has received investments
6 that qualify for the credits under this subsection shall use those investments to finance
7 projects within a renaissance zone. If the total amount of credits allowed under this
8 section have been claimed, the renaissance fund organization allowance must
9 terminate and additional credits may not be made available for investments in a
10 renaissance fund organization.

Sixty-eighth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENT TO SENATE BILL 2391

Page 1, lines 10-11, replace “commercial buildings” with “residential, public utility infrastructure, or commercial property for any business or investment purpose with respect to income tax or ad valorous property tax exemptions exceeding five taxable years,”

Page 1, line 11, after “percent” add “for residential, or commercial property with respect to income tax or ad valorous property tax exemptions extending not beyond five taxable years,”

Page 1, line 11, after “for” add “fifty percent for”

23.1121.02004

FIRST ENGROSSMENT

Sixty-eighth
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2391

Introduced by

Senators Sickler, Rummel, Vedaa

1 A BILL for an Act to amend and reenact subsection 7 of section 40-63-01, sections 40-63-03,
2 40-63-04, and 40-63-05, and subsection 5 of section 40-63-07 of the North Dakota Century
3 Code, relating to renaissance zones and income and property tax incentives related to
4 renaissance zones.

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

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

8 7. "Rehabilitation", as used in sections 40-63-04 and 40-63-05, means the repair or
9 remodeling of a building or public utility infrastructure at a cost that is equal to or
10 exceeds:

11 a. For an income tax or property tax exemption under this chapter which exceeds
12 five taxable years, seventy-five percent of the current true and full value for
13 residential property, excluding owner-occupied single-family residential property,
14 or commercial buildings, property for a business investment purpose.

15 b. For an income tax or property tax exemption under this chapter of five taxable
16 years or less, fifty percent of the current true and full value for residential
17 property, excluding owner-occupied single-family residential property, or
18 commercial buildings or property.

19 c. Fifty percent of the current true and full value for public utility infrastructure, and
20 twenty.

21 d. Twenty percent of the current true and full value for owner-occupied single-family
22 homes residential property.

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

1 **40-63-03. Renaissance zones.**

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

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

6 b. The application includes a development plan.

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

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

18 d. Except as provided under subdivision g, the proposed renaissance zone has a
19 continuous boundary and all blocks are contiguous.

20 e. The proposed land usage includes both commercial and residential property.

21 f. The application includes the proposed duration of renaissance zone status, not to
22 exceed fifteen years. Upon application by the city, the department of commerce
23 division of community services may extend the duration of renaissance zone
24 status in increments of up to fiveten years.

25 g. The proposed renaissance zone may have a ~~single exception~~up to two
26 exceptions to the continuous boundary and contiguous block requirements under
27 subdivision d if the ~~area~~areas of the excepted noncontiguous blocks ~~does~~do not
28 exceed three square blocks each.

29 2. The department of commerce division of community services shall:

30 a. Review all applications for renaissance zone designation against the criteria
31 established in this section and designate zones.

- 1 b. Approve or reject the duration of renaissance zone status as submitted in an
- 2 application.
- 3 c. Approve or reject the geographic boundaries and total area of the renaissance
- 4 zone as submitted in an application.
- 5 d. Promote the renaissance zone program.
- 6 e. Monitor the progress of the designated renaissance zones against submitted
- 7 plans in an annual plan review.
- 8 f. Report on renaissance zone progress to the governor and the legislative
- 9 management on an annual basis until all designated zones expire.
- 10 3. The department of commerce division of community services shall consider the
- 11 following criteria in designating a renaissance zone:
- 12 a. The viability of the development plan.
- 13 b. The incorporation and enhancement of unique natural and historic features into
- 14 the development plan.
- 15 c. Whether the development plan is creative and innovative in comparison to other
- 16 applications.
- 17 d. Public and private commitment to and other resources available for the proposed
- 18 renaissance zone, including the provisions for a renaissance fund organization.
- 19 e. How renaissance zone designation would relate to a broader plan for the
- 20 community as a whole.
- 21 f. How the local regulatory burden, in particular that burden associated with the
- 22 renovation of historic properties and that burden associated with mixed use
- 23 development, will be eased for developers and investors in the renaissance zone.
- 24 g. The strategies for the promotion, development, and management of the zone,
- 25 including the use of a local zone authority if designated.
- 26 h. Any other information required by the office.
- 27 4. The department of commerce division of community services may not designate a
- 28 portion of a city as a renaissance zone unless, as a part of the application, the city
- 29 provides a resolution from the governing body of the city that states if the renaissance
- 30 zone designation is granted, persons and property within the renaissance zone are
- 31 exempt from taxes as provided in sections 40-63-04 through 40-63-07.

- 1 5. A city may not propose or be part of more than one renaissance zone.
- 2 6. a. A parcel of property may be exempted from property taxes under section
3 40-63-05 ~~only more than once, but during.~~ During the five taxable years of
4 eligibility for ~~that an~~ exemption from property taxes under section 40-63-05, the
5 property tax exemption transfers with the transfer of the property to a qualifying
6 user. A parcel of property which previously received a property tax exemption
7 under section 40-63-05 may not be eligible for a subsequent property tax
8 exemption under section 40-63-05 until thirty years have lapsed from the
9 completion date of the most recent project on the property.
- 10 b. The ownership or lease of, or investment in, a parcel of property may qualify for
11 exemption or credit under section 40-63-04 ~~only more than once, but during.~~
12 During the five taxable years of eligibility for that an exemption or credit under
13 section 40-63-04, the exemption or credit ~~under section 40-63-04~~ transfers with
14 the transfer of the property to a qualified user and with respect to the year in
15 which the transfer is made must be prorated for use of the property during that
16 year.
- 17 7. A city may apply to the department of commerce division of community services at any
18 time during the duration of a zone to expand a previously approved renaissance zone
19 that is less than the maximum size allowed under subdivision c of subsection 1. If the
20 expansion is approved by the department of commerce division of community
21 services, the blocks in the expansion are eligible for up to fifteen years of renaissance
22 zone status.
- 23 8. The use of grant funds as the sole source of investment in the purchase of a building
24 or space in a building does not qualify a taxpayer for any tax exemption or credit
25 available under the chapter, and grant funds may not be counted in determining if the
26 cost of rehabilitation meets or exceeds the current true and full value of the building.
- 27 9. If a portion of an approved renaissance zone is not progressing, the city may request
28 the department of commerce division of community services to permit deleting that
29 portion and to make an adjustment of the boundaries to add another equal, contiguous
30 area to the original zone.

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

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

14 **40-63-04. Income tax exemptions.**

- 15 1. An individual taxpayer who purchases or rehabilitates single-family residential property
16 for the individual's primary place of residence as a zone project is exempt from up to
17 ten thousand dollars of personal income tax liability as determined under section
18 57-38-30.3 for fiveup to eight taxable years beginning with the date of occupancy or
19 completion of rehabilitation.
- 20 2. A taxpayer that purchases, leases, rehabilitates, or makes leasehold improvements to
21 residential, public utility infrastructure, or commercial property for any business or
22 investment purpose as a zone project is exempt from tax on income derived from the
23 business or investment locations within the zone for fiveup to eight taxable years,
24 beginning with the date of purchase, lease, or completion of rehabilitation.
- 25 a. The maximum amount of income that a taxpayer may exempt from tax under this
26 subsection for any taxable year is five hundred thousand dollars. The limitation in
27 this subdivision applies to the sum of the exempt income derived from the
28 taxpayer's business and investment interests in all zone projects.
- 29 b. If a zone project consists of a physical expansion of an existing building owned
30 and used by the taxpayer for business or investment purposes, the amount of
31 income exempt from tax under this subsection is limited to an amount equal to

1 the income derived from the business, or from the investment use of the building,
2 during the taxable year multiplied by a ratio equal to the square footage added by
3 the expansion divided by the total square footage of the building after expansion.

4 3. If the cost of a new business purchase, leasehold improvement, or expansion of an
5 existing business, approved as a zone project, exceeds seventy-five thousand dollars,
6 and the business is located in a city with a population of not more than two thousand
7 five hundred, an individual taxpayer may, in lieu of the exemption provided in
8 subsection 2, elect to take an income tax exemption of up to two thousand dollars of
9 individual income tax liability as determined under section 57-38-30.3. The election
10 must be made on the taxpayer's return as originally and timely filed. The election is
11 irrevocable and binding for the duration of the exemptions provided in subsection 2 or
12 this subsection. If an election is not made on the original return, the taxpayer is only
13 eligible for the exemption provided in subsection 2.

14 4. If a property owner not participating in a renaissance zone project is required to make
15 changes in utility services or in a building structure because of changes made to
16 property that is part of a zone project, the owner of the nonparticipating property is
17 entitled to state income tax credits equal to the total amount of the investment
18 necessary to complete the required changes. The credit must be approved by the local
19 renaissance zone authority. The credit must be claimed in the taxable year in which
20 the related project was completed. The credit may not exceed the taxpayer's tax
21 liability, and an unused credit may be carried forward up to five taxable years.

22 5. The exemptions provided by this section do not eliminate any duty to file a return or to
23 report income as required under chapter 57-38.

24 **SECTION 4. AMENDMENT.** Section 40-63-05 of the North Dakota Century Code is
25 amended and reenacted as follows:

26 **40-63-05. Property tax exemptions.**

27 1. A municipality may grant a partial or complete exemption from ad valorem taxation on
28 single-family residential property, exclusive of the land on which it is situated, if the
29 property was purchased or rehabilitated by an individual for the individual's primary
30 place of residence as a zone project. An exemption granted under this subsection may

1 not extend beyond fiveeight taxable years following the date of acquisition or
2 completion of rehabilitation.

3 2. A municipality may grant a partial or complete exemption from ad valorem taxation on
4 buildings, structures, fixtures, and improvements purchased or rehabilitated as a zone
5 project for any business or investment purpose. The state board of equalization may
6 grant a partial or complete exemption from ad valorem taxation on public utility
7 infrastructure rehabilitated as a zone project. An exemption under this subsection may
8 not extend beyond fiveeight taxable years following the date of purchase or completion
9 of rehabilitation.

10 **SECTION 5. AMENDMENT.** Subsection 5 of section 40-63-07 of the North Dakota Century
11 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, ten million five hundred thousand dollars for investments in renaissance
14 fund organizations. A renaissance fund organization that has received investments
15 that qualify for the credits under this subsection shall use those investments to finance
16 projects within a renaissance zone. If the total amount of credits allowed under this
17 section have been claimed, the renaissance fund organization allowance must
18 terminate and additional credits may not be made available for investments in a
19 renaissance fund organization.