

HOUSE BILL NO. 1185

Introduced by

Representatives Froseth, Ekstrom

Senator Andrist

1 A BILL for an Act to amend and reenact section 54-34.3-13 of the North Dakota Century Code,
2 relating to continuation of the rural growth incentive grant program.

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

4 **SECTION 1. AMENDMENT.** Section 54-34.3-13 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **54-34.3-13. (~~Effective through July 31, 2005~~) Rural growth incentive program.**

- 7 1. The department shall manage and administer the rural growth incentive program.
8 A city with a population of less than two thousand five hundred may apply to the
9 department to be designated as a rural growth incentive city. A rural growth
10 incentive city may be eligible for a loan, grant, or both under this section.
- 11 2. The department shall designate an applicant city as a rural growth incentive city
12 eligible for a loan if the city raises funds in the amount of a dollar-for-dollar match
13 for the amount requested in the loan, prepares an economic development strategic
14 plan, and meets any additional program requirements provided by rule. The
15 source of city funds used for loan matching funds may be any combination of
16 public and private funds. If the department designates a city as a rural growth
17 incentive city eligible for a loan under this section, subject to the availability of
18 funds, the state shall make a loan to the city in an amount not less than twenty-five
19 thousand dollars and not more than seventy-five thousand dollars. The
20 department shall establish the amount of the interest rate for loans provided to a
21 city under this subsection. The funding source of the state loan is the North
22 Dakota development fund. The city shall distribute the city and state funds to
23 qualifying new or expanded primary sector businesses in the city. A qualifying
24 business in the city includes a business that provides essential services to the city.

1 For purposes of this subsection, a business that provides essential services does
2 not include a public utility. The governing body of the city determines whether a
3 new or expanded primary sector business qualifies for funding, and the director of
4 the department determines whether a business that provides essential services to
5 the city qualifies for funding. The state shall distribute a loan to a rural growth
6 incentive city once the city establishes the city has chosen a specified qualified
7 business to receive funding.

8 3. The department shall designate an applicant city as a rural growth incentive city
9 eligible for a grant if the city raises funds in the amount of a dollar-for-dollar match
10 for the amount requested in the grant application and meets any additional
11 program requirements provided by rule. The source of city funds used for grant
12 matching funds may be any combination of public and private funds. If the
13 department designates a city as a rural growth incentive city eligible for a grant
14 under this section, subject to availability of funds, the state shall make a grant to
15 the city in an amount not to exceed ten thousand dollars. The recipient rural
16 growth incentive city shall use the grant money received to conduct a feasibility
17 study for the location of a new business, including an expansion of a business with
18 the primary place of business outside the rural growth incentive city. The business
19 under this subsection is not limited to primary sector businesses. The funding
20 source of the state grant is the North Dakota development fund. Total grants
21 awarded by the department under this subsection may not exceed one hundred
22 thousand dollars per biennium.

23 4. The city may not use city or state funds raised or provided under this section for
24 costs associated with administering the rural growth incentive city. The department
25 shall provide the rural growth incentive city with training to assist the city in
26 expanding primary sector businesses, locating new businesses, and working with
27 state economic development programs.

28 ~~(Effective after July 31, 2005) Rural growth incentive program.~~

29 ~~4. The department shall manage and administer the rural growth incentive program.~~
30 ~~A city with a population of less than two thousand five hundred may apply to the~~
31 ~~department to be designated as a rural growth incentive city. The department shall~~

1 ~~designate an applicant city as a rural growth incentive city if the city raises funds in~~
2 ~~the amount of a dollar for dollar match for the amount requested in the loan,~~
3 ~~prepares an economic development strategic plan, and meets any additional~~
4 ~~program requirements provided by rule. The source of city funds may be any~~
5 ~~combination of public and private funds.~~

- 6 2. ~~If the department designates a city as a rural growth incentive city:~~
- 7 a. ~~Subject to the availability of funds, the state shall make a loan to the city in an~~
8 ~~amount not less than twenty five thousand dollars and not more than~~
9 ~~seventy five thousand dollars. The department shall establish the amount of~~
10 ~~the interest rate for loans provided to a city under this section. The funding~~
11 ~~source of the state loan is the North Dakota development fund. The city shall~~
12 ~~distribute the city and state funds to qualifying new or expanded primary~~
13 ~~sector businesses in the city. A qualifying business in the city includes a~~
14 ~~business that provides essential services to the city. For purposes of this~~
15 ~~section, a business that provides essential services does not include a public~~
16 ~~utility. The governing body of the city determines whether a new or expanded~~
17 ~~primary sector business qualifies for funding, and the director of the~~
18 ~~department determines whether a business that provides essential services to~~
19 ~~the city qualifies for funding. The state shall distribute a loan to a rural growth~~
20 ~~incentive city once the city establishes the city has chosen a specified~~
21 ~~qualified business to receive funding. The city may not use city or state funds~~
22 ~~raised or provided under this section for costs associated with administering~~
23 ~~the rural growth incentive city.~~
- 24 b. ~~The department shall provide the city with training to assist the city in~~
25 ~~expanding primary sector businesses and working with state economic~~
26 ~~development programs.~~