

February 17, 2021

PROPOSED AMENDMENTS TO SENATE BILL NO. 2139

Page 1, line 1, remove the second "and"

Page 1, line 2, remove "subsection 4 of section"

Page 1, line 2, replace "sections" with "40-63-05,"

Page 1, line 17, after "potential" insert "renaissance"

Page 1, line 17, after "projects" insert "or neighborhood zone projects"

Page 2, line 20, after "approved" insert "renaissance"

Page 2, line 20, after "project" insert "or neighborhood zone project"

Page 2, line 26, after "6." insert "\"Neighborhood zone project\" means the purchase, rehabilitation, or reconstruction of a detached, single-family, residential structure or a structure that contains no more than four separate dwelling units in a neighborhood zone approved for zone incentives by a majority vote of the city governing body or local zone authority.

7."

Page 2, line 29, overstrike "7." and insert immediately thereafter "8."

Page 3, line 2, after "for" insert "detached."

Page 3, line 2, after "homes" insert "or structures consisting of no more than four separate dwelling units"

Page 3, line 3, overstrike "8." and insert immediately thereafter "9. \"Renaissance zone project\" means the purchase, lease, rehabilitation, or historical preservation or renovation of a building or space in a building approved for zone incentives by a majority vote of the city governing body or a zone authority.

10."

Page 3, line 6, overstrike "9." and insert immediately thereafter "11."

Page 3, overstrike line 8

Page 3, line 9, overstrike "renovation of a"

Page 3, line 9, remove "single-family home."

Page 3, line 9, overstrike the first "building"

Page 3, line 9, remove the second underscored comma

Page 3, line 9, overstrike "or space in a building approved for zone"

Page 3, overstrike line 10

Page 4, line 4, after the period insert "For purposes of a neighborhood zone, seventy-five percent or more of the structures on a block must have been constructed before 1959

and the majority of the structures on the block must be used for residential purposes for the block to qualify for inclusion in a neighborhood zone."

Page 4, line 17, remove "for a renaissance zone or ten years for a"

Page 4, line 18, remove "neighborhood zone"

Page 6, line 17, remove the overstrike over "the"

Page 6, line 17, remove "a renaissance zone"

Page 6, line 19, after "renaissance" insert "or neighborhood"

Page 6, line 19, remove "If a neighborhood zone expansion is"

Page 6, remove lines 20 and 21

Page 7, replace lines 12 through 22 with:

"SECTION 4. AMENDMENT. Section 40-63-04 of the North Dakota Century Code is amended and reenacted as follows:

40-63-04. Income tax exemptions.

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

in a city with a population of not more than two thousand five hundred, an individual taxpayer may, in lieu of the exemption provided in subsection 2, elect to take an income tax exemption of up to two thousand dollars of individual income tax liability as determined under section 57-38-30.3. The election must be made on the taxpayer's return as originally and timely filed. The election is irrevocable and binding for the duration of the exemptions provided in subsection 2 or this subsection. If an election is not made on the original return, the taxpayer is only eligible for the exemption provided in subsection 2.

4. If a property owner not participating in a renaissance zone project or neighborhood zone project is required to make changes in utility services or in a building structure because of changes made to property that is part of a renaissance zone project or neighborhood zone project, the owner of the nonparticipating property is entitled to state income tax credits equal to the total amount of the investment necessary to complete the required changes. The credit must be approved by the local renaissance or neighborhood zone authority. The credit must be claimed in the taxable year in which the related project was completed. The credit may not exceed the taxpayer's tax liability, and an unused credit may be carried forward up to five taxable years.
5. The exemptions provided by this section do not eliminate any duty to file a return or to report income as required under chapter 57-38.

SECTION 5. AMENDMENT. Section 40-63-05 of the North Dakota Century Code is amended and reenacted as follows:

40-63-05. Property tax exemptions.

1. A municipality may grant a partial or complete exemption from ad valorem taxation on detached, single-family, residential property, exclusive of the land on which it is situated, if the property was purchased ~~or~~ rehabilitated, or reconstructed by an individual for the individual's primary place of residence as a renaissance zone project or a neighborhood zone project. An exemption granted under this subsection may not extend beyond five taxable years following the date of acquisition, reconstruction, or completion of rehabilitation.
2. A municipality may grant a partial or complete exemption from ad valorem taxation on buildings, structures, fixtures, and improvements purchased, reconstructed, or rehabilitated as a renaissance zone project or a neighborhood zone project for any business or investment purpose. The state board of equalization may grant a partial or complete exemption from ad valorem taxation on public utility infrastructure rehabilitated as a renaissance zone project. An exemption under this subsection may not extend beyond five taxable years following the date of purchase or completion of rehabilitation.
3. To qualify for the exemption under this section, the property purchased, reconstructed, or rehabilitated as a neighborhood zone project initially must have been built before 1959."

Page 8, line 11, after "finance" insert "renaissance"

Page 8, line 11, after the first "projects" insert "or neighborhood zone projects"

Page 8, line 19, after "a" insert "renaissance"

Page 8, line 19, after "project" insert "or a neighborhood zone project"

Page 10, line 25, replace "single-family" with "residential"

Renumber accordingly