

September 2010

Introduced by

1 A BILL for an Act to create and enact a new section to chapter 54-60 of the North Dakota
2 Century Code, relating to creation of a technology impact zone program; to provide a continuing
3 appropriation; and to provide an expiration date.

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

5 **SECTION 1.** A new section to chapter 54-60 of the North Dakota Century Code is
6 created and enacted as follows:

7 **Technology impact zones - Continuing appropriation.**

- 8 1. The department shall administer a technology impact zone program to provide
9 financial support for regional technology-based economic development efforts. The
10 program shall provide a qualified technology impact zone with a state sales and
11 use tax reimbursement that equals the authorized zone award amount.
- 12 2. An applicant may qualify under the program as follows:
- 13 a. The applicant must be one or more cities or counties working together for
14 purposes of the technology-based economic development efforts.
- 15 b. The boundaries of a technology impact zone must encompass the
16 geographical boundaries of the applicant cities and counties.
- 17 c. The applicant shall establish the availability of matching funds equal to the
18 amount of the authorized zone award amount.
- 19 d. The applicant may apply with a local governmental or nonprofit local
20 economic development organization.
- 21 e. An applicant and any local governmental or nonprofit local economic
22 development organization that is a party to the application shall agree to the
23 terms of the zone award.

- 1 f. The applicant shall meet qualifying requirements established by the
2 department.
- 3 3. An award received by an applicant under this section:
- 4 a. Must be used to support regional technology-based economic development
5 initiatives that do not include regular operational funding;
- 6 b. Must be used in a manner that aligns with the North Dakota economic
7 development foundation's strategic plan for economic development;
- 8 c. Must be consistent with the plan established in the application; and
- 9 d. May be distributed to a local governmental or nonprofit local economic
10 development organization that is a party to the application.
- 11 4. In considering whether to grant an applicant technology impact zone status, the
12 department shall take into consideration whether the technology-based economic
13 development efforts are significantly supported by an institution of higher education
14 under the control of the state board of higher education.
- 15 5. Upon granting a zone an award under this section, the department shall notify the
16 tax commissioner of the agreement and the identity of the cities and counties in the
17 zone.
- 18 6. An applicant granted zone status under this section is limited to a lifetime cap of
19 receipt of three million dollars of state matching funds.
- 20 7. During the 2013-15 biennium, the department may award no more than four
21 applicants zone status under this section. The department may award no more
22 than a total of eight applicants zone status.
- 23 8. Distribution of state sales and use tax revenue to a technology impact zone is
24 made as follows:
- 25 a. A distribution to a zone, up to the amount awarded by the department, is
26 based on the apportionment formula provided in subsections 2 and 3 and is
27 paid in two semiannual installments, one before July first and one before
28 December thirty-first of each year.
- 29 b. The amounts necessary to make a distribution payment is appropriated to the
30 state treasurer as a standing and continuing appropriation for distribution
31 under this section. The source of moneys distributed under this section is all

1 moneys collected and deposited in the general fund as provided in section
2 57-39.2-26.

3 9. Apportionment of state sales and use tax revenue to each technology impact zone
4 under this section is as follows:

5 a. If a zone encompasses a single political subdivision, that zone receives one
6 hundred percent of the sales and use tax revenue attributable to that zone.

7 b. If a zone encompasses two or more political subdivisions, each political
8 subdivision comprising those zones must be reimbursed in an amount
9 attributable to the sales and use tax revenue generated from within that
10 individual political subdivision.

11 10. In distributing sales and use taxes to a technology impact zone under this section,
12 the amount attributable to each political subdivision is determined in the following
13 manner:

14 a. Before April 1, 2011, and each subsequent year, the tax commissioner shall
15 determine the total amount of tax collected from each zone county during the
16 previous calendar year.

17 b. The amount determined under subdivision a must be divided by the amount of
18 revenue collected from each political subdivision in that county.

19 c. The percentage determined under subdivision b equals the amount
20 attributable to the revenue generated from each political subdivision.

21 **SECTION 2. EXPIRATION DATE.** This Act is effective through July 31, 2023, and
22 after that date is ineffective.