

WISHEK RENAISSANCE ZONE TAX INCENTIVES

November 5, 2021

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, makes it possible for North Dakota cities like Wishek to review projects and using established criteria submit to the State for final approval in order for the property owner to receive the applicable tax incentives as outlined here.

1. BUSINESS INVESTMENT PROPERTY

a. Property Tax Exemption

- i. New Construction
 - 100 percent exemption on the new construction for 3 years.
 - 50 percent exemption on the 4th year
 - 25 percent exemption on the 5th year
- ii. Purchase only – 50% for up to 5 years
- iii. Rehabilitation
 - If the project results in a less than 50 percent increase in the full and true value:
 - a. 1st Year 100 percent
 - b. 2nd Year 80 percent
 - c. 3rd Year 60 percent
 - d. 4th Year 40 percent
 - e. 5th Year 20 percent
 - If the project results in more than a 50 percent improvement in full and true value:
 - a. 100 percent tax exemption on existing building and improvements for 3 years
 - b. 50 percent in the 4th year, and
 - c. 25 percent in the 5th year

b. ND Income Tax Exemption

Any taxpayer who purchases, leases or rehabilitates residential or commercial property for any business or investment purpose as an approved Zone project is exempt from any tax on income derived from the business or investment locations within the Zone for five taxable years, beginning with the month of purchase, lease or completion of rehabilitation. For rehabilitation projects, the cost of rehabilitation must equal or exceed 50% of the property's current true and full value for tax purposes.

2. SINGLE-FAMILY RESIDENCE

a. Property Tax

- i. New Construction
 - 100 percent exemption on the new construction for 3 years.
 - 50 percent in the 4th year, and
 - 25 percent in the 5th year.
- ii. Purchase only – 50% for up to 5 years
- iii. Rehabilitation
 - Project applicant will receive exemption equal to the percentage of investment made to the property for 5 years.

b. ND Income Tax

An individual taxpayer who purchases or rehabilitates a single-family residential property for the individual's primary residence as an approved Zone project is exempt from up to \$10,000 of personal income tax liability for five taxable years beginning with the month the purchase or rehabilitation is complete. If the exemption is for rehabilitation the investment must be at least 20% of the residence's true and full value for tax purposes.