



Renaissance Zone Program



The Renaissance Zone program provides both property and income tax incentives to businesses and residents for revitalization activities within the Renaissance Zone boundaries. This guide is intended to assist prospective applicants. Full program requirements are available in the Renaissance Zone Development Plan on the City of Bismarck website.

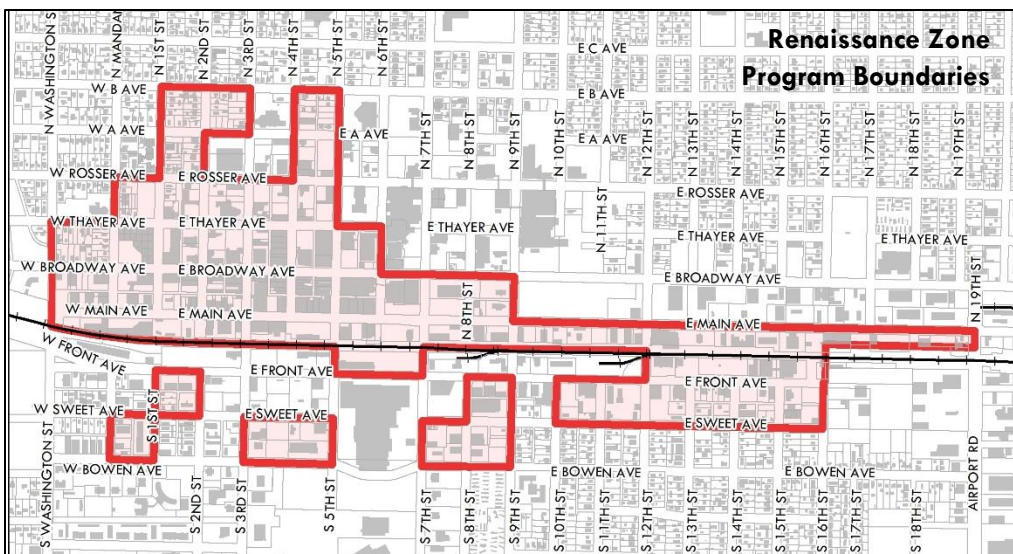
How to Qualify for the Renaissance Zone Program

All Renaissance Zone projects must be approved by the Renaissance Zone Authority and the Bismarck City Commission, with concurrence from the State of North Dakota Chamber of Commerce. Only projects on properties within the program boundaries are eligible. It is important to apply early in the development process. The approval process may take 45-60 days, and

approval must be secured before a qualifying event occurs, as identified in the list below.

There are five different types of Renaissance Zone projects, each with different criteria for approval. The full criteria of the Development Plan are summarized here:

- 1. Rehabilitation.** A rehabilitation of an existing building must have project costs of at least \$40 per square foot for commercial (or \$30 for multifamily residential) and at least 50% of the assessed building value or \$25 per square foot or 20% for single-family residential. Rehabilitation must resolve all outward blemishes. Approval must be secured before construction work begins.
- 2. New Construction.** Construction of a new building must have project costs of at least \$150 per square foot for commercial or \$100 per square foot for residential (with sliding scale between). Approval must be secured before construction work begins.
- 3. Purchase with Improvements.** If a property is being purchased, improvements must meet or exceed 50% of the assessed building value for a full exemption (partial exemptions are possible). The project must be approved before close on the property.



- 4. Lease.** A tenant must occupy a building previously approved as a Renaissance Zone project, or invest at least \$40 per square foot. Approval must be secured before the business opens.
- 5. Historical Rehabilitation.** All criteria of a rehabilitation apply, plus additional requirements of the State Historical Society.

With the exception of lease projects inside of previously approved Renaissance Zone projects, each property is only eligible one time for the life of the program. Contact City staff if you are not sure whether a project has occurred on your property in the past. Applicants must be current on all taxes owed to the State of North Dakota or any political subdivision.

For all projects involving single-family residences, including condominiums, the home must be the primary residence of the owner. The Renaissance Zone program is not available for rental of single family homes as a property investment.

Other requirements related to zoning, building codes, fire protection, etc. will apply to any construction, and may be discussed during the Renaissance Zone project approval process. Improvements in downtown Bismarck are generally subject to downtown design review requirements. Applicants typically opt to apply for design review and Renaissance Zone approval concurrently, although they may be applied for separately if needed for project timing.

The applicant must not have any outstanding taxes owed to any jurisdiction in North Dakota.

Benefits of the Renaissance Zone Program

Projects are typically eligible for up to a 100% property tax exemption on the total building value (not land value) of the property for a five-year period. Business or investment projects are also eligible for a 100% state income tax exemption on income generated from the location.

For owner-occupied residential properties, a state income tax credit of up to \$10,000 per year for up to five years is also available. An investment of at least 20% of assessed value is required for a partial property tax exemption, and an investment of over 40% allows a full exemption.

Income tax exemptions begin the month of project completion, and property tax exemptions begin the following calendar year. Applicants must claim income tax exemptions in their annual tax returns.

Historic preservation projects are eligible for additional benefits, including a state income tax credit of 25% of the amount invested, up to a maximum of \$250,000. A federal tax credit is also available for commercial properties, if approved by the National Park Service.

Application Procedures

The following procedures are typically followed for all Renaissance Zone projects:

1. An informal meeting with City staff is encouraged prior to application submittal.
2. An application is submitted for the Renaissance Zone, and a hearing is scheduled for the next available meeting of the Renaissance Zone Authority.
3. The Renaissance Zone Authority holds a public hearing and makes a recommendation regarding project approval.
4. The City Commission takes a vote to approve a project and the State Department of Commerce reviews all approved projects for state compliance.
5. A tentative approval letter is issued to the applicant and the project may begin.
6. Applicant contacts City staff once construction is complete or a business tenant has opened. Staff verifies project costs through review of invoices or other documents. Projects must be completed within 18 months of approval, unless an extension is granted by the Renaissance Zone Authority.
7. City and State sends a final approval letter upon successful verification. The applicant will be automatically enrolled in the property tax exemption and may claim the income tax exemption on their forthcoming annual return.

Additional Resources

The following additional resources are available through the City of Bismarck website:

- Bismarck Renaissance Zone Development Plan
- North Dakota Renaissance Zone Program Guidelines (North Dakota Department of Commerce)
- Guidelines for Renaissance Zone Tax Incentives (North Dakota Office of State Tax Commissioners)

For additional information, contact the City of Bismarck Planning Division at 355-1840 or visit the City-County Office Building 221 N. 5th St. during standard office hours.