North Dakota Office of State Tax Commissioner

November 18, 2015

# Economic Development-Targeted Individual Income Tax Credits and Deductions

## 2006 - 2010 Tax Years

**TABLE 1**

**For Public Disclosure**

*A "▶" means the credit is only allowed for individual income tax purposes.*

| | Name of Credit | Year Created | Expires after... | Number of Returns and Total Amount Claimed [1,2] | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 2006 Tax Year | | 2007 Tax Year | | 2008 Tax Year | | 2009 Tax Year | | 2010 Tax Year | |
| | | | | No. | Amount | No. | Amount | No. | Amount | No. | Amount | No. | Amount |
| 1 | New or expanding business income exemption (deduction) [2] | 1969 | | 31 | $ 455,792 | 12 | $ 72,134 | 20 | $ 80,856 | 19 | $ 44,798 | 20 | $ 130,883 |
| 2 | Renewable energy device credit: Geothermal only [4] | 1981 | 2014 | | | | | | | 147 | 226,501 | 387 | 568,056 |
| 3 | Research expense credit | 1987 | | | | 75 | 530,888 | 152 | 867,722 | 132 | 856,534 | 150 | 1,247,417 |
| 4 | Seed capital investment credit | 1993 | | 699 | 1,657,308 | 662 | 3,456,317 | 396 | 3,041,632 | 295 | 2,892,224 | 143 | 1,950,451 |
| 5 | ▶ Renaissance zone: Single-family residence credit | 1999 | | | | | | | | | | | |
| 6 | Renaissance zone: Historic property renovation credit | 1999 | | | | | | | | | | | |
| 7 | ▶ Renaissance zone: Business purchase or expansion credit | 1999 | | | | | | | | | | | |
| 8 | Renaissance zone: Renaissance fund organization investment credit | 1999 | | | | | | | | | | | |
| | Total renaissance zone credits | | | 126 | 644,606 | 153 | 861,202 | 153 | 1,142,211 | 153 | 1,107,863 | 149 | 1,723,920 |
| 9 | Renaissance zone: Business income exemption (deduction) [2] | 1999 | | 165 | 234,482 | 251 | 586,900 | 267 | 749,544 | 256 | 691,869 | 287 | 658,023 |
| 10 | Agricultural commodity processing facility investment credit | 2001 | | 446 | 609,547 | 441 | 873,368 | 326 | 775,762 | 257 | 499,708 | 194 | 644,169 |
| 11 | Biodiesel fuel blending credit *(for supplier/wholesaler)* | 2005 | | 7 | 52,660 | Not Reportable [3] | | Not Reportable [3] | | Not Reportable [3] | | Not Reportable [3] | |
| 12 | Biodiesel fuel equipment credit *(for seller/retailer)* | 2005 | | 5 | 869 | Not Reportable [3] | | 0 | 0 | 0 | 0 | Not Reportable [3] | |
| 13 | Internship program credit | 2007 | | | | 15 | 2,999 | 33 | 14,492 | 31 | 9,636 | 20 | 7,201 |
| 14 | Microbusiness credit *(for increasing employment or property purchases)* | 2007 | | | | Not Reportable [3] | | Not Reportable [3] | | Not Reportable [3] | | Not Reportable [3] | |
| 15 | Angel fund investment credit | 2007 | | | | 31 | 224,152 | 53 | 589,391 | 70 | 979,451 | 106 | 2,206,706 |
| 16 | Workforce recruitment credit | 2007 | | | | 0 | 0 | Not Reportable [3] | | Not Reportable [3] | | 0 | 0 |
| 17 | Renaissance zone: Nonparticipating property owner credit | 2009 | | Included in "Total renaissance zone credits" above. | | | | | | | | | |
| 18 | Manufacturing automation equipment credit | 2011 | 2017 | Takes effect in 2013 tax year; expires after 2017 tax year. | | | | | | | | | |
| | **Total estimated reportable tax reduction** | | | | $ 3,655,264 | | $ 6,607,960 | | $ 7,261,610 | | $ 7,308,584 | | $ 9,136,826 |

**Notes to Table 1 (2006-2010 tax years):**

[1] The total number of individual income tax returns filed for each of the years reported in this table are as follows: 2006--343,107; 2007--355,311; 2008--362,148; 2009--363,201; 2010--383,383.

[2] Incentives 1 and 8 (highlighted in yellow) are deductions from income, which reduce the income subject to tax. The dollar amounts shown are the estimated tax reductions, which were determined by multiplying the total deduction amounts claimed on the returns by an average tax rate. For Incentive 1, the deduction amounts claimed on the returns are as follows: 2006--$11,394,808; 2007--$1,803,340; 2008--$2,021,389; 2009--$1,279,950; 2010--$3,739,516. For Incentive 8, the deduction amounts claimed on the returns are as follows: 2006--$5,862,053; 2007--$14,672,489; 2008--$18,738,595; 2009--$19,767,686; 2010--$18,800,652.

[3] The credit was claimed on less than five returns and therefore is not disclosed to protect confidentiality.

[4] The credit was generally not claimed by individuals from 1981 to 2009 because of a limitation on its use. In 2009, the law was changed to remove the limitation.

# Economic Development-Targeted Individual Income Tax Credits and Deductions

## 2011 - 2015 Tax Years

**TABLE 1**

**For Public Disclosure**

*A "▶" means the credit is only allowed for individual income tax purposes.*

| | Name of Credit | Year Created | Expires after... | Number of Returns and Total Amount Claimed [1,2] | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 2011 Tax Year | | 2012 Tax Year | | 2013 Tax Year | | 2014 Tax Year | | 2015 Tax Year | |
| | | | | No. | Amount | No. | Amount | No. | Amount | No. | Amount | No. | Amount |
| 1 | New or expanding business income exemption (deduction) [2] | 1969 | | 33 | $ 128,195 | 30 | $ 360,758 | 28 | $ 351,816 | 46 | $ 593,648 | | |
| 2 | Renewable energy device credit: Geothermal only | 1981 | 2014 | 566 | 876,135 | 676 | 1,067,532 | 694 | 1,115,014 | 703 | 1,210,247 | | |
| 3 | Research expense credit | 1987 | | 173 | 1,383,298 | 187 | 2,256,413 | 152 | 2,231,708 | 186 | 2,273,653 | | |
| 4 | Seed capital investment credit | 1993 | | 87 | 1,273,452 | 87 | 1,404,615 | 86 | 1,577,110 | 74 | 1,289,347 | | |
| 5 | ▶ Renaissance zone: Single-family residence credit | 1999 | | | | | | | | | | | |
| 6 | Renaissance zone: Historic property renovation credit | 1999 | | | | | | | | | | | |
| 7 | ▶ Renaissance zone: Business purchase or expansion credit | 1999 | | | | | | | | | | | |
| 8 | Renaissance zone: Renaissance fund organization investment credit | 1999 | | | | | | | | | | | |
| | Total renaissance zone credits | | | 222 | 2,342,776 | 160 | 1,252,363 | 127 | 727,257 | 111 | 762,501 | | |
| 9 | Renaissance zone: Business income exemption (deduction) [2] | 1999 | | 295 | 665,755 | 301 | 1,098,880 | 283 | 861,070 | 232 | 716,022 | | |
| 10 | Agricultural commodity processing facility investment credit | 2001 | | 137 | 483,389 | 109 | 476,824 | 77 | 254,613 | 89 | 692,398 | | |
| 11 | Biodiesel fuel blending credit *(for supplier/wholesaler)* | 2005 | | Not Reportable [3] | | Not Reportable [3] | | Not Reportable [3] | | Not Reportable [3] | | | |
| 12 | Biodiesel fuel equipment credit *(for seller/retailer)* | 2005 | | Not Reportable [3] | | Not Reportable [3] | | Not Reportable [3] | | Not Reportable [3] | | | |
| 13 | Internship program credit | 2007 | | 27 | 8,897 | Not Reportable [3] | | 18 | 9,086 | 10 | 8,301 | | |
| 14 | Microbusiness credit *(for increasing employment or property purchases)* | 2007 | | Not Reportable [3] | | Not Reportable [3] | | Not Reportable [3] | | Not Reportable [3] | | | |
| 15 | Angel fund investment credit | 2007 | | 136 | 3,054,494 | 251 | 6,240,847 | 294 | 6,646,999 | 348 | 7,805,711 | | |
| 16 | Workforce recruitment credit | 2007 | | 6 | 12,771 | Not Reportable [3] | | Not Reportable [3] | | Not Reportable [3] | | | |
| 17 | Renaissance zone: Nonparticipating property owner credit | 2009 | | Included in "Total renaissance zone credits" above. | | | | | | | | | |
| 18 | Manufacturing automation equipment credit | 2011 | 2017 | | | | | 49 | 778,244 | 37 | 554,060 | | |
| | **Total estimated reportable tax reduction** | | | | $ 10,229,162 | | $ 14,158,232 | | $ 14,552,917 | | $ 15,905,888 | | |

***Numbers for the 2015 tax year are not yet available.***

**Notes to Table 1 (2011-2015 tax years):**

[1] The total number of individual income tax returns filed for each of the years reported in this table are as follows: 2011--417,520; 2012--452,914; 2013--472,380; 2014--488,224.

[2] Incentives 1 and 8 (highlighted in yellow) are deductions from income, which reduce the income subject to tax. The dollar amounts shown are the estimated tax reductions, which were determined by multiplying the total deduction amounts claimed on the returns by an average tax rate. For Incentive 1, the deduction amounts claimed on the returns are as follows: 2011--$4,466,742; 2012--$12,569,959; 2013--$15,164,499; 2014--$25,588,255. For Incentive 8, the deduction amounts claimed on the returns are as follows: 2011--$23,197,052; 2012--$38,288,495; 2013--$37,115,089; 2014--$30,863,014.

[3] The credit was claimed on less than five returns and therefore is not disclosed to protect confidentiality.

# Economic Development-Targeted Corporation Income Tax Credits and Deductions

## 2006 - 2010 Tax Years

**TABLE 2**

**For Public Disclosure**

*A "▶" means the credit is only allowed for corporation income tax purposes.*

| | Name of Credit | Year Created | Expires After... | Number of Returns and Total Amount Claimed [1,2] | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 2006 Tax Year | | 2007 Tax Year | | 2008 Tax Year | | 2009 Tax Year | | 2010 Tax Year | |
| | | | | No. | Amount | No. | Amount | No. | Amount | No. | Amount | No. | Amount |
| 1 | New or expanding business income exemption (deduction) [2] | 1969 | | 5 | $ 162,535 | 8 | $ 223,366 | Not Reportable [3] | | Not Reportable [3] | | 5 | $ 710,053 |
| 2 | ▶ Wage and salary credit | 1969 | | Not Reportable [3] | | Not Reportable [3] | | Not Reportable [3] | | Not Reportable [3] | | Not Reportable [3] | |
| 3 | ▶ Renewable energy device credit: Solar and wind | 1977 | 2014 [4] | Not Reportable [3] | | Not Reportable [3] | | 0 | 0 | 0 | 0 | Not Reportable [3] | |
| 4 | Renewable energy device credit: Geothermal | 1981 | 2014 | Included in "Renewable energy device credit: Solar and wind" above. | | | | | | | | | |
| 5 | Research expense credit | 1987 | | 14 | 516,834 | 15 | 1,944,382 | 13 | 1,694,636 | 16 | 3,502,244 | 12 | 3,642,723 |
| 6 | Seed capital investment credit | 1993 | | Not Reportable [3] | | Not Reportable [3] | | 0 | 0 | Not Reportable [3] | | 0 | 0 |
| 7 | ▶ Certified nonprofit development corporation credit | 1989 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8 | Renaissance zone: Historic property renovation credit | 1999 | | | | | | | | | | | |
| 9 | Renaissance zone: Renaissance fund organization investment credit | 1999 | | | | | | | | | | | |
| | Total renaissance zone credits | | | Not Reportable [3] | | 0 | 0 | 0 | 0 | Not Reportable [3] | | Not Reportable [3] | |
| 10 | Renaissance zone: Business income exemption (deduction) [2] | 1999 | | 13 | 329,181 | 15 | 181,263 | 17 | 88,912 | 23 | 327,276 | 20 | 184,894 |
| 11 | Agricultural commodity processing facility investment credit | 2001 | | Not Reportable [3] | | 5 | 107,825 | 8 | 111,694 | 7 | 96,331 | Not Reportable [3] | |
| 12 | ▶ Facility construction or retrofit credit: Biodiesel fuel production | 2003 | | 0 | 0 | Not Reportable [3] | | 0 | 0 | 0 | 0 | 0 | 0 |
| 13 | Biodiesel fuel blending credit *(for supplier/wholesaler)* | 2005 | | 0 | 0 | Not Reportable [3] | | Not Reportable [3] | | Not Reportable [3] | | Not Reportable [3] | |
| 14 | Biodiesel fuel equipment credit *(for seller/retailer)* | 2005 | | 0 | 0 | Not Reportable [3] | | 0 | 0 | 0 | 0 | Not Reportable [3] | |
| 15 | ▶ Renewable energy device credit: Biomass | 2007 | 2014 | Included in "Renewable energy device credit: Solar and wind" above. | | | | | | | | | |
| 16 | Internship program credit | 2007 | | | | Not Reportable [3] | | Not Reportable [3] | | Not Reportable [3] | | 0 | 0 |
| 17 | Microbusiness credit *(for increasing employment or property purchases)* | 2007 | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 18 | Angel fund investment credit | 2007 | | | | Not Reportable [3] | | Not Reportable [3] | | Not Reportable [3] | | Not Reportable [3] | |
| 19 | Workforce recruitment credit | 2007 | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 20 | ▶ Facility construction or retrofit credit: Soybean and canola crushing | 2009 | | | | | | | | 0 | 0 | 0 | 0 |
| 21 | Renaissance zone: Nonparticipating property owner credit | 2009 | | Included in "Total renaissance zone credits" above. | | | | | | | | | |
| 22 | Manufacturing automation equipment credit | 2011 | 2017 | Takes effect in 2013 tax year; expires after 2017 tax year. | | | | | | | | | |
| | **Total estimated reportable tax reduction** | | | $ 1,008,550 | | $ 2,456,836 | | $ 1,895,242 | | $ 3,925,851 | | $ 4,537,670 | |

**Notes to Table 1 (2011-2015 tax years):**

[1] The total number of "C" corporation income tax returns filed for each of the years reported in this table are as follows: 2006--9,849; 2007--9,763; 2008--9,801; 2009--9,931; 2010--10,305.

[2] Incentives 1 and 8 (highlighted in yellow) are deductions from income, which reduce the income subject to tax. The dollar amounts shown are the estimated tax reductions, which were determined by multiplying the total deduction amounts claimed on the returns by an average tax rate. For Incentive 1, the deduction amounts claimed on the returns are as follows: 2006--$2,321,925; 2007--$3,436,407; 2008--Not reportable; 2009--Not reportable; 2010--$11,094,574. For Incentive 8, the deduction amounts claimed on the returns are as follows: 2006--$4,702,584; 2007--$2,788,666; 2008--$1,367,879; 2009--$5,113,680; 2010--$2,888,971.

[3] The credit was claimed on less than five returns and therefore is not disclosed to protect confidentiality.

[4] For a wind device only, the expiration date is extended to January 1, 2017, if construction of the wind device commenced before January 1, 2015.

# Economic Development-Targeted Corporation Income Tax Credits and Deductions

## 2011 - 2015 Tax Years

**TABLE 2**

**For Public Disclosure**

*A "▶" means the credit is only allowed for corporation income tax purposes.*

| | Name of Credit | Year Created | Expires After... | Number of Returns and Total Amount Claimed [1,2] | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 2011 Tax Year | | 2012 Tax Year | | 2013 Tax Year | | 2014 Tax Year [4] | | 2015 Tax Year | |
| | | | | No. | Amount | No. | Amount | No. | Amount | No. | Amount | No. | Amount |
| 1 | New or expanding business income exemption (deduction) [2] | 1969 | | Not Reportable [3] | | Not Reportable [3] | | Not Reportable [3] | | 0 | $ 0 | | |
| 2 ▶ | Wage and salary credit | 1969 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 3 ▶ | Renewable energy device credit: Solar and wind | 1977 | 2014 [5] | 5 | 27,705 | Not Reportable [3] | | Not Reportable [3] | | Not Reportable [3] | | | |
| 4 | Renewable energy device credit: Geothermal | 1981 | 2014 | Included in "Renewable energy device credit: Solar and wind" above. | | | | | | | | | |
| 5 | Research expense credit | 1987 | | 19 | 5,381,168 | 16 | 6,570,148 | 22 | 3,971,384 | 11 | 582,995 | | |
| 6 | Seed capital investment credit | 1993 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 7 ▶ | Certified nonprofit development corporation credit | 1989 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 8 | Renaissance zone: Historic property renovation credit | 1999 | | | | | | | | | | | |
| 9 | Renaissance zone: Renaissance fund organization investment credit | 1999 | | | | | | | | | | | |
| | Total renaissance zone credits | | | Not Reportable [3] | | Not Reportable [3] | | Not Reportable [3] | | Not Reportable [3] | | | |
| 10 | Renaissance zone: Business income exemption (deduction) [2] | 1999 | | 17 | 967,866 | 14 | 1,241,062 | 11 | 1,017,939 | 12 | 145,183 | | |
| 11 | Agricultural commodity processing facility investment credit | 2001 | | Not Reportable [3] | | Not Reportable [3] | | Not Reportable [3] | | Not Reportable [3] | | | |
| 12 ▶ | Facility construction or retrofit credit: Biodiesel fuel production | 2003 | | 0 | 0 | Not Reportable [3] | | Not Reportable [3] | | Not Reportable [3] | | | |
| 13 | Biodiesel fuel blending credit *(for supplier/wholesaler)* | 2005 | | Not Reportable [3] | | Not Reportable [3] | | Not Reportable [3] | | 0 | 0 | | |
| 14 | Biodiesel fuel equipment credit *(for seller/retailer)* | 2005 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 15 ▶ | Renewable energy device credit: Biomass | 2007 | 2014 | Included in "Renewable energy device credit: Solar and wind" above. | | | | | | | | | |
| 16 | Internship program credit | 2007 | | Not Reportable [3] | | Not Reportable [3] | | Not Reportable [3] | | Not Reportable [3] | | | |
| 17 | Microbusiness credit *(for increasing employment or property purchases)* | 2007 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 18 | Angel fund investment credit | 2007 | | Not Reportable [3] | | Not Reportable [3] | | Not Reportable [3] | | Not Reportable [3] | | | |
| 19 | Workforce recruitment credit | 2007 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 20 ▶ | Facility construction or retrofit credit: Soybean and canola crushing | 2009 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| 21 | Renaissance zone: Nonparticipating property owner credit | 2009 | | Included in "Total renaissance zone credits" above. | | | | | | | | | |
| 22 | Manufacturing automation equipment credit | 2011 | 2017 | | | | | 0 | 0 | Not Reportable [4] | | | |
| | **Total estimated reportable tax reduction** | | | | $ 6,376,739 | | $ 7,811,210 | | $ 4,989,323 | | $ 728,178 | | |

***Numbers for the 2015 tax year are not yet available.***

**Notes to Table 1 (2011-2015 tax years):**

[1] The total number of "C" corporation income tax returns filed for each of the years reported in this table are as follows: 2011--10,669; 2012--10,848; 2013--11,223; 2014--7,589.

[2] Incentives 1 and 8 (highlighted in yellow) are deductions from income, which reduce the income subject to tax. The dollar amounts shown are the estimated tax reductions, which were determined by multiplying the total deduction amounts claimed on the returns by an average tax rate. For Incentive 1, the deduction amounts claimed on the returns are as follows: 2011--Not reportable; 2012--Not reportable; 2013--Not reportable; 2014--$0. For Incentive 8, the deduction amounts claimed on the returns are as follows: 2011--$18,793,521; 2012--$24,098,299; 2013--$22,471,061; 2014--$3,204,926.

[3] The credit was claimed on less than five returns and therefore is not disclosed to protect confidentiality.

[4] Does not include outstanding fiscal year returns. With an extension, it is possible for a fiscal year return for the 2014 tax year to be filed through September 15, 2016.

[5] For a wind device only, the expiration date is extended to January 1, 2017, if construction of the wind device commenced before January 1, 2015.