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.

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2011 - 2015 Tax Years

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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

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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.