

Introduced by

1 A BILL for an Act to amend and reenact section 10-04-05, subsection 1 of section 57-38-01.2,  
2 and subsection 1 of section 57-38-71 of the North Dakota Century Code, relating to  
3 cross-references affected by the repeal of the venture capital corporation law; to repeal  
4 chapters 10-30.1 and 10-30.2 of the North Dakota Century Code, relating to venture capital  
5 corporations and the Myron G. Nelson Fund, Incorporated; to provide for a study and report to  
6 the legislative council; and to provide an effective date.

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

8 **SECTION 1. AMENDMENT.** Section 10-04-05 of the North Dakota Century Code is  
9 amended and reenacted as follows:

10 **10-04-05. Exempt securities.** Sections 10-04-04, 10-04-07, 10-04-07.1, 10-04-08,  
11 and 10-04-08.4 do not apply to any of the following securities:

- 12 1. Securities issued or guaranteed by the United States of America, or by any state,  
13 territory, or insular possession thereof, or by any political subdivision of any such  
14 state, territory, or insular possession, or by the District of Columbia, or by any  
15 public agency or instrumentality of one or more of any of the foregoing, or payable  
16 from assessments for improvements or revenues of publicly owned utilities therein;  
17 or a certificate of deposit for any of the foregoing, but this exemption does not  
18 include any security payable solely from revenues to be received from a  
19 nongovernmental industrial or commercial enterprise unless the security is insured  
20 or unconditionally guaranteed by, or the revenues are derived from, a person  
21 whose securities are exempt from registration under this section.
- 22 2. Securities issued by and representing an interest in or a debt of, or guaranteed by,  
23 a national bank or a national bank and trust company or bank or credit or loan or  
24 savings association or savings and loan association or credit union organized

- 1           pursuant to an Act of Congress and supervised by the United States, or any  
2           agency thereof, or issued or guaranteed as to both principal and interest by an  
3           international bank of which the United States is a member, or issued by and  
4           representing an interest in or a debt of, or guaranteed by, a state bank, trust  
5           company, savings bank, savings institution, or credit union organized and  
6           supervised under the laws of any state, and securities of any person subject to  
7           examination by the commissioner of financial institutions of North Dakota.
- 8           3. Securities issued by a building and loan association subject to supervision by an  
9           agency of the state of North Dakota, or policy contracts, including variable annuity  
10          contracts, of an insurance company subject to supervision by an agency of the  
11          state of North Dakota.
- 12          4. Securities issued or guaranteed as to principal, interest, or dividends by a  
13          corporation or limited liability company owning or operating a railroad or other  
14          public service utility, if the corporation or limited liability company is subject to  
15          regulation or supervision either as to its rates and charges or as to the issue of its  
16          securities by a public service commission, or by a board, body, or official having  
17          like powers, of the United States or of any state, territory, or insular possession  
18          thereof, or of any municipality located therein, or of the District of Columbia, or of  
19          the Dominion of Canada, or any province thereof.
- 20          5. Any security issued by any person organized and operated not for private profit but  
21          exclusively for religious, educational, benevolent, fraternal, charitable, social, or  
22          reformatory purposes; provided that prior to any offer of such security each person  
23          must meet the following conditions:
- 24           a. Apply for and obtain the written approval of the commissioner.
- 25           b. File an application, offering disclosure document, and pay a nonrefundable  
26           filing fee of one hundred fifty dollars, which document and fee must  
27           accompany the application.
- 28           c. File a notice identifying the basis of its qualification under this exemption with  
29           such additional information as the commissioner may require.
- 30           d. Provide a copy of the offering disclosure document to each person to whom  
31           an offer to sell or sale is made.

- 1           The approval is effective for a period of one year from the date of approval. At  
2           least thirty days prior to the expiration date, there must be filed an application,  
3           offering disclosure document, and a nonrefundable fee of one hundred dollars for  
4           the renewal of the filing for additional periods of one year.
- 5           6. Any note, draft, bill of exchange, or bankers' acceptance which arises out of a  
6           current transaction or the proceeds of which have been or are to be used for  
7           current transactions, is not the subject of a public offering, is prime quality  
8           negotiable commercial paper which has at the time of issuance a definite maturity  
9           of not exceeding nine months, is payable in cash only, and is not convertible into  
10          and does not carry an option or right to receive payment or any bonus in any other  
11          security.
- 12          7. Securities, other than common stock, providing for a fixed return, which have been  
13          outstanding and in the hands of the public for not less than five years and upon  
14          which no default has occurred during the five years next preceding the date of sale.
- 15          8. Securities, including patronage dividends or refunds, issued by any cooperative  
16          organized under the statutes of this state.
- 17          9. Any equipment security based on a chattel mortgage, lease, or agreement for the  
18          conditional sale of cars, motive power, or other rolling stock mortgaged, leased,  
19          sold to, or furnished for the use of a railroad or other public service utility  
20          corporation or limited liability company, and any equipment security when the  
21          ownership of or title to such equipment is pledged or retained in accordance with  
22          the provisions of the laws of the United States or of any state thereof, or of the  
23          Dominion of Canada, to secure the payments of such equipment security whether  
24          it be an equipment trust certificate, bond, or note.
- 25          10. Any bond, note, or other evidence of debt issued by a holding corporation or limited  
26          liability company and secured by collateral consisting of any of the securities  
27          described in subsections 4 and 9, if the collateral securities equal in fair value at  
28          least one hundred twenty-five percent of the par value of the bonds, notes, or other  
29          evidences of debts secured thereby.
- 30          11. The execution of orders for purchase of securities by a registered dealer provided  
31          such dealer acts as agent for the purchaser, has made no solicitation of the order

1 to purchase such securities, has no direct material interest in the sale or  
2 distribution of the securities ordered, receives no commission, profit, or other  
3 compensation other than the commissions involved in the purchase and sale of the  
4 securities and delivery to the purchaser of written confirmation of the order which  
5 clearly itemizes the commissions paid to the registered dealer. Clear and complete  
6 records of all transactions exempted under this subsection shall be maintained by  
7 the registered dealer or broker.

- 8 12. ~~Any security issued by a venture capital corporation or limited liability company~~  
9 ~~organized under and operating in compliance with chapter 10-30.1; provided that~~  
10 ~~prior to any offer of such security, the issuer must meet the following conditions:~~
- 11 a. ~~Apply for and obtain written approval by the commissioner.~~
  - 12 b. ~~File an application, offering disclosure document, and pay a nonrefundable~~  
13 ~~filing fee of one hundred fifty dollars. The document and fee must accompany~~  
14 ~~the application.~~
  - 15 e. ~~File such additional information as the commissioner requires by rule or order~~  
16 ~~or may subsequently request.~~
  - 17 d. ~~Provide a copy of the offering disclosure document to each person to whom~~  
18 ~~an offer to sell or sale is made.~~
  - 19 e. ~~Not use public advertising matter or general solicitation, except tombstone~~  
20 ~~advertisements approved by the commissioner, in connection with any offer or~~  
21 ~~sale.~~
  - 22 f. ~~File a report of all offers and sales made in this state within thirty days after~~  
23 ~~the completion of the offering.~~

24 ~~The approval is effective for a period of one year from the date of approval. There~~  
25 ~~must be filed, at least thirty days prior to the expiration date, an application,~~  
26 ~~disclosure document, and a nonrefundable fee of one hundred dollars for the~~  
27 ~~renewal of the filing for additional periods of one year.~~

- 28 13. Any security issued or guaranteed by Canada, any Canadian province, any political  
29 subdivision of any such province, or any agency or corporate or other  
30 instrumentality of one or more of the foregoing, or any other foreign government  
31 with which the United States currently maintains diplomatic relations, if the security

1 is recognized as a valid obligation by the issuer or guarantor. This exemption does  
2 not include any security payable solely from revenues to be received from a  
3 nongovernmental industrial or commercial enterprise.

4 ~~44.~~ 13. a. Any security, other than a security that is a federal covered security pursuant  
5 to section 18(b)(1) of the Securities Act of 1933 and therefore not subject to  
6 any filing or registration requirements under this chapter, listed or designated,  
7 or approved for listing or designation upon notice of issuance on:

- 8 (1) The New York stock exchange;
- 9 (2) The American stock exchange;
- 10 (3) The national association of securities dealers automated quotation  
11 national market system;
- 12 (4) Tier I of the Philadelphia stock exchange;
- 13 (5) Tier I of the Pacific stock exchange;
- 14 (6) Chicago board options exchange; or
- 15 (7) Any other stock exchange or automated quotation system which the  
16 commissioner approves by rule;

17 b. Any other security of the same issuer which is of senior or substantially equal  
18 rank;

19 c. Any security called for by subscription rights or warrants so listed or approved;  
20 or

21 d. Any warrant or right to purchase or subscribe to any of the foregoing.

22 The commissioner may withdraw this exemption by order as to any exchange or  
23 system, or any particular security, if the commissioner determines that it would be  
24 in the public interest.

25 ~~45.~~ 14. Securities issued by the North Dakota education association dues credit trust to  
26 members of the North Dakota education association.

27 **SECTION 2. AMENDMENT.** Subsection 1 of section 57-38-01.2 of the North Dakota  
28 Century Code is amended and reenacted as follows:

29 1. The taxable income of an individual, estate, or trust as computed pursuant to the  
30 provisions of the United States Internal Revenue Code of 1954, as amended, shall  
31 be:

- 1           a.    Reduced by any interest received from obligations of the United States that is  
2                    included in taxable income or in the computation thereof on the federal return.
- 3           b.    Reduced by any other income included in the taxable income, or in the  
4                    computation thereof, on the federal return which is exempt from taxation by  
5                    this state because of the provisions of the Constitution of North Dakota or the  
6                    Constitution of the United States.
- 7           c.    Reduced by the amount of federal income tax liability, but not social security  
8                    and self-employment taxes, as computed under chapter 1 of the Internal  
9                    Revenue Code of 1954, as amended, for the same taxable year for which the  
10                   North Dakota return is being filed, to the extent that such taxes are computed  
11                   upon income which becomes a part of the North Dakota taxable income.  
12                   Provided, that no adjustment to federal income taxes, paid or accrued, is  
13                   required because of allowable deductions to federal taxable income made  
14                   under the cost recovery provisions of subdivision b of subsection 5 of section  
15                   57-38-01. However, such federal income tax liability must be reduced by all  
16                   credits thereon except credits for federal income tax withholding payments,  
17                   estimates of federal income tax, and income taxes of foreign countries.  
18                   Federal income taxes for prior periods assessed against the taxpayer by  
19                   reason of audit or other adjustment by the internal revenue service, or  
20                   voluntary disclosure by the taxpayer, are not deductible except in the period in  
21                   which income so taxed was reported or reportable or in which an adjustment  
22                   was required but only after an adjustment is made by or with the office of the  
23                   state tax commissioner. A refund of federal income tax must be reported and  
24                   included in North Dakota taxable income in the year in which the tax was  
25                   originally deducted.
- 26           d.    (1)   Reduced by three hundred dollars if the return filed is a joint return by  
27                    husband and wife. If separate returns are filed by husband and wife, no  
28                    deduction can be taken under this subdivision. This subdivision shall  
29                    not be applicable to estates or trusts.
- 30                   (2)   Reduced by three hundred dollars if the return filed is the return of a  
31                    "head of household" as defined by the United States Internal Revenue

- 1 Code of 1954, as amended; provided, that the term "head of  
2 household" shall also include a "surviving spouse" as defined by said  
3 code.
- 4 (3) Reduced by seven hundred fifty dollars for each adopted child who is  
5 under the age of twenty-one years and who is either irreversibly  
6 mentally retarded or, on the basis of the annual findings of a licensed  
7 physician, is blind or disabled as determined pursuant to the provisions  
8 of title XVI of the United States Social Security Act, provided the return  
9 filed is the return of the parent of an adopted child and such child  
10 qualifies as a dependent of such parent for federal income tax  
11 purposes.
- 12 (4) Reduced, up to a maximum of one thousand dollars, by the amount of  
13 filing fees, attorney's fees, and travel costs incurred in connection with  
14 an adoption and by the actual costs paid to a licensed child-placing  
15 agency in making the adoptive study and in supervising and evaluating  
16 the adoptive placement. Provided, however, that the reduction allowed  
17 under this paragraph shall apply only to such adoption expenses of a  
18 child who qualifies under the provisions of paragraph 3.
- 19 (5) Reduced by one thousand seven hundred fifty dollars for each child  
20 under the age of twenty-one years adopted by the taxpayer. The  
21 reduction under this paragraph may be claimed only by an adoptive  
22 parent of an adopted child and the child must qualify as a dependent of  
23 the adoptive parent for federal income tax purposes. The reduction  
24 may be claimed by only one spouse, for spouses filing separately under  
25 this chapter. The reduction provided by this paragraph may be claimed  
26 for the taxable year in which the adoption becomes final and any  
27 unused portion of the reduction may be carried forward by the taxpayer  
28 for up to five taxable years. The reduction does not apply to the  
29 adoption of children of the taxpayer's spouse.

- 1 e. Reduced by the actual amount of the medical expenses that were incurred but  
2 not allowed on the federal return by reason of the federal medical deduction  
3 limitation.
- 4 f. Increased by the amount of any income taxes, or franchise or privilege taxes  
5 measured by income, to the extent that such taxes were deducted to  
6 determine federal taxable income.
- 7 g. Increased by the amount of any interest and dividends from foreign securities  
8 and from securities of state and their political subdivisions exempt from  
9 federal income tax; provided, that interest upon obligations of the state of  
10 North Dakota or any of its political subdivisions shall not be included.
- 11 h. Except for residents, reduced by the amount of net income not allocated and  
12 apportioned to this state under the provisions of chapter 57-38.1, but only to  
13 the extent that the amount of net income not allocated and apportioned to this  
14 state under the provisions of that chapter is not included in any adjustment  
15 made pursuant to the preceding subdivisions.
- 16 i. ~~Repealed by S.L. 2003, ch. 529, § 3.~~
- 17 j. Reduced by any amount, up to a maximum of five thousand dollars, received  
18 pursuant to the firefighters relief associations authorized by chapters 18-05  
19 and 18-11, policemen's pension funds authorized by chapter 40-45, or the  
20 highway patrolmen's retirement system authorized by chapter 39-03.1;  
21 provided, however, that the adjustment provided in this subdivision shall be  
22 reduced by any amount received pursuant to the federal Social Security Act.
- 23 ~~k.~~ j. Reduced by any amount, up to a maximum of one thousand dollars, received  
24 by any person as payment for services performed while on active duty in the  
25 armed forces of the United States or as payment for attending periodic  
26 training meetings for drill and instruction as a member of the national guard or  
27 of a reserve unit of the armed forces of the United States. However, persons  
28 serving in the armed forces of the United States, except field grade and  
29 general officers, who are stationed outside of any state of the United States or  
30 the District of Columbia for not less than thirty days during the tax year shall  
31 be allowed an additional reduction of up to three hundred dollars per month

1                   for each month or portion of a month received as payment for services  
2                   performed while on active duty at such location.

3            ~~t.~~ k.   Reduced by any amount, up to a maximum of five thousand dollars, received  
4                   by any person fifty years of age or older as retired military personnel pay for  
5                   service in the United States army, navy, air force, coast guard, or marine  
6                   corps or reserve components thereof; provided, however, that the adjustment  
7                   provided in this subdivision shall be reduced by any amount received  
8                   pursuant to the federal Social Security Act.

9            ~~m.~~ l.   Reduced by the amount of interest received during that taxable year on a  
10                   contract for deed on the sale of eighty or more acres [32.37 or more hectares]  
11                   of agricultural land to a beginning farmer. The contract for deed must extend  
12                   for not less than ten years and have an annual interest rate equal to or less  
13                   than the minimum rate allowed by the internal revenue service before interest  
14                   is imputed. In order for an individual, estate, or trust to qualify for this  
15                   reduction, the taxpayer must obtain a statement from the buyer stating that  
16                   the buyer meets all requirements of the beginning farmer definition, together  
17                   with such other information as the state tax commissioner may require. The  
18                   value placed on any real property located in North Dakota and owned by the  
19                   buyer must be the amount listed as the true and full value on the most recent  
20                   real estate tax statement for that particular piece of property. In determining  
21                   the net worth of any person, including the person's dependents and spouse, if  
22                   any, for purposes of this subdivision, the value of their equity in their principal  
23                   residence, the value of one personal or family motor vehicle, and the value of  
24                   their household goods, including furniture, appliances, musical instruments,  
25                   clothing, and other personal belongings may not be included. This statement  
26                   must be filed along with the income tax return. For the purposes of this  
27                   subdivision, "beginning farmer" means any person who is:  
28                   (1)   A resident of this state.  
29                   (2)   Receiving more than one-half of that person's gross annual income  
30                   from farming, unless the person initially commences farming during the  
31                   tax year for which an adjustment will be claimed under this subdivision.

- 1 (3) Intending to use any farmland to be purchased or rented for agricultural  
2 purposes.
- 3 (4) Except for contracts for deed entered into prior to July 1, 1985, having  
4 adequate training by education in the type of farming operation which  
5 the person wishes to begin through satisfactory participation in the adult  
6 farm management education program of the state board for career and  
7 technical education or an equivalent program approved by the  
8 agriculture commissioner.
- 9 (5) Having, including the net worth of any dependents and spouse, a net  
10 worth of less than one hundred thousand dollars.
- 11 ~~n~~. m. Reduced by the amount of interest received during that taxable year on a  
12 contract on the sale of any land, buildings, improvements, and equipment  
13 associated with the land, buildings, or improvements, used or useful in  
14 connection with a revenue-producing enterprise to a beginning businessman,  
15 excluding beginning farmers as defined in subdivision ~~m~~ l. The contract must  
16 extend for not less than ten years and have an annual interest rate equal to or  
17 less than the minimum rate allowed by the internal revenue service before  
18 interest is imputed. In order for an individual, estate, or trust to qualify for this  
19 reduction, the taxpayer must obtain a statement from the buyer containing a  
20 list of the buyer's assets and debts and giving the buyer's net worth, together  
21 with any other information required by the state tax commissioner. The value  
22 placed on any real property located in North Dakota and owned by the buyer  
23 shall be the amount listed as the current market value on the most recent real  
24 estate tax statement for that particular piece of property. In determining the  
25 net worth of any person, including that person's dependents and spouse, if  
26 any, the value of their equity in their principal residence, the value of one  
27 personal or family motor vehicle, and the value of their household goods,  
28 including furniture, appliances, musical instruments, clothing, and other  
29 personal belongings is not to be included. This statement is to be filed along  
30 with the income tax return. For the purposes of this subdivision, "beginning

- 1 businessman", excluding beginning farmers as defined in subdivision ~~m~~ l,  
2 means any person who is:
- 3 (1) A resident of this state.
  - 4 (2) Receiving more than one-half of that person's gross annual income  
5 from a revenue-producing enterprise, unless the person initially  
6 commences business during the tax year for which an adjustment will  
7 be claimed under this subdivision.
  - 8 (3) Intending to use any revenue-producing enterprise purchased or rented  
9 for business purposes.
  - 10 (4) Adequately trained, by experience or education, in the type of  
11 revenue-producing enterprise which that person wishes to begin.
  - 12 (5) The owner of property with a net worth, including the net worth of  
13 property of that person's dependents and spouse, if any, of less than  
14 one hundred thousand dollars.
- 15 ~~e~~. n. Reduced by any amount, up to a maximum of three hundred dollars received  
16 by any person or six hundred dollars if a joint return is filed, as interest earned  
17 from a financial institution located in this state. For purposes of this  
18 subdivision, "financial institution" means any organization authorized to do  
19 business under state or federal laws relating to financial institutions, including  
20 banks and trust companies, savings banks, building and loan associations,  
21 savings and loan companies or associations, and credit unions.
- 22 ~~p~~. ~~Repealed by S.L. 1999, ch. 487, § 3.~~
- 23 ~~q~~. ~~Reduced by the amount, up to a maximum of five thousand dollars for any~~  
24 ~~person or ten thousand dollars if a joint return is filed, of investment made~~  
25 ~~after January 1, 1989, in a venture capital corporation organized pursuant to~~  
26 ~~chapter 10-30.1. This deduction may only be taken in the tax year in which~~  
27 ~~the taxpayer qualifies for a credit pursuant to chapter 10-30.1. However, a~~  
28 ~~taxpayer that makes an investment in a venture capital corporation on or after~~  
29 ~~July 1, 1989, is only entitled to a deduction if the venture capital corporation~~  
30 ~~uses the funds it receives from the taxpayer to invest or provide financing to~~

- 1 ~~qualified entities, which entities do not include a business or an affiliate of a~~  
2 ~~business that owns tax exempt securities.~~
- 3 ~~f.~~ o. Reduced by any amount, up to a maximum of five thousand dollars, received  
4 as retirement benefits paid by the United States, a territory or possession or  
5 political subdivision thereof, the government of the District of Columbia, or an  
6 agency or instrumentality of one or more of the foregoing, other than retired  
7 military personnel pay, as exempted in subdivision ~~l~~ k; provided, however, that  
8 the adjustment provided in this subdivision must be reduced by any amount  
9 received pursuant to the federal Social Security Act.
- 10 ~~s.~~ p. Reduced by the portion of a distribution from a qualified investment fund  
11 described in section 57-38-01 which is attributable to investments by the  
12 qualified investment fund in obligations of the United States, obligations of  
13 North Dakota or its political subdivisions, and any other obligation the interest  
14 from which is exempt from state income tax under federal statute or United  
15 States or North Dakota constitutional provisions; provided the amount of the  
16 distribution excluded under this subdivision is included in federal taxable  
17 income.
- 18 ~~t.~~ q. Reduced by an amount equal to the earnings that are passed through to a  
19 taxpayer in connection with an allocation and apportionment to North Dakota  
20 under chapter 57-35.3.
- 21 ~~u.~~ r. Reduced by the amount received by the taxpayer as payment for services  
22 performed when called or ordered to title 10 United States Code federal  
23 service as a member of the national guard or reserve member of the armed  
24 forces of the United States. An individual claiming the reduction under this  
25 subdivision may not also claim the reduction under subdivision ~~k~~ j for the time  
26 the individual was under federal orders for active duty and may not claim a  
27 reduction on income already excluded from federal taxation due to service in  
28 a combat or hazardous duty zone. This subdivision does not apply to federal  
29 service while attending annual training, basic military training, professional  
30 military education, or active guard and reserve tours for which the member  
31 has volunteered.

1            Provided, however, that each adjustment in the above subdivisions authorized  
2            under law shall be allowed only to the extent that the adjustment is allocated and  
3            apportioned to North Dakota income.

4            **SECTION 3. AMENDMENT.** Subsection 1 of section 57-38-71 of the North Dakota  
5 Century Code is amended and reenacted as follows:

- 6            1. "Beginning entrepreneur", excluding beginning farmers as defined in subdivision ~~m~~  
7            l of subsection 1 of section 57-38-01.2, means any person who:
- 8            a. Is a resident of this state.
  - 9            b. Receives more than one-half of that person's gross annual income from a  
10            revenue-producing enterprise, unless the person initially commences  
11            business during the tax year for which a deduction will be claimed under  
12            sections 57-38-71 through 57-38-74.
  - 13            c. Intends to use any revenue-producing enterprise purchased or rented for  
14            business purposes.
  - 15            d. Has had adequate training, by experience or education, in the type of  
16            revenue-producing enterprise which that person wishes to begin.
  - 17            e. Has, including the net worth of that person's dependents and spouse, if any, a  
18            net worth of less than one hundred thousand dollars, not including the value  
19            of their equity in their principal residence, the value of one personal or family  
20            motor vehicle, and the value of their household goods, including furniture,  
21            appliances, musical instruments, clothing, and other personal belongings.

22            **SECTION 4. REPEAL.** Chapters 10-30.1 and 10-30.2 of the North Dakota Century  
23 Code are repealed.

24            **SECTION 5. RISK CAPITAL STUDY - REPORT TO LEGISLATIVE COUNCIL.** During  
25 the 2005-06 interim, [the department of commerce] [the Bank of North Dakota] [a third party  
26 with which the legislative council or state agency contracts] shall study risk capital gaps and  
27 prospective means to address these gaps and report to the legislative council the results of this  
28 study. The purpose of the study is to further define the types of projects for which private risk  
29 capital is not readily available and for which there is no public sector program. This study and  
30 resulting report must include a review of the status and utilization of existing state risk capital  
31 programs administered by the state, including the availability of risk capital for large projects

1 requiring more than twenty million dollars of capital; consideration of possible consolidation,  
2 reorganization, repeal, or privatization of state risk capital programs; a review of the eligibility  
3 criteria for state risk capital programs; a review of best practices of other states that have  
4 successfully addressed risk capital gaps; and recommendations regarding how to strengthen  
5 the availability of risk capital in this state.

6           **SECTION 6. EFFECTIVE DATE.** Section 4 of this Act becomes effective on August 1,  
7 2007, and sections 1, 2, and 3 of this Act are effective for taxable years beginning after  
8 December 31, 2008.