

July 2018

Introduced by

1 A BILL for an Act to amend and reenact subsection 3 of section 54-35-26 and subsection 7 of
2 section 57-38-30.3 of the North Dakota Century Code, relating to economic development tax
3 incentives to be studied by an interim committee and the renaissance zone income tax credit; to
4 repeal chapter 40-63 of the North Dakota Century Code, relating to renaissance zones; and to
5 provide an effective date.

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

7 **SECTION 1. AMENDMENT.** Subsection 3 of section 54-35-26 of the North Dakota Century
8 Code is amended and reenacted as follows:

9 3. The legislative management interim committee assigned the study responsibility under
10 this section may examine economic development tax incentives, shall complete
11 analysis of the incentives it designates for analysis during the interim, and shall
12 approve a plan to provide that each of the economic development tax incentives listed
13 in this subsection is subject to a complete analysis within each six-year period. The
14 interim committee may include in its recommendations any amendments to this
15 section, including amendments to add or remove incentives from the list of incentives
16 subject to analysis under this subsection. Analysis must be completed for economic
17 development tax incentives, including each of the following:

18 a. ~~Renaissance zone credits and exemptions.~~

19 ~~b.~~ Research expense credit.

20 ~~e.b.~~ Agricultural commodity processing facility investment credit.

21 ~~d.c.~~ Biodiesel fuel production facility construction or retrofit credit, biodiesel fuel
22 blending credit, and biodiesel fuel equipment credit.

23 ~~e.d.~~ Seed capital investment credit.

24 ~~f.e.~~ Internship program credit.

- 1 g.f. Angel fund investment credit.
- 2 h.g. Workforce recruitment credit.
- 3 i.h. Soybean or canola crushing facility construction or retrofit credit.
- 4 j. ~~Manufacturing automation equipment credit.~~
- 5 k.i. New or expanding business exemption.
- 6 h.j. Manufacturing and recycling equipment sales tax exemption.
- 7 m.k. Coal severance and conversion tax exemptions.
- 8 n.l. Oil and gas gross production and oil extraction tax exemptions.
- 9 o.m. Fuel tax refunds for certain users.
- 10 p.n. New jobs credit from income tax withholding.
- 11 q.o. Development or renewal area incentives.
- 12 r.p. Sales and use tax exemption for materials used to construct a fertilizer or
- 13 chemical processing facility.
- 14 s.q. Sales and use tax exemption for materials used in compressing, gathering,
- 15 collecting, storing, transporting, or injecting carbon dioxide for use in enhanced
- 16 recovery of oil or natural gas.
- 17 t.r. Sales and use tax exemption for enterprise information technology equipment
- 18 and computer software used in a qualified data center.

19 **SECTION 2. AMENDMENT.** Subsection 7 of section 57-38-30.3 of the North Dakota
20 Century Code is amended and reenacted as follows:

- 21 7. A taxpayer filing a return under this section is entitled to the following tax credits:
- 22 a. Family care tax credit under section 57-38-01.20.
- 23 b. Renaissance zone tax credits under sections 40-63-04, 40-63-06, and 40-63-07
- 24 (effective for the first five taxable years beginning after December 31, 2019).
- 25 c. Agricultural business investment tax credit under section 57-38.6-03.
- 26 d. Seed capital investment tax credit under section 57-38.5-03.
- 27 e. Planned gift tax credit under section 57-38-01.21.
- 28 f. Biodiesel fuel or green diesel fuel tax credits under sections 57-38-01.22 and
- 29 57-38-01.23.
- 30 g. Internship employment tax credit under section 57-38-01.24.
- 31 h. Workforce recruitment credit under section 57-38-01.25.

- 1 i. ~~Angel fund investment tax credit under section 57-38-01.26 (effective for the first~~
2 ~~taxable year beginning after December 31, 2016).~~
- 3 j. Marriage penalty credit under section 57-38-01.28.
- 4 k-j. Research and experimental expenditures under section 57-38-30.5.
- 5 l-k. Geothermal energy device installation credit under section 57-38-01.8.
- 6 m-l. Long-term care partnership plan premiums income tax credit under section
7 57-38-29.3.
- 8 n-m. Employer tax credit for salary and related retirement plan contributions of
9 mobilized employees under section 57-38-01.31.
- 10 o. ~~Automating manufacturing processes tax credit under section 57-38-01.33~~
11 ~~(effective for the first five taxable years beginning after December 31, 2012).~~
- 12 p-n. Income tax credit for passthrough entity contributions to private education
13 institutions under section 57-38-01.7.
- 14 q-o. Angel investor tax credit under section 57-38-01.26.

15 **SECTION 3. REPEAL.** Chapter 40-63 of the North Dakota Century Code is repealed.

16 **SECTION 4. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
17 December 31, 2019. The provisions of law repealed by section 3 of this Act remain effective for
18 the duration of an exemption that was granted under chapter 40-63 before January 1, 2020.