

Introduced by

Legislative Management

(Political Subdivision Taxation Committee)

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 the list of economic
3 development tax incentives subject to regular review and the application of tax credits against
4 individual income tax liability; to repeal section 57-38-01.27 of the North Dakota Century Code,
5 relating to the microbusiness income tax credit; and to 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 state-imposed tax aspects of the incentives it designates for analysis
12 during the interim, and shall approve a plan to provide that each of the economic
13 development tax incentives listed in this subsection is subject to a complete analysis
14 within each six-year period. The interim committee may include in its
15 recommendations any amendments to this section, including amendments to add or
16 remove incentives from the list of incentives subject to analysis under this subsection.
17 Analysis must be completed for state-imposed tax aspects of economic development
18 tax incentives, including each of the following:
- 19 a. Renaissance zone credits and exemptions.
 - 20 b. Research expense credit.
 - 21 c. Agricultural commodity processing facility investment credit.
 - 22 d. Biodiesel fuel production facility construction or retrofit credit, biodiesel fuel
23 blending credit, and biodiesel fuel equipment credit.
 - 24 e. Seed capital investment credit.

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- 1 f. Wage and salary credit.
- 2 g. Internship program credit.
- 3 h. ~~Microbusiness credit.~~
- 4 i. Angel fund investment credit.
- 5 j. ~~i.~~ Workforce recruitment credit.
- 6 k. ~~j.~~ Soybean or canola crushing facility construction or retrofit credit.
- 7 l. ~~k.~~ Manufacturing automation equipment credit.
- 8 m. ~~l.~~ New or expanding business exemption.
- 9 n. ~~m.~~ Manufacturing and recycling equipment sales tax exemption.
- 10 o. ~~n.~~ Coal severance and conversion tax exemptions.
- 11 p. ~~o.~~ Oil and gas gross production and oil extraction tax exemptions.
- 12 q. ~~p.~~ Fuel tax refunds for certain users.
- 13 r. ~~q.~~ New jobs credit from income tax withholding.
- 14 s. ~~r.~~ Any economic development tax incentive created by the sixty-fourth legislative
15 assembly.

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

- 18 7. A taxpayer filing a return under this section is entitled to the following tax credits:
 - 19 a. Family care tax credit under section 57-38-01.20.
 - 20 b. Renaissance zone tax credits under sections 40-63-04, 40-63-06, and 40-63-07.
 - 21 c. Agricultural business investment tax credit under section 57-38.6-03.
 - 22 d. Seed capital investment tax credit under section 57-38.5-03.
 - 23 e. Planned gift tax credit under section 57-38-01.21.
 - 24 f. Biodiesel fuel or green diesel fuel tax credits under sections 57-38-01.22 and
25 57-38-01.23.
 - 26 g. Internship employment tax credit under section 57-38-01.24.
 - 27 h. Workforce recruitment credit under section 57-38-01.25.
 - 28 i. Angel fund investment tax credit under section 57-38-01.26.
 - 29 j. ~~Microbusiness tax credit under section 57-38-01.27.~~
 - 30 k. Marriage penalty credit under section 57-38-01.28.
 - 31 l. ~~k.~~ Homestead income tax credit under section 57-38-01.29.

- 1 m-l. Commercial property income tax credit under section 57-38-01.30.
- 2 n-m. Research and experimental expenditures under section 57-38-30.5.
- 3 o-n. Geothermal energy device installation credit under section 57-38-01.8.
- 4 p-o. Long-term care partnership plan premiums income tax credit under section
- 5 57-38-29.3.
- 6 q-p. Employer tax credit for salary and related retirement plan contributions of
- 7 mobilized employees under section 57-38-01.31.
- 8 r-q. Automating manufacturing processes tax credit under section 57-38-01.33
- 9 (effective for the first five taxable years beginning after December 31, 2012).
- 10 s-r. Income tax credit for passthrough entity contributions to private education
- 11 institutions under section 57-38-01.7.
- 12 **SECTION 3. REPEAL.** Section 57-38-01.27 of the North Dakota Century Code is repealed.
- 13 **SECTION 4. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
- 14 December 31, 2016.