

**HOUSE BILL NO. 1406**

Introduced by

Representatives J. Nelson, Hager, Sanford, Schreiber-Beck

Senators Dever, Heckaman, Poolman

1 A BILL for an Act to amend and reenact section 57-38-01.16 of the North Dakota Century Code,  
2 relating to an income tax credit for the employment of individuals with developmental disabilities  
3 or chronically mentally ill persons; and to provide an effective date.

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

5 **SECTION 1. AMENDMENT.** Section 57-38-01.16 of the North Dakota Century Code is  
6 amended and reenacted as follows:

7 **57-38-01.16. Income tax credit for employment of individuals with developmental**  
8 **disabilities or chronically mentally ill persons.**

9 1. A taxpayer filing an income tax return under this chapter may claim a credit against the  
10 tax liability imposed under section 57-38-30 for a portion of the wages paid to an  
11 employee with a developmental disability or a chronically mentally ill employee.

12 2. The credit allowed under this section equals five:

13 a. Five percent of up to six thousand dollars in wages paid during the first twelve  
14 months of employment by the taxpayer for each employee with a developmental  
15 disability or chronically mentally ill employee of the taxpayer; or

16 b. Twenty-five percent of up to six thousand dollars in wages paid annually by the  
17 taxpayer for each employee with a developmental disability or chronically  
18 mentally ill employee of the taxpayer, if the department of human services'  
19 vocational rehabilitation division certifies the employee does not otherwise have  
20 reasonable prospects for competitive employment.

21 3. Only wages actually paid during the taxpayer's taxable year may be considered for  
22 purposes of this section. An employee of a subcontractor is considered an employee  
23 of the contractor to the extent of any wages paid under the contract.

1        4.    The total of credits allowed under this section may not exceed fifty percent of the  
2            taxpayer's liability under this chapter.

3        **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable years beginning after  
4        December 31, 2018.