

**HOUSE BILL NO. 1106**

Introduced by

Finance and Taxation Committee

(At the request of the Tax Commissioner)

1 A BILL for an Act to amend and reenact subsection 14 of section 57-01-02 and subdivision q of  
2 subsection 1 of section 57-38-01.2 of the North Dakota Century Code, relating to the elimination  
3 of obsolete or incorrect references in the income tax laws relating to offers in compromise and  
4 the Myron G. Nelson Fund, Incorporated; and to repeal subdivision p of subsection 1 of section  
5 57-38-01.2 and subdivision h of subsection 1 of section 57-38-01.3 of the North Dakota Century  
6 Code, relating to obsolete income tax law references to the Myron G. Nelson Fund,  
7 Incorporated.

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

9 **SECTION 1. AMENDMENT.** Subsection 14 of section 57-01-02 of the 1997  
10 Supplement to the North Dakota Century Code is amended and reenacted as follows:

11 14. May waive, upon a showing of good cause, any and all tax due. A lien must have  
12 been filed against the debtor's property prior to the request for a waiver. The  
13 attorney general shall approve the waiver. Notwithstanding the provisions of this  
14 section, if a debtor and the internal revenue service enter into an offer ~~and in~~  
15 compromise pursuant to section 7122 of the Internal Revenue Code [26 U.S.C.  
16 7122], as amended, the tax commissioner may reduce a debtor's individual income  
17 tax liability. However, if the federal offer ~~and in~~ compromise, for any reason, is  
18 subsequently declared void by the internal revenue service, the debtor is liable for  
19 the original amount of tax due.

20 **SECTION 2. AMENDMENT.** Subdivision q of subsection 1 of section 57-38-01.2 of the  
21 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

22 q. Reduced by the amount, up to a maximum of five thousand dollars for any  
23 person or ten thousand dollars if a joint return is filed, of investment made  
24 after January 1, 1989, in ~~either~~ a venture capital corporation organized

1                   pursuant to chapter 10-30.1 ~~or in the Myron G. Nelson Fund, Incorporated, or~~  
2                   ~~a separate legal entity such as a limited partnership or limited liability~~  
3                   ~~company created by the Myron G. Nelson Fund, Incorporated, as an affiliate,~~  
4                   ~~which entities are organized pursuant to chapter 10-30.2.~~ This deduction may  
5                   only be taken in the tax year in which the taxpayer qualifies for a credit  
6                   pursuant to chapter 10-30.1 ~~or 10-30.2.~~ However, a taxpayer that makes an  
7                   investment in a venture capital corporation on or after July 1, 1989, is only  
8                   entitled to a deduction if the venture capital corporation uses the funds it  
9                   receives from the taxpayer to invest or provide financing to qualified entities,  
10                  which entities do not include a business or an affiliate of a business that owns  
11                  tax-exempt securities.

12                  **SECTION 3. REPEAL.** Subdivision p of subsection 1 of section 57-38-01.2 and  
13                  subdivision h of subsection 1 of section 57-38-01.3 of the 1997 Supplement to the North Dakota  
14                  Century Code are repealed.