

Introduced by

Senators Lee, Klein

Representatives Berg, Clark, Pietsch

1 A BILL for an Act to create and enact a new subdivision to subsection 1 of section 57-38-01.3  
2 of the North Dakota Century Code, relating to a corporate income tax deduction for research  
3 and development expenditures at a certified research and development center in this state; and  
4 to provide an effective date.

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

6 **SECTION 1.** A new subdivision to subsection 1 of section 57-38-01.3 of the North  
7 Dakota Century Code is created and enacted as follows:

8 Reduced by qualified research and development costs of a product produced  
9 in this state. Twenty percent of this deduction is available in each of the first  
10 five taxable years of sales of the product by the corporation. For purposes of  
11 this section:

12 (1) "Qualified research and development costs" means expenditures by the  
13 corporation for research and development performed at a certified  
14 research and development center for a product that has been approved  
15 by the department of economic development and finance as a product  
16 that has potential to have a net long-term positive fiscal effect for state  
17 general fund revenues and as a product that incorporates innovative  
18 technology.

19 (2) "Research and development center" means a research and  
20 development facility located in this state that has been certified by the  
21 department of economic development and finance to conduct research  
22 necessary to create, develop, and bring products incorporating  
23 innovative technology to market.

1                           (3) Any expenditure for which a deduction is claimed under this subdivision  
2   is not eligible for the tax credit under section 57-38-30.5.

3                   **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable years beginning after  
4   December 31, 2000.