

**HOUSE BILL NO. 1215**

Introduced by

Representatives Owens, Dockter, Haak, Sanford, Silbernagel, Trottier, Weisz

Senators Armstrong, J. Lee, Poolman, Rust, Sorvaag

1 A BILL ~~for an Act to amend and reenact section 57-38-01.20 of the North Dakota Century Code,~~  
2 ~~relating to expanding the income tax credit for expenses of caring for certain family members;~~  
3 ~~and to provide an effective date.~~ for an Act to provide for a legislative management study of  
4 individual income tax credits available for qualified care expenses paid for the care of a  
5 qualifying family member.

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

7 ~~— **SECTION 1. AMENDMENT.** Section 57-38-01.20 of the North Dakota Century Code is~~  
8 ~~amended and reenacted as follows:~~

9 ~~— **57-38-01.20. Credit for expenses of caring for certain family members.**~~

10 ~~— 1. An individual is entitled to a credit against the tax imposed under section 57-38-30.3 in~~  
11 ~~the amount of qualified care expenses under this section paid by the individual for the~~  
12 ~~care of a qualifying family member during the taxable year.~~

13 ~~— 2. A qualifying family member is an individual who has taxable income of twentyfour~~  
14 ~~thousand dollars or less or a married individual with taxable income of thirty-fivesixty~~  
15 ~~thousand dollars or less, including that of the individual's spouse, for the taxable year.~~  
16 ~~A qualifying family member must be related to the taxpayer by blood or marriage and~~  
17 ~~either sixty-five years of age or older or is disabled as defined under title XVI of the~~  
18 ~~federal Social Security Act.~~

19 ~~— 3. a. Qualified care expenses include payments by the taxpayer for home health~~  
20 ~~agency services, companionship services, personal care attendant services,~~  
21 ~~homemaker services, adult day care, respite care, and other expenses that are~~  
22 ~~deductible medical expenses under the Internal Revenue Code. A qualified care~~  
23 ~~expense must be:~~

- 1 ~~\_\_\_\_\_ (1) Provided to or for the benefit of the qualifying family member or to assist the~~  
2 ~~taxpayer in caring for the qualifying family member;~~
- 3 ~~\_\_\_\_\_ (2) Provided by an organization or individual not related to the taxpayer or the~~  
4 ~~qualifying family member; and~~
- 5 ~~\_\_\_\_\_ (3) Not compensated for by insurance or federal or state assistance programs.~~
- 6 ~~\_\_\_\_\_ b. For purposes of this subsection, "companionship services" means services that~~  
7 ~~provide fellowship, care, and protection for individuals who, because of advanced~~  
8 ~~age or physical or mental disabilities, cannot care for their own needs. Those~~  
9 ~~services may include household work related to the care of the aged or disabled~~  
10 ~~person, including meal preparation, bed making, washing of clothes, and other~~  
11 ~~similar services, and may include the performance of general household work if~~  
12 ~~that work does not exceed twenty percent of the total weekly hours worked.~~  
13 ~~"Companionship services" does not include services relating to the care and~~  
14 ~~protection of the aged or disabled which require and are performed by trained~~  
15 ~~personnel, including a registered or practical nurse, and does not include~~  
16 ~~services of individuals who provide care and protection for infants and young~~  
17 ~~children who are not physically or mentally disabled.~~
- 18 ~~\_\_\_\_\_ 4. The percentage amount of credit allowable under this section is:~~
- 19 ~~\_\_\_\_\_ a. For a taxpayer whose taxable income does not exceed twenty-fiveforty thousand~~  
20 ~~dollars, or thirty-fivesixty thousand dollars for a joint return, thirtyfifty percent of~~  
21 ~~qualified elderly care expenses; or~~
- 22 ~~\_\_\_\_\_ b. For a taxpayer whose taxable income exceeds twenty-fiveforty thousand dollars,~~  
23 ~~or thirty-fivesixty thousand dollars for a joint return, the greater of: thirty percent of~~  
24 ~~qualified elderly care expenses~~
- 25 ~~\_\_\_\_\_ (1) Twenty percent of qualified elderly care expenses; or~~
- 26 ~~\_\_\_\_\_ (2) Thirty percent of qualified elderly care expenses, minus one percent of~~  
27 ~~those expenses for each two thousand dollars or fraction of two thousand~~  
28 ~~dollars by which the taxable income of the taxpayer for the taxable year~~  
29 ~~exceeds twenty-five thousand dollars, or thirty-five thousand dollars for a~~  
30 ~~joint return.~~
- 31 ~~\_\_\_\_\_ 5. The dollar amount of credit allowable under this section is:~~

1 ~~———— a. — Reduced by one dollar for each dollar of the taxable income over fifty thousand-~~  
2  ~~dollars for a taxpayer whose taxable income exceeds fifty thousand dollars, or for~~  
3  ~~a joint return, reduced by one dollar for each dollar of the taxable income over~~  
4  ~~seventy thousand dollars for taxpayers whose taxable income exceeds seventy-~~  
5  ~~thousand dollars; and~~

6 ~~———— b. — Limited to two thousand dollars per qualifying family member in a taxable year~~  
7  ~~and to four thousand dollars total for two or more qualifying family members in a~~  
8  ~~taxable year.~~

9 ~~—— 6. — A deduction or credit is not allowed under any other provision of this chapter with~~  
10  ~~respect to any amount for which a credit is allowed under this section. The credit~~  
11  ~~allowed under this section may not be claimed as a carryback or carryforward for up to~~  
12  ~~three taxable years and may not be refunded if the taxpayer has no tax liability.~~

13 ~~—— 7.6. — In the case of a married individual filing a separate return, the income limit and~~  
14  ~~percentage amount of credit under subsection 4 and the dollar amount of credit under~~  
15  ~~subsection 5 are is limited to one-half of the amounts indicated in those~~  
16  ~~subsections subsection 4.~~

17 ~~—— **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable years beginning after~~  
18  ~~December 31, 2014.~~

19 **SECTION 1. LEGISLATIVE MANAGEMENT STUDY - TAX CREDIT FOR CARE OF**  
20 **FAMILY MEMBER.** During the 2015-16 interim, the legislative management shall consider  
21 studying individual income tax credits available for qualified care expenses paid for the care of a  
22 qualifying family member. The study, if conducted, must determine whether the credit provides  
23 adequate incentives for individuals to provide care for those who cannot care for their own  
24 needs and the degree that care provided by individuals reduces the cost of state and local  
25 funding for care services. The legislative management shall report its findings and  
26 recommendations, together with any legislation required to implement the recommendations, to  
27 the sixty-fifth legislative assembly.