

Introduced by

Legislative Management

(Political Subdivision Taxation Committee)

1 A BILL for an Act to amend and reenact section 10-33-124 of the North Dakota Century Code,
2 relating to the certified nonprofit development corporation investment tax credit; to repeal
3 section 57-38-01.17 of the North Dakota Century Code, relating to the certified nonprofit
4 development corporation investment tax credit; and to provide an effective date.

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

6 **SECTION 1. AMENDMENT.** Section 10-33-124 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **10-33-124. Certified nonprofit development corporation - Application ~~Income tax~~**
9 **credit.**

10 1. For the purposes of this section:

11 a. "Certified nonprofit development corporation" means a corporation organized
12 under this chapter which meets the following requirements:

13 (1) Is certified by the secretary of state under this section;

14 (2) Invests a majority of its funds in primary sector businesses; and

15 (3) No part of the income is distributable to its members, directors, or officers.

16 b. "Primary sector business" means an individual, corporation, limited liability
17 company, partnership, or association that, through a process employing
18 knowledge and labor, adds value to a product produced for resale.

19 2. A corporation may apply to the secretary of state to become a certified nonprofit
20 development corporation by submitting an application executed by an officer of the
21 corporation containing:

22 a. The name of the corporation and the address of its principal executive office;

23 b. The names and addresses of the officers and directors of the corporation; and

- 1 c. A statement that the corporation has adopted a resolution to invest a majority of
2 membership payments, dues, or contributions received in primary sector
3 businesses. A copy of the resolution must be submitted with the application to the
4 secretary of state together with the fees provided in section 10-33-140.
- 5 3. Upon receipt by the secretary of state of the completed application and fee, the
6 secretary of state shall certify the applicant as a certified nonprofit development
7 corporation.
- 8 4. ~~a. A corporation that buys membership in, or pays dues or contributes to, a~~
9 ~~nonprofit development corporation is entitled to an income tax credit against the~~
10 ~~tax liability under section 57-38-30 equal to twenty five percent of the amount~~
11 ~~paid.~~
- 12 ~~b. This credit may not be claimed by a corporation that is recognized as a~~
13 ~~subchapter S corporation under section 57-38-01.4.~~
- 14 ~~c. No taxpayer is entitled to more than two thousand dollars in total income tax~~
15 ~~credits under this section.~~
- 16 ~~d. The amount of the credit under this section in excess of the taxpayer's income~~
17 ~~tax liability may be carried forward for up to seven taxable years.~~
- 18 5. ~~a. Within thirty days of the date on which a taxpayer buys membership in, or pays~~
19 ~~dues or contributes to, a certified nonprofit development corporation, the certified~~
20 ~~nonprofit development corporation must complete and file with the tax~~
21 ~~commissioner a form prescribed by the tax commissioner setting forth:~~
- 22 ~~(1) The name, address, and social security number or federal employer~~
23 ~~identification number of the taxpayer making the payment;~~
- 24 ~~(2) The dollar amount paid by the taxpayer;~~
- 25 ~~(3) The date the certified nonprofit development corporation received the~~
26 ~~payment from the taxpayer;~~
- 27 ~~(4) The name, address, and federal employer identification number of the~~
28 ~~certified nonprofit development corporation; and~~
- 29 ~~(5) The signature and title of an officer authorized to act on behalf of the~~
30 ~~corporation.~~

1 b. ~~Two copies of this form must be provided to the taxpayer. To receive the credit,~~
2 ~~the taxpayer must attach one copy of the form to the taxpayer's income tax~~
3 ~~return.~~

4 **SECTION 2. REPEAL.** Section 57-38-01.17 of the North Dakota Century Code is repealed.

5 **SECTION 3. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
6 December 31, 2016.