

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 ~~e. 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.