

SENATE BILL NO. 2294

Introduced by

Senator Grindberg

Representative Berg

1 A BILL for an Act to create and enact a new section to chapter 57-38 and a new subsection to
2 section 57-38-30.3 of the North Dakota Century Code, relating to a corporate and individual
3 income tax credit for fees paid to the small business administration for guaranteed financing;
4 and to provide an effective date.

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

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

8 **Small business tax credit.**

- 9 1. A taxpayer is entitled to a credit against tax liability as determined under section
10 57-38-29, 57-38-30, or 57-38-30.3 as determined under this section.
- 11 2. A small business formed under the laws of this state and operating within this state
12 is entitled to a credit equal to the amount paid by the business to the United States
13 small business administration as a guaranty fee to obtain small business
14 administration guaranteed financing through the small business administration 504
15 loan program. The credit is available only in the taxable year in which the fee was
16 paid and may be claimed only by the small business that is the primary obligor in
17 the financing transaction and which actually paid the fee. The credit may not
18 exceed the taxpayer's tax liability under this chapter and may not be carried back
19 or forward.
- 20 3. For purposes of this section, "small business" means a corporation, partnership,
21 sole proprietorship, or other business entity qualifying as a small business under
22 title 13, Code of Federal Regulations, part 121.
- 23 4. A partnership, subchapter S corporation, limited partnership, limited liability
24 company, or any other passthrough entity that qualifies for a credit under this

1 section must determine allocation of the credit at the passthrough entity level. The
2 amount of the credit determined at the passthrough entity level must be passed
3 through to the individuals, estates, or trusts that are partners, shareholders, or
4 members in proportion to their respective interests in the passthrough entity.

5 **SECTION 2.** A new subsection to section 57-38-30.3 of the North Dakota Century Code
6 is created and enacted as follows:

7 A taxpayer filing a return under this section is entitled to the credit provided under
8 section 1 of this Act.

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