

Sixtieth
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1141

Introduced by

Representatives Owens, Dahl, Dietrich, Koppelman

Senators Hacker, Wardner

1 A BILL for an Act to create and enact a new subdivision to subsection 1 of section 57-38-01.2, a
2 new subdivision to subsection 1 of section 57-38-01.3, and a new subdivision to subsection 2 of
3 section 57-38-30.3 of the North Dakota Century Code, relating to an individual and corporate
4 income tax deduction for income from small business activity in this state; and to provide an
5 effective date.

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

7 **SECTION 1.** A new subdivision to subsection 1 of section 57-38-01.2 of the North
8 Dakota Century Code is created and enacted as follows:

9 Reduced by up to two hundred fifty thousand dollars of the taxable income of
10 the small business attributable to sources in this state. For purposes of this
11 subdivision, "small business" means a business that:

- 12 (1) Through a process employing knowledge and labor adds value to a
13 product for resale;
14 (2) Has its principal office in this state and primarily does business within
15 this state;
16 (3) Has twenty-five or fewer employees or less than two million five
17 hundred thousand dollars gross revenue for the taxable year;
18 (4) Is independently owned and operated; and
19 (5) Is not engaged in farming, ranching, or dairy cattle operations.

20 **SECTION 2.** A new subdivision to subsection 1 of section 57-38-01.3 of the North
21 Dakota Century Code is created and enacted as follows:

22 Reduced by up to two hundred fifty thousand dollars of the taxable income of
23 the small business attributable to sources in this state. For purposes of this
24 subdivision, "small business" means a business that:

- (1) Through a process employing knowledge and labor adds value to a product for resale;
- (2) Has its principal office in this state and primarily does business within this state;
- (3) Has twenty-five or fewer employees or less than two million five hundred thousand dollars gross revenue for the taxable year;
- (4) Is independently owned and operated; and
- (5) Is not engaged in farming, ranching, or dairy cattle operations.

SECTION 3. A new subdivision to subsection 2 of section 57-38-30.3 of the North Dakota Century Code is created and enacted as follows:

Reduced by up to two hundred fifty thousand dollars of the taxable income of the small business attributable to sources in this state. For purposes of this subdivision, "small business" means a business that:

- (1) Through a process employing knowledge and labor adds value to a product for resale;
- (2) Has its principal office in this state and primarily does business within this state;
- (3) Has twenty-five or fewer employees or less than two million five hundred thousand dollars gross revenue for the taxable year;
- (4) Is independently owned and operated; and
- (5) Is not engaged in farming, ranching, or dairy cattle operations.

SECTION 4. EFFECTIVE DATE. This Act is effective for taxable years beginning after December 31, 2006.