

Sixtieth
Legislative Assembly
of North Dakota

SENATE BILL NO. 2215

Introduced by

Senators Fiebiger, Bakke, Oehlke

Representative S. Kelsh

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 an income tax credit for
3 dependent care expenses; and to provide an effective date.

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

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

7 **Dependent care credit.** A taxpayer is entitled to a tax credit against tax liability as
8 determined under section 57-38-29 or 57-38-30.3 based on a percentage of the federal
9 dependent care credit, to which the taxpayer was entitled for dependent care expenses incurred
10 to enable the taxpayer to be gainfully employed in this state, under section 21 of the Internal
11 Revenue Code [26 U.S.C. 21] for the same taxable year, without regard to whether the
12 taxpayer claimed that federal income tax credit. The applicable percentage of the federal credit
13 to be allowed as a credit under this section is:

- 14 1. Fifty percent, if the taxpayer's adjusted gross income is less than twenty-five
15 thousand dollars.
16 2. Thirty percent, if the taxpayer's adjusted gross income is twenty-five thousand
17 dollars or more but less than thirty-five thousand dollars.
18 3. Twenty percent, if the taxpayer's adjusted gross income is thirty-five thousand
19 dollars or more but not more than sixty thousand dollars.

20 For purposes of this section, the "taxpayer's adjusted gross income" means adjusted
21 gross income as determined for purposes of section 21 of the Internal Revenue Code. The
22 dollar amounts in subsections 1 through 3 apply for married persons filing a joint return and
23 must be reduced by fifty percent for a married person filing a separate return and reduced by
24 thirty-two percent for a person filing a single return. A taxpayer claiming the credit under this

1 section must use the same filing status as was used for the taxpayer's federal income tax
2 return.

3 The credit under this section may not exceed the taxpayer's tax liability for the taxable
4 year.

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

9 **SECTION 3. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
10 December 31, 2006.