

Sixtieth
Legislative Assembly
of North Dakota

SENATE BILL NO. 2245

Introduced by

Senators Heitkamp, Cook, Tollefson

Representatives DeKrey, Martinson, Schneider

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 higher
3 education costs; 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 **Higher education credit.** A taxpayer is entitled to a credit against tax liability
8 determined under section 57-38-29 or 57-38-30.3 in the amount of fifteen percent of the
9 combined amount of the Hope scholarship credit and lifetime learning credit for which the
10 taxpayer is eligible on the taxpayer's federal income return for the taxable year.

11 The amount of the credit under this section is increased to twenty percent if the
12 taxpayer or the dependent of the taxpayer for whom the higher education expenses are allowed
13 as a credit is a member of the National Guard or a reserve member of the armed forces of the
14 United States who was called to active federal military service under title ten of the United
15 States Code and who completed honorable and faithful service of more than thirty days on that
16 active duty during the taxable year and who was a resident of North Dakota at the time of that
17 service.

18 Before applying the percentage of the credit allowed under this section, the amount of
19 the federal credit for which the taxpayer is eligible must be multiplied by a percentage
20 determined by dividing the taxpayer's North Dakota taxable income by the taxpayer's federal
21 taxable income.

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

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

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