

Sixty-first  
Legislative Assembly  
of North Dakota

## HOUSE BILL NO. 1085

Introduced by

Finance and Taxation Committee

(At the request of the Tax Commissioner)

1 A BILL for an Act to amend and reenact section 57-38-01.24 and subsection 2 of section  
2 57-38-01.25 of the North Dakota Century Code, relating to an income tax employment tax credit  
3 for employment of apprentices and the workforce recruitment income tax credit; and to provide  
4 an effective date.

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

6 **SECTION 1. AMENDMENT.** Section 57-38-01.24 of the North Dakota Century Code is  
7 amended and reenacted as follows:

8 **57-38-01.24. Internship and apprenticeship employment tax credit.**

- 9 1. A taxpayer that is an employer within this state is entitled to a credit as determined  
10 under this section against state income tax liability under section 57-38-29,  
11 57-38-30, or 57-38-30.3 for qualified compensation paid to an intern or apprentice  
12 employed in this state by the taxpayer.
- 13 2. To qualify for the credit under this section, the internship program must meet the  
14 following qualifications:
- 15 a. The intern must be an enrolled student in an institution of higher education or  
16 vocational technical education program who is seeking a degree or a  
17 certification of completion in a major field of study closely related to the work  
18 experience performed for the taxpayer; ~~and~~
- 19 b. The internship must be taken for academic credit or count toward the  
20 completion of a vocational technical education program; ~~and~~
- 21 c. The intern must be supervised and evaluated by the taxpayer; ~~and~~
- 22 d. The internship position must be located in this state.
- 23 3. To qualify for the credit under this section, the apprenticeship program must meet  
24 the following qualifications:

- a. The apprentice must be a worker at least sixteen years of age, except when a higher minimum age standard is otherwise fixed by law, who is employed to learn a skilled trade.
- b. The apprenticeship position must be in a skilled trade that possesses all of the following characteristics:
  - (1) It is customarily learned in a practical way through a structured systematic program of on-the-job supervised training;
  - (2) It is clearly identified and commonly recognized throughout an industry;
  - (3) It involves manual, mechanical, or technical skills and knowledge which require a minimum of two thousand hours of on-the-job work experience; and
  - (4) It requires related instruction to supplement the on-the-job training.
- c. The apprentice must be supervised and evaluated by the taxpayer.
- d. The apprenticeship position must be located in this state.
- e. The apprenticeship program must be registered with the office of apprenticeship for the United States department of labor.

~~2.~~ 4. The amount of the credit to which a taxpayer is entitled is ten percent of the stipend or salary paid to a college intern or apprentice employed by the taxpayer. A taxpayer may not receive more than three thousand dollars in total credits under this section for all taxable years combined.

- a. The tax credit under this section applies to a stipend or salary for not more than five interns or apprentices employed at the same time.
- b. A partnership, subchapter S corporation, or limited liability company that for tax purposes is treated like a partnership that is entitled to the credit under this section must be considered to be the taxpayer for purposes of calculating the credit. The amount of the allowable credit must be determined at the passthrough entity level. The total credit determined at the entity level must be passed through to the partners, shareholders, or members in proportion to their respective interests in the passthrough entity.

**SECTION 2. AMENDMENT.** Subsection 2 of section 57-38-01.25 of the North Dakota Century Code is amended and reenacted as follows:

2. For purposes of this section:

a. "Extraordinary recruitment methods" means using ~~at~~ one or more of the following:

(1) A person with the exclusive business purpose of recruiting employees and for which a fee is charged by that recruiter.

(2) An advertisement in a professional trade journal, magazine, or other publication, the main emphasis of which is providing information to a particular trade or profession.

(3) A web site, the sole purpose of which is to recruit employees and for which a fee is charged by the web site.

(4) Payment of a signing bonus, moving expenses, or nontypical fringe benefits.

b. "Hard-to-fill employment position" means a job that requires the employer to use extraordinary recruitment methods and for which the employer's recruitment efforts for the specific position have been unsuccessful for six consecutive calendar months.

c. "State average wage" means one hundred twenty-five percent of the state average wage published annually by job service North Dakota and which is in effect at the time the employee is hired.

**SECTION 3. EFFECTIVE DATE.** This Act is effective for taxable years beginning after December 31, 2008.