

Sixty-first
Legislative Assembly
of North Dakota

SENATE BILL NO.

Introduced by

Senator Horne

1 A BILL for an Act to create and enact a new section to chapter 57-38 and a new subdivision to
2 subsection 7 of section 57-38-30.3 of the North Dakota Century Code, relating to an income tax
3 credit for 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 that the taxpayer claimed for dependent care expenses incurred to
10 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. The applicable percentage of the
12 federal credit to be allowed as a credit under this section is:

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

19 For purposes of this section, the "taxpayer's adjusted gross income" means adjusted
20 gross income as determined for purposes of section 21 of the Internal Revenue Code. The
21 dollar amounts in subsections 1 through 3 apply for married persons filing a joint return and
22 must be reduced by fifty percent for a married person filing a separate return and reduced by
23 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 subdivision to subsection 7 of section 57-38-30.3 of the North
6 Dakota Century Code is created and enacted as follows:

7 Dependent care credit under section 1 of this Act.

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