

Sixty-first
Legislative Assembly
of North Dakota

HOUSE BILL NO.

Introduced by

Representatives Boucher, Kroeber, Onstad

(Approved by the Delayed Bills Committee)

1 A BILL for an Act to create and enact a new section to chapter 57-38 of the North Dakota
2 Century Code, relating to an income tax surtax on excess compensation of executives of
3 nonprofit entities; and to provide and 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 **Excess compensation of executives of nonprofit entities surtax.**

8 1. For purposes of this section:

9 a. "Compensation" means any payment or benefit to an officer, director, trustee,
10 key employee, and highly compensated employee of a nonprofit entity
11 reportable as compensation on schedule J of internal revenue service
12 form 990.

13 b. "Nonprofit entity" includes any entity incorporated as a nonprofit entity in
14 another state or in North Dakota.

15 c. "Nonprofit executive" includes any individual whose compensation is reported
16 on schedule J of internal revenue service form 990.

17 2. A nonprofit executive who receives compensation during a taxable year from a
18 nonprofit entity exceeding one million dollars is subject to the tax as otherwise
19 determined under this chapter or the tax determined under subsection 3, whichever
20 is greater.

21 3. Executive excess income of a nonprofit executive is subject to a surtax of seventy
22 percent.

23 **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
24 December 31, 2008.