

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 excessive compensation of executives of
3 nonprofit entities; 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 **Excessive compensation of executives of nonprofit entities surtax.**

8 1. For purposes of this section:

9 a. "Compensation" means any payment or benefit provided by a nonprofit entity
10 to a nonprofit executive of the nonprofit entity which is reportable as
11 compensation on schedule J of internal revenue service form 990, minus any
12 federal income taxes payable on that compensation and subject to any
13 adjustments under this chapter applicable to a return under section 57-38-29
14 or 57-38-30.3.

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

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

19 2. Taxable income consisting of compensation of a nonprofit executive exceeding one
20 million dollars received during a taxable year from a nonprofit entity is subject to a
21 surtax of seventy percent in lieu of the taxes on that taxable income determined
22 under section 57-38-29 or 57-38-30.3.

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