

Sixty-first  
Legislative Assembly  
of North Dakota

**SENATE BILL NO.**

Introduced by

Senator Schneider

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 a corporate  
3 and individual income tax credit equal to salary and benefits paid by an employer to an  
4 employee called to active military duty as a member of a reserve or national guard component;  
5 and to provide an effective date.

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

7 **SECTION 1.** A new section to chapter 57-38 of the North Dakota Century Code is  
8 created and enacted as follows:

9 **Employer income tax credit for salary and benefits for employee called to active**  
10 **military duty.** A taxpayer who is an employer is entitled to a credit against tax liability as  
11 determined under section 57-38-29, 57-38-30, or 57-38-30.3 in the amount of salary and related  
12 benefits paid to any employee of the taxpayer during the period the employee is called to active  
13 military duty as a member of a reserve or national guard component. The tax credit amount is  
14 equal to one hundred percent of the amount of such salary and related benefits paid. The  
15 amount of the tax credit may not exceed the amount of the taxpayer's state tax liability for the  
16 tax year. The cumulative amount of tax credits which may be issued under this section in any  
17 one taxable year shall not exceed five hundred thousand dollars.

18 The tax commissioner shall establish a procedure by which, from the beginning of the  
19 taxable year until some point in time later in the taxable year to be determined by the  
20 commissioner, the cumulative amount of tax credits are equally apportioned among all  
21 taxpayers qualifying for the credit. If a taxpayer fails to use all, or some percentage to be  
22 determined by the tax commissioner, of its apportioned tax credits during this predetermined  
23 period of time, the tax commissioner may reapportion these unused tax credits to those  
24 taxpayers that have used all, or some percentage to be determined by the commissioner, of

1 their apportioned tax credits during this predetermined period of time. The tax commissioner  
2 may establish more than one period of time and reapportion more than once during each  
3 taxable year. To the maximum extent possible, the tax commissioner shall establish the  
4 procedure described in this subsection in such a manner as to ensure that taxpayers can claim  
5 all the tax credits possible up to the cumulative amount of tax credits available for the fiscal  
6 year.

7       **SECTION 2.** A new subdivision to subsection 7 of section 57-38-30.3 of the North  
8 Dakota Century Code is created and enacted as follows:

9               Employer credit for salary and benefits of deployed employees under  
10              section 1 of this Act.

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