

Sixty-first
Legislative Assembly
of North Dakota

Introduced by

(At the request of the Office of State 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 employment tax credit for
3 employment of apprentices and the workforce recruitment tax credit; and to provide an effective
4 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. ~~To qualify for the credit under this section,~~
13 ~~the internship program must meet the following qualifications:~~

14 2. To qualify for the credit under this section, the internship program must meet the
15 following qualifications:

- 16 a. The intern must be an enrolled student in an institution of higher education or
17 vocational technical education program who is seeking a degree or a
18 certification of completion in a major field of study closely related to the work
19 experience performed for the taxpayer; and
20 b. The internship must be taken for academic credit or count toward the
21 completion of a vocational technical education program; and
22 c. The intern must be supervised and evaluated by the taxpayer; ~~and~~
23 d. The internship position must be located in this state.

1 3. To qualify for the credit under this section, the apprenticeship program must meet
2 the following qualifications:

3 a. The apprentice must be a worker at least sixteen years of age, except where
4 a higher minimum age standard is otherwise fixed by law, who is employed to
5 learn a skilled trade.

6 b. The apprenticeship position must be in a skilled trade which possesses all of
7 the following characteristics:

8 (1) It is customarily learned in a practical way through a structured
9 systematic program of on-the-job supervised training;

10 (2) It is clearly identified and commonly recognized throughout an industry;

11 (3) It involves manual, mechanical, or technical skills and knowledge which
12 require a minimum of two thousand hours of on-the-job work
13 experience; and

14 (4) It requires related instruction to supplement the on-the-job training.

15 c. The apprentice must be supervised and evaluated by the taxpayer.

16 d. The apprenticeship position must be located in this state.

17 e. The apprenticeship program must be registered with the office of
18 apprenticeship for the United States department of labor.

19 ~~2-4.~~ The amount of the credit to which a taxpayer is entitled is ten percent of the stipend
20 or salary paid to a college intern or apprentice employed by the taxpayer. A
21 taxpayer may not receive more than three thousand dollars in total credits under
22 this section for all taxable years combined.

23 a. The tax credit under this section applies to a stipend or salary for not more
24 than five interns or apprentices employed at the same time.

25 b. A partnership, subchapter S corporation, or limited liability company that for
26 tax purposes is treated like a partnership that is entitled to the credit under
27 this section must be considered to be the taxpayer for purposes of calculating
28 the credit. The amount of the allowable credit must be determined at the
29 passthrough entity level. The total credit determined at the entity level must
30 be passed through to the partners, shareholders, or members in proportion to
31 their respective interests in the passthrough entity.

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

3 2. For purposes of this section:

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

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

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

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

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

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

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

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