

SENATE BILL NO. 2260

Introduced by

Senators Triplett, Mathern, Taylor

Representatives Gruchalla, Guggisberg, J. Kelsh

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 equal to a portion of a taxpayer's federal earned income credit; and to provide an effective
4 date.

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

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

8 **Earned income credit.**

- 9 1. A resident taxpayer is entitled to a credit against tax liability as determined under
10 section 57-38-30.3 in the amount of ten percent of the amount of the earned income
11 credit claimed against that taxpayer's federal income tax liability under section 32 of
12 the Internal Revenue Code for the taxable year in which the credit was claimed
13 against the taxpayer's federal income tax liability. The credit under this section must be
14 allowed against the taxes imposed by this chapter for the taxable year after reduction
15 by the credits permitted by this chapter. If the amount of the credit claimed under this
16 section exceeds the taxpayer's income tax liability under this chapter, the excess
17 amount must be refunded to the taxpayer.
- 18 2. For a part-year resident, the credit under this section must be adjusted based on the
19 percentage calculated under subdivision f of subsection 1 of section 57-38-30.3.
- 20 3. On an annual basis, the tax commissioner shall alert those resident taxpayers who
21 may be eligible to receive the credit provided under this section as to the taxpayer's
22 potential eligibility. In making the determination of whether a taxpayer may be eligible
23 for the credit, the commissioner shall use such data as may be appropriate and
24 available, including data available from the United States department of the treasury.

1 the internal revenue service, and state income tax returns. The tax commissioner shall
2 include in the notification to potentially eligible taxpayers an application that the eligible
3 taxpayer may use to determine eligibility and apply for the earned income credit under
4 this section. The tax commissioner may require the eligible taxpayer to file a state
5 income tax return to qualify for the earned income credit.

6 4. On a date agreed to by the tax commissioner and the department of human services,
7 the tax commissioner shall provide to the department of human services information
8 regarding the total aggregate expenditures from the state general fund for the
9 refundable portion of the credit under this section. The department of human services
10 may apply the determined expenditures from the state general fund under this section
11 to count as temporary assistance for needy families block grant maintenance of effort
12 requirement to the extent permitted by federal law.

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

15 Earned income credit under section 1 of this Act.

16 **SECTION 3. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
17 December 31, 2010.