

**FIRST ENGROSSMENT
with House Amendments
ENGROSSED SENATE BILL NO. 2331**

Introduced by

Senators Mathern, Oehlke, Robinson

Representatives Guggisberg, Hogan

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 for employment of individuals with disabilities; 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 created
6 and enacted as follows:

7 **Tax credit for employment of individuals with disabilities.**

8 1. As used in this section, "individual with disabilities" means an individual:

- 9 a. Who has severe physical or mental impairments that seriously limit the
10 individual's functional capacity, including mobility, communication, self-care,
11 self-direction, interpersonal skills, work tolerance, or work skills in terms of an
12 employment outcome; and
- 13 b. Who has one or more physical or mental disabilities resulting from amputation,
14 arthritis, blindness, burn injury, cancer, cerebral palsy, cystic fibrosis, deafness,
15 head injury, heart disease, hemiplegia, hemophilia, respiratory or pulmonary
16 dysfunction, intellectual disability, mental illness, multiple sclerosis, muscular
17 dystrophy, musculoskeletal disorders, neurological disorders (including stroke
18 and epilepsy), paraplegia, quadriplegia and other spinal cord conditions, sickle
19 cell anemia, specific learning disability, end-stage renal disease, or another
20 disability or combination of disabilities determined on the basis of an assessment
21 for determining eligibility and vocational rehabilitation needs to cause comparable
22 substantial functional limitations.

23 2. A taxpayer who is an employer in this state is entitled to a tax credit as determined
24 under this section against state income tax liability under section 57-38-30 or

1 57-38-30.3 for the employment of an individual with disabilities. The amount of the
2 credit to which a taxpayer is entitled is fifty percent of up to five thousand dollars of
3 wages paid in the first year, thirty percent of up to five thousand dollars of wages paid
4 in the second year, and ten percent of up to five thousand dollars of wages paid in the
5 third year of employment to the newly hired individual with disabilities. The tax credit
6 under this section is available if the employment of the individual creates a net
7 increase in the number of individuals with disabilities employed by the taxpayer from
8 the number of individuals with disabilities employed by the taxpayer at the end of the
9 preceding taxable year.

10 3. The taxpayer may claim the credit in the first tax year beginning after the individual
11 hired has completed the employee's first twelve consecutive months of employment by
12 the taxpayer and applies in subsequent tax years in which further net increases occur
13 above the level of such employment established when the credit was last taken.

14 4. A partnership, subchapter S corporation, limited partnership, or limited liability
15 company, or any other entity treated as a passthrough entity for federal income tax
16 purposes must be considered to be the taxpayer for purposes of this section. The
17 amount of the credit determined at the entity level must be passed through to the
18 partners, shareholders, or members in proportion to their respective interests in the
19 passthrough entity.

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

22 Tax credit for employment of individuals with disabilities under section 1 of this
23 Act.

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