

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 with a~~
9 ~~disability as defined under the Americans with Disabilities Act of 1990, and as~~
10 ~~amended by the Americans with Disabilities Act Amendments Act of 2008~~
11 ~~[Pub. L. 110-325, 122 Stat. 3553], and who is receiving services directly related to the~~
12 ~~disabilities.~~

13 a. An individual who is receiving social security disability insurance or supplemental
14 security income; or

15 b. An individual:

16 (1) Who has severe physical or mental impairments that seriously limit the
17 individual's functional capacity, including mobility, communication, self-care,
18 self-direction, interpersonal skills, work tolerance, or work skills in terms of
19 an employment outcome; and

20 (2) Who has one or more physical or mental disabilities resulting from
21 amputation, arthritis, blindness, burn injury, cancer, cerebral palsy, cystic
22 fibrosis, deafness, head injury, heart disease, hemiplegia, hemophilia,
23 respiratory or pulmonary dysfunction, intellectual disability, mental illness,
24 multiple sclerosis, muscular dystrophy, musculoskeletal disorders,

neurological disorders (including stroke and epilepsy), paraplegia, quadriplegia and other spinal cord conditions, sickle cell anemia, specific learning disability, end-stage renal disease, or another disability or combination of disabilities determined on the basis of an assessment for determining eligibility and vocational rehabilitation needs to cause comparable substantial functional limitations.

2. A taxpayer who is an employer in this state is entitled to a tax credit as determined under this section against state income tax liability under section 57-38-30 or 57-38-30.3 for the employment of an individual with disabilities. The amount of the credit to which a taxpayer is entitled is fifty percent of up to five thousand dollars of wages paid in the first year, thirty percent of up to five thousand dollars of wages paid in the second year, and ten percent of up to five thousand dollars of wages paid in the third year of employment ~~of~~ into the newly hired individual with disabilities. The tax credit under this section is available if the employment of the individual creates a net increase in the number of individuals with disabilities employed by the taxpayer from the number of individuals with disabilities employed by the taxpayer at the end of the preceding taxable year.
3. The taxpayer may claim the credit in the first tax year beginning after the individual hired has completed the employee's first twelve consecutive months of employment by the taxpayer and applies in subsequent tax years in which further net increases occur above the level of such employment established when the credit was last taken.
4. A partnership, subchapter S corporation, limited partnership, or limited liability company, or any other entity treated as a passthrough entity for federal income tax purposes must be considered to be the taxpayer for purposes of this section. The amount of the credit determined at the entity level must be passed through to the partners, shareholders, or members in proportion to their respective interests in the passthrough entity.

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

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

- 1 **SECTION 3. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
- 2 December 31, 2010.