

Sixty-fourth
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1152

Introduced by

Representatives Nathe, Dockter, Dosch, Karls, Porter

Senators Carlisle, Kilzer, Poolman

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 individual,
3 estate, trust, or corporation income tax credit for donations to a Bakken region scholarship fund
4 maintained and administered by a nonprofit private institution of higher education; and to
5 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 created
8 and enacted as follows:

9 **Income tax credit for donations for Bakken region scholarships provided by a**
10 **nonprofit private institution of higher education.**

11 1. For purposes of this section:

12 a. "Bakken region scholarship fund" means a fund maintained and administered by
13 a nonprofit private institution of higher education to provide conditional
14 scholarships to its students seeking a bachelor's degree or baccalaureate in
15 health, education, or business, based on a commitment by the student to
16 complete the degree or baccalaureate and complete a period of full-time
17 employment as provided in subsection 8.

18 b. "Nonprofit private institution of higher education" means a nonprofit private
19 institution of higher education accredited by the higher learning commission and
20 located in this state which normally maintains a regular faculty and curriculum,
21 normally has a regularly organized body of students in attendance at the place
22 where its educational activities are primarily conducted, and regularly offers a
23 curriculum of higher education leading to a bachelor's degree or baccalaureate.

c. "Qualifying donation" means an aggregate donation of twenty-five thousand dollars or more by a taxpayer during a taxable year to a Bakken region scholarship fund maintained and administered by a nonprofit private institution of higher education.

2. An individual is allowed a tax credit against the tax imposed by section 57-38-30.3 in an amount equal to the qualifying donation made by the taxpayer during the taxable year. Married individuals are entitled to only one credit under this section between them.

3. A corporation is allowed a tax credit against the tax imposed by section 57-38-30 in an amount equal to the qualifying donation made by the taxpayer during the taxable year.

4. An estate or trust is allowed a tax credit in an amount equal to the qualifying donation made by the taxpayer during the taxable year. The allowable credit must be apportioned to the estate or trust and to its beneficiaries on the basis of the income of the estate or trust allocable to each, and the beneficiaries may claim their share of the credit against the tax imposed by section 57-38-30 or 57-38-30.3. A beneficiary may claim the credit only in the beneficiary's taxable year in which the taxable year of the estate or trust ends. Subsections 6 and 7 apply to the estate or trust and its beneficiaries with respect to their respective shares of the apportioned credit.

5. A passthrough entity is entitled to a credit in an amount equal to the qualifying donation made by the taxpayer during the taxable year. The passthrough entity must be considered to be the taxpayer for purposes of this subsection and 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. Subsections 6 and 7 apply to the partner, shareholder, or member.

6. The amount of the donation upon which an allowable credit is computed must be added to federal taxable income in computing North Dakota taxable income in any taxable year in which the donation reduces federal taxable income, but only to the extent that the donation reduced federal taxable income.

7. The tax credit allowed under this section may not exceed the taxpayer's income tax liability. The unused portion of a credit under this section may be carried forward for up to three taxable years.

1 8. A Bakken region scholarship fund may be maintained and used only for scholarships
2 as provided in this subsection. An institution may award scholarships only to enrolled
3 students seeking a bachelor's degree or baccalaureate in health, education, or
4 business, based on a commitment by the student to complete the degree or
5 baccalaureate and complete a period of full-time employment in an oil-producing
6 county in this state, subject to the following:

7 a. Failure of the student to honor the commitment must result in forfeiture of the
8 scholarship and repayment by the student of the amount awarded within ten
9 years, with interest calculated at the most current ten-year treasury bond rate
10 plus two hundred basis points. Interest on the repayment must be calculated
11 back to the time of first disbursement based on annual accrual. Any repayment
12 must be deposited in the Bakken region scholarship fund.

13 b. The student commitment must include that within four years after obtaining a
14 bachelor's degree or baccalaureate, the student must complete full-time
15 employment in an oil-producing county in this state of at least twelve months or
16 six months times the number of years' scholarships received, whichever is longer.
17 For purposes of this section, "full-time" means at least thirty-five hours per week.

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

20 Credit for donations for Bakken region scholarships provided by a nonprofit
21 private institution of higher education under section 1 of this Act.

22 **SECTION 3. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
23 December 31, 2014.