

HOUSE BILL NO. 1513

Introduced by

Representatives Becker, Beadle, Blum, Dockter, M. Johnson, Meier, Rohr, Steiner, Toman
Senators Kannianen, Meyer

1 A BILL for an Act to ~~create and enact a new subdivision to subsection 2 of section 57-38-30.3 of~~
2 ~~the North Dakota Century Code, relating to an individual income tax deduction for the amount~~
3 ~~paid to employ an intern; to amend and reenact subdivisions k and m of subsection 2 of section~~
4 ~~57-38-30.3 and~~ subsection 7 of section 57-38-30.3 of the North Dakota Century Code, relating
5 to ~~an individual income tax deduction for planned gifts and workforce recruitment expenditures~~
6 ~~and~~ individual income tax credits that may be claimed by a taxpayer; to repeal sections
7 ~~57-38-01.21~~57-38-01.20, 57-38-01.24, and 57-38-01.25 of the North Dakota Century Code,
8 relating to the ~~planned gift tax credit~~family care tax credit, internship employment tax credit, and
9 workforce recruitment tax credit; and to provide an effective date.

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

11 ~~SECTION 1. AMENDMENT.~~ Subdivision k of subsection 2 of section 57-38-30.3 of the
12 North Dakota Century Code is amended and reenacted as follows:
13 ~~k.~~ ~~Increased~~Reduced by the amount of the contribution upon which the credit under
14 section 57-38-01.21 is computed, but only to the extent that the contribution
15 reduced federal taxable income ~~a charitable gift made by a taxpayer to qualified~~
16 ~~endowment and the aggregate amount of the charitable gift portion of planned~~
17 ~~gifts made by the taxpayer during the taxable year to a qualified nonprofit~~
18 ~~organization or qualified endowment. For purposes of this section:~~
19 ~~(1) "Permanent, irrevocable fund" means a fund comprising cash, securities,~~
20 ~~mutual funds, or other investment assets established for a specific~~
21 ~~charitable, religious, educational, or eleemosynary purpose and invested for~~
22 ~~the production or growth of income, or both, which may either be added to~~
23 ~~principal or expended.~~

1 ~~(2) "Planned gift" means an irrevocable charitable gift to a North Dakota~~
2 ~~qualified nonprofit organization or qualified endowment held by or for a~~
3 ~~North Dakota qualified nonprofit organization, when the charitable gift uses~~
4 ~~any of the following techniques authorized under the Internal Revenue~~
5 ~~Code:~~

6 ~~(a) Charitable remainder unitrusts, as defined by 26 U.S.C. 664;~~

7 ~~(b) Charitable remainder annuity trusts, as defined by 26 U.S.C. 664;~~

8 ~~(c) Pooled income fund trusts, as defined by 26 U.S.C. 642(c)(5);~~

9 ~~(d) Charitable lead unitrusts qualifying under 26 U.S.C. 170(f)(2)(B);~~

10 ~~(e) Charitable lead annuity trusts qualifying under 26 U.S.C. 170(f)(2)(B);~~

11 ~~(f) Charitable gift annuities undertaken pursuant to 26 U.S.C. 1011(b);~~

12 ~~(g) Deferred charitable gift annuities undertaken pursuant to 26 U.S.C.~~
13 ~~1011(b);~~

14 ~~(h) Charitable life estate agreements qualifying under 26 U.S.C. 170(f)(3)~~
15 ~~(B); or~~

16 ~~(i) Paid-up life insurance policies meeting the requirements of 26 U.S.C.~~
17 ~~170.~~

18 ~~"Planned gift" does not include a charitable gift using a charitable~~
19 ~~remainder unitrust or charitable remainder annuity trust unless the~~
20 ~~agreement provides that the trust may not terminate and beneficiaries'~~
21 ~~interest in the trust may not be assigned or contributed to the qualified~~
22 ~~nonprofit organization or qualified endowment sooner than the earlier of the~~
23 ~~date of death of the beneficiaries or five years from the date of the planned~~
24 ~~gift.~~

25 ~~"Planned gift" does not include a deferred charitable gift annuity unless~~
26 ~~the payment of the annuity is required to begin within the life expectancy of~~
27 ~~the annuitant or of the joint life expectancies of the annuitants, if more than~~
28 ~~one annuitant, as determined using the actuarial tables used by the internal~~
29 ~~revenue service in determining federal charitable income tax deductions on~~
30 ~~the date of the planned gift.~~

1 ~~—"Planned gift" does not include a charitable gift annuity or deferred~~
2 ~~charitable gift annuity unless the annuity agreement provides the interest of~~
3 ~~the annuitant or annuitants in the gift annuity may not be assigned to the~~
4 ~~qualified nonprofit organization or qualified endowment sooner than the~~
5 ~~earlier of the date of death of the annuitant or annuitants or five years after~~
6 ~~the date of the planned gift.~~

7 ~~—"Planned gift" does not include a charitable gift annuity or deferred~~
8 ~~charitable gift annuity unless the annuity is a qualified charitable gift annuity~~
9 ~~for federal income tax purposes.~~

10 ~~(3) "Qualified endowment" means a permanent, irrevocable fund held by:~~

11 ~~(a) A North Dakota incorporated or established organization that is:~~

12 ~~[1] A qualified nonprofit organization; or~~

13 ~~[2] A bank or trust company holding the fund on behalf of a qualified~~
14 ~~nonprofit organization; or~~

15 ~~(b) An organization incorporated or established in a state bordering North~~
16 ~~Dakota that is:~~

17 ~~[1] A tax-exempt organization under 26 U.S.C. 501(c) to which~~
18 ~~contributions qualify for federal charitable income tax deductions~~
19 ~~which was incorporated or established for the support and~~
20 ~~benefit of a hospital, nursing home, or medical center, or a facility~~
21 ~~providing any combination of those services, which is located~~
22 ~~outside North Dakota but within five miles of a North Dakota city~~
23 ~~of five thousand or more population in which there is no hospital;~~
24 ~~or~~

25 ~~[2] A bank or trust company holding the fund on behalf of an~~
26 ~~organization that meets the conditions of item 1.~~

27 ~~(4) "Qualified nonprofit organization" means a North Dakota incorporated or~~
28 ~~established tax-exempt organization under 26 U.S.C. 501(c) to which~~
29 ~~contributions qualify for federal charitable income tax deductions with an~~
30 ~~established business presence or situs in North Dakota.~~

1 ~~SECTION 2. AMENDMENT.~~ Subdivision m of subsection 2 of section 57-38-30.3 of the
2 North Dakota Century Code is amended and reenacted as follows:

3 ~~m. Reduced by the amount paid by a taxpayer that is an employer for the first twelve~~
4 ~~months of salary paid to an employee hired to fill a hard-to-fill employment~~
5 ~~position in this state and reduced by the first twelve months of salary payments~~
6 ~~received by a taxpayer that was paid by an employer under paragraph 4 of~~
7 ~~subdivision a of subsection 2 of section 57-38-01.25 to hire the taxpayer for to fill~~
8 ~~a hard-to-fill position under section 57-38-01.25, but only to the extent the~~
9 ~~amount received by the taxpayer is included in federal taxable income. The~~
10 ~~reduction applies only if the employer is entitled to the credit under section~~
11 ~~57-38-01.25. The taxpayer must employee shall attach a statement from the~~
12 ~~employer in which the employer certifies that the employer is entitled to the~~
13 ~~credit deduction under section 57-38-01.25 this subdivision and which specifically~~
14 ~~identified identifies the type of payment and the amount of the exemption under~~
15 ~~this section subdivision. The annual salary paid to the employee hired to fill a~~
16 ~~hard-to-fill position must meet or exceed the state average wage to qualify for the~~
17 ~~deduction under this subdivision. For purposes of this subdivision:~~

- 18 ~~(1) "Extraordinary recruitment methods" means using all of the following:~~
- 19 ~~(a) A person with the exclusive business purpose of recruiting employees~~
20 ~~and for which a fee is charged by that recruiter.~~
 - 21 ~~(b) An advertisement in a professional trade journal, magazine, or other~~
22 ~~publication, the main emphasis of which is providing information to a~~
23 ~~particular trade or profession.~~
 - 24 ~~(c) A website, the sole purpose of which is to recruit employees and for~~
25 ~~which a fee is charged by the website.~~
 - 26 ~~(d) Payment of a signing bonus, moving expenses, or nontypical fringe~~
27 ~~benefits.~~
- 28 ~~(2) "Hard-to-fill employment position" means a job that requires the employer to~~
29 ~~use extraordinary recruitment methods and for which the employer's~~
30 ~~recruitment efforts for the specific position have been unsuccessful for six~~
31 ~~consecutive calendar months.~~

1 ~~(3) "State average wage" means one hundred twenty five percent of the state~~
2 ~~average wage published annually by job service North Dakota and which is~~
3 ~~in effect at the time the employee is hired.~~

4 ~~SECTION 3. A new subdivision to subsection 2 of section 57-38-30.3 of the North Dakota~~
5 ~~Century Code is created and enacted as follows:~~

6 ~~Reduced by the amount paid by a taxpayer that is an employer in this state for~~
7 ~~the stipend or salary paid to not more than five college interns employed by the~~
8 ~~taxpayer. To payments to qualify as a deduction under this subdivision, the~~
9 ~~internship program must meet the following qualifications:~~

10 ~~(1) The intern must be an enrolled student in an institution of higher education~~
11 ~~or vocational technical education program who is seeking a degree or a~~
12 ~~certification of completion in a major field of study closely related to the work~~
13 ~~experience performed for the taxpayer;~~

14 ~~(2) The internship must be taken for academic credit or count toward the~~
15 ~~completion of a vocational technical education program;~~

16 ~~(3) The intern must be supervised and evaluated by the taxpayer; and~~

17 ~~(4) The internship position must be located in this state.~~

18 **SECTION 1. AMENDMENT.** Subsection 7 of section 57-38-30.3 of the North Dakota
19 Century Code is amended and reenacted as follows:

20 7. A taxpayer filing a return under this section is entitled to the following tax credits:

21 a. ~~Family care tax credit under section 57-38-01.20.~~

22 ~~b.~~ Renaissance zone tax credits under sections 40-63-04, 40-63-06, and 40-63-07.

23 ~~e.b.~~ Agricultural business investment tax credit under section 57-38.6-03.

24 ~~d.c.~~ Seed capital investment tax credit under section 57-38.5-03.

25 ~~e.d.~~ Planned gift tax credit under section 57-38-01.21.

26 ~~f.e.~~ Biodiesel fuel or green diesel fuel tax credits under sections 57-38-01.22 and
27 57-38-01.23.

28 ~~g.~~ Internship employment tax credit under section 57-38-01.24.

29 ~~h.~~ Workforce recruitment credit under section 57-38-01.25.

30 ~~i.~~ Angel fund investment tax credit under section 57-38-01.26 (effective for the first
31 taxable year beginning after December 31, 2016).

- 1 j.f. Marriage penalty credit under section 57-38-01.28.
- 2 k.g. Research and experimental expenditures under section 57-38-30.5.
- 3 l.h. Geothermal energy device installation credit under section 57-38-01.8.
- 4 m.i. Long-term care partnership plan premiums income tax credit under section
- 5 57-38-29.3.
- 6 n.j. Employer tax credit for salary and related retirement plan contributions of
- 7 mobilized employees under section 57-38-01.31.
- 8 o. ~~Automating manufacturing processes tax credit under section 57-38-01.33~~
- 9 ~~(effective for the first five taxable years beginning after December 31, 2012).~~
- 10 p.k. Income tax credit for passthrough entity contributions to private education
- 11 institutions under section 57-38-01.7.
- 12 q.l. Angel investor tax credit under section 57-38-01.26.

13 ~~SECTION 2. REPEAL. Sections 57-38-01.21, 57-38-01.24, and 57-38-01.25 of the North~~
14 ~~Dakota Century Code are repealed.~~

15 **SECTION 2. REPEAL.** Sections 57-38-01.20, 57-38-01.24, and 57-38-01.25 of the North
16 Dakota Century Code are repealed.

17 **SECTION 3. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
18 December 31, 2018.