

HOUSE BILL NO. 1326

Introduced by

Representatives Skarphol, Monson, Pollert

Senators Andrist, Klein, Nichols

1 A BILL for an Act to create and enact a new section to chapter 57-38 and a new subsection to
2 section 57-38-30.3 of the North Dakota Century Code, relating to an income tax credit for
3 construction of primary residences in certain small cities; 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
6 created and enacted as follows:

7 **Credit for small city residence construction costs.** A taxpayer is entitled to a credit
8 against the tax determined under section 57-38-29 or 57-38-30.3 of up to fifty percent of the
9 construction costs of a new primary residence of the taxpayer on which construction begins on
10 or after July 1, 2003, within the city limits of a city in this state of two thousand or less
11 population according to the most recent federal dicennial census. The credit under this section
12 is not available within a city that is located within ten miles [16.09 Kilometers] of the city limits of
13 any of the ten largest cities in the state based on population as determined in the most recent
14 federal dicennial census. The amount of the credit under this section which may be taken in a
15 taxable year is limited to the tax liability determined under section 57-38-29 or 57-38-30.3 for
16 the taxable year for the individual, or the individual and the individual's spouse for a joint return.
17 The remaining amount of the previously unclaimed portion of the credit under this section may
18 be carried forward for up to nine taxable years after the taxable year in which construction of
19 the residence is completed and is transferable to a subsequent owner who purchases and
20 occupies the home as a primary residence. For purposes of this section "construction costs"
21 does not include special assessments, sales or use taxes, or any other federal, state, or local
22 taxes and does not include the cost of land.

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

1 A taxpayer filing a return under this section is entitled to the credit provided under
2 section 1 of this Act.

3 **SECTION 3. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
4 December 31, 2002.