

March 13, 2007

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2224

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new subsection to section 57-38.5-03 of the North Dakota Century Code, relating to the eligibility for the seed capital investment tax credit for investments made by an angel fund; to amend and reenact subsection 6 of section 57-38.5-01 of the North Dakota Century Code, relating to the definition of taxpayer for purposes of the seed capital investment tax credit; and to provide an effective date.

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

**SECTION 1. AMENDMENT.** Subsection 6 of section 57-38.5-01 of the North Dakota Century Code is amended and reenacted as follows:

6. "Taxpayer" means an individual, estate, or trust or a corporation or a passthrough entity, or an angel fund. The term does not include a real estate investment trust.

**SECTION 2.** A new subsection to section 57-38.5-03 of the North Dakota Century Code is created and enacted as follows:

An angel fund that invests in a qualified business must be considered to be the taxpayer for purposes of the investment limitations in this section. The amount of the credit allowed with respect to an angel fund's investment in a qualified business must be determined at the angel fund level. The amount of the total credit determined at the angel fund level must be allowed to the investors in the angel fund in proportion to the investor's respective interests in the fund. An angel fund that is subject to the tax imposed under chapter 57-38 is not eligible for the investment tax credit under this chapter.

**SECTION 3. EFFECTIVE DATE.** This Act is effective for taxable years beginning after December 31, 2006."

Renumber accordingly