

**FIRST ENGROSSMENT
with House Amendments**

Sixtieth
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2224

Introduced by

Senators Grindberg, Dever, Hacker

Representatives Hawken, Keiser, Owens

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

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

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

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

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

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

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