

**HOUSE BILL NO. 1226**

Introduced by

Representatives Keiser, Carlson

1 A BILL for an Act to provide for limitations on for-profit activities of nonprofit organizations.

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

3 **SECTION 1. Nonprofit organizations - Limitation on activities.**

4 1. As used in this section, nonprofit organization means an organization or trust that  
5 has tax-exempt status under at least one of the following sections of the Internal  
6 Revenue Code:

7 a. An organization that is organized and operated exclusively for religious,  
8 charitable, scientific, testing for public safety, literary, or educational purposes,  
9 or for the prevention of cruelty to children or animals under section 501(c)(3),  
10 or is a domestic fraternal organization under section 501(c)(10).

11 b. A charitable, religious, educational, or scientific organization classified as  
12 either a private foundation or as a public charity having status as an  
13 organization described in section 509(a)(1) or (3).

14 c. A trust described in section 4947 for which a deduction is allowable under  
15 section 170.

16 2. A nonprofit organization that directly or indirectly receives federal, state, or local tax  
17 revenues may not have an ownership interest in a for-profit organization that  
18 competes with any other for-profit organization.