

Sixtieth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1412

Introduced by

Representative N. Johnson

1 A BILL for an Act to create and enact a new subsection to section 57-38-30.3 and a new
2 subsection to section 57-38-30.5 of the North Dakota Century Code, relating to the applicability
3 of the research and experimental expenditures tax credit to a passthrough entity; and to provide
4 an effective date.

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

6 **SECTION 1.** A new subsection to section 57-38-30.3 of the North Dakota Century
7 Code is created and enacted as follows:

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

10 **SECTION 2.** A new subsection to section 57-38-30.5 of the North Dakota Century
11 Code is created and enacted as follows:

12 A partnership, subchapter S corporation, limited partnership, limited liability
13 company, or any other passthrough entity entitled to the credit under this section
14 must be considered to be the taxpayer for purposes of calculating the credit. The
15 amount of the allowable credit must be determined at the passthrough entity level.
16 The total credit determined at the entity level must be passed through to the
17 partners, shareholders, or members in proportion to their respective interests in the
18 passthrough entity. An individual taxpayer may take the credit passed through
19 under this subsection against the individual's state income tax liability under
20 sections 57-38-29 and 57-38-30.

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