

**HOUSE BILL NO. 1152**

Introduced by

Representatives Nathe, Dockter, Dosch, Karls, Porter

Senators Carlisle, Kilzer, Poolman

1 A BILL for an Act to create and enact a new section to chapter 57-38 and a new subdivision to  
2 subsection 7 of section 57-38-30.3 of the North Dakota Century Code, relating to an individual,  
3 estate, trust, or corporation income tax credit for donations to a Bakken region scholarship fund  
4 maintained and administered by a nonprofit private institution of higher education; ~~and to~~  
5 provide an effective date; and to provide an expiration date.

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

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

9 **Income tax credit for donations for Bakken region scholarships provided by a**  
10 **nonprofit private institution of higher education.**

11 1. For purposes of this section:

12 a. "Bakken region scholarship fund" means a fund maintained and administered by  
13 a nonprofit private institution of higher education to provide conditional  
14 scholarships to its students seeking a bachelor's degree or baccalaureate in  
15 health, education, or business, based on a commitment by the student to  
16 complete the degree or baccalaureate and complete a period of full-time  
17 employment as provided in subsection 8.

18 b. "Nonprofit private institution of higher education" means a nonprofit private  
19 institution of higher education accredited by the higher learning commission and  
20 located in this state which normally maintains a regular faculty and curriculum,  
21 normally has a regularly organized body of students in attendance at the place  
22 where its educational activities are primarily conducted, and regularly offers a  
23 curriculum of higher education leading to a bachelor's degree or baccalaureate.

- 1           c. "Qualifying donation" means an aggregate donation of twenty-five thousand  
2           dollars or more by a taxpayer during a taxable year to a Bakken region  
3           scholarship fund maintained and administered by a nonprofit private institution of  
4           higher education.
- 5           2. An individual is allowed a tax credit against the tax imposed by section 57-38-30.3 in  
6           an amount equal to **seventy-five percent** of the qualifying donation made by the  
7           taxpayer during the taxable year. Married individuals are entitled to only one credit  
8           under this section between them.
- 9           3. A corporation is allowed a tax credit against the tax imposed by section 57-38-30 in an  
10          amount equal to **seventy-five percent** of the qualifying donation made by the taxpayer  
11          during the taxable year.
- 12          4. An estate or trust is allowed a tax credit in an amount equal to **seventy-five percent of**  
13          the qualifying donation made by the taxpayer during the taxable year. The allowable  
14          credit must be apportioned to the estate or trust and to its beneficiaries on the basis of  
15          the income of the estate or trust allocable to each, and the beneficiaries may claim  
16          their share of the credit against the tax imposed by section 57-38-30 or 57-38-30.3. A  
17          beneficiary may claim the credit only in the beneficiary's taxable year in which the  
18          taxable year of the estate or trust ends. Subsections 6 and 7 apply to the estate or  
19          trust and its beneficiaries with respect to their respective shares of the apportioned  
20          credit.
- 21          5. A passthrough entity is entitled to a credit in an amount equal to **seventy-five percent**  
22          of the qualifying donation made by the taxpayer during the taxable year. The  
23          passthrough entity must be considered to be the taxpayer for purposes of this  
24          subsection and the credit determined at the entity level must be passed through to the  
25          partners, shareholders, or members in proportion to their respective interests in the  
26          passthrough entity. Subsections 6 and 7 apply to the partner, shareholder, or member.
- 27          6. The amount of the donation upon which an allowable credit is computed must be  
28          added to federal taxable income in computing North Dakota taxable income in any  
29          taxable year in which the donation reduces federal taxable income, but only to the  
30          extent that the donation reduced federal taxable income.

1       7. The tax credit allowed under this section may not exceed the taxpayer's income tax  
2       liability. The unused portion of a credit under this section may be carried forward for up  
3       to three taxable years.

4       8. A Bakken region scholarship fund may be maintained and used only for scholarships  
5       as provided in this subsection. An institution may award scholarships only to enrolled  
6       students seeking a bachelor's degree or baccalaureate in health, education, or  
7       business, based on a commitment by the student to complete the degree or  
8       baccalaureate and complete a period of full-time employment in an oil-producing  
9       county in this state, subject to the following:

10      a. Failure of the student to honor the commitment must result in forfeiture of the  
11      scholarship and repayment by the student of the amount awarded within ten  
12      years, with interest calculated at the most current ten-year treasury bond rate  
13      plus two hundred basis points. Interest on the repayment must be calculated  
14      back to the time of first disbursement based on annual accrual. Any repayment  
15      must be deposited in the Bakken region scholarship fund.

16      b. The student commitment must include that within four years after obtaining a  
17      bachelor's degree or baccalaureate, the student must complete full-time  
18      employment in an oil-producing county in this state of at least twelve months or  
19      six months times the number of years' scholarships received, whichever is longer.  
20      For purposes of this section, "full-time" means at least thirty-five hours per week.

21      9. The cumulative amount of credits allowed under this section is limited to twenty-five  
22      million dollars and this limitation must be applied based on the date of the qualifying  
23      donation.

24      **SECTION 2.** A new subdivision to subsection 7 of section 57-38-30.3 of the North Dakota  
25 Century Code is created and enacted as follows:

26              Credit for donations for Bakken region scholarships provided by a nonprofit  
27              private institution of higher education under section 1 of this Act.

28      **SECTION 3. EFFECTIVE DATE - EXPIRATION DATE.** This Act is effective for the first two  
29 taxable years beginning after December 31, 2014, and is thereafter ineffective.