

Introduced by

Senators Unruh, Dever, Laffen, 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 income tax  
3 credit for contributions to qualified community of life projects; to provide an effective date; and to  
4 provide an expiration date.

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

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

8 **Income tax credit for contributions to qualified community of life projects.**

- 9 1. A taxpayer is entitled to a credit against the tax imposed under section 57-38-30 or  
10 57-38-30.3 in an amount equal to forty percent of the amount contributed by the  
11 taxpayer during the taxable year to a qualified nonprofit organization for qualified  
12 community of life projects. Eligible recipients of the contributions under this section  
13 include units of local government, state government, tribal government, and nonprofit  
14 organizations serving communities in this state. An individual may not qualify for a  
15 grant under this section. The maximum credit that may be claimed under this section  
16 in a taxable year is twenty thousand dollars for an individual or forty thousand dollars  
17 for married individuals filing a joint return. The credit allowed under this section may  
18 not exceed that taxpayer's income tax liability.
- 19 2. A passthrough entity entitled to the credit under this section must be considered to be  
20 the taxpayer for purposes of this section, and the amount of the credit allowed must be  
21 determined at the passthrough entity level. The amount of the total credit determined  
22 at the entity level must be passed through to the partners, shareholders, or members  
23 in proportion to their respective interests in the passthrough entity.

1       3. The amount of the contribution upon which an allowable credit is computed must be  
2       added to federal taxable income in computing North Dakota taxable income in any  
3       taxable year in which the contribution reduces federal taxable income, but only to the  
4       extent that the contribution reduced federal taxable income.

5       4. For purposes of this section:

6       a. "Qualified community of life projects" include the construction, refurbishing,  
7       reconstruction, rehabilitation, acquisition, or improvement of recreational, arts,  
8       science, and quality of life amenity projects.

9       b. "Qualified nonprofit organization" means a North Dakota incorporated or  
10       established tax-exempt organization under 26 U.S.C. 501(c)(3) to which  
11       contributions qualify for federal charitable income tax deductions with an  
12       established business presence or situs in North Dakota.

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

15       Qualified community of life project income tax credit under section 1 of this Act.

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