

HOUSE BILL NO. 1513

Introduced by

Representatives Becker, Beadle, Blum, Dockter, M. Johnson, Meier, Rohr, Steiner, Toman
Senators Kannianen, Meyer

1 A BILL for an Act to create and enact a new subdivision to subsection 2 of section 57-38-30.3 of
2 the North Dakota Century Code, relating to an individual income tax deduction for the amount
3 paid to employ an intern; to amend and reenact subdivisions k and m of subsection 2 of section
4 57-38-30.3 and subsection 7 of section 57-38-30.3 of the North Dakota Century Code, relating
5 to an individual income tax deduction for planned gifts and workforce recruitment expenditures
6 and individual income tax credits that may be claimed by a taxpayer; to repeal sections
7 57-38-01.21, 57-38-01.24, and 57-38-01.25 of the North Dakota Century Code, relating to the
8 planned gift tax credit, internship employment tax credit, and workforce recruitment tax credit;
9 and to provide an effective date.

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

11 **SECTION 1. AMENDMENT.** Subdivision k of subsection 2 of section 57-38-30.3 of the
12 North Dakota Century Code is amended and reenacted as follows:

13 k. ~~Increased~~Reduced by the amount of ~~the contribution upon which the credit under~~
14 ~~section 57-38-01.21 is computed, but only to the extent that the contribution~~
15 ~~reduced federal taxable income~~a charitable gift made by a taxpayer to qualified
16 endowment and the aggregate amount of the charitable gift portion of planned
17 gifts made by the taxpayer during the taxable year to a qualified nonprofit
18 organization or qualified endowment. For purposes of this section:
19 (1) "Permanent, irrevocable fund" means a fund comprising cash, securities,
20 mutual funds, or other investment assets established for a specific
21 charitable, religious, educational, or eleemosynary purpose and invested for
22 the production or growth of income, or both, which may either be added to
23 principal or expended.

1 (2) "Planned gift" means an irrevocable charitable gift to a North Dakota
2 qualified nonprofit organization or qualified endowment held by or for a
3 North Dakota qualified nonprofit organization, when the charitable gift uses
4 any of the following techniques authorized under the Internal Revenue
5 Code:

6 (a) Charitable remainder unitrusts, as defined by 26 U.S.C. 664;

7 (b) Charitable remainder annuity trusts, as defined by 26 U.S.C. 664;

8 (c) Pooled income fund trusts, as defined by 26 U.S.C. 642(c)(5);

9 (d) Charitable lead unitrusts qualifying under 26 U.S.C. 170(f)(2)(B);

10 (e) Charitable lead annuity trusts qualifying under 26 U.S.C. 170(f)(2)(B);

11 (f) Charitable gift annuities undertaken pursuant to 26 U.S.C. 1011(b);

12 (g) Deferred charitable gift annuities undertaken pursuant to 26 U.S.C.
13 1011(b);

14 (h) Charitable life estate agreements qualifying under 26 U.S.C. 170(f)(3)
15 (B); or

16 (i) Paid-up life insurance policies meeting the requirements of 26 U.S.C.
17 170.

18 "Planned gift" does not include a charitable gift using a charitable
19 remainder unitrust or charitable remainder annuity trust unless the
20 agreement provides that the trust may not terminate and beneficiaries'
21 interest in the trust may not be assigned or contributed to the qualified
22 nonprofit organization or qualified endowment sooner than the earlier of the
23 date of death of the beneficiaries or five years from the date of the planned
24 gift.

25 "Planned gift" does not include a deferred charitable gift annuity unless
26 the payment of the annuity is required to begin within the life expectancy of
27 the annuitant or of the joint life expectancies of the annuitants, if more than
28 one annuitant, as determined using the actuarial tables used by the internal
29 revenue service in determining federal charitable income tax deductions on
30 the date of the planned gift.

1 "Planned gift" does not include a charitable gift annuity or deferred
2 charitable gift annuity unless the annuity agreement provides the interest of
3 the annuitant or annuitants in the gift annuity may not be assigned to the
4 qualified nonprofit organization or qualified endowment sooner than the
5 earlier of the date of death of the annuitant or annuitants or five years after
6 the date of the planned gift.

7 "Planned gift" does not include a charitable gift annuity or deferred
8 charitable gift annuity unless the annuity is a qualified charitable gift annuity
9 for federal income tax purposes.

10 (3) "Qualified endowment" means a permanent, irrevocable fund held by:

11 (a) A North Dakota incorporated or established organization that is:

12 [1] A qualified nonprofit organization; or

13 [2] A bank or trust company holding the fund on behalf of a qualified
14 nonprofit organization; or

15 (b) An organization incorporated or established in a state bordering North
16 Dakota that is:

17 [1] A tax-exempt organization under 26 U.S.C. 501(c) to which
18 contributions qualify for federal charitable income tax deductions
19 which was incorporated or established for the support and
20 benefit of a hospital, nursing home, or medical center, or a facility
21 providing any combination of those services, which is located
22 outside North Dakota but within five miles of a North Dakota city
23 of five thousand or more population in which there is no hospital;
24 or

25 [2] A bank or trust company holding the fund on behalf of an
26 organization that meets the conditions of item 1.

27 (4) "Qualified nonprofit organization" means a North Dakota incorporated or
28 established tax-exempt organization under 26 U.S.C. 501(c) to which
29 contributions qualify for federal charitable income tax deductions with an
30 established business presence or situs in North Dakota.

1 **SECTION 2. AMENDMENT.** Subdivision m of subsection 2 of section 57-38-30.3 of the
2 North Dakota Century Code is amended and reenacted as follows:

3 m. Reduced by the amount paid by a taxpayer that is an employer for the first twelve
4 months of salary paid to an employee hired to fill a hard-to-fill employment
5 position in this state and reduced by the first twelve months of salary payments
6 received by a taxpayer that was paid by an employer under paragraph 4 of
7 ~~subdivision a of subsection 2 of section 57-38-01.25 to hire the taxpayer for to fill~~
8 a hard-to-fill position under ~~section 57-38-01.25~~, but only to the extent the
9 amount received by the taxpayer is included in federal taxable income. The
10 ~~reduction applies only if the employer is entitled to the credit under section~~
11 ~~57-38-01.25. The taxpayer must~~employee shall attach a statement from the
12 employer in which the employer certifies that the employer is entitled to the
13 ~~credit deduction under section 57-38-01.25~~this subdivision and which specifically
14 ~~identified~~identifies the type of payment and the amount of the exemption under
15 ~~this section~~subdivision. The annual salary paid to the employee hired to fill a
16 hard-to-fill position must meet or exceed the state average wage to qualify for the
17 deduction under this subdivision. For purposes of this subdivision:

18 (1) "Extraordinary recruitment methods" means using all of the following:

- 19 (a) A person with the exclusive business purpose of recruiting employees
20 and for which a fee is charged by that recruiter.
21 (b) An advertisement in a professional trade journal, magazine, or other
22 publication, the main emphasis of which is providing information to a
23 particular trade or profession.
24 (c) A website, the sole purpose of which is to recruit employees and for
25 which a fee is charged by the website.
26 (d) Payment of a signing bonus, moving expenses, or nontypical fringe
27 benefits.

28 (2) "Hard-to-fill employment position" means a job that requires the employer to
29 use extraordinary recruitment methods and for which the employer's
30 recruitment efforts for the specific position have been unsuccessful for six
31 consecutive calendar months.

1 (3) "State average wage" means one hundred twenty-five percent of the state
2 average wage published annually by job service North Dakota and which is
3 in effect at the time the employee is hired.

4 **SECTION 3.** A new subdivision to subsection 2 of section 57-38-30.3 of the North Dakota
5 Century Code is created and enacted as follows:

6 Reduced by the amount paid by a taxpayer that is an employer in this state for
7 the stipend or salary paid to not more than five college interns employed by the
8 taxpayer. To payments to qualify as a deduction under this subdivision, the
9 internship program must meet the following qualifications:

10 (1) The intern must be an enrolled student in an institution of higher education
11 or vocational technical education program who is seeking a degree or a
12 certification of completion in a major field of study closely related to the work
13 experience performed for the taxpayer;

14 (2) The internship must be taken for academic credit or count toward the
15 completion of a vocational technical education program;

16 (3) The intern must be supervised and evaluated by the taxpayer; and

17 (4) The internship position must be located in this state.

18 **SECTION 4. AMENDMENT.** Subsection 7 of section 57-38-30.3 of the North Dakota
19 Century Code is amended and reenacted as follows:

20 7. A taxpayer filing a return under this section is entitled to the following tax credits:

21 a. Family care tax credit under section 57-38-01.20.

22 b. Renaissance zone tax credits under sections 40-63-04, 40-63-06, and 40-63-07.

23 c. Agricultural business investment tax credit under section 57-38.6-03.

24 d. Seed capital investment tax credit under section 57-38.5-03.

25 e. ~~Planned gift tax credit under section 57-38-01.21.~~

26 f. Biodiesel fuel or green diesel fuel tax credits under sections 57-38-01.22 and
27 57-38-01.23.

28 g. ~~Internship employment tax credit under section 57-38-01.24.~~

29 h. ~~Workforce recruitment credit under section 57-38-01.25.~~

30 i. ~~Angel fund investment tax credit under section 57-38-01.26 (effective for the first~~
31 ~~taxable year beginning after December 31, 2016).~~

