Sixty-seventh Legislative Assembly of North Dakota

## HOUSE BILL NO. 1421

Introduced by

Representatives Guggisberg, Adams, P. Anderson, Boschee, Dobervich, Hager, Ista, Schneider

Senators Hogan, Oban, Piepkorn

- 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 equal to a portion of a taxpayer's federal earned income credit; and to provide an effective
- 4 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	Earned income credit.		
9	<u>1.</u>	A resident taxpayer is entitled to a credit against tax liability as determined under	
10		section 57-38-30.3 in the amount of twenty-five percent of the amount of the earned	
11		income credit allowed against that taxpayer's federal income tax liability under	
12		section 32 of the Internal Revenue Code for the taxable year in which the credit was	
13		claimed against the taxpayer's federal income tax liability. The credit under this section	
14		must be allowed against the taxes imposed by this chapter for the taxable year	
15		reduced by the credits permitted by this chapter. If the amount of the credit allowed by	
16		this section exceeds the taxpayer's income tax liability under this chapter, the excess	
17		amount must be refunded to the taxpayer.	
18	<u>2.</u>	For a part-time resident taxpayer, the credit under this section must be allowed against	
19		the taxes determined under this chapter. However, the credit must be multiplied by a	
20		fraction, the numerator of which is federal adjusted gross income for the period of	
21		residence and the denominator of which is federal adjusted gross income for the	
22		taxable year.	

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1	<u>3.</u>	On an annual basis, the tax commissioner shall alert those resident taxpayers who	
2		may be eligible to receive the credit provided under this section as to the taxpayer's	
3		potential eligibility. In making the determination of whether a taxpayer may be eligible	
4		for the credit, the tax commissioner shall use data as may be appropriate and	
5		available, including data available from the United States department of the treasury,	
6		the internal revenue service, and state income tax returns. The tax commissioner shall	
7		include in the notification to potentially eligible taxpayers an application the eligible	
8		taxpayer may use to determine eligibility and apply for the earned income credit under	
9		this section. The tax commissioner may require the eligible taxpayer to file a state	
10		income tax return to qualify for the earned income credit.	
11	<u>4.</u>	On an annual basis, the tax commissioner shall provide to the department of human	
12		services information regarding the expenditures from the state general fund for the	
13		refundable portion of the credit under this section. The department of human services	
14		may apply the determined expenditures from the state general fund under this section	
15		to count as temporary assistance for needy families block grant maintenance of effort	
16		requirement to the extent permitted by federal law.	
17	SECTION 2. A new subdivision to subsection 7 of section 57-38-30.3 of the North Dakota		
18	Century Code is created and enacted as follows:		
19		Earned income credit under section 1 of this Act.	
20	SEC	CTION 3. EFFECTIVE DATE. This Act is effective for taxable years beginning after	
21	Decemb	per 31, 2020.	