

SENATE BILL NO. 2282

Introduced by

Senators Hogan, Weber, Wobbema

Representatives Mitskog, O'Brien

1 A BILL for an Act to create and enact a new section to chapter 57-38 and 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 child care contributions provided by qualified employers; 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 **Child care contribution credit.**

- 9 1. A taxpayer that is a qualified employer is entitled to a credit against the income tax
10 liability under section 57-38-30 or 57-38-30.3 as provided in this section. The total
11 credit available with respect to each qualifying employee is equal to thirty percent of
12 the taxpayer's aggregate child care contributions toward child care costs of qualified
13 employees paid during the taxable year in which the credit is claimed. The credit must
14 be claimed for the taxable year in which the child care contributions are made.
- 15 2. The credit allowed under this section may not exceed the liability for tax under this
16 chapter. Any credit amount exceeding a taxpayer's liability for the taxable year may not
17 be claimed as a carryback or carryforward.
- 18 3. A passthrough entity entitled to the credit under this section must be considered to be
19 the taxpayer for purposes of this section and the amount of the credit allowed must be
20 determined at the passthrough entity level. The amount of the total credit determined
21 at the passthrough entity level must be allowed to the partners, shareholders, or
22 members in proportion to their respective interests in the passthrough entity.
- 23 4. To receive the tax credit provided under this section, a taxpayer shall claim the credit
24 in the form and manner prescribed by the tax commissioner. The tax commissioner

1 shall prescribe, design, and make available all forms necessary to effectuate this
2 section.

3 5. For purposes of this section:

4 a. "Aggregate child care contributions" means the total amount of child care
5 contributions made by a qualified employer to all qualified employees during the
6 taxable year, limited to the first five hundred dollars in child care contributions per
7 qualifying employee.

8 b. "Child care costs" means costs incurred by an employee for early childhood
9 services rendered by a child care provider, which are incurred to enable the
10 employee to be gainfully employed by an employer.

11 c. "Child care contribution" means a payment made to a child care provider by a
12 qualified employer to subsidize a qualified employee's child care costs.

13 d. "Child care provider" means an early childhood services provider licensed under
14 chapter 50-11.1.

15 e. "Early childhood services" has the same meaning as in section 50-11.1-02.

16 f. "Qualified employee" means an individual employed by the qualified employer
17 claiming the credit under this section.

18 g. "Qualified employer" means an employer that, in the taxable year for which the
19 employer claimed the credit under this section:

20 (1) Made a child care contribution; and

21 (2) Provided an equal opportunity to all employees that have child care costs to
22 receive an equal child care contribution from the employer during the
23 taxable year.

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 Child care contribution credit under section 1 of this Act .

27 **SECTION 3. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
28 December 31, 2024.