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Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

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
7 created 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
10 tax liability under section 57-38-30 or 57-38-30.3 as provided in this section. The
11 total credit available with respect to each qualifying employee is equal to thirty
12 percent of the taxpayer's aggregate child care contributions ~~toward child care~~
13 ~~costs of qualified employees~~ paid during the taxable year ~~in which the credit is~~
14 ~~claimed~~. The credit must be claimed for the taxable year in which the child care
15 contributions are made.
- 16 2. The credit allowed under this section may not exceed the liability for tax under
17 this chapter. Any credit amount exceeding a taxpayer's liability for the taxable
18 year may not be claimed as a carryback or carryforward.
- 19 3. A passthrough entity entitled to the credit under this section must be considered
20 to be the taxpayer for purposes of this section and the amount of the credit
21 allowed must be determined at the passthrough entity level. The amount of the
22 total credit determined at the passthrough entity level must be allowed to the

1 partners, shareholders, or members in proportion to their respective interests in
2 the passthrough entity.

3 4. To receive the tax credit provided under this section, a taxpayer shall claim the
4 credit in the form and manner prescribed by the tax commissioner. The tax
5 commissioner shall prescribe, design, and make available all forms necessary to
6 effectuate this section.

7 5. For purposes of this section:

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

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

15 c. "Child care contribution" means a payment made to a child care provider
16 by a qualified employer to subsidize a qualified employee's child care
17 costs and a payment made to a qualified employee for reimbursement of
18 the qualified employee's child care costs.

19 d. "Child care provider" means an early childhood services provider licensed
20 under chapter 50-11.1 or a substantially similar child care provider
21 licensed by any other state and providing services within ten miles of
22 North Dakota.

23 e. "Early childhood services" has the same meaning as in section 50-11.1-
24 02.

25 f. "Qualified employee" means an individual who is a resident of North
26 Dakota and employed by the qualified employer claiming the credit under
27 this section.

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

30 (1) Made a child care contribution; and

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

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

3 Child care contribution credit under section 1 of this Act.

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