FIRST ENGROSSMENT

Fifty-seventh
Legislative Assembly   ENGROSSED SENATE BILL NO. 2336
of North Dakota

Introduced by

Senators Lee, Klein

Representatives Berg, Clark, Pietsch

1 A BILL for an Act to create and enact a new subdivision to subsection 1 of section 57-38-01.3

2 of the North Dakota Century Code, relating to a corporate income tax deduction for research

3 and development expenditures at a certified research and development center in this state; and

4 to provide an effective date.

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

6   **SECTION 1.** A new subdivision to subsection 1 of section 57-38-01.3 of the North

7 Dakota Century Code is created and enacted as follows:

8   Reduced by qualified research and development costs of a product produced

9   in this state. Twenty percent of this deduction is available in each of the first

10   five taxable years of sales of the product by the corporation. For purposes of

11   this section:

12   (1)   "Qualified research and development costs" means expenditures by the

13   corporation for research and development performed at a certified

14   research and development center for a product that has been approved

15   by the department of economic development and finance as a product

16   that has potential to have a net long-term positive fiscal effect for state

17   general fund revenues and as a product that incorporates innovative

18   technology.

19   (2)   "Research and development center" means a research and

20   development facility located in this state that has been certified by the

21   department of economic development and finance to conduct research

22   necessary to create, develop, and bring products incorporating

23   innovative technology to market.

1   (3)   Any expenditure for which a deduction is claimed under this subdivision

2   is not eligible for the tax credit under section 57-38-30.5.

3   **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable years beginning after

4 December 31, 2000.