

Introduced by

Senators Hogan, Cleary, Piepkorn

Representatives Conmy, Dakane

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 a child care  
3 income tax credit; and to provide an effective date.

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

5 **SECTION 1.** A new section to chapter 57-38 of the North Dakota Century Code is created  
6 and enacted as follows:

7 **Child care tax credit.**

8 1. A taxpayer is entitled to a credit against the income tax liability under section  
9 57-38-30.3 for child care expenses if:

- 10 a. The federal adjusted gross income of the taxpayer and the taxpayer's spouse  
11 does not exceed a combined amount of one hundred twenty thousand dollars;  
12 and  
13 b. The taxpayer is a resident or part-year resident individual or a nonresident  
14 individual member of the armed forces.

15 2. Subject to subsection 3, the credit is equal to the greater of:

- 16 a. Forty percent of the credit for child care expenses allowed under section 21 of  
17 the Internal Revenue Code [26 U.S.C. 21] claimed by the taxpayer in the current  
18 taxable year; or  
19 b. Ten percent of the child tax credit allowed under section 24 of the Internal  
20 Revenue Code [26 U.S.C. 24] claimed by the taxpayer in the current taxable  
21 year.

22 3. The credit must be prorated based on the ratio of North Dakota taxable income to  
23 federal adjusted gross income.

1       4. The credit allowed under this section may not exceed the liability for tax under this  
2           chapter. Any credit amount exceeding a taxpayer's liability for the taxable year may not  
3           be claimed as a carryback or carryforward.

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

6           Child care tax credit under section 1 of this Act.

7       **SECTION 3. EFFECTIVE DATE.** This Act is effective for taxable years beginning after  
8 December 31, 2022.