

Sixty-fourth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1152

Introduced by

Representatives Nathe, Dockter, Dosch, Karls, Porter

Senators Carlisle, Kilzer, Poolman

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 individual,
3 estate, trust, or corporation income tax credit for donations to a Bakken region scholarship fund
4 maintained and administered by a nonprofit private institution of higher education; to provide an
5 effective date; and to provide an expiration date.

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

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

9 **Income tax credit for donations for Bakken region scholarships provided by a**
10 **nonprofit private institution of higher education.**

11 1. For purposes of this section:

12 a. "Bakken region scholarship fund" means a fund maintained and administered by
13 a nonprofit private institution of higher education to provide conditional
14 scholarships to its students seeking a bachelor's degree or baccalaureate in
15 health, education, or business, based on a commitment by the student to
16 complete the degree or baccalaureate and complete a period of full-time
17 employment as provided in subsection 8.

18 b. "Nonprofit private institution of higher education" means a nonprofit private
19 institution of higher education accredited by the higher learning commission and
20 located in this state which normally maintains a regular faculty and curriculum,
21 normally has a regularly organized body of students in attendance at the place
22 where its educational activities are primarily conducted, and regularly offers a
23 curriculum of higher education leading to a bachelor's degree or baccalaureate.

- 1 c. "Qualifying donation" means an aggregate donation of twenty-five thousand
2 dollars or more by a taxpayer during a taxable year to a Bakken region
3 scholarship fund maintained and administered by a nonprofit private institution of
4 higher education.
- 5 2. An individual is allowed a tax credit against the tax imposed by section 57-38-30.3 in
6 an amount equal to seventy-five percent of the qualifying donation made by the
7 taxpayer during the taxable year. Married individuals are entitled to only one credit
8 under this section between them.
- 9 3. A corporation is allowed a tax credit against the tax imposed by section 57-38-30 in an
10 amount equal to seventy-five percent of the qualifying donation made by the taxpayer
11 during the taxable year.
- 12 4. An estate or trust is allowed a tax credit in an amount equal to seventy-five percent of
13 the qualifying donation made by the taxpayer during the taxable year. The allowable
14 credit must be apportioned to the estate or trust and to its beneficiaries on the basis of
15 the income of the estate or trust allocable to each, and the beneficiaries may claim
16 their share of the credit against the tax imposed by section 57-38-30 or 57-38-30.3. A
17 beneficiary may claim the credit only in the beneficiary's taxable year in which the
18 taxable year of the estate or trust ends. Subsections 6 and 7 apply to the estate or
19 trust and its beneficiaries with respect to their respective shares of the apportioned
20 credit.
- 21 5. A passthrough entity is entitled to a credit in an amount equal to seventy-five percent
22 of the qualifying donation made by the taxpayer during the taxable year. The
23 passthrough entity must be considered to be the taxpayer for purposes of this
24 subsection and the credit determined at the entity level must be passed through to the
25 partners, shareholders, or members in proportion to their respective interests in the
26 passthrough entity. Subsections 6 and 7 apply to the partner, shareholder, or member.
- 27 6. The amount of the donation upon which an allowable credit is computed must be
28 added to federal taxable income in computing North Dakota taxable income in any
29 taxable year in which the donation reduces federal taxable income, but only to the
30 extent that the donation reduced federal taxable income.

- 1 7. The tax credit allowed under this section may not exceed the taxpayer's income tax
2 liability. The unused portion of a credit under this section may be carried forward for up
3 to three taxable years.
- 4 8. A Bakken region scholarship fund may be maintained and used only for scholarships
5 as provided in this subsection. An institution may award scholarships only to enrolled
6 students seeking a bachelor's degree or baccalaureate in health, education, or
7 business, based on a commitment by the student to complete the degree or
8 baccalaureate and complete a period of full-time employment in an oil-producing
9 county in this state, subject to the following:
- 10 a. Failure of the student to honor the commitment must result in forfeiture of the
11 scholarship and repayment by the student of the amount awarded within ten
12 years, with interest calculated at the most current ten-year treasury bond rate
13 plus two hundred basis points. Interest on the repayment must be calculated
14 back to the time of first disbursement based on annual accrual. Any repayment
15 must be deposited in the Bakken region scholarship fund.
- 16 b. The student commitment must include that within four years after obtaining a
17 bachelor's degree or baccalaureate, the student must complete full-time
18 employment in an oil-producing county in this state of at least twelve months or
19 six months times the number of years' scholarships received, whichever is longer.
20 For purposes of this section, "full-time" means at least thirty-five hours per week.
- 21 9. The cumulative amount of credits allowed under this section is limited to twenty-five
22 million dollars and this limitation must be applied based on the date of the qualifying
23 donation.

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 Credit for donations for Bakken region scholarships provided by a nonprofit
27 private institution of higher education under section 1 of this Act.

28 **SECTION 3. EFFECTIVE DATE - EXPIRATION DATE.** This Act is effective for the first two
29 taxable years beginning after December 31, 2014, and is thereafter ineffective.