

HOUSE BILL NO. 1276

Introduced by

Representatives Fehr, Bellew, Damschen, Lefor

Senator Rust

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 income tax credit for contributions to a nonprofit organization; and to amend and reenact
4 subdivision h of subsection 1 of section 57-38-30.3 of the North Dakota Century Code, relating
5 to claiming an individual income tax credit for contributions to a nonprofit organization; and to
6 provide an effective date.

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

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

10 **Individual income tax credit for contributions to nonprofit organizations.**

- 11 1. An individual is entitled to a credit against the tax imposed under section 57-38-30.3
12 for contributions to a nonprofit organization. The amount of the credit allowed under
13 this section is equal to the amount contributed to a nonprofit organization during the
14 taxable year. The amount of the credit under this section may not exceed five hundred
15 dollars for married persons filing a joint return or two hundred fifty dollars for a single
16 individual or a married individual filing a separate return.
- 17 2. For purposes of this section, the term "nonprofit organization" means an organization
18 exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code
19 [26 U.S.C. 501(c)(3)] or section 501(c)(19) of the Internal Revenue Code [26 U.S.C.
20 501(c)(19)].
- 21 3. North Dakota taxable income must be increased by the amount of the contribution
22 upon which the credit under this section is computed but only to the extent the
23 contribution reduced federal taxable income.

1 4. The contribution amount used to calculate the credit under this section may not be
2 used to calculate any other state income tax deduction or credit allowed by law.

3 5. The credit under this section may not exceed the taxpayer's liability as determined
4 under this chapter for the taxable year.

5 **SECTION 2. AMENDMENT.** Subdivision h of subsection 1 of section 57-38-30.3 of the
6 North Dakota Century Code is amended and reenacted as follows:

7 h. The tax commissioner shall prescribe an optional simplified method of computing
8 tax under this section that may be used by an individual taxpayer who is not
9 entitled to claim an adjustment under subsection 2 or credit against income tax
10 liability under subsection 7, with the exception of the nonprofit organization
11 contribution tax credit under section 1 of this Act, which shall be made available
12 to be claimed by an individual taxpayer on an optional simplified method of
13 computing tax under this section.

14 **SECTION 3.** A new subdivision to subsection 7 of section 57-38-30.3 of the North Dakota
15 Century Code is created and enacted as follows:

16 Nonprofit organization contribution tax credit under section 1 of this Act.

17 **SECTION 4. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
18 December 31, 2014.