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FIRST ENGROSSMENT
with House Amendments
ENGROSSED SENATE BILL NO. 2331

Sixty-second
Legislative Assembly
of North Dakota

Introduced by

Senators Mathern, Oehlke, Robinson

Representatives Guggisberg, Hogan

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 income tax

3   credit for employment of individuals with disabilities; 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   **Tax credit for employment of individuals with disabilities.**

8   1.   As used in this section, "individual with disabilities" means an individual:

9   a.   Who has severe physical or mental impairments that seriously limit the

10   individual's functional capacity, including mobility, communication, self-care,

11   self-direction, interpersonal skills, work tolerance, or work skills in terms of an

12   employment outcome; and

13   b.   Who has one or more physical or mental disabilities resulting from amputation,

14   arthritis, blindness, burn injury, cancer, cerebral palsy, cystic fibrosis, deafness,

15   head injury, heart disease, hemiplegia, hemophilia, respiratory or pulmonary

16   dysfunction, intellectual disability, mental illness, multiple sclerosis, muscular

17   dystrophy, musculoskeletal disorders, neurological disorders (including stroke

18   and epilepsy), paraplegia, quadriplegia and other spinal cord conditions, sickle

19   cell anemia, specific learning disability, end-stage renal disease, or another

20   disability or combination of disabilities determined on the basis of an assessment

21   for determining eligibility and vocational rehabilitation needs to cause comparable

22   substantial functional limitations.

23   2.   A taxpayer who is an employer in this state is entitled to a tax credit as determined

24   under this section against state income tax liability under section 57-38-30 or

1   57-38-30.3 for the employment of an individual with disabilities. The amount of the

2   credit to which a taxpayer is entitled is fifty percent of up to five thousand dollars of

3   wages paid in the first year, thirty percent of up to five thousand dollars of wages paid

4   in the second year, and ten percent of up to five thousand dollars of wages paid in the

5   third year of employment to the newly hired individual with disabilities. The tax credit

6   under this section is available if the employment of the individual creates a net

7   increase in the number of individuals with disabilities employed by the taxpayer from

8   the number of individuals with disabilities employed by the taxpayer at the end of the

9   preceding taxable year.

10   3.   The taxpayer may claim the credit in the first tax year beginning after the individual

11   hired has completed the employee's first twelve consecutive months of employment by

12   the taxpayer and applies in subsequent tax years in which further net increases occur

13   above the level of such employment established when the credit was last taken.

14   4.   A partnership, subchapter S corporation, limited partnership, or limited liability

15   company, or any other entity treated as a passthrough entity for federal income tax

16   purposes must be considered to be the taxpayer for purposes of this section. The

17   amount of the credit determined at the entity level must be passed through to the

18   partners, shareholders, or members in proportion to their respective interests in the

19   passthrough entity.

20   **SECTION 2.** A new subdivision to subsection 7 of section 57-38-30.3 of the North Dakota

21   Century Code is created and enacted as follows:

22   Tax credit for employment of individuals with disabilities under section 1 of this

23   Act.

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

25   December 31, 2010.