

HOUSE BILL NO. 1405

Introduced by

Representatives Schneider, P. Anderson, Boschee, Glassheim, Guggisberg, Kretschmar,
Oversen

Senator Mathern

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 equal to a portion of a taxpayer's federal earned income credit; and to provide an effective
4 date.

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

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

8 **Earned income credit.**

- 9 1. A resident taxpayer is entitled to a credit against tax liability as determined under
10 section 57-38-30.3 in the amount of ten percent of the amount of the earned income
11 credit allowed against that taxpayer's federal income tax liability under section 32 of
12 the Internal Revenue Code for the taxable year in which the credit was claimed
13 against the taxpayer's federal income tax liability. The credit under this section must be
14 allowed against the taxes imposed by this chapter for the taxable year reduced by the
15 credits permitted by this chapter. If the amount of the credit allowed by this section
16 exceeds the taxpayer's income tax liability under this chapter, the excess amount must
17 be refunded to the taxpayer.
- 18 2. For a part-time resident taxpayer, the credit under this section must be allowed against
19 the taxes determined under this chapter. However, the credit must be multiplied by a
20 fraction, the numerator of which is federal adjusted gross income for the period of
21 residence and the denominator of which is federal adjusted gross income for the
22 taxable year.

1 3. On a date agreed to by the tax commissioner and the department of human services,
2 the tax commissioner shall provide to the department of human services information
3 regarding the expenditures from the state general fund for the refundable portion of
4 the credit under this section. The department of human services may apply the
5 determined expenditures from the state general fund under this section to count as
6 temporary assistance for needy families block grant maintenance of effort requirement
7 to the extent permitted by federal law.

8 **SECTION 2.** A new subdivision to subsection 7 of section 57-38-03 of the North Dakota
9 Century Code is created and enacted as follows:

10 Earned income credit under section 1 of this Act.

11 **SECTION 3. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
12 December 31, 2014.