

**Sixty-eighth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 3, 2023**

HOUSE BILL NO. 1383

(Representatives Boschee, Bosch, Finley-DeVille, Hagert, Ista, Nathe, Schreiber-Beck, Steiner)
(Senators Kannianen, Patten, Piepkorn, Rummel)

AN ACT to create and enact a new section to chapter 57-38 and a new subdivision to subsection 7 of section 57-38-30.3 of the North Dakota Century Code, relating to the provision of an income tax credit for qualified compensation paid to an apprentice; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

Apprenticeship tax credit.

1. A taxpayer is entitled to a credit as determined under this section against the income tax liability under section 57-38-30 or 57-38-30.3 for qualified compensation paid to an individual who is an apprentice in an apprenticeship program as provided in title 29, Code of Federal Regulations, subtitle a, part 29 or an apprentice electrician registered under chapter 43-09 and is employed in this state by the taxpayer.
2. To qualify for the credit under this section, a taxpayer shall:
 - a. Directly employ, supervise, and evaluate a qualified apprentice in an apprenticeship position located in this state.
 - b. For a taxpayer that employs an individual who is an apprentice in an apprenticeship program as provided in title 29, Code of Federal Regulations, subtitle a, part 29, obtain a certification from the United States department of labor, bureau of apprenticeship and training, stating the taxpayer has met all the requirements and qualifications of the apprenticeship program as provided in title 29, Code of Federal Regulations, subtitle a, part 29 and submit to the tax commissioner proof of the certification.
 - c. Submit any other information prescribed by the tax commissioner.
3. Subject to the limitations provided in this subsection, the amount of the credit to which a taxpayer is entitled is ten percent of the stipend or salary paid to a qualified apprentice employed by the taxpayer.
 - a. The aggregate amount of credits allowed to a taxpayer under this section may not exceed three thousand dollars in total credits for all taxable years combined.
 - b. The tax credit under this section applies to a stipend or salary for not more than five apprentices employed by the taxpayer at the same time.
 - c. The credit allowed under this section may not exceed a taxpayer's liability for tax under this chapter. Any credit amount exceeding a taxpayer's liability for the taxable year may not be claimed as a carryback or carryforward.
4. A passthrough entity entitled to the credit under this section must be considered to be the taxpayer for purposes of this section and the amount of the credit allowed must be determined at the passthrough entity level. The amount of the total credit determined at the passthrough entity level must be allowed to the partners, shareholders, or members in proportion to their respective interests in the passthrough entity.

5. The tax commissioner shall prescribe, design, and make available all forms necessary to effectuate this section.

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

Apprenticeship tax credit under section 1 of this Act.

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

Speaker of the House

President of the Senate

Chief Clerk of the House

Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Sixty-eighth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1383.

House Vote: Yeas 89 Nays 0 Absent 5

Senate Vote: Yeas 45 Nays 0 Absent 2

Chief Clerk of the House

Received by the Governor at _____ M. on _____, 2023.

Approved at _____ M. on _____, 2023.

Governor

Filed in this office this _____ day of _____, 2023,

at _____ o'clock _____ M.

Secretary of State