

January 29, 2019

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1406

Page 1, line 1, after "to" insert "create and enact a new subdivision to subsection 7 of section 57-38-30.3 of the North Dakota Century Code, relating to an income tax credit for the employment of individuals with developmental disability or severe mental illness; to"

Page 1, line 3, replace "chronically mentally ill persons" with "severe mental illness"

Page 1, line 8, overstrike "**chronically mentally ill persons**" and insert immediately thereafter "**severe mental illness**"

Page 1, line 10, after "57-38-30" insert "or section 57-38-30.3"

Page 1, line 11, overstrike "chronically mentally ill employee" and insert immediately thereafter "severe mental illness"

Page 1, line 12, remove the underscored colon

Page 1, line 13, remove "a. Five"

Page 1, line 13, overstrike "percent of up to six thousand dollars in wages paid during the first twelve"

Page 1, overstrike line 14

Page 1, line 15, overstrike "disability or chronically mentally ill employee of the taxpayer"

Page 1, line 15, remove "; or"

Page 1, line 16, replace "b. Twenty-five" with "twenty-five"

Page 1, line 17, remove "chronically"

Page 1, line 18, replace "mentally ill employee of the taxpayer" with "severe mental illness"

Page 1, line 19, remove "certifies the employee does not otherwise have"

Page 1, line 20 replace "reasonable prospects for competitive employment" with "determines the individual has a most significant disability, is eligible for services, and requires customized employment in order to obtain competitive integrated employment"

Page 2, after line 2, insert:

"5. A taxpayer shall apply, on a form and in the manner prescribed by the department of human services' vocational rehabilitation division, for a determination of whether an employee meets the requirements under subsection 2. If an employee meets the requirements, a letter of certification containing the names of the taxpayer and the qualifying employee must be issued to the taxpayer. No more than one hundred employees may be certified as qualifying under this section. Applications must be processed in the order the applications are received.

6. A taxpayer claiming a credit under this section shall include a copy of the certification letter received from the department of human services'

vocational rehabilitation division with the taxpayer's return filed under this chapter for each taxable year the credit is claimed.

7. A passthrough entity entitled to the credit under this section must be considered to be the taxpayer for purposes of calculating the credit. The amount of the allowable credit must be determined at the passthrough entity level. The total credit determined at the entity level must be passed through to the partners, shareholders, or members in proportion to their respective interests in the passthrough entity. An individual taxpayer may take the credit passed through under this section against the individual's state income tax liability under section 57-38-30.3.

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

Income tax credit for employment of individuals with developmental disabilities or chronically mentally ill persons under section 57-38-01.16."

Page 2, line 3, remove "taxable years beginning after"

Page 2, line 4, replace "December 31, 2018" with "the first two taxable years after December 31, 2018."

Renumber accordingly