

Sixty-eighth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1504

Introduced by

Representatives Hagert, D. Anderson, Christensen, Mock, Ostlie

Senators Conley, Larsen

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 qualified brewers for barley purchases; to provide an effective date; and to provide an
4 expiration 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 **North Dakota barley tax credit for brewers - Verification.**

- 9 1. A brewer that produces beer and purchases more than forty percent of the brewer's
10 total annual barley purchases from a farmer or supplier in this state is entitled to a tax
11 credit against the tax liability under section 57-38-30 and 57-38-30.3 equal to five
12 percent of the cost of the barley purchased from a farmer or supplier in this state. The
13 maximum credit allowed for each eligible brewer under this section for the taxable year
14 is fifty thousand dollars.
- 15 2. For purposes of this section:
- 16 a. "Brewer" means a brewer of beer licensed under chapter 5-01 or a supplier of
17 beer licensed under chapter 5-03 which is located within or outside this state.
- 18 b. "Purchase" does not include any expense incurred by the purchaser to complete
19 the sale, including:
- 20 (1) Transportation or delivery costs;
- 21 (2) Service fees;
- 22 (3) Taxes; or
- 23 (4) Any other expense incurred by the purchaser that is necessary to complete
24 the sale.

- 1 3. The credit under this section may not exceed the taxpayer's liability as determined
2 under this chapter for the taxable year. Any credit amount exceeding the limitation in
3 this subsection for the taxable year may not be claimed as a carryback or
4 carryforward.
- 5 4. A passthrough entity entitled to the credit under this section must be considered to be
6 the taxpayer for purposes of this section and the amount of the credit allowed must be
7 determined at the passthrough entity level. The amount of the total credit determined
8 at the passthrough entity level must be allowed to the partners, shareholders, or
9 members in proportion to their respective interests in the passthrough entity.
- 10 5. The brewer shall file the following information for purposes of verification of eligibility
11 for the credit under this section with the brewer's return:
- 12 a. The name and address of each barley farmer or supplier from which the brewer
13 purchased barley;
- 14 b. The brewer's license number issued under chapter 5-01 or 5-03;
- 15 c. The brewer's total annual purchases of barley;
- 16 d. The total amount of barley purchased from a farmer or supplier located in this
17 state; and
- 18 e. Any other information prescribed by the tax commissioner.
- 19 6. The tax commissioner shall prescribe, design, and make available all forms necessary
20 to effectuate this section.

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

23 North Dakota barley tax credit for brewers under section 1 of this Act.

24 **SECTION 3. EFFECTIVE DATE - EXPIRATION DATE.** This Act is effective for the first two
25 taxable years beginning after December 31, 2022, and after that date is ineffective.