

North Dakota Corporate Income Tax Credits – Credit Features at a Glance

February 2016

Name of Credit	Applies to Tax Years...	Rate / Amount of Credit	Credit Limit Per Taxpayer		Other Limitations / Provisions	Unused Credit Options
			Per Tax Year	Lifetime		
Agricultural commodity processing facility investment credit	2005 and after (see Notes)	30% of eligible investment	\$50,000	\$250,000	Program limit: Limited to ten qualified businesses / facilities each calendar year	10-year carryforward
Angel fund investment credit	2007 and after	45% of cash investment	\$45,000	\$500,000	\$5 million of credits per angel fund	7-year carryforward
Automation manufacturing machinery and equipment credit	2013-2017	20% of purchase price			Program limit (all taxpayers): <ul style="list-style-type: none"> • \$2 million of credits per calendar year for 2013-15 • \$500,000 per calendar year for 2016-17 • Credit may be used to reduce the tax of an affiliate in a ND consolidated return 	5-year carryforward
Biodiesel fuel blending credit	2005 and after	\$0.05 per gallon blended				5-year carryforward
Biodiesel fuel production facility credit	2003 and after	<ul style="list-style-type: none"> • 10% of eligible costs • Allowed in each of first 5 tax years upon production start 		\$250,000		5-year carryforward
Biodiesel fuel sales equipment costs credit	2005 and after	<ul style="list-style-type: none"> • 10% of eligible costs • Allowed in each of first 5 tax years upon sales start 		\$50,000		5-year carryforward
Canola or soybean crushing facility credit	2009 and after	<ul style="list-style-type: none"> • 10% of eligible costs • Allowed in each of first 5 tax years upon production start 		\$250,000		5-year carryforward
Certified nonprofit development company investment credit	1989 and after	25% of eligible payments	\$2,000			7-year carryforward

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Credit for wages paid to mobilized employee	2009 and after	25% of the lesser of: <ul style="list-style-type: none"> • actual civilian wages paid during mobilization or • deemed civilian wages over actual military wages paid 	\$1,000 per eligible employee			5-year carryforward
Developmentally disabled or chronically mentally ill person employment credit	1987 and after	5% of first \$6,000 of wages paid during first 12 months of employment	50% of tax			None
Endowment fund contribution credit	2007 and after	40% of contributions	\$10,000		ND taxable income must be increased to extent contribution reduced federal taxable income	3-year carryforward
Energy device credit—biomass, geothermal, solar, or wind device	Solar and wind: 1977-2014 (see “Other Limitations / Provisions” for exception for wind device) Geothermal: 1981-2014 Biomass: 2007-2014	<ul style="list-style-type: none"> • 3% of eligible costs • Allowed in each of first 5 tax years, starting in year installed 			<ul style="list-style-type: none"> • Except for certain wind devices, device must be installed before 1/1/2015, to qualify. For a wind device only, if construction began before 1/1/2015, it is eligible for the credit if installed before 1/1/2017. • Credit may be used to reduce the tax of an affiliate in a ND consolidated return 	<p>All devices—If installed in tax years 2005-08 (before 10/1/2008): 5-year carryover.</p> <p>Biomass, geothermal, and solar devices—If installed after 9/30/2008 and before 1/1/2015: 10-year carryover.</p> <p>Wind device—If installed after 9/30/2008 and before 1/1/2012: 30-year carryover.</p> <p>Wind device—If installed after 12/31/2011 and before 1/1/2015 (or 1/1/2017, if construction began before 1/1/2015): 10-year carryover.</p>

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Housing incentive fund credit	2011-2016	100% of contribution			<ul style="list-style-type: none"> • ND taxable income must be increased to extent contribution reduced federal taxable income • Program limit (all taxpayers): \$30 million for 2015-16 tax years 	10-year carryforward
Internship employment credit	2007 and after	10% of wages		\$3,000	Limited to 5 interns per year	None
Microbusiness investment credit	2007 and after	20% of eligible costs		\$10,000		5-year carryforward
Nonprofit private primary school contribution credit (grades K – 8)	2015 and after	50% of contributions	Lesser of \$2,500 or 20% of tax			None
Nonprofit private high school contribution credit (grades 9 – 12)	1979 and after	50% of contributions	Lesser of \$2,500 or 20% of tax			None
Nonprofit private college contribution credit	1975 and after	50% of contributions	Lesser of \$2,500 or 20% of tax			None
Renaissance zone historic property preservation or renovation credit	1999 and after	50% of eligible costs			\$250,000 of credits per project	5-year carryforward
Renaissance fund organization investment credit	1999 and after	50% of cash investment			Program limit (all taxpayers): \$10.5 million of credits	5-year carryforward
Renaissance zone non-participating property owner credit	1999 and after	100% of approved costs				5-year carryforward

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Research & experimental expenditure credit	1987 and after	Expenditures in excess of base amount: <ul style="list-style-type: none"> • 25% of first \$100,000 • Over \$100,000: <ul style="list-style-type: none"> ○ ND research began before 2007—18% in 2015 ○ ND research began in 2007-2010—20% in 2015 ○ ND research began after 2010—8% 	\$2 million, if ND research started before 2007		<ul style="list-style-type: none"> • If certified by ND Commerce Dept. as qualified research and development company, up to \$100,000 of credit may be transferred to another taxpayer • Credit may be used to reduce the tax of an affiliate in a ND consolidated return 	<ul style="list-style-type: none"> • 3-year carryback • 15-year carryforward (after first being carried back) • If eligible, up to \$100,000 may be transferred to another taxpayer.
Rural leadership ND program contributions credit	2013 and after	50% of contributions				None
Seed capital business investment credit	2005 and after (see Notes)	45% of cash investment	\$112,500		<ul style="list-style-type: none"> • Program limit per business: Credit limited to first \$500,000 of investments received for all years • Program limit (all investors): \$3.5 million of credits per year 	4-year carryforward
Wage and salary credit (“new industry credit”)	1969 and after	<ul style="list-style-type: none"> • 1% of wages paid each year for first 3 tax years • 0.5% of wages paid each year for 4th and 5th tax years 				None
Workforce recruitment credit	2007 and after	5% of wages paid in first 12 months of employment			Allowed in year after the year in which 12th month of employment falls	4-year carryforward

Notes

- If more than one credit applies in a given year, apply the credits in the order that is most advantageous. Generally, this means applying the credits in the following order: (1) Credits with no carryback or carryforward feature. (2) Credits with a carryback feature. (3) Credits with a carryforward feature.
- If a credit is limited based on a percentage of the tax, apply the percentage to the tax before any credits are subtracted.
- The agricultural commodity processing facility investment credit was created in 2001, but it was not available to a C corporation until 2005.
- The seed capital business investment credit was created in 1993, but it was not available to a C corporation until 2005.