

**Sixtieth Legislative Assembly of North Dakota
In Regular Session Commencing Wednesday, January 3, 2007**

SENATE BILL NO. 2224
(Senators Grindberg, Dever, Hacker)
(Representatives Hawken, Keiser, Owens)

AN ACT to create and enact a new subsection to section 57-38.5-03 of the North Dakota Century Code, relating to the eligibility for the seed capital investment tax credit for investments made by an angel fund; to amend and reenact subsection 6 of section 57-38.5-01 of the North Dakota Century Code, relating to the definition of taxpayer for purposes of the seed capital investment tax credit; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subsection 6 of section 57-38.5-01 of the North Dakota Century Code is amended and reenacted as follows:

6. "Taxpayer" means an individual, estate, or trust or a corporation or, passthrough entity, or an angel fund. The term does not include a real estate investment trust.

SECTION 2. A new subsection to section 57-38.5-03 of the North Dakota Century Code is created and enacted as follows:

An angel fund that invests in a qualified business must be considered to be the taxpayer for purposes of the investment limitations in this section. The amount of the credit allowed with respect to an angel fund's investment in a qualified business must be determined at the angel fund level. The amount of the total credit determined at the angel fund level must be allowed to the investors in the angel fund in proportion to the investor's respective interests in the fund. An angel fund that is subject to the tax imposed under chapter 57-38 is not eligible for the investment tax credit under this chapter.

SECTION 3. EFFECTIVE DATE. This Act is effective for taxable years beginning after December 31, 2006.

President of the Senate

Speaker of the House

Secretary of the Senate

Chief Clerk of the House

This certifies that the within bill originated in the Senate of the Sixtieth Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2224.

Senate Vote: Yeas 47 Nays 0 Absent 0

House Vote: Yeas 65 Nays 24 Absent 5

Secretary of the Senate

Received by the Governor at _____ M. on _____, 2007.

Approved at _____ M. on _____, 2007.

Governor

Filed in this office this _____ day of _____, 2007,
at _____ o'clock _____ M.

Secretary of State