

HOUSE BILL NO. 1327

Introduced by

Representatives Skarphol, Devlin, Monson, Pollert

Senators Klein, Nichols

1 A BILL for an Act to create and enact a new subdivision to subsection 1 of section 57-38-01.3 of
2 the North Dakota Century Code, relating to a corporate income tax exemption for net income
3 from a corporate business location established in a small city; and to provide an effective date.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1.** A new subdivision to subsection 1 of section 57-38-01.3 of the North
6 Dakota Century Code is created and enacted as follows:

7 Reduced by the net income from a corporate business location established
8 after June 30, 2003, within the city limits of a city in this state of two thousand
9 or less population but not including a city that is located within ten miles
10 [16.09 kilometers] of the city limits of any of the ten largest cities in this state
11 based on population. For purposes of this subdivision, population is
12 determined according to the most recent federal decennial census. For
13 purposes of this subdivision, "established" means open for business in a
14 qualifying location. The reduction under this subdivision is not available to a
15 corporation engaged in farming or ranching. The reduction under this
16 subdivision must be reduced by seventy-five percent for the first taxable year
17 beginning after December 31, 2002; by fifty percent for the second taxable
18 year beginning after December 31, 2002; and by twenty-five percent for the
19 third taxable year beginning after December 31, 2002. The tax commissioner
20 shall adopt rules to determine how corporate income is to be reported and
21 allocated to a business location.

22 **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
23 December 31, 2002.