

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2199

In lieu of the amendments adopted by the House as printed on pages 960 and 961 of the House Journal, Reengrossed Senate Bill No. 2199 is amended as follows:

Page 1, line 1, after "Act" insert "to create a property tax relief sustainability fund;"

Page 1, line 4, replace "and" with a comma and after "57-15-31" insert ", and 57-38-30 and subsection 1 of section 57-38-30.3"

Page 1, line 5, after "districts" insert ", corporate income tax rates, and income tax rates for individuals, estates, and trusts" and after the second semicolon insert "to provide for transfers;"

Page 2, line 22, after "4." insert "The authority for a levy of up to a specific number of mills under this section approved by electors of a school district before July 1, 2009, is terminated effective for taxable years after 2012. If the electors of a school district subject to this subsection have not approved a levy for taxable years after 2012 of up to a specific number of mills under this section by December 31, 2012, the school district levy limitation for subsequent years is subject to the limitations under section 57-15-01.1 or this section.

5."

Page 2, line 23, replace "2010" with "2012"

Page 2, line 24, after "of" insert "up to"

Page 2, line 25, replace "2010" with "2012"

Page 3, after line 29, insert:

"SECTION 4. AMENDMENT. Section 57-38-30 of the North Dakota Century Code is amended and reenacted as follows:

57-38-30. Imposition and rate of tax on corporations. A tax is hereby imposed upon the taxable income of every domestic and foreign corporation which must be levied, collected, and paid annually as in this chapter provided:

1. a. For the first ~~three~~ twenty-five thousand dollars of taxable income, at the rate of two ~~and six-tenths~~ percent.
- b. On all taxable income ~~above three~~ exceeding twenty-five thousand dollars and not ~~in excess of eight~~ exceeding fifty thousand dollars, at the rate of ~~four and one-tenth~~ five percent.
- c. On all taxable income ~~above eight~~ exceeding fifty thousand dollars and not ~~in excess of twenty thousand dollars~~, at the rate of ~~five and six-tenths~~ six and one-tenth percent.

- d. ~~On all taxable income above twenty thousand dollars and not in excess of thirty thousand dollars, at the rate of six and four tenths percent.~~
 - e. ~~On all taxable income above thirty thousand dollars, at the rate of six and one half percent.~~
2. A corporation that has paid North Dakota alternative minimum tax in years beginning before January 1, 1991, may carry over any alternative minimum tax credit remaining to the extent of the regular income tax liability of the corporation for a period not to exceed four taxable years.

SECTION 5. AMENDMENT. Subsection 1 of section 57-38-30.3 of the North Dakota Century Code is amended and reenacted as follows:

1. A tax is hereby imposed for each taxable year upon income earned or received in that taxable year by every resident and nonresident individual, estate, and trust. A taxpayer computing the tax under this section is only eligible for those adjustments or credits that are specifically provided for in this section. Provided, that for purposes of this section, any person required to file a state income tax return under this chapter, but who has not computed a federal taxable income figure, shall compute a federal taxable income figure using a pro forma return in order to determine a federal taxable income figure to be used as a starting point in computing state income tax under this section. The tax for individuals is equal to North Dakota taxable income multiplied by the rates in the applicable rate schedule in subdivisions a through d corresponding to an individual's filing status used for federal income tax purposes. For an estate or trust, the schedule in subdivision e must be used for purposes of this subsection.

a. Single, other than head of household or surviving spouse.

If North Dakota taxable income is:	The tax is equal to:
Not over \$27,050 <u>\$33,950</u>	2.10% <u>1.87%</u>
Over \$27,050 <u>\$33,950</u> but not over \$65,550 <u>\$82,250</u>	\$568.05 <u>\$634.87</u> plus 3.92% <u>3.49%</u> of amount over \$27,050 <u>\$33,950</u>
Over \$65,550 <u>\$82,250</u> but not over \$136,750 <u>\$171,550</u>	\$2,077.25 <u>\$2,320.54</u> plus 4.34% <u>3.87%</u> of amount over \$65,550 <u>\$82,250</u>
Over \$136,750 <u>\$171,550</u> but not over \$297,350 <u>\$372,950</u>	\$5,167.33 <u>\$5,776.45</u> plus 5.04% <u>4.49%</u> of amount over \$136,750 <u>\$171,550</u>
Over \$297,350 <u>\$372,950</u>	\$13,261.57 <u>\$14,819.31</u> plus 5.54% <u>4.94%</u> of amount over \$297,350 <u>\$372,950</u>

b. Married filing jointly and surviving spouse.

If North Dakota taxable income is:	The tax is equal to:
Not over \$45,200 <u>\$56,750</u>	2.10% <u>1.87%</u>
Over \$45,200 <u>\$56,750</u> but not over \$109,250 <u>\$137,050</u>	\$949.20 <u>\$1,061.23</u> plus 3.92% <u>3.49%</u> of amount over \$45,200 <u>\$56,750</u>
Over \$109,250 <u>\$137,050</u> but not over \$166,500 <u>\$208,850</u>	\$3,459.96 <u>\$3,863.70</u> plus 4.34% <u>3.87%</u> of amount over \$109,250 <u>\$137,050</u>
Over \$166,500 <u>\$208,850</u> but not over \$297,350 <u>\$372,950</u>	\$5,944.61 <u>\$6,642.36</u> plus 5.04% <u>4.49%</u> of amount over \$166,500 <u>\$208,850</u>
Over \$297,350 <u>\$372,950</u>	\$12,539.45 <u>\$14,010.45</u> plus 5.54% <u>4.94%</u> of amount over \$297,350 <u>\$372,950</u>

c. Married filing separately.

If North Dakota taxable income is:	The tax is equal to:
Not over \$22,600 <u>\$28,375</u>	2.10% <u>1.87%</u>
Over \$22,600 <u>\$28,375</u> but not over \$54,625 <u>\$68,525</u>	\$474.60 <u>\$530.61</u> plus 3.92% <u>3.49%</u> of amount over \$22,600 <u>\$28,375</u>
Over \$54,625 <u>\$68,525</u> but not	\$1,729.98 <u>\$1,931.85</u> plus 4.34% <u>3.87%</u>

over ~~\$83,250~~ \$104,425
Over ~~\$83,250~~ \$104,425 but not
over ~~\$148,675~~ \$186,475
Over ~~\$148,675~~ \$186,475

of amount over ~~\$54,625~~ \$68,525
~~\$2,972.31~~ \$3,321.18 plus ~~5.04%~~ 4.49%
of amount over ~~\$83,250~~ \$104,425
~~\$6,269.73~~ \$7,005.22 plus ~~5.54%~~ 4.94%
of amount over ~~\$148,675~~ \$186,475

d. Head of household.

If North Dakota taxable income is:

Not over ~~\$36,250~~ \$45,500
Over ~~\$36,250~~ \$45,500 but not
over ~~\$93,650~~ \$117,450
Over ~~\$93,650~~ \$117,450 but not
over ~~\$151,650~~ \$190,200
Over ~~\$151,650~~ \$190,200 but not
over ~~\$297,350~~ \$372,950
Over ~~\$297,350~~ \$372,950

The tax is equal to:

~~2.10%~~ 1.87%
~~\$761.25~~ \$850.85 plus ~~3.92%~~ 3.49%
of amount over ~~\$36,250~~ \$45,500
~~\$3,011.33~~ \$3,361.91 plus ~~4.34%~~ 3.87%
of amount over ~~\$93,650~~ \$117,450
~~\$5,528.53~~ \$6,177.33 plus ~~5.04%~~ 4.49%
of amount over ~~\$151,650~~ \$190,200
~~\$12,871.81~~ \$14,382.81 plus ~~5.54%~~ 4.94%
of amount over ~~\$297,350~~ \$372,950

e. Estates and trusts.

If North Dakota taxable income is:

Not over ~~\$1,800~~ \$2,300
Over ~~\$1,800~~ \$2,300 but not
over ~~\$4,250~~ \$5,350
Over ~~\$4,250~~ \$5,350 but not
over ~~\$6,500~~ \$8,200
Over ~~\$6,500~~ \$8,200 but not
over ~~\$8,900~~ \$11,150
Over ~~\$8,900~~ \$11,150

The tax is equal to:

~~2.10%~~ 1.87%
~~\$37.80~~ \$43.01 plus ~~3.92%~~ 3.49%
of amount over ~~\$1,800~~ \$2,300
~~\$133.84~~ \$149.46 plus ~~4.34%~~ 3.87%
of amount over ~~\$4,250~~ \$5,350
~~\$231.49~~ \$259.75 plus ~~5.04%~~ 4.49%
of amount over ~~\$6,500~~ \$8,200
~~\$352.45~~ \$392.21 plus ~~5.54%~~ 4.94%
of amount over ~~\$8,900~~ \$11,150

f. For an individual who is not a resident of this state for the entire year, or for a nonresident estate or trust, the tax is equal to the tax otherwise computed under this subsection multiplied by a fraction in which:

- (1) The numerator is the federal adjusted gross income allocable and apportionable to this state; and
- (2) The denominator is the federal adjusted gross income from all sources reduced by the net income from the amounts specified in subdivisions a and b of subsection 2.

In the case of married individuals filing a joint return, if one spouse is a resident of this state for the entire year and the other spouse is a nonresident for part or all of the tax year, the tax on the joint return must be computed under this subdivision.

g. For taxable years beginning after December 31, ~~2001~~ 2009, the tax commissioner shall prescribe new rate schedules that apply in lieu of the schedules set forth in subdivisions a through e. The new schedules must be determined by increasing the minimum and maximum dollar amounts for each income bracket for which a tax is imposed by the cost-of-living adjustment for the taxable year as determined by the secretary of the United States treasury for purposes of section 1(f) of the United States Internal Revenue Code of 1954, as amended. For this purpose, the rate applicable to each income bracket may not be changed, and the manner of applying the cost-of-living adjustment must be the same as that used for adjusting the income brackets for federal income tax purposes."

Page 5, after line 2, insert:

- "7. For all purposes under law relating to allocation of funds among political subdivisions based on property tax levies, property taxes levied by a school district are the amount that would have been levied without the mill reduction grant provided to the school district under this chapter."

Page 5, line 5, replace "combined education" with "general fund"

Page 5, line 8, replace "combined education" with "general fund"

Page 5, line 19, replace "combined education" with "general fund"

Page 5, line 26, replace "combined" with "general fund"

Page 5, line 27, remove "education"

Page 5, line 30, after "district" insert "general fund"

Page 6, after line 6, insert:

"57-64-05. Tax increment financing district revenue replacement grants.

1. A city in which a tax increment financing district was established before January 1, 2009, is entitled to a grant, subject to legislative appropriation, to reimburse the district for the loss of tax increments attributable to the mill levy reduction under this chapter for the school district in which the tax increment financing district property is located. The grant to which a city is entitled under this section is equal to the combined education mill rate reduction under this chapter for the school district for the taxable year times the incremental value of property that had a tax increment value before January 1, 2009, as determined under section 40-58-20, discounted by five percent as allowed for taxpayers under section 57-20-09.
2. Applications for grants under this section must be filed with the tax commissioner by January thirty-first immediately following the taxable year of the combined education mill rate reduction under this chapter. Applications must be filed on a form prescribed by the tax commissioner. The tax commissioner shall audit applications, make corrections as required, and certify grant amounts and recipients to the state treasurer for payment of grants by March thirty-first following receipt of applications.

SECTION 7. Property tax relief sustainability fund. The property tax relief sustainability fund is a special fund in the state treasury. Moneys in the fund may be spent, pursuant to legislative appropriations, for property tax relief programs."

Page 6, line 8, replace "permanent oil tax trust" with "general"

Page 6, after line 11, insert:

"SECTION 9. APPROPRIATION. There is appropriated out of any moneys in the permanent oil tax trust fund in the state treasury, not otherwise appropriated, the sum of \$1,720,000, or so much of the sum as may be necessary, to the state treasurer for the purpose of allocation of revenue replacement grants to tax increment financing districts under section 57-64-05, for the biennium beginning July 1, 2009, and ending June 30, 2011.

SECTION 10. TRANSFER - PERMANENT OIL TAX TRUST FUND - GENERAL FUND. The office of management and budget shall transfer the sum of \$295,000,000 from the permanent oil tax trust fund to the general fund on July 1, 2009.

**SECTION 11. TRANSFER - PERMANENT OIL TAX TRUST FUND -
PROPERTY TAX RELIEF SUSTAINABILITY FUND.** The office of management and budget shall transfer the sum of \$295,000,000 from the permanent oil tax trust fund to the property tax relief sustainability fund on July 1, 2010."

Page 6, line 12, remove "and" and after "3" insert ", 4, and 5"

Renumber accordingly