

Sixty-first
Legislative Assembly
of North Dakota

HOUSE BILL NO.

Introduced by

Representative Weiler

1 A BILL for an Act to amend and reenact sections 57-38-29 and 57-38-30.3 of the North Dakota
2 Century Code, relating to individual income tax rate reductions; and to provide an effective date.

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

4 **SECTION 1. AMENDMENT.** Section 57-38-29 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **57-38-29. Optional method of computing tax.** Notwithstanding the other provisions
7 of this chapter, an individual, estate, or trust may elect to determine state income tax liability by
8 applying the provisions of this section. A tax is hereby imposed upon every individual, to be
9 levied, collected, and paid annually with respect to the taxable income of such individual as
10 defined in this chapter, computed at the following rates:

- 11 1. On taxable income not in excess of three thousand dollars, a tax of two and
12 ~~sixty-seven~~ thirty-eight hundredths percent.
- 13 2. On taxable income in excess of three thousand dollars and not in excess of five
14 thousand dollars, a tax of ~~four~~ three and fifty-six hundredths percent.
- 15 3. On taxable income in excess of five thousand dollars and not in excess of eight
16 thousand dollars, a tax of ~~five and thirty-three~~ four and seventy-four
17 hundredths percent.
- 18 4. On taxable income in excess of eight thousand dollars and not in excess of fifteen
19 thousand dollars, a tax of ~~six and sixty-seven~~ five and ninety-four
20 hundredths percent.
- 21 5. On taxable income in excess of fifteen thousand dollars and not in excess of
22 twenty-five thousand dollars, a tax of ~~eight~~ seven and twelve hundredths percent.

6. On taxable income in excess of twenty-five thousand dollars and not in excess of thirty-five thousand dollars, a tax of ~~nine and thirty-three hundredths~~ eight and thirty hundredths percent.

7. On taxable income in excess of thirty-five thousand dollars and not in excess of fifty thousand dollars, a tax of ~~ten and sixty-seven hundredths~~ nine and fifty hundredths percent.

8. On taxable income in excess of fifty thousand dollars, a tax of ~~twelve~~ ten and sixty-eight hundredths percent.

SECTION 2. 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>	2.40% <u>1.87%</u>
Over \$27,050 <u>\$33,950</u> but not over \$65,550 <u>\$82,250</u>	\$568.05 <u>\$634.53</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>\$2,319.62</u> plus 4.34% <u>3.86%</u> of amount over \$65,550 <u>\$82,250</u>
Over \$136,750 <u>\$171,550</u> but not	\$5,167.33 <u>\$5,768.92</u> plus 5.04% <u>4.49%</u>

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1	over \$297,350 <u>\$372,950</u>	of amount over \$136,750 <u>\$171,550</u>
2	Over \$297,350 <u>\$372,950</u>	\$13,261.57 <u>\$14,802.92</u> plus 5.54% <u>4.93%</u>
3		of amount over \$297,350 <u>\$372,950</u>
4	b. Married filing jointly and surviving spouse.	
5	If North Dakota taxable income is:	The tax is equal to:
6	Not over \$45,200 <u>\$56,750</u>	2.10% <u>1.87%</u>
7	Over \$45,200 <u>\$56,750</u> but not	\$949.20 <u>\$1,060.66</u> plus 3.92% <u>3.49%</u>
8	over \$109,250 <u>\$137,050</u>	of amount over \$45,200 <u>\$56,750</u>
9	Over \$109,250 <u>\$137,050</u> but not	\$3,459.96 <u>\$3,862.16</u> plus 4.34% <u>3.86%</u>
10	over \$166,500 <u>\$208,850</u>	of amount over \$109,250 <u>\$137,050</u>
11	Over \$166,500 <u>\$208,850</u> but not	\$5,944.61 <u>\$6,635.51</u> plus 5.04% <u>4.49%</u>
12	over \$297,350 <u>\$372,950</u>	of amount over \$166,500 <u>\$208,850</u>
13	Over \$297,350 <u>\$372,950</u>	\$12,539.45 <u>\$13,996.38</u> plus 5.54% <u>4.93%</u>
14		of amount over \$297,350 <u>\$372,950</u>
15	c. Married filing separately.	
16	If North Dakota taxable income is:	The tax is equal to:
17	Not over \$22,600 <u>\$28,375</u>	2.10% <u>1.87%</u>
18	Over \$22,600 <u>\$28,375</u> but not	\$474.60 <u>\$530.33</u> plus 3.92% <u>3.49%</u>
19	over \$54,625 <u>\$68,525</u>	of amount over \$22,600 <u>\$28,375</u>
20	Over \$54,625 <u>\$68,525</u> but not	\$1,729.98 <u>\$1,931.08</u> plus 4.34% <u>3.86%</u>
21	over \$83,250 <u>\$104,425</u>	of amount over \$54,625 <u>\$68,525</u>
22	Over \$83,250 <u>\$104,425</u> but not	\$2,972.31 <u>\$3,317.76</u> plus 5.04% <u>4.49%</u>
23	over \$148,675 <u>\$186,475</u>	of amount over \$83,250 <u>\$104,425</u>
24	Over \$148,675 <u>\$186,475</u>	\$6,269.73 <u>\$6,998.19</u> plus 5.54% <u>4.93%</u>
25		of amount over \$148,675 <u>\$186,475</u>
26	d. Head of household.	
27	If North Dakota taxable income is:	The tax is equal to:
28	Not over \$36,250 <u>\$45,500</u>	2.10% <u>1.87%</u>
29	Over \$36,250 <u>\$45,500</u> but not	\$761.25 <u>\$850.40</u> plus 3.92% <u>3.49%</u>
30	over \$93,650 <u>\$117,450</u>	of amount over \$36,250 <u>\$45,500</u>
31	Over \$93,650 <u>\$117,450</u> but not	\$3,011.33 <u>\$3,360.59</u> plus 4.34% <u>3.86%</u>

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1	over \$151,650 <u>\$190,200</u>	of amount over \$93,650 <u>\$117,450</u>
2	Over \$151,650 <u>\$190,200</u> but not	\$5,528.53 <u>\$6,170.63</u> plus 5.04% <u>4.49%</u>
3	over \$297,350 <u>\$372,950</u>	of amount over \$151,650 <u>\$190,200</u>
4	Over \$297,350 <u>\$372,950</u>	\$12,871.81 <u>\$14,368.06</u> plus 5.54% <u>4.93%</u>
5		of amount over \$297,350 <u>\$372,950</u>

6 e. Estates and trusts.

7 If North Dakota taxable income is: The tax is equal to:

8	Not over \$1,800 <u>\$2,300</u>	2.10% <u>1.87%</u>
9	Over \$1,800 <u>\$2,300</u> but not	\$37.80 <u>\$42.99</u> plus 3.92% <u>3.49%</u>
10	over \$4,250 <u>\$5,350</u>	of amount over \$1,800 <u>\$2,300</u>
11	Over \$4,250 <u>\$5,350</u> but not	\$133.84 <u>\$149.40</u> plus 4.34% <u>3.86%</u>
12	over \$6,500 <u>\$8,200</u>	of amount over \$4,250 <u>\$5,350</u>
13	Over \$6,500 <u>\$8,200</u> but not	\$231.49 <u>\$259.48</u> plus 5.04% <u>4.49%</u>
14	over \$8,900 <u>\$11,150</u>	of amount over \$6,500 <u>\$8,200</u>
15	Over \$8,900 <u>\$11,150</u>	\$352.45 <u>\$391.80</u> plus 5.54% <u>4.93%</u>
16		of amount over \$8,900 <u>\$11,150</u>

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

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

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

29 g. For taxable years beginning after December 31, 2001, the tax commissioner
30 shall prescribe new rate schedules that apply in lieu of the schedules set forth
31 in subdivisions a through e. The new schedules must be determined by

1 increasing the minimum and maximum dollar amounts for each income
2 bracket for which a tax is imposed by the cost-of-living adjustment for the
3 taxable year as determined by the secretary of the United States treasury for
4 purposes of section 1(f) of the United States Internal Revenue Code of 1954,
5 as amended. For this purpose, the rate applicable to each income bracket
6 may not be changed, and the manner of applying the cost-of-living adjustment
7 must be the same as that used for adjusting the income brackets for federal
8 income tax purposes.

9 **SECTION 3. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
10 December 31, 2008.