

Sixty-first
Legislative Assembly
of North Dakota

HOUSE BILL NO.

Introduced by

Representative Weiler

1 A BILL for an Act to amend and reenact section 57-38-30 and subsection 1 of section
2 57-38-30.3 of the North Dakota Century Code, relating to corporate and individual income tax
3 rates; to provide for application; and to provide an effective date.

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

5 **SECTION 1. AMENDMENT.** Section 57-38-30 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **57-38-30. Imposition and rate of tax on corporations.** A tax is hereby imposed upon
8 the taxable income of every domestic and foreign corporation which must be levied, collected,
9 and paid annually as in this chapter provided:

- 10 1. a. For the first three thousand dollars of taxable income, at the rate of ~~two~~ one
11 and ~~six-tenths~~ three-tenths percent.
- 12 b. On all taxable income above three thousand dollars and not in excess of eight
13 thousand dollars, at the rate of ~~four~~ two and ~~one-tenth~~ five-hundredths
14 percent.
- 15 c. On all taxable income above eight thousand dollars and not in excess of
16 twenty thousand dollars, at the rate of ~~five~~ two and ~~six-tenths~~ eight-tenths
17 percent.
- 18 d. On all taxable income above twenty thousand dollars and not in excess of
19 thirty thousand dollars, at the rate of ~~six~~ three and ~~four-tenths~~ two-tenths
20 percent.
- 21 e. On all taxable income above thirty thousand dollars, at the rate of ~~six~~ three
22 and ~~one-half~~ twenty-five hundredths percent.
- 23 2. A corporation that has paid North Dakota alternative minimum tax in years
24 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 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	2.10% <u>1.05%</u>
Over \$27,050 but not over \$65,550	\$568.05 <u>\$284.03</u> plus 3.92% <u>1.96%</u> of amount over \$27,050
Over \$65,550 but not over \$136,750	\$2,077.25 <u>\$1,038.63</u> plus 4.34% <u>2.17%</u> of amount over \$65,550
Over \$136,750 but not over \$297,350	\$5,167.33 <u>\$2,583.67</u> plus 5.04% <u>2.52%</u> of amount over \$136,750
Over \$297,350	\$13,261.57 <u>\$6,630.79</u> plus 5.54% <u>2.77%</u> of amount over \$297,350

- b. Married filing jointly and surviving spouse.

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1	If North Dakota taxable income is:	The tax is equal to:
2	Not over \$45,200	2.40% <u>1.05%</u>
3	Over \$45,200 but not over \$109,250	\$949.20 <u>\$474.60</u> plus 3.92% <u>1.96%</u> of amount
4		over \$45,200
5	Over \$109,250 but not over \$166,500	\$3,459.96 <u>\$1,729.98</u> plus 4.34% <u>2.17%</u> of amount
6		over \$109,250
7	Over \$166,500 but not over \$297,350	\$5,944.61 <u>\$2,972.31</u> plus 5.04% <u>2.52%</u> of amount
8		over \$166,500
9	Over \$297,350	\$12,539.45 <u>\$6,269.73</u> plus 5.54% <u>2.77%</u> of amount
10		over \$297,350

c. Married filing separately.

12	If North Dakota taxable income is:	The tax is equal to:
13	Not over \$22,600	2.40% <u>1.05%</u>
14	Over \$22,600 but not over \$54,625	\$474.60 <u>\$237.30</u> plus 3.92% <u>1.96%</u> of amount
15		over \$22,600
16	Over \$54,625 but not over \$83,250	\$1,729.98 <u>\$864.99</u> plus 4.34% <u>2.17%</u> of amount
17		over \$54,625
18	Over \$83,250 but not over \$148,675	\$2,972.31 <u>\$1,486.16</u> plus 5.04% <u>2.52%</u> of amount
19		over \$83,250
20	Over \$148,675	\$6,269.73 <u>\$3,134.87</u> plus 5.54% <u>2.77%</u> of amount
21		over \$148,675

d. Head of household.

23	If North Dakota taxable income is:	The tax is equal to:
24	Not over \$36,250	2.40% <u>1.05%</u>
25	Over \$36,250 but not over \$93,650	\$761.25 <u>\$380.63</u> plus 3.92% <u>1.96%</u> of amount
26		over \$36,250
27	Over \$93,650 but not over \$151,650	\$3,011.33 <u>\$1,505.67</u> plus 4.34% <u>2.17%</u> of amount
28		over \$93,650
29	Over \$151,650 but not over \$297,350	\$5,528.53 <u>\$2,764.27</u> plus 5.04% <u>2.52%</u> of amount
30		over \$151,650
31	Over \$297,350	\$12,871.81 <u>\$6,435.91</u> plus 5.54% <u>2.77%</u> of amount

1 over \$297,350

2 e. Estates and trusts.

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

4 Not over \$1,800 ~~2.40%~~ 1.05%

5 Over \$1,800 but not over \$4,250 ~~\$37.80~~ \$18.90 plus ~~3.92%~~ 1.96% of amount
6 over \$1,800

7 Over \$4,250 but not over \$6,500 ~~\$133.84~~ \$66.92 plus ~~4.34%~~ 2.17% of amount
8 over \$4,250

9 Over \$6,500 but not over \$8,900 ~~\$231.49~~ \$115.75 plus ~~5.04%~~ 2.52% of amount
10 over \$6,500

11 Over \$8,900 ~~\$352.45~~ \$176.23 plus ~~5.54%~~ 2.77% of amount
12 over \$8,900

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

16 (1) The numerator is the federal adjusted gross income allocable and
17 apportionable to this state; and

18 (2) The denominator is the federal adjusted gross income from all sources
19 reduced by the net income from the amounts specified in subdivisions a
20 and b of subsection 2.

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

25 g. For taxable years beginning after December 31, 2001, the tax commissioner
26 shall prescribe new rate schedules that apply in lieu of the schedules set forth
27 in subdivisions a through e. The new schedules must be determined by
28 increasing the minimum and maximum dollar amounts for each income
29 bracket for which a tax is imposed by the cost-of-living adjustment for the
30 taxable year as determined by the secretary of the United States treasury for
31 purposes of section 1(f) of the United States Internal Revenue Code of 1954,

1 as amended. For this purpose, the rate applicable to each income bracket
2 may not be changed, and the manner of applying the cost-of-living adjustment
3 must be the same as that used for adjusting the income brackets for federal
4 income tax purposes.

5 **SECTION 3. APPLICATION.** The income brackets in subsection 1 of section
6 57-38-30.3 as provided in section 2 of this Act are the statutory bracket amounts as enacted for
7 taxable year 2001 and do not reflect cost-of-living adjustments that have been made since that
8 time under subdivision g of subsection 1 of section 57-38-30.3. For purposes of this Act, the
9 tax commissioner shall determine income brackets for each taxable year by applying the
10 appropriate cost-of-living adjustment determined under subdivision g of subsection 1 of section
11 57-38-30.3 for each taxable year after taxable year 2001.

12 **SECTION 4. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
13 December 31, 2008.