

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2199

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

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"

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 <del>\$27,050</del> <u>\$33,950</u>	<del>2.10%</del> <u>1.87%</u>
Over <del>\$27,050</del> <u>\$33,950</u> but not over <del>\$65,550</del> <u>\$82,250</u>	<del>\$568.05</del> <u>\$634.87</u> plus <del>3.92%</del> <u>3.49%</u> of amount over <del>\$27,050</del> <u>\$33,950</u>
Over <del>\$65,550</del> <u>\$82,250</u> but not over <del>\$136,750</del> <u>\$171,550</u>	<del>\$2,077.25</del> <u>\$2,320.54</u> plus <del>4.34%</del> <u>3.87%</u> of amount over <del>\$65,550</del> <u>\$82,250</u>
Over <del>\$136,750</del> <u>\$171,550</u> but not over <del>\$297,350</del> <u>\$372,950</u>	<del>\$5,167.33</del> <u>\$5,776.45</u> plus <del>5.04%</del> <u>4.49%</u> of amount over <del>\$136,750</del> <u>\$171,550</u>
Over <del>\$297,350</del> <u>\$372,950</u>	<del>\$13,261.57</del> <u>\$14,819.31</u> plus <del>5.54%</del> <u>4.94%</u> of amount over <del>\$297,350</del> <u>\$372,950</u>

b. Married filing jointly and surviving spouse.

If North Dakota taxable income is:	The tax is equal to:
Not over <del>\$45,200</del> <u>\$56,750</u>	<del>2.10%</del> <u>1.87%</u>
Over <del>\$45,200</del> <u>\$56,750</u> but not over <del>\$109,250</del> <u>\$137,050</u>	<del>\$949.20</del> <u>\$1,061.23</u> plus <del>3.92%</del> <u>3.49%</u> of amount over <del>\$45,200</del> <u>\$56,750</u>
Over <del>\$109,250</del> <u>\$137,050</u> but not over <del>\$166,500</del> <u>\$208,850</u>	<del>\$3,459.96</del> <u>\$3,863.70</u> plus <del>4.34%</del> <u>3.87%</u> of amount over <del>\$109,250</del> <u>\$137,050</u>
Over <del>\$166,500</del> <u>\$208,850</u> but not over <del>\$297,350</del> <u>\$372,950</u>	<del>\$5,944.64</del> <u>\$6,642.36</u> plus <del>5.04%</del> <u>4.49%</u> of amount over <del>\$166,500</del> <u>\$208,850</u>
Over <del>\$297,350</del> <u>\$372,950</u>	<del>\$12,539.45</del> <u>\$14,010.45</u> plus <del>5.54%</del> <u>4.94%</u> of amount over <del>\$297,350</del> <u>\$372,950</u>

c. Married filing separately.

If North Dakota taxable income is:	The tax is equal to:
Not over <del>\$22,600</del> <u>\$28,375</u>	<del>2.10%</del> <u>1.87%</u>
Over <del>\$22,600</del> <u>\$28,375</u> but not over <del>\$54,625</del> <u>\$68,525</u>	<del>\$474.60</del> <u>\$530.61</u> plus <del>3.92%</del> <u>3.49%</u> of amount over <del>\$22,600</del> <u>\$28,375</u>
Over <del>\$54,625</del> <u>\$68,525</u> but not over <del>\$83,250</del> <u>\$104,425</u>	<del>\$1,729.98</del> <u>\$1,931.85</u> plus <del>4.34%</del> <u>3.87%</u> of amount over <del>\$54,625</del> <u>\$68,525</u>
Over <del>\$83,250</del> <u>\$104,425</u> but not over <del>\$148,675</del> <u>\$186,475</u>	<del>\$2,972.34</del> <u>\$3,321.18</u> plus <del>5.04%</del> <u>4.49%</u> of amount over <del>\$83,250</del> <u>\$104,425</u>
Over <del>\$148,675</del> <u>\$186,475</u>	<del>\$6,269.73</del> <u>\$7,005.22</u> plus <del>5.54%</del> <u>4.94%</u> of amount over <del>\$148,675</del> <u>\$186,475</u>

d. Head of household.

If North Dakota taxable income is:	The tax is equal to:
Not over <del>\$36,250</del> <u>\$45,500</u>	<del>2.10%</del> <u>1.87%</u>
Over <del>\$36,250</del> <u>\$45,500</u> but not over <del>\$93,650</del> <u>\$117,450</u>	<del>\$761.25</del> <u>\$850.85</u> plus <del>3.92%</del> <u>3.49%</u> of amount over <del>\$36,250</del> <u>\$45,500</u>
Over <del>\$93,650</del> <u>\$117,450</u> but not over <del>\$151,650</del> <u>\$190,200</u>	<del>\$3,011.33</del> <u>\$3,361.91</u> plus <del>4.34%</del> <u>3.87%</u> of amount over <del>\$93,650</del> <u>\$117,450</u>
Over <del>\$151,650</del> <u>\$190,200</u> but not over <del>\$297,350</del> <u>\$372,950</u>	<del>\$5,528.53</del> <u>\$6,177.33</u> plus <del>5.04%</del> <u>4.49%</u> of amount over <del>\$151,650</del> <u>\$190,200</u>
Over <del>\$297,350</del> <u>\$372,950</u>	<del>\$12,871.84</del> <u>\$14,382.81</u> plus <del>5.54%</del> <u>4.94%</u> of amount over <del>\$297,350</del> <u>\$372,950</u>

e. Estates and trusts.

If North Dakota taxable income is:	The tax is equal to:
Not over <del>\$1,800</del> <u>\$2,300</u>	<del>2.10%</del> <u>1.87%</u>

Over <del>\$1,800</del> <u>\$2,300</u> but not	<del>\$37.80</del> <u>\$43.01</u> plus <del>3.92%</del> <u>3.49%</u>
over <del>\$4,250</del> <u>\$5,350</u>	of amount over <del>\$1,800</del> <u>\$2,300</u>
Over <del>\$4,250</del> <u>\$5,350</u> but not	<del>\$133.84</del> <u>\$149.46</u> plus <del>4.34%</del> <u>3.87%</u>
over <del>\$6,500</del> <u>\$8,200</u>	of amount over <del>\$4,250</del> <u>\$5,350</u>
Over <del>\$6,500</del> <u>\$8,200</u> but not	<del>\$231.49</del> <u>\$259.75</u> plus <del>5.04%</del> <u>4.49%</u>
over <del>\$8,900</del> <u>\$11,150</u>	of amount over <del>\$6,500</del> <u>\$8,200</u>
Over <del>\$8,900</del> <u>\$11,150</u>	<del>\$352.45</del> <u>\$392.21</u> plus <del>5.54%</del> <u>4.94%</u>
	of amount over <del>\$8,900</del> <u>\$11,150</u>

- 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, ~~2004~~ 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 6, line 12, remove "and" and after "3" insert ", 4, and 5"

Renumber accordingly