

Sixty-second  
Legislative Assembly  
of North Dakota

# ENGROSSED SENATE BILL NO. 2178

Introduced by

Senators Cook, Hogue, Miller

Representatives Belter, Headland, Streyle

1 A BILL for an Act to amend and reenact subsection 1 of section 57-38-30.3 of the North Dakota  
2 Century Code, relating to a reduction in income tax rates for individuals, estates, and trusts; and  
3 to provide an effective date.

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

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

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

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

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

21 Not over ~~\$33,950~~\$34,500 ~~4.84%~~1.63%

22 Over ~~\$33,950~~\$34,500 ~~\$624.68~~\$562.35 plus ~~3.44%~~3.23%

23 but not over ~~\$82,250~~\$83,600 of amount over ~~\$33,950~~\$34,500

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1	Over <del>\$82,250</del> <u>\$83,600</u>	<del>\$2,286.20</del> <u>\$2,148.28</u> plus
2	<del>3.81%</del> <u>3.60%</u>	but not over <del>\$171,550</del> <u>\$174,400</u>
3	of amount over <del>\$82,250</del> <u>\$83,600</u>	
4	Over <del>\$171,550</del> <u>\$174,400</u>	<del>\$5,688.53</del> <u>\$5,417.08</u> plus
5	<del>4.42%</del> <u>4.21%</u>	
6	but not over <del>\$372,950</del> <u>\$379,150</u>	of amount over
7	<del>\$171,550</del> <u>\$174,400</u>	
8	Over <del>\$372,950</del> <u>\$379,150</u>	<del>\$14,590.41</del> <u>\$14,037.06</u> plus
9	<del>4.86%</del> <u>4.65%</u>	
10		of amount over
11	<del>\$372,950</del> <u>\$379,150</u>	
12	b. Married filing jointly and surviving spouse.	
13	If North Dakota taxable income is:	The tax is equal to:
14	Not over <del>\$56,750</del> <u>\$57,700</u>	<del>1.84%</del> <u>1.63%</u>
15	Over <del>\$56,750</del> <u>\$57,700</u>	<del>\$1,044.20</del> <u>\$940.51</u> plus <del>3.44%</del> <u>3.23%</u>
16	but not over <del>\$137,050</del> <u>\$139,350</u>	of amount over <del>\$56,750</del> <u>\$57,700</u>
17	Over <del>\$137,050</del> <u>\$139,350</u>	<del>\$3,806.52</del> <u>\$3,577.81</u> plus
18	<del>3.81%</del> <u>3.60%</u>	
19	but not over <del>\$208,850</del> <u>\$212,300</u>	of amount over
20	<del>\$137,050</del> <u>\$139,350</u>	
21	Over <del>\$208,850</del> <u>\$212,300</u>	<del>\$6,542.10</del> <u>\$6,204.01</u> plus
22	<del>4.42%</del> <u>4.21%</u>	
23	but not over <del>\$372,950</del> <u>\$379,150</u>	of amount over
24	<del>\$208,850</del> <u>\$212,300</u>	
25	Over <del>\$372,950</del> <u>\$379,150</u>	<del>\$13,795.32</del> <u>\$13,228.39</u> plus
26	<del>4.86%</del> <u>4.65%</u>	
27		of amount over
28	<del>\$372,950</del> <u>\$379,150</u>	
29	c. Married filing separately.	
30	If North Dakota taxable income is:	The tax is equal to:
31	Not over <del>\$28,375</del> <u>\$28,850</u>	<del>1.84%</del> <u>1.63%</u>

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1	Over <del>\$28,375</del> <u>\$28,850</u>	<del>\$522.10</del> <u>\$470.26</u> plus <del>3.44%</del> <u>3.23%</u>
2	but not over <del>\$68,525</del> <u>\$69,675</u>	of amount over <del>\$28,375</del> <u>\$28,850</u>
3	Over <del>\$68,525</del> <u>\$69,675</u>	<del>\$1,903.26</del> <u>\$1,788.90</u> plus
4	<del>3.81%</del> <u>3.60%</u>	
5	but not over <del>\$104,425</del> <u>\$106,150</u>	of amount over <del>\$68,525</del> <u>\$69,675</u>
6	Over <del>\$104,425</del> <u>\$106,150</u>	<del>\$3,271.05</del> <u>\$3,102.00</u> plus
7	<del>4.42%</del> <u>4.21%</u>	
8	but not over <del>\$186,475</del> <u>\$189,575</u>	of amount over
9	<del>\$104,425</del> <u>\$106,150</u>	
10	Over <del>\$186,475</del> <u>\$189,575</u>	<del>\$6,897.66</del> <u>\$6,614.20</u> plus
11	<del>4.86%</del> <u>4.65%</u>	
12		of amount over
13	<del>\$186,475</del> <u>\$189,575</u>	
14	d. Head of household.	
15	If North Dakota taxable income is:	The tax is equal to:
16	Not over <del>\$45,500</del> <u>\$46,250</u>	<del>1.84%</del> <u>1.63%</u>
17	Over <del>\$45,500</del> <u>\$46,250</u>	<del>\$837.20</del> <u>\$753.88</u> plus <del>3.44%</del> <u>3.23%</u>
18	but not over <del>\$117,450</del> <u>\$119,400</u>	of amount over <del>\$45,500</del> <u>\$46,250</u>
19	Over <del>\$117,450</del> <u>\$119,400</u>	<del>\$3,312.28</del> <u>\$3,116.62</u> plus
20	<del>3.81%</del> <u>3.60%</u>	
21	but not over <del>\$190,200</del> <u>\$193,350</u>	of amount over
22	<del>\$117,450</del> <u>\$119,400</u>	
23	Over <del>\$190,200</del> <u>\$193,350</u>	<del>\$6,084.06</del> <u>\$5,778.82</u> plus
24	<del>4.42%</del> <u>4.21%</u>	
25	but not over <del>\$372,950</del> <u>\$379,150</u>	of amount over
26	<del>\$190,200</del> <u>\$193,350</u>	
27	Over <del>\$372,950</del> <u>\$379,150</u>	<del>\$14,161.64</del> <u>\$13,601.00</u> plus
28	<del>4.86%</del> <u>4.65%</u>	
29		of amount over
30	<del>\$372,950</del> <u>\$379,150</u>	
31	e. Estates and trusts.	

1	If North Dakota taxable income is:	The tax is equal to:
2	Not over \$2,300	<del>4.84%</del> <u>1.63%</u>
3	Over \$2,300	<del>\$42.32</del> <u>\$37.49</u> plus <del>3.44%</del> <u>3.23%</u>
4	but not over <del>\$5,350</del> <u>\$5,450</u>	of amount over \$2,300
5	Over <del>\$5,350</del> <u>\$5,450</u>	<del>\$147.24</del> <u>\$139.24</u> plus <del>3.81%</del> <u>3.60%</u>
6	but not over <del>\$8,200</del> <u>\$8,300</u>	of amount over <del>\$5,350</del> <u>\$5,450</u>
7	Over <del>\$8,200</del> <u>\$8,300</u>	<del>\$255.83</del> <u>\$241.84</u> plus <del>4.42%</del> <u>4.21%</u>
8	but not over <del>\$11,150</del> <u>\$11,350</u>	of amount over <del>\$8,200</del> <u>\$8,300</u>
9	Over <del>\$11,150</del> <u>\$11,350</u>	<del>\$386.22</del> <u>\$370.24</u> plus <del>4.86%</del> <u>4.65%</u>
10		of amount over <del>\$11,150</del> <u>\$11,350</u>

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

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

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

23 g. ~~For taxable years beginning after December 31, 2009, the~~The tax commissioner  
24 shall prescribe new rate schedules that apply in lieu of the schedules set forth in  
25 subdivisions a through e. The new schedules must be determined by increasing  
26 the minimum and maximum dollar amounts for each income bracket for which a  
27 tax is imposed by the cost-of-living adjustment for the taxable year as determined  
28 by the secretary of the United States treasury for purposes of section 1(f) of the  
29 United States Internal Revenue Code of ~~1954~~1986, as amended. For this  
30 purpose, the rate applicable to each income bracket may not be changed, and

- 1                   the manner of applying the cost-of-living adjustment must be the same as that  
2                   used for adjusting the income brackets for federal income tax purposes.
- 3           h.   The tax commissioner shall prescribe an optional simplified method of computing  
4                   tax under this section that may be used by an individual taxpayer who is not  
5                   entitled to claim an adjustment under subsection 2 or credit against income tax  
6                   liability under subsection 7.

7           **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable years beginning after  
8   December 31, 2010.