

**FIRST ENGROSSMENT  
with House Amendments**

Fifty-sixth  
Legislative Assembly  
of North Dakota

**ENGROSSED SENATE BILL NO. 2284**

Introduced by

Senators Klein, Schobinger

Representative Boehm

1 A BILL for an Act to create and enact a new subdivision to subsection 1 of section 57-38-01.2  
2 and a new subsection to section 57-38-30.3 of the North Dakota Century Code, relating to  
3 reduction of the income tax marriage penalty; to provide an effective date; and to provide an  
4 expiration date.

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

6 **SECTION 1.** A new subdivision to subsection 1 of section 57-38-01.2 of the 1997  
7 Supplement to the North Dakota Century Code is created and enacted as follows:

8 Reduced by an amount equal to five percent of federal adjusted gross income  
9 for the same taxable year for which the return is being filed under this  
10 chapter, if all of the following conditions are met:

- 11 (1) The deduction under this subdivision is claimed on a joint return;
- 12 (2) The person with the lower reported adjusted gross income of the two  
13 people filing the joint return earned at least thirty percent of the total  
14 adjusted gross income reported by the two people; and
- 15 (3) The combined adjusted gross income of the two people filing the joint  
16 return is less than one hundred thousand dollars.

17 **SECTION 2.** A new subdivision to subsection 1 of section 57-38-01.2 of the 1997  
18 Supplement to the North Dakota Century Code is created and enacted as follows:

19 Reduced by an amount equal to ten percent of federal adjusted gross income  
20 for the same taxable year for which the return is being filed under this  
21 chapter, if all of the following conditions are met:

- 22 (1) The deduction under this subdivision is claimed on a joint return;

- 1                   (2)    The person with the lower reported adjusted gross income of the two  
2                                    people filing the joint return earned at least thirty percent of the total  
3                                    adjusted gross income reported by the two people; and  
4                   (3)    The combined adjusted gross income of the two people filing the joint  
5                                    return is less than one hundred thousand dollars.

6                   **SECTION 3.** A new subsection to section 57-38-30.3 of the 1997 Supplement to the  
7 North Dakota Century Code is created and enacted as follows:

8                   Taxpayers filing a joint return under this section are entitled to recompute a federal  
9                   income tax liability figure to be used as a starting point to determine state income  
10                   tax liability under this section if they meet the requirements of this subsection.

11                   Recomputed federal income tax liability must be determined by subtracting an  
12                   amount equal to five percent of federal adjusted gross income from federal taxable  
13                   income and using the resulting federal taxable income figure to recompute federal  
14                   income tax liability according to rate tables provided for federal income tax  
15                   purposes. The recomputed amount is federal income tax liability to be used as a  
16                   starting point for the taxpayers if all of the following conditions are met:

- 17                   a.    The right to recomputation under this subsection is claimed on a joint return;  
18                   b.    The person with the lower reported adjusted gross income of the two people  
19                                    filing the joint return earned at least thirty percent of the total adjusted gross  
20                                    income reported by the two people; and  
21                   c.    The combined adjusted gross income of the two people filing the joint return  
22                                    is less than one hundred thousand dollars.

23                   **SECTION 4.** A new subsection to section 57-38-30.3 of the 1997 Supplement to the  
24 North Dakota Century Code is created and enacted as follows:

25                   Taxpayers filing a joint return under this section are entitled to recompute a federal  
26                   income tax liability figure to be used as a starting point to determine state income  
27                   tax liability under this section if they meet the requirements of this subsection.

28                   Recomputed federal income tax liability must be determined by subtracting an  
29                   amount equal to ten percent of federal adjusted gross income from federal taxable  
30                   income and using the resulting federal taxable income figure to recompute federal  
31                   income tax liability according to rate tables provided for federal income tax

1 purposes. The recomputed amount is federal income tax liability to be used as a  
2 starting point for the taxpayers if all of the following conditions are met:

- 3 a. The right to recomputation under this subsection is claimed on a joint return;  
4 b. The person with the lower reported adjusted gross income of the two people  
5 filing the joint return earned at least thirty percent of the total adjusted gross  
6 income reported by the two people; and  
7 c. The combined adjusted gross income of the two people filing the joint return  
8 is less than one hundred thousand dollars.

9 **SECTION 5. EFFECTIVE DATE - EXPIRATION DATE.** Sections 1 and 3 of this Act  
10 are effective for the first two taxable years beginning after December 31, 2000, and are  
11 thereafter ineffective. Sections 2 and 4 of this Act are effective for taxable years beginning  
12 after December 31, 2002. This Act is ineffective for taxable years for which the tax  
13 commissioner certifies to the governor and the legislative council that Congress has enacted  
14 federal legislation that reduces or eliminates the marriage tax penalty under federal income tax  
15 law.