

Fifty-eighth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1327

Introduced by

Representatives Skarphol, Devlin, Monson, Pollert

Senators Klein, Nichols

1 A BILL for an Act to create and enact a new subdivision to subsection 1 of section 57-38-01.3
2 of the North Dakota Century Code, relating to a corporate income tax exemption for net income
3 from a corporate business location established in a small city; and to provide an effective date.

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

5 **SECTION 1.** A new subdivision to subsection 1 of section 57-38-01.3 of the North
6 Dakota Century Code is created and enacted as follows:

7 Reduced by North Dakota taxable income attributable to a corporate business
8 location operating within the city limits of a city in this state of two thousand or
9 less population but not including a city that is located within ten miles [16.09
10 kilometers] of the city limits of any of the ten largest cities in this state based
11 on population. For purposes of this subdivision, population is determined
12 according to the most recent federal decennial census. The reduction under
13 this subdivision is not available to a corporation engaged in farming or
14 ranching. The reduction under this subdivision is twenty-five percent of
15 taxable income for the first taxable year beginning after December 31, 2002;
16 is fifty percent of taxable income for the second taxable year beginning after
17 December 31, 2002; and is seventy-five percent of taxable income for the
18 third taxable year beginning after December 31, 2002. A corporation granted
19 a new and expanding business exemption under chapter 40-57.1 is not
20 entitled to the reduction under this subdivision. The tax commissioner shall
21 adopt rules to determine how corporate income is to be reported and
22 allocated to a business location.

23 **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
24 December 31, 2002.