

Sixty-first  
Legislative Assembly  
of North Dakota

## REENGROSSED HOUSE BILL NO. 1324

Introduced by

Representatives Berg, Belter, Dosch, Weiler

Senators Cook, Oehlke

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

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

6 **SECTION 1. APPROPRIATION - ALLOCATION TO TAXPAYERS.** There is  
7 appropriated out of any moneys in the permanent oil tax trust fund in the state treasury, not  
8 otherwise appropriated, the sum of \$100,000,000, or so much of the sum as may be necessary,  
9 to the tax commissioner for the purpose of allocation of state economic stimulus payments  
10 among taxpayers as provided in this section, for the biennium beginning July 1, 2009, and  
11 ending June 30, 2011.

12 By May 1, 2009, the tax commissioner shall mail a state economic stimulus payment to  
13 each taxpayer who filed a 2007 income tax return in this state. The payment to each taxpayer  
14 is that taxpayer's pro rata share of the amount appropriated in this section equal to that  
15 taxpayer's pro rata share of all individual income tax liability paid to the state for taxable year  
16 2007 income taxes.

17 **SECTION 2. AMENDMENT.** Subsection 1 of section 57-38-30.3 of the North Dakota  
18 Century Code is amended and reenacted as follows:

19 1. A tax is hereby imposed for each taxable year upon income earned or received in  
20 that taxable year by every resident and nonresident individual, estate, and trust. A  
21 taxpayer computing the tax under this section is only eligible for those adjustments  
22 or credits that are specifically provided for in this section. Provided, that for  
23 purposes of this section, any person required to file a state income tax return  
24 under this chapter, but who has not computed a federal taxable income figure,

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1 shall compute a federal taxable income figure using a pro forma return in order to  
2 determine a federal taxable income figure to be used as a starting point in  
3 computing state income tax under this section. The tax for individuals is equal to  
4 North Dakota taxable income multiplied by the rates in the applicable rate schedule  
5 in subdivisions a through d corresponding to an individual's filing status used for  
6 federal income tax purposes. For an estate or trust, the schedule in subdivision e  
7 must be used for purposes of this subsection.

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

9	If North Dakota taxable income is:	The tax is equal to:
10	Not over <del>\$27,050</del> <u>\$33,950</u>	<del>2.40%</del> <u>1.81%</u>
11	Over <del>\$27,050</del> <u>\$33,950</u> but not	<del>\$568.05</del> <u>\$614.50</u> plus <del>3.92%</del> <u>3.38%</u>
12	over <del>\$65,550</del> <u>\$82,250</u>	of amount over <del>\$27,050</del> <u>\$33,950</u>
13	Over <del>\$65,550</del> <u>\$82,250</u> but not	<del>\$2,077.25</del> <u>\$2,247.04</u> plus <del>4.34%</del> <u>3.75%</u>
14	over <del>\$136,750</del> <u>\$171,550</u>	of amount over <del>\$65,550</del> <u>\$82,250</u>
15	Over <del>\$136,750</del> <u>\$171,550</u> but not	<del>\$5,167.33</del> <u>\$5,595.79</u> plus <del>5.04%</del> <u>4.35%</u>
16	over <del>\$297,350</del> <u>\$372,950</u>	of amount over <del>\$136,750</del> <u>\$171,550</u>
17	Over <del>\$297,350</del> <u>\$372,950</u>	<del>\$13,261.57</del> <u>\$14,356.69</u> plus <del>5.54%</del> <u>4.78%</u>
18		of amount over <del>\$297,350</del> <u>\$372,950</u>

19 b. Married filing jointly and surviving spouse.

20	If North Dakota taxable income is:	The tax is equal to:
21	Not over <del>\$45,200</del> <u>\$56,750</u>	<del>2.40%</del> <u>1.81%</u>
22	Over <del>\$45,200</del> <u>\$56,750</u> but not	<del>\$949.20</del> <u>\$1,027.18</u> plus <del>3.92%</del> <u>3.38%</u>
23	over <del>\$109,250</del> <u>\$137,050</u>	of amount over <del>\$45,200</del> <u>\$56,750</u>
24	Over <del>\$109,250</del> <u>\$137,050</u> but not	<del>\$3,459.96</del> <u>\$3,741.32</u> plus <del>4.34%</del> <u>3.75%</u>
25	over <del>\$166,500</del> <u>\$208,850</u>	of amount over <del>\$109,250</del> <u>\$137,050</u>
26	Over <del>\$166,500</del> <u>\$208,850</u> but not	<del>\$5,944.61</del> <u>\$6,433.82</u> plus <del>5.04%</del> <u>4.35%</u>
27	over <del>\$297,350</del> <u>\$372,950</u>	of amount over <del>\$166,500</del> <u>\$208,850</u>
28	Over <del>\$297,350</del> <u>\$372,950</u>	<del>\$12,539.45</del> <u>\$13,572.17</u> plus <del>5.54%</del> <u>4.78%</u>
29		of amount over <del>\$297,350</del> <u>\$372,950</u>

30 c. Married filing separately.

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1	If North Dakota taxable income is:	The tax is equal to:
2	Not over <del>\$22,600</del> <u>\$28,375</u>	<del>2.40%</del> <u>1.81%</u>
3	Over <del>\$22,600</del> <u>\$28,375</u> but not	<del>\$474.60</del> <u>\$513.59</u> plus <del>3.92%</del> <u>3.38%</u>
4	over <del>\$54,625</del> <u>\$68,525</u>	of amount over <del>\$22,600</del> <u>\$28,375</u>
5	Over <del>\$54,625</del> <u>\$68,525</u> but not	<del>\$1,729.98</del> <u>\$1,870.66</u> plus <del>4.34%</del> <u>3.75%</u>
6	over <del>\$83,250</del> <u>\$104,425</u>	of amount over <del>\$54,625</del> <u>\$68,525</u>
7	Over <del>\$83,250</del> <u>\$104,425</u> but not	<del>\$2,972.31</del> <u>\$3,216.91</u> plus <del>5.04%</del> <u>4.35%</u>
8	over <del>\$148,675</del> <u>\$186,475</u>	of amount over <del>\$83,250</del> <u>\$104,425</u>
9	Over <del>\$148,675</del> <u>\$186,475</u>	<del>\$6,269.73</del> <u>\$6,786.08</u> plus <del>5.54%</del> <u>4.78%</u>
10		of amount over <del>\$148,675</del> <u>\$186,475</u>
11	d. Head of household.	
12	If North Dakota taxable income is:	The tax is equal to:
13	Not over <del>\$36,250</del> <u>\$45,500</u>	<del>2.40%</del> <u>1.81%</u>
14	Over <del>\$36,250</del> <u>\$45,500</u> but not	<del>\$761.25</del> <u>\$823.55</u> plus <del>3.92%</del> <u>3.38%</u>
15	over <del>\$93,650</del> <u>\$117,450</u>	of amount over <del>\$36,250</del> <u>\$45,500</u>
16	Over <del>\$93,650</del> <u>\$117,450</u> but not	<del>\$3,011.33</del> <u>\$3,255.46</u> plus <del>4.34%</del> <u>3.75%</u>
17	over <del>\$151,650</del> <u>\$190,200</u>	of amount over <del>\$93,650</del> <u>\$117,450</u>
18	Over <del>\$151,650</del> <u>\$190,200</u> but not	<del>\$5,528.53</del> <u>\$5,983.59</u> plus <del>5.04%</del> <u>4.35%</u>
19	over <del>\$297,350</del> <u>\$372,950</u>	of amount over <del>\$151,650</del> <u>\$190,200</u>
20	Over <del>\$297,350</del> <u>\$372,950</u>	<del>\$12,871.81</del> <u>\$13,933.21</u> plus <del>5.54%</del> <u>4.78%</u>
21		of amount over <del>\$297,350</del> <u>\$372,950</u>
22	e. Estates and trusts.	
23	If North Dakota taxable income is:	The tax is equal to:
24	Not over <del>\$1,800</del> <u>\$2,300</u>	<del>2.40%</del> <u>1.81%</u>
25	Over <del>\$1,800</del> <u>\$2,300</u> but not	<del>\$37.80</del> <u>\$41.63</u> plus <del>3.92%</del> <u>3.38%</u>
26	over <del>\$4,250</del> <u>\$5,350</u>	of amount over <del>\$1,800</del> <u>\$2,300</u>
27	Over <del>\$4,250</del> <u>\$5,350</u> but not	<del>\$133.84</del> <u>\$144.72</u> plus <del>4.34%</del> <u>3.75%</u>
28	over <del>\$6,500</del> <u>\$8,200</u>	of amount over <del>\$4,250</del> <u>\$5,350</u>
29	Over <del>\$6,500</del> <u>\$8,200</u> but not	<del>\$231.49</del> <u>\$251.60</u> plus <del>5.04%</del> <u>4.35%</u>
30	over <del>\$8,900</del> <u>\$11,150</u>	of amount over <del>\$6,500</del> <u>\$8,200</u>

1 Over ~~\$8,900~~ \$11,150 ~~\$352.45~~ \$379.92 plus ~~5.54%~~ 4.78%  
2 of amount over ~~\$8,900~~ \$11,150

- 3 f. For an individual who is not a resident of this state for the entire year, or for a  
4 nonresident estate or trust, the tax is equal to the tax otherwise computed  
5 under this subsection multiplied by a fraction in which:  
6 (1) The numerator is the federal adjusted gross income allocable and  
7 apportionable to this state; and  
8 (2) The denominator is the federal adjusted gross income from all sources  
9 reduced by the net income from the amounts specified in subdivisions a  
10 and b of subsection 2.

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

- 15 g. For taxable years beginning after December 31, ~~2004~~ 2009, the tax  
16 commissioner shall prescribe new rate schedules that apply in lieu of the  
17 schedules set forth in subdivisions a through e. The new schedules must be  
18 determined by increasing the minimum and maximum dollar amounts for each  
19 income bracket for which a tax is imposed by the cost-of-living adjustment for  
20 the taxable year as determined by the secretary of the United States treasury  
21 for purposes of section 1(f) of the United States Internal Revenue Code of  
22 1954, as amended. For this purpose, the rate applicable to each income  
23 bracket may not be changed, and the manner of applying the cost-of-living  
24 adjustment must be the same as that used for adjusting the income brackets  
25 for federal income tax purposes.

26 **SECTION 3. EFFECTIVE DATE.** Section 2 of this Act is effective for taxable years  
27 beginning after December 31, 2010.