

**HOUSE BILL NO. 1167**

Introduced by

Representatives Louser, Ruby, Thoreson, Toman

Senators Carlisle, Unruh

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 individual income tax rates; and to provide ana contingent effective  
3 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:

| 21 | Over     | Not over  | The tax is equal to | Of amount over |
|----|----------|-----------|---------------------|----------------|
| 22 | \$0      | \$36,250  | 1.220%              | \$0            |
| 23 | \$36,250 | \$87,850  | \$442.25 + 2.27%    | \$36,250       |
| 24 | \$87,850 | \$183,250 | \$1,613.57 + 2.52   | \$87,850       |

Sixty-fourth  
Legislative Assembly

|    |                                                 |           |                     |                |
|----|-------------------------------------------------|-----------|---------------------|----------------|
| 1  | \$183,250                                       | \$398,350 | \$4,017.65 + 2.93   | \$183,250      |
| 2  | \$398,350                                       |           | \$10,320.08 + 3.22  | \$398,350      |
| 3  | b. Married filing jointly and surviving spouse. |           |                     |                |
| 4  | If North Dakota taxable income is:              |           |                     |                |
| 5  | Over                                            | Not over  | The tax is equal to | Of amount over |
| 6  | \$0                                             | \$60,650  | 1.220%              | \$0            |
| 7  | \$60,650                                        | \$146,400 | \$739.93 + 2.27%    | \$60,650       |
| 8  | \$146,400                                       | \$223,050 | \$2,686.46 + 2.52   | \$146,400      |
| 9  | \$223,050                                       | \$398,350 | \$4,618.04 + 2.93   | \$223,050      |
| 10 | \$398,350                                       |           | \$9,754.33 + 3.22   | \$398,350      |
| 11 | c. Married filing separately.                   |           |                     |                |
| 12 | If North Dakota taxable income is:              |           |                     |                |
| 13 | Over                                            | Not over  | The tax is equal to | Of amount over |
| 14 | \$0                                             | \$30,325  | 1.220%              | \$0            |
| 15 | \$30,325                                        | \$73,200  | \$369.97 + 2.27%    | \$30,325       |
| 16 | \$73,200                                        | \$111,525 | \$1,343.23 + 2.52   | \$73,200       |
| 17 | \$111,525                                       | \$199,175 | \$2,309.02 + 2.93   | \$111,525      |
| 18 | \$199,175                                       |           | \$4,877.17 + 3.22   | \$199,175      |
| 19 | d. Head of household.                           |           |                     |                |
| 20 | If North Dakota taxable income is:              |           |                     |                |
| 21 | Over                                            | Not over  | The tax is equal to | Of amount over |
| 22 | \$0                                             | \$48,600  | 1.220%              | \$0            |
| 23 | \$48,600                                        | \$125,450 | \$592.92 + 2.27%    | \$48,600       |
| 24 | \$125,450                                       | \$203,150 | \$2,337.42 + 2.52   | \$125,450      |
| 25 | \$203,150                                       | \$398,350 | \$4,295.46 + 2.93   | \$203,150      |
| 26 | \$398,350                                       |           | \$10,014.82 + 3.22  | \$398,350      |
| 27 | e. Estates and trusts.                          |           |                     |                |
| 28 | If North Dakota taxable income is:              |           |                     |                |
| 29 | Over                                            | Not over  | The tax is equal to | Of amount over |
| 30 | \$0                                             | \$2,450   | 1.220%              | \$0            |
| 31 | \$2,450                                         | \$5,700   | \$29.89 plus 2.27%  | \$2,450        |

|   |          |          |                               |          |
|---|----------|----------|-------------------------------|----------|
| 1 | \$5,700  | \$8,750  | <del>\$103.67 plus 2.52</del> | \$5,700  |
| 2 | \$8,750  | \$11,950 | <del>\$180.53 plus 2.93</del> | \$8,750  |
| 3 | \$11,950 |          | <del>\$274.29 plus 3.22</del> | \$11,950 |

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

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

- 16 g. The tax 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 the  
20 taxable year as determined by the secretary of the United States treasury for  
21 purposes of section 1(f) of the United States Internal Revenue Code of 1954, as  
22 amended. For this purpose, the rate applicable to each income bracket may not  
23 be changed, and the manner of applying the cost-of-living adjustment must be  
24 the same as that used for adjusting the income brackets for federal income tax  
25 purposes.

- 26 h. The tax commissioner shall prescribe an optional simplified method of computing  
27 tax under this section that may be used by an individual taxpayer who is not  
28 entitled to claim an adjustment under subsection 2 or credit against income tax  
29 liability under subsection 7.

30 **SECTION 3. CONTINGENT EFFECTIVE DATE.** This Act is effective for taxable years  
31 beginning after December 31, 2014, but is ineffective for any taxable year if in any month during

1 the first nine months of the immediately preceding taxable year the exemption under  
2 subsection 3 of section 57-51.1-03 was effective for the completion of any new horizontal well.  
3 For a taxable year for which section 1 of this Act is ineffective as provided in this section, the  
4 provisions of subsection 1 of section 57-38-30.3, without the amendments under section 1 of  
5 this Act, are effective.