

**FIRST ENGROSSMENT
with House Amendments
ENGROSSED SENATE BILL NO. 2139**

Introduced by

Senators Lee, Bekkedahl, Burckhard, Kreun

Representatives Dockter, Keiser

1 A BILL for an Act to create and enact a new section to chapter 54-27.2 and a new section to
2 chapter 57-01 of the North Dakota Century Code, relating to an income tax rate reduction fund
3 and an income tax rate adjustment; to provide for a transfer; and to declare an emergency.

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

5 **SECTION 1.** A new section to chapter 54-27.2 of the North Dakota Century Code is created
6 and enacted as follows:

7 **Certain general fund revenues to be deposited in the income tax rate reduction fund.**

8 After any required transfers from the general fund to the budget stabilization fund under
9 section 54-27.2-02, if the amount in the general fund exceeds sixty-five million dollars at the end
10 of any biennium, the state treasurer shall transfer up to one hundred fifty million dollars from the
11 general fund to the income tax rate reduction fund under section 2 of this Act.

12 **SECTION 2.** A new section to chapter 57-01 of the North Dakota Century Code is created
13 and enacted as follows:

14 **Income tax rate reduction fund - Income tax rate adjustment - Tax commissioner -**

15 **Transfer.**

- 16 1. There is created in the state treasury the income tax rate reduction fund. The fund
17 consists of all moneys deposited in the fund under section 1 of this Act.
- 18 2. If money is transferred into the income tax rate reduction fund under section 1 of this
19 Act, the tax commissioner shall publish reduced individual and corporate income tax
20 rates and notify taxpayers of the reduced rates by November first of the first fiscal year
21 of the biennium. The tax commissioner may determine the form and manner for
22 publishing the reduced rates and notifying taxpayers, including any notification that
23 taxpayers are not required to file returns or pay taxes. The tax commissioner shall

- 1 reduce the individual income tax rates and the corporate income tax rates based on
2 the following:
- 3 a. The percentage reduction to the individual and corporate income tax rates is
4 equal to the rate reduction amount divided by the total estimated tax collections,
5 including both the individual tax collections and corporate income tax collections,
6 for the second year of the biennium.
- 7 b. Any reductions to the individual income tax rates and the corporate income tax
8 rates apply to taxable years beginning after a rate reduction is calculated and
9 published under this section.
- 10 c. The reductions to the individual income tax rates and the corporate income tax
11 rates must be proportional to the estimated tax collections for each tax relative to
12 the combined total estimated tax collections for both taxes.
- 13 d. The reductions to the individual income tax rates and corporate income tax rates
14 must be applied equally to all tax brackets for each tax.
- 15 e. The reduced individual income tax rates and corporate income tax rates must be
16 rounded to the nearest one-hundredth of a percent.
- 17 f. The tax commissioner shall calculate the reduced individual income tax rates and
18 corporate income tax rates until the rates are reduced to zero.
- 19 3. If the income tax rate reduction results in a disproportionate amount of tax to be
20 deducted and withheld under section 57-38-59, the tax commissioner may adjust the
21 percentage that, when withheld, will as closely as possible pay the income tax liability
22 imposed.
- 23 4. This section does not limit or suspend any provision in chapter 57-38 which is not in
24 conflict with this section, including provisions for assessment and refund under
25 sections 57-38-34.4, 57-38-38, and 57-38-40.
- 26 5. In April of each calendar year, the state treasurer shall transfer the amounts certified
27 by the tax commissioner from the income tax rate reduction fund to the general fund.
28 The amount transferred to the general fund each year may not be less than the rate
29 reduction amount determined for the current biennium plus the rate reduction amount
30 determined for each preceding biennium.
- 31 6. For purposes of this section:

- 1 a. "Base funding amount" means the total amount transferred from the income tax
2 rate reduction fund to the general fund in the preceding biennium.
- 3 b. "Estimated tax collections" means the income tax collection amounts included in
4 the revenue forecast of the current biennial state budget as approved by the most
5 recently adjourned special or regular session of the legislative assembly.
- 6 c. "Rate reduction amount" means one-half of the funds deposited in the income tax
7 rate reduction fund exceeding the base funding amount.
- 8 7. The tax commissioner shall certify to the state treasurer that the individual income tax
9 and corporate income tax rates have been reduced to zero. Upon receiving the
10 certification from the tax commissioner, the state treasurer immediately shall transfer
11 any moneys remaining in the income tax reduction fund to the state general fund.

12 **SECTION 3. EMERGENCY.** This Act is declared to be an emergency measure.