

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2139

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new section to chapter 54-27.2 and a new section to chapter 57-01 of the North Dakota Century Code, relating to an income tax rate reduction fund and an income tax rate adjustment; and to provide for a transfer.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

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

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

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

Income tax rate reduction fund - Income tax rate adjustment - Tax commissioner - Transfer.

1. There is created in the state treasury the income tax rate reduction fund. The fund consists of all moneys deposited in the fund under section 1 of this Act.
2. If money is transferred into the income tax rate reduction fund under section 1 of this Act, the tax commissioner shall publish reduced individual and corporate income tax rates and notify taxpayers of the reduced rates by November first of the first fiscal year of the biennium. The tax commissioner may determine the form and manner for publishing the reduced rates and notifying taxpayers, including any notification that taxpayers are not required to file returns or pay taxes. The tax commissioner shall reduce the individual income tax rates and the corporate income tax rates based on the following:
 - a. The percentage reduction to the individual and corporate income tax rates is equal to the rate reduction amount divided by the total estimated tax collections, including both the individual tax collections and corporate income tax collections, for the second year of the biennium.

- b. Any reductions to the individual income tax rates and the corporate income tax rates apply to taxable years beginning after a rate reduction is calculated and published under this section.
 - c. The reductions to the individual income tax rates and the corporate income tax rates must be proportional to the estimated tax collections for each tax relative to the combined total estimated tax collections for both taxes.
 - d. The reductions to the individual income tax rates and corporate income tax rates must be applied equally to all tax brackets for each tax.
 - e. The reduced individual income tax rates and corporate income tax rates must be rounded to the nearest one-hundredth of a percent.
 - f. The tax commissioner shall calculate the reduced individual income tax rates and corporate income tax rates until the rates are reduced to zero.
3. If the income tax rate reduction results in a disproportionate amount of tax to be deducted and withheld under section 57-39-59, the tax commissioner may adjust the percentage that, when withheld, will as closely as possible pay the income tax liability imposed.
4. This section does not limit or suspend any provision in chapter 57-38 which is not in conflict with this section, including provisions for assessment and refund under sections 57-38-34.4, 57-38-38, and 57-38-40.
5. In April of each calendar year, the state treasurer shall transfer the amounts certified by the tax commissioner from the income tax rate reduction fund to the general fund. The amount transferred to the general fund each year may not be less than the rate reduction amount determined for the current biennium plus the rate reduction amount determined for each preceding biennium.
6. For purposes of this section:
 - a. "Base funding amount" means the total amount transferred from the income tax rate reduction fund to the general fund in the preceding biennium.
 - b. "Estimated tax collections" means the income tax collection amounts included in the revenue forecast of the current biennial state budget as approved by the most recently adjourned special or regular session of the legislative assembly.
 - c. "Rate reduction amount" means one-half of the funds deposited in the income tax rate reduction fund exceeding the base funding amount.
7. The tax commissioner shall certify to the state treasurer that the individual income tax and corporate income tax rates have been reduced to zero. Upon receiving the certification from the tax commissioner, the state treasurer shall immediately transfer any moneys remaining in the income tax reduction fund to the state general fund."