

Sixty-ninth
Legislative Assembly
of North Dakota

Introduced by

1 A BILL for an Act to amend and reenact subsections 1 and 7 of section 57-38-30.3 of the North
2 Dakota Century Code, relating to income tax rates for individuals, estates, and trusts and the
3 marriage penalty credit; to repeal section 57-38-01.28 of the North Dakota Century Code,
4 relating to the marriage penalty credit; and to provide an effective date.

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

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

8 1. A tax is hereby imposed for each taxable year upon income earned or received in that
9 taxable year by every resident and nonresident individual, estate, and trust. A taxpayer
10 computing the tax under this section is only eligible for those adjustments or credits
11 that are specifically provided for in this section. Provided, that for purposes of this
12 section, any person required to file a state income tax return under this chapter, but
13 who has not computed a federal taxable income figure, shall compute a federal
14 taxable income figure using a pro forma return in order to determine a federal taxable
15 income figure to be used as a starting point in computing state income tax under this
16 section. The tax for individuals is equal to North Dakota taxable income multiplied by
17 the rates in the applicable rate schedule in subdivisions a through ~~dc~~ corresponding to
18 an individual's filing status used for federal income tax purposes. For an estate or
19 trust, the schedule in subdivision ~~ed~~ must be used for purposes of this subsection.
20 a. Single, other than head of household or surviving spouse, and married filing
21 separately.

22 If North Dakota taxable income is:

23 Over	Not over	The tax is equal to	Of amount over
24 \$0	\$44,725	\$0.00 + 0.00%	\$0

Sixty-ninth
Legislative Assembly

1		\$44,725	\$225,975	\$0.00 + 1.95%	\$44,725
2		\$225,975		\$3,534.38 + 2.50%	\$225,975
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	\$74,750	\$0.00 + 0.00%	\$0
7		\$74,750	\$275,100	\$0.00 + 1.95%	\$74,750
8		\$275,100		\$3,906.83 + 2.50%	\$275,100
9		\$0	\$89,450	\$0.00 + 0.00%	\$0
10		\$89,450	\$451,950	\$0.00 + 1.95%	\$89,450
11		\$451,950		\$7,068.75 + 2.50%	\$451,950
12	c.	Married filing separately.			
13		If North Dakota taxable income is:			
14		Over	Not over	The tax is equal to	Of amount over
15		\$0	\$37,375	\$0.00 + 0.00%	\$0
16		\$37,375	\$137,550	\$0.00 + 1.95%	\$37,375
17		\$137,550		\$1,953.41 + 2.50%	\$137,550
18	d.	Head of household.			
19		If North Dakota taxable income is:			
20		Over	Not over	The tax is equal to	Of amount over
21		\$0	\$59,950	\$0.00 + 0.00%	\$0
22		\$59,950	\$250,550	\$0.00 + 1.95%	\$59,950
23		\$250,550		\$3,716.70 + 2.50%	\$250,550
24		\$0	\$67,088	\$0.00 + 0.00%	\$0
25		\$67,088	\$338,963	\$0.00 + 1.95%	\$67,088
26		\$338,963		\$5,301.56 + 2.50%	\$338,963
27	e.d.	Estates and trusts.			
28		If North Dakota taxable income is:			
29		Over	Not over	The tax is equal to	Of amount over
30		\$0	\$3,000	\$0.00 + 0.00%	\$0

1	\$3,000	\$10,750	\$0.00 + 1.95%	\$3,000
2	\$10,750		\$151.13 + 2.50%	\$10,750

3 f.e. 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 under
5 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 and
10 b of subsection 2.

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

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

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

29 **SECTION 2. AMENDMENT.** Subsection 7 of section 57-38-30.3 of the North Dakota
30 Century Code is amended and reenacted as follows:

- 31 7. A taxpayer filing a return under this section is entitled to the following tax credits:

- 1 a. Family care tax credit under section 57-38-01.20.
- 2 b. Renaissance zone tax credits under sections 40-63-04, 40-63-06, and 40-63-07.
- 3 c. Agricultural business investment tax credit under section 57-38.6-03.
- 4 d. Seed capital investment tax credit under section 57-38.5-03.
- 5 e. Planned gift tax credit under section 57-38-01.21.
- 6 f. Biodiesel fuel or green diesel fuel tax credits under sections 57-38-01.22 and
- 7 57-38-01.23.
- 8 g. Internship employment tax credit under section 57-38-01.24.
- 9 h. Workforce recruitment credit under section 57-38-01.25.
- 10 i. ~~Marriage penalty credit under section 57-38-01.28.~~
- 11 j. Research and experimental expenditures under section 57-38-30.5.
- 12 ~~k.~~ j. Geothermal energy device installation credit under section 57-38-01.8.
- 13 ~~l.~~ k. Long-term care partnership plan premiums income tax credit under section
- 14 57-38-29.3.
- 15 ~~m.~~ l. Employer tax credit for salary and related retirement plan contributions of
- 16 mobilized employees under section 57-38-01.31.
- 17 ~~n.~~ m. Income tax credit for passthrough entity contributions to private education
- 18 institutions under section 57-38-01.7.
- 19 ~~o.~~ n. Angel investor tax credit under section 57-38-01.26.
- 20 ~~p.~~ o. Income tax credit for employment of individuals with developmental disabilities or
- 21 severe mental illness under section 57-38-01.16.
- 22 ~~q.~~ p. Adoption tax credit under section 57-38-01.38.
- 23 ~~r.~~ q. Tax credit for contributions to a maternity home, child-placing agency, or
- 24 pregnancy help center under section 57-38-01.39.
- 25 ~~s.~~ r. Apprenticeship tax credit under section 57-38-01.40.
- 26 ~~t.~~ s. Twenty-first century manufacturing and animal agricultural workforce incentive
- 27 under section 57-38-01.41.

28 **SECTION 3. REPEAL.** Section 57-38-01.28 of the North Dakota Century Code is repealed.

29 **SECTION 4. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
30 December 31, 2024.