

**HOUSE BILL NO. 1158**

Introduced by

Representatives Headland, Bosch, Dockter, Grueneich, Hagert, Heinert

Senators Axtman, Conley, Kannianen, Meyer, K. Roers, Wanzek

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 the imposition of a flat income tax rate of one and one-half percent for~~  
3 ~~individuals, estates, and trusts; and to provide an effective date.~~ for an Act to create and enact a  
4 new section to chapter 57-38 of the North Dakota Century Code, relating to an individual  
5 income tax credit; to amend and reenact sections 15.1-27-04.1 and 15.1-27-04.2, subsection 1  
6 of section 57-02-08.1, sections 57-15-01 and 57-15-01.1, subsection 1 of section 57-15-14,  
7 section 57-15-14.2, subdivision c of subsection 1 of section 57-20-07.1, and sections  
8 57-20-07.3, 57-38-30.3, and 57-38-75 of the North Dakota Century Code, relating to the  
9 determination of state aid payments, the homestead tax credit, school district levy authority,  
10 information displayed on property tax statements, a credit against payments in lieu of taxes paid  
11 by centrally assessed companies, the imposition of a flat income tax rate of one and ninety-nine  
12 hundredths percent for individuals, estates, and trusts, calculation of individual income tax  
13 based on general fund revenues, and rounding rules; to repeal sections 15.1-27-04.3,  
14 15.1-27-15.1, 15.1-27-20.2, and 57-38-01.28 of the North Dakota Century Code, relating to  
15 adjustments to state aid payments and the marriage penalty credit; to provide an appropriation;  
16 and to provide an effective date.

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

18 ~~SECTION 1. AMENDMENT. Subsection 1 of section 57-38-30.3 of the North Dakota~~  
19 ~~Century Code is amended and reenacted as follows:—~~  
20 ~~1. A tax is hereby imposed for each taxable year upon income earned or received in that~~  
21 ~~taxable year by every resident and nonresident individual, estate, and trust. A taxpayer~~  
22 ~~computing the tax under this section is only eligible for those adjustments or credits~~  
23 ~~that are specifically provided for in this section. Provided, that for purposes of this~~  
24 ~~section, any person required to file a state income tax return under this chapter, but~~

1           ~~who has not computed a federal taxable income figure, shall compute a federal~~  
 2           ~~taxable income figure using a pro forma return in order to determine a federal taxable~~  
 3           ~~income figure to be used as a starting point in computing state income tax under this~~  
 4           ~~section. The tax for individuals is equal to North Dakota taxable income multiplied by~~  
 5           ~~the rates in the applicable rate schedule in subdivisions a through d corresponding to~~  
 6           ~~an individual's filing status used for federal income tax purposes. For~~The tax for an  
 7           ~~estate or trust, the schedule is equal to North Dakota taxable income multiplied by the~~  
 8           ~~rate in subdivision e must be used for purposes of this subsection. The tax to be~~  
 9           ~~computed for:~~

10           ~~a. Single, other than head of household or surviving spouse~~qualifying widow or  
 11           ~~widower is one and one-half percent of North Dakota taxable income exceeding~~  
 12           ~~forty-four thousand seven hundred twenty-five dollars.~~

13           ~~If North Dakota taxable income is:~~

14 <del>Over</del>	14 <del>Not over</del>	14 <del>The tax is equal to</del>	14 <del>Of amount over</del>
15 <del>\$0</del>	15 <del>\$37,450</del>	15 <del>1.10%</del>	15 <del>\$0</del>
16 <del>\$37,450</del>	16 <del>\$90,750</del>	16 <del>\$411.95 + 2.04%</del>	16 <del>\$37,450</del>
17 <del>\$90,750</del>	17 <del>\$189,300</del>	17 <del>\$1,499.27 + 2.27%</del>	17 <del>\$90,750</del>
18 <del>\$189,300</del>	18 <del>\$411,500</del>	18 <del>\$3,736.36 + 2.64%</del>	18 <del>\$189,300</del>
19 <del>\$411,500</del>		19 <del>\$9,602.44 + 2.90%</del>	19 <del>\$411,500</del>

20           ~~b. Married filing jointly and surviving spouse~~qualifying widow or widower is one and  
 21           ~~one-half percent of North Dakota taxable income exceeding seventy-four~~  
 22           ~~thousand seven hundred fifty dollars.~~

23           ~~If North Dakota taxable income is:~~

24 <del>Over</del>	24 <del>Not over</del>	24 <del>The tax is equal to</del>	24 <del>Of amount over</del>
25 <del>\$0</del>	25 <del>\$62,600</del>	25 <del>1.10%</del>	25 <del>\$0</del>
26 <del>\$62,600</del>	26 <del>\$151,200</del>	26 <del>\$688.60 + 2.04%</del>	26 <del>\$62,600</del>
27 <del>\$151,200</del>	27 <del>\$230,450</del>	27 <del>\$2,496.04 + 2.27%</del>	27 <del>\$151,200</del>
28 <del>\$230,450</del>	28 <del>\$411,500</del>	28 <del>\$4,295.02 + 2.64%</del>	28 <del>\$230,450</del>
29 <del>\$411,500</del>		29 <del>\$9,074.74 + 2.90%</del>	29 <del>\$411,500</del>

30           ~~c. Married filing separately is one and one-half percent of North Dakota taxable~~  
 31           ~~income exceeding thirty-seven thousand three hundred seventy-five dollars.~~



Sixty-eighth  
Legislative Assembly

1 ~~\_\_\_\_\_ If North Dakota taxable income is:~~

2 ~~\_\_\_\_\_ Over \_\_\_\_\_ Not over \_\_\_\_\_ The tax is equal to \_\_\_\_\_ Of amount over~~

3 ~~\_\_\_\_\_ \$0 \$31,300 1.10% \_\_\_\_\_ \$0~~

4 ~~\_\_\_\_\_ \$31,300 \_\_\_\_\_ \$75,600 \_\_\_\_\_ \$344.30 + 2.04% \_\_\_\_\_ \$31,300~~

5 ~~\_\_\_\_\_ \$75,600 \_\_\_\_\_ \$115,225 \_\_\_\_\_ \$1,248.02 + 2.27% \_\_\_\_\_ \$75,600~~

6 ~~\_\_\_\_\_ \$115,225 \_\_\_\_\_ \$205,750 \_\_\_\_\_ \$2,147.51 + 2.64% \_\_\_\_\_ \$115,225~~

7 ~~\_\_\_\_\_ \$205,750 \_\_\_\_\_ \_\_\_\_\_ \$4,537.37 + 2.90% \_\_\_\_\_ \$205,750~~

8 ~~\_\_\_\_\_ d. Head of household is one and one-half percent of North Dakota taxable income~~  
9 ~~\_\_\_\_\_ exceeding fifty-nine thousand nine hundred fifty dollars.~~

10 ~~\_\_\_\_\_ If North Dakota taxable income is:~~

11 ~~\_\_\_\_\_ Over \_\_\_\_\_ Not over \_\_\_\_\_ The tax is equal to \_\_\_\_\_ Of amount over~~

12 ~~\_\_\_\_\_ \$0 \$50,200 1.10% \_\_\_\_\_ \$0~~

13 ~~\_\_\_\_\_ \$50,200 \_\_\_\_\_ \$129,600 \_\_\_\_\_ \$552.20 + 2.04% \_\_\_\_\_ \$50,200~~

14 ~~\_\_\_\_\_ \$129,600 \_\_\_\_\_ \$209,850 \_\_\_\_\_ \$2,171.96 + 2.27% \_\_\_\_\_ \$129,600~~

15 ~~\_\_\_\_\_ \$209,850 \_\_\_\_\_ \$411,500 \_\_\_\_\_ \$3,993.64 + 2.64% \_\_\_\_\_ \$209,850~~

16 ~~\_\_\_\_\_ \$411,500 \_\_\_\_\_ \_\_\_\_\_ \$9,317.20 + 2.90% \_\_\_\_\_ \$411,500~~

17 ~~\_\_\_\_\_ e. Estates and trusts is one and one-half percent of North Dakota taxable income~~  
18 ~~\_\_\_\_\_ exceeding three thousand dollars.~~

19 ~~\_\_\_\_\_ If North Dakota taxable income is:~~

20 ~~\_\_\_\_\_ Over \_\_\_\_\_ Not over \_\_\_\_\_ The tax is equal to \_\_\_\_\_ Of amount over~~

21 ~~\_\_\_\_\_ \$0 \$2,500 1.10% \_\_\_\_\_ \$0~~

22 ~~\_\_\_\_\_ \$2,500 \_\_\_\_\_ \$5,900 \_\_\_\_\_ \$27.50 + 2.04% \$2,500~~

23 ~~\_\_\_\_\_ \$5,900 \_\_\_\_\_ \$9,050 \_\_\_\_\_ \$96.86 + 2.27% \$5,900~~

24 ~~\_\_\_\_\_ \$9,050 \_\_\_\_\_ \$12,300 \_\_\_\_\_ \$168.37 + 2.64% \_\_\_\_\_ \$9,050~~

25 ~~\_\_\_\_\_ \$12,300 \_\_\_\_\_ \_\_\_\_\_ \$254.17 + 2.90% \_\_\_\_\_ \$12,300~~

26 ~~\_\_\_\_\_ f. For an individual who is not a resident of this state for the entire year, or for a~~  
27 ~~\_\_\_\_\_ nonresident estate or trust, the tax is equal to the tax otherwise computed under~~  
28 ~~\_\_\_\_\_ this subsection multiplied by a fraction in which:~~

29 ~~\_\_\_\_\_ (1) The numerator is the federal adjusted gross income allocable and~~  
30 ~~\_\_\_\_\_ apportionable to this state; and~~

1 ~~\_\_\_\_\_ (2) The denominator is the federal adjusted gross income from all sources~~  
2 ~~reduced by the net income from the amounts specified in subdivisions a and~~  
3 ~~b of subsection 2.~~

4 ~~In the case of married individuals filing a joint return, if one spouse is a resident~~  
5 ~~of this state for the entire year and the other spouse is a nonresident for part or~~  
6 ~~all of the tax year, the tax on the joint return must be computed under this~~  
7 ~~subdivision.~~

8 ~~\_\_\_\_\_ g. The tax commissioner shall prescribe new rate schedules~~rates ~~that apply in lieu~~  
9 ~~of the schedules~~rates ~~set forth in subdivisions a through e. The new~~  
10 ~~schedules~~rates ~~must be determined by increasing the minimum and~~  
11 ~~maximum~~North Dakota taxable income threshold ~~dollar amounts for each income~~  
12 ~~bracket for which a tax is imposed by the cost-of-living adjustment for the taxable~~  
13 ~~year as determined by the secretary of the United States treasury for purposes of~~  
14 ~~section 1(f) of the United States Internal Revenue Code of 1954, as amended.~~  
15 ~~For this purpose, the rate applicable to each income bracket may not be~~  
16 ~~changed, and the manner of applying the cost-of-living adjustment must be the~~  
17 ~~same as that used for adjusting the income brackets for federal income tax~~  
18 ~~purposes.~~

19 ~~\_\_\_\_\_ h. The tax commissioner shall prescribe an optional simplified method of computing~~  
20 ~~tax under this section that may be used by an individual taxpayer who is not~~  
21 ~~entitled to claim an adjustment under subsection 2 or credit against income tax~~  
22 ~~liability under subsection 7.~~

23 ~~\_\_\_\_\_ **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable years beginning after~~  
24 ~~December 31, 2022.~~

25 **SECTION 1. AMENDMENT.** Section 15.1-27-04.1 of the North Dakota Century Code is  
26 amended and reenacted as follows:

27 **15.1-27-04.1. Baseline funding - Establishment - Determination of state aid. (Effective**  
28 **through June 30, 2025)**

29 ~~\_\_\_\_\_ 1. To determine the amount of state aid payable to each district, the superintendent of~~  
30 ~~public instruction shall establish each district's baseline funding. A district's baseline~~  
31 ~~funding consists of:~~



- 1 ~~a. All state aid received by the district in accordance with chapter 15.1-27 during the~~
- 2 ~~2018-19 school year;~~
- 3 ~~b. An amount equal to the property tax deducted by the superintendent of public~~
- 4 ~~instruction to determine the 2018-19 state aid payment;~~
- 5 ~~c. An amount equal to seventy-five percent of the revenue received by the school~~
- 6 ~~district during the 2017-18 school year for the following revenue types:~~
- 7 ~~(1) Revenue reported under code 2000 of the North Dakota school district~~
- 8 ~~financial accounting and reporting manual, as developed by the~~
- 9 ~~superintendent of public instruction in accordance with section 15.1-02-08;~~
- 10 ~~(2) Mineral revenue received by the school district through direct allocation from~~
- 11 ~~the state treasurer and not reported under code 2000 of the North Dakota~~
- 12 ~~school district financial accounting and reporting manual, as developed by~~
- 13 ~~the superintendent of public instruction in accordance with section~~
- 14 ~~15.1-02-08;~~
- 15 ~~(3) Tuition reported under code 1300 of the North Dakota school district~~
- 16 ~~financial accounting and reporting manual, as developed by the~~
- 17 ~~superintendent of public instruction in accordance with section 15.1-02-08,~~
- 18 ~~with the exception of revenue received specifically for the operation of an~~
- 19 ~~educational program provided at a residential treatment facility, tuition~~
- 20 ~~received for the provision of an adult farm management program, and~~
- 21 ~~beginning in the 2021-22 school year, seventeen percent of tuition received~~
- 22 ~~under an agreement to educate students from a school district on an~~
- 23 ~~air force base with funding received through federal impact aid, and an~~
- 24 ~~additional seventeen percent of tuition received under an agreement to~~
- 25 ~~educate students from a school district on an air force base with funding~~
- 26 ~~received through federal impact aid each school year thereafter, until the~~
- 27 ~~2024-25 school year when sixty-eight percent of tuition received under an~~
- 28 ~~agreement to educate students from a school district on an air force base~~
- 29 ~~with funding received through federal impact aid must be excluded from the~~
- 30 ~~tuition calculation under this paragraph;~~



- 1 ~~(4) Revenue from payments in lieu of taxes on the distribution and transmission-~~  
2 ~~of electric power;~~
- 3 ~~(5) Revenue from payments in lieu of taxes on electricity generated from-~~  
4 ~~sources other than coal; and~~
- 5 ~~(6) Revenue from the leasing of land acquired by the United States for which-~~  
6 ~~compensation is allocated to the state under 33 U.S.C. 701(c)(3);~~
- 7 ~~d. An amount equal to the total revenue received by the school district during the-~~  
8 ~~2017-18 school year for the following revenue types:~~
- 9 ~~(1) Mobile home tax revenue;~~
- 10 ~~(2) Telecommunications tax revenue; and~~
- 11 ~~(3) Revenue from payments in lieu of taxes and state reimbursement of the-~~  
12 ~~homestead credit and disabled veterans credit; and~~
- 13 ~~c. Beginning with the 2020-21 school year, the superintendent shall reduce the-~~  
14 ~~baseline funding for any school district that becomes an elementary district~~  
15 ~~pursuant to section 15.1-07-27 after the 2012-13 school year. The reduction must-~~  
16 ~~be proportional to the number of weighted student units in the grades that are~~  
17 ~~offered through another school district relative to the total number of weighted-~~  
18 ~~student units the school district offered in the year before the school district~~  
19 ~~became an elementary district. The reduced baseline funding applies to the-~~  
20 ~~calculation of state aid for the first school year in which the school district~~  
21 ~~becomes an elementary district and for each year thereafter. For districts that~~  
22 ~~become an elementary district prior to the 2020-21 school year, the-~~  
23 ~~superintendent shall use the reduced baseline funding to calculate state aid for~~  
24 ~~the 2020-21 school year and for each year thereafter.~~
- 25 ~~2. a. The superintendent shall divide the district's baseline funding determined in-~~  
26 ~~subsection 1 by the district's 2017-18 weighted student units to determine the~~  
27 ~~district's baseline funding per weighted student unit.~~
- 28 ~~b. For any school district that becomes an elementary district pursuant to section-~~  
29 ~~15.1-07-27 after the 2017-18 school year, the superintendent shall adjust the~~  
30 ~~district's baseline funding per weighted student unit used to calculate state aid.~~  
31 ~~The superintendent shall divide the district's baseline funding determined in-~~



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~~subsection 1 by the district's weighted student units after the school district becomes an elementary district to determine the district's adjusted baseline funding per weighted student unit. The superintendent shall use the district's adjusted baseline funding per weighted student unit in the calculation of state aid for the first school year in which the school district becomes an elementary district and for each year thereafter.~~

~~c. Beginning with the 2021-22 school year and for each school year thereafter, the superintendent shall reduce the district's baseline funding per weighted student unit. Each year the superintendent shall calculate the amount by which the district's baseline funding per weighted student unit exceeds the payment per weighted student unit provided in subsection 3. The superintendent shall reduce the district's baseline funding per weighted student unit by fifteen percent of the amount by which the district's baseline funding per weighted student unit exceeds the payment per weighted student unit for the 2021-22 school year. For each year thereafter, the reduction percentage is increased by an additional fifteen percent. However, the district's baseline funding per weighted student unit, after the reduction, may not be less than the payment per weighted student unit provided in subsection 3.~~

~~3. a. For the 2021-22 school year, the superintendent shall calculate state aid as the greater of:~~

~~(1) The district's weighted student units multiplied by ten thousand one hundred thirty six dollars;~~

~~(2) One hundred two percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's weighted student units, not to exceed the district's 2017-18 baseline weighted student units, plus any weighted student units in excess of the 2017-18 baseline weighted student units multiplied by ten thousand one hundred thirty six dollars; or~~

~~(3) The district's baseline funding as established in subsection 1 less the amount in paragraph 1, with the difference reduced by fifteen percent and then the difference added to the amount determined in paragraph 1.~~



- 1 ~~b. For the 2022-23 school year and each school year thereafter, the superintendent~~  
2 ~~shall calculate state aid as the greater of:~~
- 3 ~~(1) The district's weighted student units multiplied by ten thousand two hundred~~  
4 ~~thirty-seven dollars;~~
- 5 ~~(2) One hundred two percent of the district's baseline funding per weighted~~  
6 ~~student unit, as established in subsection 2, multiplied by the district's~~  
7 ~~weighted student units, not to exceed the district's 2017-18 baseline~~  
8 ~~weighted student units, plus any weighted student units in excess of the~~  
9 ~~2017-18 baseline weighted student units multiplied by ten thousand~~  
10 ~~two hundred thirty-seven dollars; or~~
- 11 ~~(3) The district's baseline funding as established in subsection 1 less the~~  
12 ~~amount in paragraph 1, with the difference reduced by thirty percent for the~~  
13 ~~2022-23 school year and the reduction percentage increasing by fifteen~~  
14 ~~percent each school year thereafter until the difference is reduced to zero,~~  
15 ~~and then the difference added to the amount determined in paragraph 1.~~
- 16 ~~c. The superintendent also shall adjust state aid determined in this subsection to~~  
17 ~~ensure the amount does not exceed the transition maximum as follows:~~
- 18 ~~(1) For the 2021-22 school year, the transition maximum rate is one hundred~~  
19 ~~ten percent of the district's baseline funding per weighted student unit, as~~  
20 ~~established in subsection 2, multiplied by the district's weighted student~~  
21 ~~units from the previous school year.~~
- 22 ~~(2) For the 2022-23 school year, the transition maximum rate is one hundred~~  
23 ~~ten percent of the district's baseline funding per weighted student unit, as~~  
24 ~~established in subsection 2, multiplied by the district's weighted student~~  
25 ~~units from the previous school year.~~
- 26 ~~(3) For the 2023-24 school year, the transition maximum rate is one hundred~~  
27 ~~ten percent of the district's baseline funding per weighted student unit, as~~  
28 ~~established in subsection 2, plus twenty percent of the difference between~~  
29 ~~the rate under paragraph 1 of subdivision b of this subsection and~~  
30 ~~one hundred ten percent of the district's baseline funding per weighted~~  
31 ~~student unit. The transition maximum is determined by multiplying the~~



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~~transition maximum rate, which may not exceed the rate under paragraph 1 of subdivision b of this subsection, by the district's weighted student units from the previous school year.~~

~~(4) For the 2024-25 school year, the transition maximum rate is one hundred ten percent of the district's baseline funding per weighted student unit, as established in subsection 2, plus forty percent of the difference between the rate under paragraph 1 of subdivision b of this subsection and one hundred ten percent of the district's baseline funding per weighted student unit. The transition maximum is determined by multiplying the transition maximum rate, which may not exceed the rate under paragraph 1 of subdivision b of this subsection, by the district's weighted student units from the previous school year.~~

~~(5) For the 2025-26 school year, the transition maximum rate is one hundred ten percent of the district's baseline funding per weighted student unit, as established in subsection 2, plus sixty percent of the difference between the rate under paragraph 1 of subdivision b of this subsection and one hundred ten percent of the district's baseline funding per weighted student unit. The transition maximum is determined by multiplying the transition maximum rate, which may not exceed the rate under paragraph 1 of subdivision b of this subsection, by the district's weighted student units from the previous school year.~~

~~(6) For the 2026-27 school year, the transition maximum rate is one hundred ten percent of the district's baseline funding per weighted student unit, as established in subsection 2, plus eighty percent of the difference between the rate under paragraph 1 of subdivision b of this subsection and one hundred ten percent of the district's baseline funding per weighted student unit. The transition maximum is determined by multiplying the transition maximum rate, which may not exceed the rate under paragraph 1 of subdivision b of this subsection, by the district's weighted student units from the previous school year.~~



- 1 ~~4. After determining the product in accordance with subsection 3, the superintendent of~~  
2 ~~public instruction shall:~~
- 3 ~~a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the~~  
4 ~~school district, except the amount in dollars subtracted for purposes of this~~  
5 ~~subdivision may not exceed the previous year's amount in dollars subtracted for~~  
6 ~~purposes of this subdivision by more than twelve percent, adjusted pursuant to~~  
7 ~~section 15.1-27-04.3; and~~
- 8 ~~b. Subtract an amount equal to seventy-five percent of all revenue types listed in~~  
9 ~~subdivisions c and d of subsection 1. Before determining the deduction for~~  
10 ~~seventy-five percent of all revenue types, the superintendent of public instruction~~  
11 ~~shall adjust revenues as follows:~~
- 12 ~~(1) Tuition revenue shall be adjusted as follows:~~
- 13 ~~(a) In addition to deducting tuition revenue received specifically for the~~  
14 ~~operation of an educational program provided at a residential~~  
15 ~~treatment facility, tuition revenue received for the provision of an adult~~  
16 ~~farm management program, and tuition received under an agreement~~  
17 ~~to educate students from a school district on an air force base with~~  
18 ~~funding received through federal impact aid as directed each school~~  
19 ~~year in paragraph 3 of subdivision c of subsection 1, the~~  
20 ~~superintendent of public instruction also shall reduce the total tuition~~  
21 ~~reported by the school district by the amount of tuition revenue~~  
22 ~~received for the education of students not residing in the state and for~~  
23 ~~which the state has not entered a cross-border education contract;~~  
24 ~~and~~
- 25 ~~(b) The superintendent of public instruction also shall reduce the total~~  
26 ~~tuition reported by admitting school districts meeting the requirements~~  
27 ~~of subdivision c of subsection 2 of section 15.1-29-12 by the amount~~  
28 ~~of tuition revenue received for the education of students residing in an~~  
29 ~~adjacent school district.~~
- 30 ~~(2) After adjusting tuition revenue as provided in paragraph 1, the~~  
31 ~~superintendent shall reduce all remaining revenues from all revenue types~~



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~~by the percentage of mills levied in 2020 by the school district for sinking and interest relative to the total mills levied in 2020 by the school district for all purposes.~~

~~5. The amount remaining after the computation required under subsection 4 is the amount of state aid to which a school district is entitled, subject to any other statutory requirements or limitations.~~

~~6. On or before June thirtieth of each year, the school board shall certify to the superintendent of public instruction the final average daily membership for the current school year.~~

~~7. For purposes of the calculation in subsection 4, each county auditor, in collaboration with the school districts, shall report the following to the superintendent of public instruction on an annual basis:~~

~~a. The amount of revenue received by each school district in the county during the previous school year for each type of revenue identified in subdivisions c and d of subsection 1;~~

~~b. The total number of mills levied in the previous calendar year by each school district for all purposes; and~~

~~c. The number of mills levied in the previous calendar year by each school district for sinking and interest fund purposes.~~

~~**Baseline funding – Establishment – Determination of state aid. (Effective after June 30, 2025)**~~

1. To determine the amount of state aid payable to each district, the superintendent of public instruction shall establish each district's baseline funding. A district's baseline funding consists of:

a. All state aid received by the district in accordance with chapter 15.1-27 during the 2018-19 school year;

b. An amount equal to the property tax deducted by the superintendent of public instruction to determine the 2018-19 state aid payment;

c. An amount equal to seventy-five percent of the revenue received by the school district during the 2017-18 school year for the following revenue types:



- 1 (1) Revenue reported under code 2000 of the North Dakota school district  
2 financial accounting and reporting manual, as developed by the  
3 superintendent of public instruction in accordance with section 15.1-02-08;
- 4 (2) Mineral revenue received by the school district through direct allocation from  
5 the state treasurer and not reported under code 2000 of the North Dakota  
6 school district financial accounting and reporting manual, as developed by  
7 the superintendent of public instruction in accordance with section  
8 15.1-02-08;
- 9 (3) Tuition reported under code 1300 of the North Dakota school district  
10 financial accounting and reporting manual, as developed by the  
11 superintendent of public instruction in accordance with section 15.1-02-08,  
12 with the exception of ~~revenue~~;
- 13 (a) Revenue received specifically for the operation of an educational  
14 program provided at a residential treatment facility, ~~tuition~~;
- 15 (b) Tuition received for the provision of an adult farm management  
16 program; and ~~beginning~~
- 17 (c) Beginning in the:
- 18 [1] 2023-24 school year, fifty-one percent of tuition received under  
19 an agreement to educate students from a school district on an air  
20 force base with funding received through federal impact aid;
- 21 [2] 2024-25 school year, sixty-eight percent of tuition received under  
22 an agreement to educate students from a school district on an air  
23 force base with funding received through federal impact aid;
- 24 [3] 2025-26 school year, eighty-five percent of tuition received under  
25 an agreement to educate students from a school district on an  
26 air force base with funding received through federal impact aid,  
27 ~~until the~~ and
- 28 [4] 2026-27 school year, and each school year thereafter, when all  
29 tuition received under an agreement to educate students from a  
30 school district on an air force base with funding received through



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federal impact aid ~~must be excluded from the tuition calculation under this paragraph;~~

- (4) Revenue from payments in lieu of taxes on the distribution and transmission of electric power;
- (5) Revenue from payments in lieu of taxes on electricity generated from sources other than coal; and
- (6) Revenue from the leasing of land acquired by the United States for which compensation is allocated to the state under 33 U.S.C. 701(c)(3); ~~and~~

d. An amount equal to the total revenue received by the school district during the 2017-18 school year for the following revenue types:

- (1) Mobile home tax revenue;
- (2) Telecommunications tax revenue; and
- (3) Revenue from payments in lieu of taxes and state reimbursement of the homestead credit and disabled veterans credit; and

e. Beginning with the 2020-21 school year, the superintendent shall reduce the baseline funding for any school district that becomes an elementary district pursuant to section 15.1-07-27 after the 2012-13 school year. The reduction must be proportional to the number of weighted student units in the grades that are offered through another school district relative to the total number of weighted student units the school district offered in the year before the school district became an elementary district. The reduced baseline funding applies to the calculation of state aid for the first school year in which the school district becomes an elementary district and for each year thereafter. For districts that become an elementary district prior to the 2020-21 school year, the superintendent shall use the reduced baseline funding to calculate state aid for the 2020-21 school year and for each year thereafter.

- 2. a. The superintendent shall divide the district's baseline funding determined in subsection 1 by the district's 2017-18 weighted student units to determine the district's baseline funding per weighted student unit.
- b. For any school district that becomes an elementary district pursuant to section 15.1-07-27 after the 2017-18 school year, the superintendent shall adjust the



- 1 district's baseline funding per weighted student unit used to calculate state aid.
- 2 The superintendent shall divide the district's baseline funding determined in
- 3 subsection 1 by the district's weighted student units after the school district
- 4 becomes an elementary district to determine the district's adjusted baseline
- 5 funding per weighted student unit. The superintendent shall use the district's
- 6 adjusted baseline funding per weighted student unit in the calculation of state aid
- 7 for the first school year in which the school district becomes an elementary
- 8 district and for each year thereafter.
- 9 c. Beginning with the 2021-22 school year and for each school year thereafter, the
- 10 superintendent shall reduce the district's baseline funding per weighted student
- 11 unit. Each year the superintendent shall calculate the amount by which the
- 12 district's baseline funding per weighted student unit exceeds the payment per
- 13 weighted student unit provided in subsection 3. The superintendent shall reduce
- 14 the district's baseline funding per weighted student unit by fifteen percent of the
- 15 amount by which the district's baseline funding per weighted student unit exceeds
- 16 the payment per weighted student unit for the 2021-22 school year. For each
- 17 year thereafter, the reduction percentage is increased by an additional fifteen
- 18 percent. However, the district's baseline funding per weighted student unit, after
- 19 the reduction, may not be less than the payment per weighted student unit
- 20 provided in subsection 3.
- 21 3. a. For the 2021-22 school year, the superintendent shall calculate state aid as the
- 22 greater of:
- 23 (1) The district's weighted student units multiplied by ten thousand one hundred
- 24 thirty-six dollars;
- 25 (2) One hundred two percent of the district's baseline funding per weighted
- 26 student unit, as established in subsection 2, multiplied by the district's
- 27 weighted student units, not to exceed the district's 2017-18 baseline
- 28 weighted student units, plus any weighted student units in excess of the
- 29 2017-18 baseline weighted student units multiplied by ten thousand
- 30 one hundred thirty-six dollars; or



- 1 (3) The district's baseline funding as established in subsection 1 less the  
2 amount in paragraph 1, with the difference reduced by fifteen percent and  
3 then the difference added to the amount determined in paragraph 1.
- 4 b. For the 2022-23 school year and each school year thereafter, the superintendent  
5 shall calculate state aid as the greater of:
- 6 (1) The district's weighted student units multiplied by ten thousand two hundred  
7 thirty-seven dollars;
- 8 (2) One hundred two percent of the district's baseline funding per weighted  
9 student unit, as established in subsection 2, multiplied by the district's  
10 weighted student units, not to exceed the district's 2017-18 baseline  
11 weighted student units, plus any weighted student units in excess of the  
12 2017-18 baseline weighted student units multiplied by ten thousand  
13 two hundred thirty-seven dollars; or
- 14 (3) The district's baseline funding as established in subsection 1 less the  
15 amount in paragraph 1, with the difference reduced by thirty percent for the  
16 2022-23 school year and the reduction percentage increasing by fifteen  
17 percent each school year thereafter until the difference is reduced to zero,  
18 and then the difference added to the amount determined in paragraph 1.
- 19 c. The superintendent also shall adjust state aid determined in this subsection to  
20 ensure the amount does not exceed the transition maximum as follows:
- 21 ~~(1) For the 2021-22 school year, the transition maximum rate is one hundred~~  
22 ~~ten percent of the district's baseline funding per weighted student unit, as~~  
23 ~~established in subsection 2, multiplied by the district's weighted student~~  
24 ~~units from the previous school year.~~
- 25 ~~(2) For the 2022-23 school year, the transition maximum rate is one hundred~~  
26 ~~ten percent of the district's baseline funding per weighted student unit, as~~  
27 ~~established in subsection 2, multiplied by the district's weighted student~~  
28 ~~units from the previous school year.~~
- 29 ~~(3) For the 2023-24 school year, the transition maximum rate is one hundred~~  
30 ~~ten percent of the district's baseline funding per weighted student unit, as~~  
31 ~~established in subsection 2, plus twenty percent of the difference between~~



1 the rate under paragraph 1 of subdivision b of this subsection and  
2 one hundred ten percent of the district's baseline funding per weighted  
3 student unit. The transition maximum is determined by multiplying the  
4 transition maximum rate, which may not exceed the rate under paragraph 1  
5 of subdivision b of this subsection, by the district's weighted student units  
6 from the previous school year.

7 ~~(4)~~(2) For the 2024-25 school year, the transition maximum rate is one hundred  
8 ten percent of the district's baseline funding per weighted student unit, as  
9 established in subsection 2, plus forty percent of the difference between the  
10 rate under paragraph 1 of subdivision b of this subsection and one hundred  
11 ten percent of the district's baseline funding per weighted student unit. The  
12 transition maximum is determined by multiplying the transition maximum  
13 rate, which may not exceed the rate under paragraph 1 of subdivision b of  
14 this subsection, by the district's weighted student units from the previous  
15 school year.

16 ~~(5)~~(3) For the 2025-26 school year, the transition maximum rate is one hundred  
17 ten percent of the district's baseline funding per weighted student unit, as  
18 established in subsection 2, plus sixty percent of the difference between the  
19 rate under paragraph 1 of subdivision b of this subsection and one hundred  
20 ten percent of the district's baseline funding per weighted student unit. The  
21 transition maximum is determined by multiplying the transition maximum  
22 rate, which may not exceed the rate under paragraph 1 of subdivision b of  
23 this subsection, by the district's weighted student units from the previous  
24 school year.

25 ~~(6)~~(4) For the 2026-27 school year, the transition maximum rate is one hundred  
26 ten percent of the district's baseline funding per weighted student unit, as  
27 established in subsection 2, plus eighty percent of the difference between  
28 the rate under paragraph 1 of subdivision b of this subsection and  
29 one hundred ten percent of the district's baseline funding per weighted  
30 student unit. The transition maximum is determined by multiplying the  
31 transition maximum rate, which may not exceed the rate under paragraph 1



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of subdivision b of this subsection, by the district's weighted student units from the previous school year.

4. After determining the product in accordance with subsection 3, the superintendent of public instruction shall:

- a. Subtract an amount equal to ~~sixty~~fifty mills multiplied by the taxable valuation of the school district; and
- b. Subtract an amount equal to seventy-five percent of all revenue types listed in subdivisions c and d of subsection 1. Before determining the deduction for seventy-five percent of all revenue types, the superintendent of public instruction shall adjust revenues as follows:
  - (1) Tuition revenue shall be adjusted as follows:
    - (a) In addition to deducting tuition revenue received specifically for the operation of an educational program provided at a residential treatment facility, tuition revenue received for the provision of an adult farm management program, and tuition received under an agreement to educate students from a school district on an air force base with funding received through federal impact aid as directed each school year in paragraph 3 of subdivision c of subsection 1, the superintendent of public instruction also shall reduce the total tuition reported by the school district by the amount of tuition revenue received for the education of students not residing in the state and for which the state has not entered a cross-border education contract; and
    - (b) The superintendent of public instruction also shall reduce the total tuition reported by admitting school districts meeting the requirements of subdivision e of subsection 2 of section 15.1-29-12 by the amount of tuition revenue received for the education of students residing in an adjacent school district.
  - (2) After adjusting tuition revenue as provided in paragraph 1, the superintendent shall reduce all remaining revenues from all revenue types by the percentage of mills levied in ~~2020~~2022 by the school district for



1 sinking and interest relative to the total mills levied in ~~2020~~2022 by the  
2 school district for all purposes.

3 5. The amount remaining after the computation required under subsection 4 is the  
4 amount of state aid to which a school district is entitled, subject to any other statutory  
5 requirements or limitations.

6 6. On or before June thirtieth of each year, the school board shall certify to the  
7 superintendent of public instruction the final average daily membership for the current  
8 school year.

9 7. For purposes of the calculation in subsection 4, each county auditor, in collaboration  
10 with the school districts, shall report the following to the superintendent of public  
11 instruction on an annual basis:

12 a. The amount of revenue received by each school district in the county during the  
13 previous school year for each type of revenue identified in subdivisions c and d of  
14 subsection 1;

15 b. The total number of mills levied in the previous calendar year by each school  
16 district for all purposes; and

17 c. The number of mills levied in the previous calendar year by each school district  
18 for sinking and interest fund purposes.

19 **SECTION 2. AMENDMENT.** Section 15.1-27-04.2 of the North Dakota Century Code is  
20 amended and reenacted as follows:

21 **15.1-27-04.2. State aid - Minimum local effort - Determination.**

22 If a district's taxable valuation per student is less than twenty percent of the state average  
23 valuation per student, the superintendent of public instruction, for purposes of determining state  
24 aid in accordance with [subsection 4 of](#) section 15.1-27-04.1, shall utilize an amount equal to  
25 ~~sixty~~fifty mills times twenty percent of the state average valuation per student multiplied by the  
26 number of weighted student units in the district.

27 **SECTION 3. AMENDMENT.** Subsection 1 of section 57-02-08.1 of the North Dakota  
28 Century Code is amended and reenacted as follows:

29 1. a. Any person sixty-five years of age or older or permanently and totally disabled, in  
30 the year in which the tax was levied, with an income that does not exceed the  
31 limitations of subdivision c is entitled to receive a reduction in the assessment on



- 1 the taxable valuation on the person's homestead. An exemption under this  
2 subsection applies regardless of whether the person is the head of a family.
- 3 b. The exemption under this subsection continues to apply if the person does not  
4 reside in the homestead and the person's absence is due to confinement in a  
5 nursing home, hospital, or other care facility, for as long as the portion of the  
6 homestead previously occupied by the person is not rented to another person.
- 7 c. The exemption must be determined according to the following schedule:
- 8 (1) If the person's income is not in excess of ~~twenty-two~~twenty-nine thousand  
9 dollars, a reduction of one hundred percent of the taxable valuation of the  
10 person's homestead up to a maximum reduction of ~~five~~seven thousand  
11 ~~six~~four hundred twenty-five dollars of taxable valuation.
- 12 (2) If the person's income is in excess of ~~twenty-two~~twenty-nine thousand  
13 dollars and not in excess of ~~twenty-six~~thirty-four thousand dollars, a  
14 reduction of eighty percent of the taxable valuation of the person's  
15 homestead up to a maximum reduction of ~~four~~five thousand ~~five~~eight  
16 hundred fifty dollars of taxable valuation.
- 17 (3) If the person's income is in excess of ~~twenty-six~~thirty-four thousand dollars  
18 and not in excess of ~~thirty~~forty-four thousand dollars, a reduction of sixty  
19 percent of the taxable valuation of the person's homestead up to a  
20 maximum reduction of ~~three~~four thousand ~~three~~five hundred ~~seventy-five~~  
21 dollars of taxable valuation.
- 22 (4) If the person's income is in excess of ~~thirty~~forty-four thousand dollars and  
23 not in excess of ~~thirty-four~~fifty-seven thousand dollars, a reduction of forty  
24 percent of the taxable valuation of the person's homestead up to a  
25 maximum reduction of two thousand ~~two~~nine hundred ~~fifty~~twenty-five dollars  
26 of taxable valuation.
- 27 (5) If the person's income is in excess of ~~thirty-four~~fifty-seven thousand dollars  
28 and not in excess of ~~thirty-eight~~seventy-four thousand dollars, a reduction of  
29 twenty percent of the taxable valuation of the person's homestead up to a  
30 maximum reduction of one thousand ~~one~~five hundred  
31 ~~twenty-five~~seventy-five dollars of taxable valuation.



- 1 (6) If the person's income is in excess of ~~thirty-eight~~seventy-four thousand  
2 dollars and not in excess of ~~forty-two~~ninety-six thousand dollars, a reduction  
3 of ten percent of the taxable valuation of the person's homestead up to a  
4 maximum reduction of ~~five~~nine hundred ~~sixty-three~~ dollars of taxable  
5 valuation.
- 6 (7) On January first of each year, the tax commissioner shall prescribe new  
7 income limitations that apply in lieu of the income limitations provided in  
8 paragraphs 1 through 6 by adjusting the income limitations applicable to the  
9 previous taxable year by the consumer price index. For purposes of this  
10 paragraph, "consumer price index" means the percentage change in the  
11 consumer price index for all urban consumers in the midwest region as  
12 determined by the United States department of labor, bureau of labor  
13 statistics, for the most recent year ending December thirty-first.
- 14 d. Persons residing together, as spouses or when one or more is a dependent of  
15 another, are entitled to only one exemption between or among them under this  
16 subsection. Persons residing together, who are not spouses or dependents, who  
17 are co-owners of the property are each entitled to a percentage of a full  
18 exemption under this subsection equal to their ownership interests in the  
19 property.
- 20 e. This subsection does not reduce the liability of any person for special  
21 assessments levied upon any property.
- 22 f. Any person claiming the exemption under this subsection shall sign a verified  
23 statement of facts establishing the person's eligibility. Any income information  
24 contained in the statement of facts is a confidential record.
- 25 g. A person is ineligible for the exemption under this subsection if the value of the  
26 assets of the person and any dependent residing with the person exceeds  
27 ~~five~~seven hundred ~~fifty~~ thousand dollars, including the value of any assets  
28 divested within the last three years.
- 29 h. The assessor shall attach the statement filed under subdivision f to the  
30 assessment sheet and shall show the reduction on the assessment sheet.



- 1           i. An exemption under this subsection terminates at the end of the taxable year of  
2           the death of the applicant.

3           **SECTION 4. AMENDMENT.** Section 57-15-01 of the North Dakota Century Code is  
4 amended and reenacted as follows:

5           **57-15-01. Levy in specific amounts - Exceptions.**

6           With the exception of special assessment taxes and such general taxes as may be  
7 definitely fixed by law, all state, county, city, township, school district, and park district taxes  
8 must be levied or voted in specific amounts of money. For purposes of communicating with the  
9 public and comparing the amount levied in the current taxable year to the amount levied in the  
10 preceding taxable year, taxing districts shall express levies in terms of dollars rather than mills.

11          **SECTION 5. AMENDMENT.** Section 57-15-01.1 of the North Dakota Century Code is  
12 amended and reenacted as follows:

13          **57-15-01.1. Protection of taxpayers and taxing districts.**

14          Each taxing district may levy the lesser of the amount in dollars as certified in the budget of  
15 the governing body, or the amount in dollars as allowed in this section, subject to the following:

- 16          1. No taxing district may levy more taxes expressed in dollars than the amounts allowed  
17             by this section.
- 18          2. For purposes of this section:
- 19             a. "Base year" means the taxing district's taxable year with the highest amount  
20                levied in dollars in property taxes of the three taxable years immediately  
21                preceding the budget year;~~;~~
- 22             b. "Budget year" means the taxing district's year for which the levy is being  
23                determined under this section;~~;~~
- 24             c. "Calculated mill rate" means the mill rate that results from dividing the base year  
25                taxes levied by the sum of the taxable value of the taxable property in the base  
26                year plus the taxable value of the property exempt by local discretion or  
27                charitable status, calculated in the same manner as the taxable property;~~and.~~
- 28             d. "Property exempt by local discretion or charitable status" means property  
29                exempted from taxation as new or expanding businesses under chapter 40-57.1;  
30                improvements to property under chapter 57-02.2; or buildings belonging to  
31                institutions of public charity, new single-family residential or townhouse or



- 1 condominium property, property used for early childhood services, or pollution  
2 abatement improvements under section 57-02-08.
- 3 e. "Taxing district" means any political subdivision, other than a school district,  
4 empowered by law to levy taxes.
- 5 3. A taxing district may elect to levy the amount levied in dollars in the base year. Any  
6 levy under this section must be specifically approved by a resolution approved by the  
7 governing body of the taxing district. Before determining the levy limitation under this  
8 section, the dollar amount levied in the base year must be:
- 9 a. Reduced by an amount equal to the sum determined by application of the base  
10 year's calculated mill rate for that taxing district to the final base year taxable  
11 valuation of any taxable property and property exempt by local discretion or  
12 charitable status which is not included in the taxing district for the budget year but  
13 was included in the taxing district for the base year.
- 14 b. Increased by an amount equal to the sum determined by the application of the  
15 base year's calculated mill rate for that taxing district to the final budget year  
16 taxable valuation of any taxable property or property exempt by local discretion or  
17 charitable status which was not included in the taxing district for the base year  
18 but which is included in the taxing district for the budget year.
- 19 c. Reduced to reflect expired temporary mill levy increases authorized by the  
20 electors of the taxing district. ~~For purposes of this subdivision, an expired~~  
21 ~~temporary mill levy increase does not include a school district general fund mill~~  
22 ~~rate exceeding one hundred ten mills which has expired or has not received~~  
23 ~~approval of electors for an extension under subsection 2 of section 57-64-03.~~
- 24 ~~d. Reduced by the amount of state aid under chapter 15-1-27, which is determined~~  
25 ~~by multiplying the budget year taxable valuation of the school district by the~~  
26 ~~lesser of the base year mill rate of the school district minus sixty mills or fifty~~  
27 ~~mills, if the base year is a taxable year before 2013.~~
- 28 4. In addition to any other levy limitation factor under this section, a taxing district may  
29 increase its levy in dollars to reflect new or increased mill levies authorized by the  
30 legislative assembly or authorized by the electors of the taxing district.



- 1       5. Under this section a taxing district may supersede any applicable mill levy limitations  
2       otherwise provided by law, or a taxing district may levy up to the mill levy limitations  
3       otherwise provided by law without reference to this section, but the provisions of this  
4       section do not apply to the following:
- 5       a. Any irrevocable tax to pay bonded indebtedness levied pursuant to section 16 of  
6       article X of the Constitution of North Dakota.
- 7       b. The one-mill levy for the state medical center authorized by section 10 of article X  
8       of the Constitution of North Dakota.

9       6. ~~A school district choosing to determine its levy authority under this section may apply~~  
10      ~~subsection 3 only to the amount in dollars levied for general fund purposes under~~  
11      ~~section 57-15-14 or, if the levy in the base year included separate general fund and~~  
12      ~~special fund levies under sections 57-15-14 and 57-15-14.2, the school district may~~  
13      ~~apply subsection 3 to the total amount levied in dollars in the base year for both the~~  
14      ~~general fund and special fund accounts. School district levies under any section other~~  
15      ~~than section 57-15-14 may be made within applicable limitations but those levies are~~  
16      ~~not subject to subsection 3.~~

17      ~~7.~~ Optional levies under this section may be used by any city or county that has adopted  
18      a home rule charter unless the provisions of the charter supersede state laws related  
19      to property tax levy limitations.

20      **SECTION 6. AMENDMENT.** Subsection 1 of section 57-15-14 of the North Dakota Century  
21      Code is amended and reenacted as follows:

- 22      1. Unless authorized by the electors of the school district in accordance with this section,  
23      a school district may not impose greater levies than those permitted under section  
24      57-15-14.2.
- 25      a. In any school district having a total population in excess of four thousand  
26      according to the last federal decennial census there may be levied any specific  
27      number of mills that upon resolution of the school board has been submitted to  
28      and approved by a majority of the qualified electors voting upon the question at  
29      any regular or special school district election.
- 30      b. In any school district having a total population of fewer than four thousand, there  
31      may be levied any specific number of mills that upon resolution of the school



- 1 board has been approved by fifty-five percent of the qualified electors voting  
2 upon the question at any regular or special school election.
- 3 c. After June 30, 2009, in any school district election for approval by electors of  
4 increased levy authority under subsection 1 or 2, the ballot must specify the  
5 number of mills proposed for approval, and the number of taxable years for which  
6 that approval is to apply. After June 30, 2009, approval by electors of increased  
7 levy authority under subsection 1 or 2 may not be effective for more than ten  
8 taxable years.
- 9 d. The authority for a levy of up to a specific number of mills under this section  
10 approved by electors of a school district before July 1, 2009, is terminated  
11 effective for taxable years after 2015. If the electors of a school district subject to  
12 this subsection have not approved a levy for taxable years after 2015 of up to a  
13 specific number of mills under this section by December 31, 2015, the school  
14 district levy limitation for subsequent years is subject to the limitations under  
15 ~~section 57-15-01.1~~ or this section.
- 16 e. For taxable years beginning after 2012:
- 17 (1) The authority for a levy of up to a specific number of mills, approved by  
18 electors of a school district for any period of time that includes a taxable  
19 year before 2009, must be reduced by one hundred fifteen mills as a  
20 precondition of receiving state aid in accordance with chapter 15.1-27.
- 21 (2) The authority for a levy of up to a specific number of mills, approved by  
22 electors of a school district for any period of time that does not include a  
23 taxable year before 2009, must be reduced by forty mills as a precondition  
24 of receiving state aid in accordance with chapter 15.1-27.
- 25 (3) The authority for a levy of up to a specific number of mills, placed on the  
26 ballot in a school district election for electoral approval of increased levy  
27 authority under subdivision a or b, after June 30, ~~2013~~2022, must be stated  
28 as a specific number of mills of general fund levy authority and must include  
29 a statement that the statutory school district general fund levy limitation is  
30 ~~seventy~~sixty mills on the dollar of the taxable valuation of the school district.



1 f. The authority for an unlimited levy approved by electors of a school district before  
2 July 1, 2009, is terminated effective for taxable years after 2015. If the electors of  
3 a school district subject to this subsection have not approved a levy of up to a  
4 specific number of mills under this section by December 31, 2015, the school  
5 district levy limitation for subsequent years is subject to the limitations under  
6 ~~section 57-15-01.1 or~~ this section.

7 **SECTION 7. AMENDMENT.** Section 57-15-14.2 of the North Dakota Century Code is  
8 amended and reenacted as follows:

9 **57-15-14.2. School district levies.** ~~(Effective for taxable years through December 31,~~  
10 ~~2024)~~

11 ~~1. The board of a school district may levy a tax not exceeding the amount in dollars that~~  
12 ~~the school district levied for the prior year, plus twelve percent and the dollar amount~~  
13 ~~of the adjustment required in section 15.1-27-04.3, up to a levy of seventy mills on the~~  
14 ~~taxable valuation of the district, for any purpose related to the provision of educational~~  
15 ~~services. The proceeds of this levy must be deposited into the school district's general~~  
16 ~~fund and used in accordance with this subsection. The proceeds may not be~~  
17 ~~transferred into any other fund.~~

18 ~~2. The board of a school district may levy no more than twelve mills on the taxable~~  
19 ~~valuation of the district, for miscellaneous purposes and expenses. The proceeds of~~  
20 ~~this levy must be deposited into a special fund known as the miscellaneous fund and~~  
21 ~~used in accordance with this subsection. The proceeds may not be transferred into~~  
22 ~~any other fund.~~

23 ~~3. The board of a school district may levy no more than three mills on the taxable~~  
24 ~~valuation of the district for deposit into a special reserve fund, in accordance with~~  
25 ~~chapter 57-19.~~

26 ~~4. The board of a school district may levy no more than the number of mills necessary,~~  
27 ~~on the taxable valuation of the district, for the payment of tuition, in accordance with~~  
28 ~~section 15.1-29-15. The proceeds of this levy must be deposited into a special fund~~  
29 ~~known as the tuition fund and used in accordance with this subsection. The proceeds~~  
30 ~~may not be transferred into any other fund.~~



- 1 ~~5. The board of a school district may levy no more than five mills on the taxable valuation~~  
2 ~~of the district, pursuant to section 57-15-15.1, for purposes of developing a school~~  
3 ~~safety plan in accordance with section 15.1-09-60. The proceeds of this levy must be~~  
4 ~~deposited into a special fund known as the school safety plan fund and used in~~  
5 ~~accordance with this subsection.~~
- 6 ~~6. Nothing in this section limits the board of a school district from levying:~~
- 7 ~~a. Mills for a building fund, as permitted in sections 15.1-09-49 and 57-15-16; and~~  
8 ~~b. Mills necessary to pay principal and interest on the bonded debt of the district,~~  
9 ~~including the mills necessary to pay principal and interest on any bonded debt~~  
10 ~~incurred under section 57-15-17.1 before July 1, 2013.~~
- 11 ~~**School district levies. (Effective for taxable years beginning after December 31, 2024)**~~
- 12 1. The board of a school district may levy a tax not exceeding the amount in dollars that  
13 ~~the school district levied for the prior year, plus twelve percent, up to~~ would be  
14 generated by a levy of ~~seventy~~ fifty mills on the taxable valuation of the district, for ~~any~~  
15 ~~purpose related to the provision of educational services~~ the school district's local  
16 contribution to the costs of education. The proceeds of this levy must be deposited into  
17 the school district's general fund and may be used ~~in accordance with this-~~  
18 ~~subsection~~ for any purposes related to the provision of educational services. The  
19 proceeds may not be transferred into any other fund.
- 20 2. The board of a school district may levy no more than ten mills on the taxable valuation  
21 of the district, for any purpose related to the provision of educational services. The  
22 proceeds of this levy must be deposited into the school district's general fund and  
23 used in accordance with this subsection. The proceeds may not be transferred into  
24 any other fund.
- 25 3. The board of a school district may levy no more than twelve mills on the taxable  
26 valuation of the district, for miscellaneous purposes and expenses. The proceeds of  
27 this levy must be deposited into a special fund known as the miscellaneous fund and  
28 used in accordance with this subsection. The proceeds may not be transferred into  
29 any other fund.



1 | ~~3.4.~~ The board of a school district may levy no more than three mills on the taxable  
2 | valuation of the district for deposit into a special reserve fund, in accordance with  
3 | chapter 57-19.

4 | ~~4.5.~~ The board of a school district may levy no more than the number of mills necessary,  
5 | on the taxable valuation of the district, for the payment of tuition, in accordance with  
6 | section 15.1-29-15. The proceeds of this levy must be deposited into a special fund  
7 | known as the tuition fund and used in accordance with this subsection. The proceeds  
8 | may not be transferred into any other fund.

9 | ~~5.6.~~ The board of a school district may levy no more than five mills on the taxable valuation  
10 | of the district, pursuant to section 57-15-15.1, for purposes of developing a school  
11 | safety plan in accordance with section 15.1-09-60. The proceeds of this levy must be  
12 | deposited into a special fund known as the school safety plan fund and used in  
13 | accordance with this subsection.

14 | ~~6.7.~~ Nothing in this section limits the board of a school district from levying:  
15 | a. Mills for a building fund, as permitted in sections 15.1-09-49 and 57-15-16; and  
16 | b. Mills necessary to pay principal and interest on the bonded debt of the district,  
17 | including the mills necessary to pay principal and interest on any bonded debt  
18 | incurred under section 57-15-17.1 before July 1, 2013.

19 | **SECTION 8. AMENDMENT.** Subdivision c of subsection 1 of section 57-20-07.1 of the  
20 | North Dakota Century Code is amended and reenacted as follows:

21 | c. Provide information identifying the property tax savings provided by the state of  
22 | North Dakota. The tax statement must include a line item that is entitled  
23 | "legislative tax relief" and identifies the dollar amount of property tax savings  
24 | realized by the taxpayer under chapter 50-34 for taxable years before 2019,  
25 | chapter 50-35 for taxable years after 2018, and chapter 15.1-27.

26 | (1) For purposes of this subdivision, legislative tax relief under chapter 15.1-27  
27 | is determined by multiplying the taxable value for the taxable year for each  
28 | parcel shown on the tax statement by the number of mills of mill levy  
29 | reduction grant under chapter 57-64 for the 2012 taxable year plus the  
30 | ~~number of mills determined by subtracting from the 2012 taxable year mill~~  
31 | ~~rate of the school district in which the parcel is located the~~ lesser of:



- 1 (a) ~~Fifty~~Sixty mills; or
- 2 (b) The 2012 taxable year mill rate of the school district minus ~~sixty~~fifty
- 3 mills.
- 4 (2) Legislative tax relief under chapter 50-35 is determined by multiplying the
- 5 taxable value for the taxable year for each parcel shown on the tax
- 6 statement by the number of mills of relief determined by dividing the amount
- 7 calculated in subsection 1 of section 50-35-03 for a human service zone by
- 8 the taxable value of taxable property in the zone for the taxable year.

9 **SECTION 9. AMENDMENT.** Section 57-20-07.3 of the North Dakota Century Code is

10 amended and reenacted as follows:

11 **57-20-07.3. Centrally assessed company credit against payments in lieu of taxes.**

- 12 1. The owner, operator, or lessee of transmission lines, for which payments in lieu of
- 13 property taxes are assessed by the state board of equalization under section
- 14 57-06-17.3, is entitled to a credit against tax in the amount provided in subsection 3.
- 15 The credit for each transmission company must be allocated to the counties in the
- 16 same manner as the tax collected from that company is allocated.
- 17 2. The owner, operator, or lessee of electric transmission or distribution property, for
- 18 which payments in lieu of property taxes are assessed by the state board of
- 19 equalization under sections 57-33.2-02 or 57-33.2-03, is entitled to a credit against the
- 20 transmission or distribution tax in the amount provided in subsection 3. The credit for
- 21 each transmission or distribution company must be allocated and distributed to
- 22 counties in the same manner as the tax collected from that company is allocated.
- 23 3. The amount of credit is ~~determined by multiplying~~ the sum of the following:
- 24 a. The company's assessed tax by a fraction, the numerator of which is the total of
- 25 all formula payments calculated for the subsequent calendar year under section
- 26 50-35-03 and the denominator of which is the total statewide ad valorem property
- 27 tax levied in the prior taxable year; and
- 28 b. The company's assessed tax multiplied by a fraction, the numerator of which is
- 29 equal to ten mills multiplied by the taxable valuation of property in all school
- 30 districts and the denominator of which is the total statewide ad valorem property
- 31 tax levied in the prior taxable year.



- 1       4. The tax commissioner shall annually calculate the amount of credit to which a  
2       company is entitled under this section.

3       **SECTION 10.** A new section to chapter 57-38 of the North Dakota Century Code is created  
4 and enacted as follows:

5       **Individual income tax credit.**

6       1. A resident of this state is entitled to a nonrefundable credit against the resident's  
7       income tax liability as determined under section 57-38-30.3 for the taxable year.

8       2. Based on an individual's filing status used for federal income tax purposes, the  
9       maximum credit that may be claimed is:

10       a. For single, married filing separately, and head of household filing status,  
11       eight hundred dollars.

12       b. For married filing jointly and surviving spouse filing status, one thousand  
13       six hundred dollars.

14       3. The amount claimed may not exceed the amount of the resident's income tax liability  
15       as determined under this chapter for the taxable year. Any credit amount exceeding a  
16       resident's income tax liability for the taxable year may not be claimed as a carryback  
17       or carryforward.

18       **SECTION 11. AMENDMENT.** Section 57-38-30.3 of the North Dakota Century Code is  
19 amended and reenacted as follows:

20       **57-38-30.3. Individual, estate, and trust income tax.**

21       1. A tax is hereby imposed for each taxable year upon income earned or received in that  
22       taxable year by every resident and nonresident individual, estate, and trust. A taxpayer  
23       computing the tax under this section is only eligible for those adjustments or credits  
24       that are specifically provided for in this section. Provided, that for purposes of this  
25       section, any person required to file a state income tax return under this chapter, but  
26       who has not computed a federal taxable income figure, shall compute a federal  
27       taxable income figure using a pro forma return in order to determine a federal taxable  
28       income figure to be used as a starting point in computing state income tax under this  
29       section. The tax for individuals, estates, and trusts is equal to one and ninety-nine  
30       hundredths percent of North Dakota taxable income ~~multiplied by the rates in the~~  
31       ~~applicable rate schedule in subdivisions a through d corresponding to an individual's~~



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~~filing status used for federal income tax purposes. For an estate or trust, the schedule-  
in subdivision c must be used for purposes of this subsection.~~

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

~~If North Dakota taxable income is:~~

<del>Over</del>	<del>Not over</del>	<del>The tax is equal to</del>	<del>Of amount over</del>
<del>\$0</del>	<del>\$37,450</del>	<del>1.10%</del>	<del>\$0</del>
<del>\$37,450</del>	<del>\$90,750</del>	<del>\$411.95 + 2.04%</del>	<del>\$37,450</del>
<del>\$90,750</del>	<del>\$189,300</del>	<del>\$1,499.27 + 2.27%</del>	<del>\$90,750</del>
<del>\$189,300</del>	<del>\$411,500</del>	<del>\$3,736.36 + 2.64%</del>	<del>\$189,300</del>
<del>\$411,500</del>		<del>\$9,602.44 + 2.90%</del>	<del>\$411,500</del>

~~b. Married filing jointly and surviving spouse:~~

~~If North Dakota taxable income is:~~

<del>Over</del>	<del>Not over</del>	<del>The tax is equal to</del>	<del>Of amount over</del>
<del>\$0</del>	<del>\$62,600</del>	<del>1.10%</del>	<del>\$0</del>
<del>\$62,600</del>	<del>\$151,200</del>	<del>\$688.60 + 2.04%</del>	<del>\$62,600</del>
<del>\$151,200</del>	<del>\$230,450</del>	<del>\$2,496.04 + 2.27%</del>	<del>\$151,200</del>
<del>\$230,450</del>	<del>\$411,500</del>	<del>\$4,295.02 + 2.64%</del>	<del>\$230,450</del>
<del>\$411,500</del>		<del>\$9,074.74 + 2.90%</del>	<del>\$411,500</del>

~~c. Married filing separately:~~

~~If North Dakota taxable income is:~~

<del>Over</del>	<del>Not over</del>	<del>The tax is equal to</del>	<del>Of amount over</del>
<del>\$0</del>	<del>\$31,300</del>	<del>1.10%</del>	<del>\$0</del>
<del>\$31,300</del>	<del>\$75,600</del>	<del>\$344.30 + 2.04%</del>	<del>\$31,300</del>
<del>\$75,600</del>	<del>\$115,225</del>	<del>\$1,248.02 + 2.27%</del>	<del>\$75,600</del>
<del>\$115,225</del>	<del>\$205,750</del>	<del>\$2,147.51 + 2.64%</del>	<del>\$115,225</del>
<del>\$205,750</del>		<del>\$4,537.37 + 2.90%</del>	<del>\$205,750</del>

~~d. Head of household:~~

~~If North Dakota taxable income is:~~

<del>Over</del>	<del>Not over</del>	<del>The tax is equal to</del>	<del>Of amount over</del>
<del>\$0</del>	<del>\$50,200</del>	<del>1.10%</del>	<del>\$0</del>
<del>\$50,200</del>	<del>\$129,600</del>	<del>\$552.20 + 2.04%</del>	<del>\$50,200</del>



1	<del>\$129,600</del>	<del>\$209,850</del>	<del>\$2,171.96 + 2.27%</del>	<del>\$129,600</del>
2	<del>\$209,850</del>	<del>\$411,500</del>	<del>\$3,993.64 + 2.64%</del>	<del>\$209,850</del>
3	<del>\$411,500</del>		<del>\$9,317.20 + 2.90%</del>	<del>\$411,500</del>

~~c. Estates and trusts.~~

~~If North Dakota taxable income is:~~

<del>Over</del>	<del>Not over</del>	<del>The tax is equal to</del>	<del>Of amount over</del>
<del>\$0</del>	<del>\$2,500</del>	<del>1.10%</del>	<del>\$0</del>
<del>\$2,500</del>	<del>\$5,900</del>	<del>\$27.50 + 2.04%</del>	<del>\$2,500</del>
<del>\$5,900</del>	<del>\$9,050</del>	<del>\$96.86 + 2.27%</del>	<del>\$5,900</del>
<del>\$9,050</del>	<del>\$12,300</del>	<del>\$168.37 + 2.64%</del>	<del>\$9,050</del>
<del>\$12,300</del>		<del>\$254.17 + 2.90%</del>	<del>\$12,300</del>

~~f.a.~~ For an individual who is not a resident of this state for the entire year, or for a nonresident estate or trust, the tax is equal to the tax otherwise computed under this subsection multiplied by a fraction in which:

- ~~(1) The numerator is the federal adjusted gross income allocable and apportionable to this state; and~~
- ~~(2) The denominator is the federal adjusted gross income from all sources reduced by the net income from the amounts specified in subdivisions a and b of subsection 2.~~

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

~~g. The tax commissioner shall prescribe new rate schedules that apply in lieu of the schedules set forth in subdivisions a through c. The new schedules must be determined by increasing the minimum and maximum dollar amounts for each income bracket for which a tax is imposed by the cost-of-living adjustment for the taxable year as determined by the secretary of the United States treasury for purposes of section 1(f) of the United States Internal Revenue Code of 1954, as amended. For this purpose, the rate applicable to each income bracket may not be changed, and the manner of applying the cost-of-living adjustment must be~~



1 ~~the same as that used for adjusting the income brackets for federal income tax~~  
2 ~~purposes.~~

3 ~~h.b.~~ The tax commissioner shall prescribe an optional simplified method of computing  
4 tax under this section that may be used by an individual taxpayer who is not  
5 entitled to claim an adjustment under subsection 2 or credit against income tax  
6 liability under subsection 7.

7 2. For purposes of this section, "North Dakota taxable income" means the federal taxable  
8 income of an individual, estate, or trust as computed under the Internal Revenue Code  
9 of 1986, as amended, adjusted as follows:

10 a. Reduced by interest income from obligations of the United States and income  
11 exempt from state income tax under federal statute or United States or North  
12 Dakota constitutional provisions.

13 b. Reduced by the portion of a distribution from a qualified investment fund  
14 described in section 57-38-01 which is attributable to investments by the qualified  
15 investment fund in obligations of the United States, obligations of North Dakota or  
16 its political subdivisions, and any other obligation the interest from which is  
17 exempt from state income tax under federal statute or United States or North  
18 Dakota constitutional provisions.

19 c. Reduced by the amount equal to the earnings that are passed through to a  
20 taxpayer in connection with an allocation and apportionment to North Dakota  
21 under section 57-38-01.35.

22 d. Reduced by forty percent of:

23 (1) The excess of the taxpayer's net long-term capital gain for the taxable year  
24 over the net short-term capital loss for that year, as computed for purposes  
25 of the Internal Revenue Code of 1986, as amended. The adjustment  
26 provided by this subdivision is allowed only to the extent the net long-term  
27 capital gain is allocated to this state.

28 (2) Qualified dividends as defined under Internal Revenue Code section 1(h)  
29 (11), added by section 302(a) of the Jobs and Growth Tax Relief  
30 Reconciliation Act of 2003 [Pub. L. 108-27; 117 Stat. 752; 2 U.S.C. 963  
31 et seq.], but only if taxed at a federal income tax rate that is lower than the



- 1 regular federal income tax rates applicable to ordinary income. If, for any  
2 taxable year, qualified dividends are taxed at the regular federal income tax  
3 rates applicable to ordinary income, the reduction allowed under this  
4 subdivision is equal to thirty percent of all dividends included in federal  
5 taxable income. The adjustment provided by this subdivision is allowed only  
6 to the extent the qualified dividend income is allocated to this state.
- 7 e. Increased by the amount of a lump sum distribution for which income averaging  
8 was elected under section 402 of the Internal Revenue Code of 1986 [26 U.S.C.  
9 402], as amended. This adjustment does not apply if the taxpayer received the  
10 lump sum distribution while a nonresident of this state and the distribution is  
11 exempt from taxation by this state under federal law.
- 12 f. Increased by an amount equal to the losses that are passed through to a  
13 taxpayer in connection with an allocation and apportionment to North Dakota  
14 under section 57-38-01.35.
- 15 g. Reduced by the amount received by the taxpayer as payment for services  
16 performed when mobilized under title 10 United States Code federal service as a  
17 member of the national guard or reserve member of the armed forces of the  
18 United States. This subdivision does not apply to federal service while attending  
19 annual training, basic military training, or professional military education.
- 20 h. Reduced by income from a new and expanding business exempt from state  
21 income tax under section 40-57.1-04.
- 22 i. ~~Reduced by interest and income from bonds issued under chapter 11-37.~~
- 23 ~~j.~~ Reduced by up to ten thousand dollars of qualified expenses that are related to a  
24 donation by a taxpayer or a taxpayer's dependent, while living, of one or more  
25 human organs to another human being for human organ transplantation. A  
26 taxpayer may claim the reduction in this subdivision only once for each instance  
27 of organ donation during the taxable year in which the human organ donation and  
28 the human organ transplantation occurs but if qualified expenses are incurred in  
29 more than one taxable year, the reduction for those expenses must be claimed in  
30 the year in which the expenses are incurred. For purposes of this subdivision:



- 1 (1) "Human organ transplantation" means the medical procedure by which  
2 transfer of a human organ is made from the body of one person to the body  
3 of another person.
- 4 (2) "Organ" means all or part of an individual's liver, pancreas, kidney, intestine,  
5 lung, or bone marrow.
- 6 (3) "Qualified expenses" means lost wages not compensated by sick pay and  
7 unreimbursed medical expenses as defined for federal income tax  
8 purposes, to the extent not deducted in computing federal taxable income,  
9 whether or not the taxpayer itemizes federal income tax deductions.
- 10 ~~k.j.~~ Increased by the amount of the contribution upon which the credit under section  
11 57-38-01.21 is computed, but only to the extent that the contribution reduced  
12 federal taxable income.
- 13 ~~h.k.~~ Reduced by the amount of any payment received by a veteran or beneficiary of a  
14 veteran under section 37-28-03 or 37-28-04.
- 15 ~~m.l.~~ Reduced by the amount received by a taxpayer that was paid by an employer  
16 under paragraph 4 of subdivision a of subsection 2 of section 57-38-01.25 to hire  
17 the taxpayer for a hard-to-fill position under section 57-38-01.25, but only to the  
18 extent the amount received by the taxpayer is included in federal taxable income.  
19 The reduction applies only if the employer is entitled to the credit under section  
20 57-38-01.25. The taxpayer must attach a statement from the employer in which  
21 the employer certifies that the employer is entitled to the credit under section  
22 57-38-01.25 and which specifically identified the type of payment and the amount  
23 of the exemption under this section.
- 24 ~~n.m.~~ Reduced by the amount up to a maximum of five thousand dollars, or ten  
25 thousand dollars if a joint return is filed, for contributions made under a higher  
26 education savings plan administered by the Bank of North Dakota, pursuant to  
27 section 6-09-38.
- 28 ~~o.n.~~ Reduced by the amount of income of a taxpayer, who resides anywhere within  
29 the exterior boundaries of a reservation situated in this state or situated both in  
30 this state and in an adjoining state and who is an enrolled member of a federally  
31 recognized Indian tribe, from activities or sources anywhere within the exterior



1 boundaries of a reservation situated in this state or both situated in this state and  
2 in an adjoining state.

3 ~~P.O.~~ For married individuals filing jointly, reduced by an amount equal to the excess of  
4 the recomputed itemized deductions or standard deduction over the amount of  
5 the itemized deductions or standard deduction deducted in computing federal  
6 taxable income. For purposes of this subdivision, "itemized deductions or  
7 standard deduction" means the amount under section 63 of the Internal Revenue  
8 Code that the married individuals deducted in computing their federal taxable  
9 income and "recomputed itemized deductions or standard deduction" means an  
10 amount determined by computing the itemized deductions or standard deduction  
11 in a manner that replaces the basic standard deduction under section 63(c)(2) of  
12 the Internal Revenue Code for married individuals filing jointly with an amount  
13 equal to double the amount of the basic standard deduction under section 63(c)  
14 (2) of the Internal Revenue Code for a single individual other than a head of  
15 household and surviving spouse. If the married individuals elected under  
16 section 63(e) of the Internal Revenue Code to deduct itemized deductions in  
17 computing their federal taxable income even though the amount of the allowable  
18 standard deduction is greater, the reduction under this subdivision is not allowed.  
19 Married individuals filing jointly shall compute the available reduction under this  
20 subdivision in a manner prescribed by the tax commissioner.

21 ~~q.p.~~ Reduced by an amount equal to four thousand one hundred fifty dollars for  
22 taxable year 2018, for each birth resulting in stillbirth, as defined in section  
23 23-02.1-01, for which a fetal death certificate has been filed under section  
24 23-02.1-20. For taxable years beginning after December 31, 2018, the deduction  
25 amount must be adjusted annually on January first of each year by the  
26 cost-of-living adjustment. For purposes of this subdivision, "cost-of-living  
27 adjustment" means the percentage increase in the consumer price index for all  
28 urban consumers in the midwest region as determined by the United States  
29 department of labor, bureau of labor statistics, for the most recent year ending  
30 December thirty-first. The exemption may only be claimed in the taxable year in  
31 which the stillbirth occurred.



- 1        f.g.    Reduced by the amount of expenses incurred by an employee which are directly  
2                    related to the attainment of higher education or career and technical education  
3                    which are reimbursed by the employee's employer, but only to the extent the  
4                    amount of reimbursement is reported as federal taxable income.
- 5        s.r.    Reduced by the amount received by a taxpayer as retired military personnel  
6                    benefits, including retired military personnel benefits paid to the surviving spouse  
7                    of a deceased retired member of the armed forces of the United States, a reserve  
8                    component of the armed forces of the United States, or the national guard, but  
9                    only to the extent the amount was included in federal taxable income.
- 10       t.s.    Reduced by the amount of social security benefits included in a taxpayer's  
11                    federal adjusted gross income under section 86 of the Internal Revenue Code.
- 12       3.    The same filing status used when filing federal income tax returns must be used when  
13                    filing state income tax returns.
- 14       4.    a.    A resident individual, estate, or trust is entitled to a credit against the tax imposed  
15                    under this section for the amount of income tax paid by the taxpayer for the  
16                    taxable year by another state or territory of the United States or the District of  
17                    Columbia on income derived from sources in those jurisdictions that is also  
18                    subject to tax under this section.
- 19              b.    For an individual, estate, or trust that is a resident of this state for the entire  
20                    taxable year, the credit allowed under this subsection may not exceed an amount  
21                    equal to the tax imposed under this section multiplied by a ratio equal to federal  
22                    adjusted gross income derived from sources in the other jurisdiction divided by  
23                    federal adjusted gross income less the amounts under subdivisions a and b of  
24                    subsection 2.
- 25              c.    For an individual, estate, or trust that is a resident of this state for only part of the  
26                    taxable year, the credit allowed under this subsection may not exceed the lesser  
27                    of the following:
- 28                    (1)    The tax imposed under this chapter multiplied by a ratio equal to federal  
29                    adjusted gross income derived from sources in the other jurisdiction  
30                    received while a resident of this state divided by federal adjusted gross



- 1 income derived from North Dakota sources less the amounts under  
2 subdivisions a and b of subsection 2.
- 3 (2) The tax paid to the other jurisdiction multiplied by a ratio equal to federal  
4 adjusted gross income derived from sources in the other jurisdiction  
5 received while a resident of this state divided by federal adjusted gross  
6 income derived from sources in the other states.
- 7 d. The tax commissioner may require written proof of the tax paid to another state.  
8 The required proof must be provided in a form and manner as determined by the  
9 tax commissioner.
- 10 5. Individuals, estates, or trusts that file an amended federal income tax return changing  
11 their federal taxable income figure for a year for which an election to file state income  
12 tax returns has been made under this section shall file an amended state income tax  
13 return to reflect the changes on the federal income tax return.
- 14 6. The tax commissioner may prescribe procedures and guidelines to prevent requiring  
15 income that had been previously taxed under this chapter from becoming taxed again  
16 because of the provisions of this section and may prescribe procedures and guidelines  
17 to prevent any income from becoming exempt from taxation because of the provisions  
18 of this section if it would otherwise have been subject to taxation under the provisions  
19 of this chapter.
- 20 7. A taxpayer filing a return under this section is entitled to the following tax credits:
- 21 a. Family care tax credit under section 57-38-01.20.  
22 b. Renaissance zone tax credits under sections 40-63-04, 40-63-06, and 40-63-07.  
23 c. Agricultural business investment tax credit under section 57-38.6-03.  
24 d. Seed capital investment tax credit under section 57-38.5-03.  
25 e. Planned gift tax credit under section 57-38-01.21.  
26 f. Biodiesel fuel or green diesel fuel tax credits under sections 57-38-01.22 and  
27 57-38-01.23.  
28 g. Internship employment tax credit under section 57-38-01.24.  
29 h. Workforce recruitment credit under section 57-38-01.25.  
30 i. ~~Marriage penalty credit under section 57-38-01.28.~~  
31 j. Research and experimental expenditures under section 57-38-30.5.



- 1        ~~k.j.~~    Geothermal energy device installation credit under section 57-38-01.8.
- 2        ~~l.k.~~    Long-term care partnership plan premiums income tax credit under section
- 3        57-38-29.3.
- 4        ~~m.l.~~    Employer tax credit for salary and related retirement plan contributions of
- 5        mobilized employees under section 57-38-01.31.
- 6        ~~n.m.~~    Income tax credit for passthrough entity contributions to private education
- 7        institutions under section 57-38-01.7.
- 8        ~~o.n.~~    Angel investor tax credit under section 57-38-01.26.
- 9        ~~p.o.~~    Twenty-first century manufacturing workforce incentive under section
- 10       57-38-01.36 (effective for the first four taxable years beginning after
- 11       December 31, 2018).
- 12       ~~q.p.~~    Income tax credit for employment of individuals with developmental disabilities or
- 13       severe mental illness under section 57-38-01.16.
- 14       ~~r.    Individual income tax credit under section 57-38-01.37 (effective for the first two~~
- 15       ~~taxable years beginning after December 31, 2020).~~
- 16       ~~q.    Individual income tax credit under section 10 of this Act.~~
- 17       8.    A taxpayer filing a return under this section is entitled to ~~the any~~ exemption ~~provided for~~
- 18       ~~which the taxpayer qualifies~~ under section 40-63-04.
- 19       9.    a.    If an individual taxpayer engaged in a farming business elects to average farm
- 20       income under section 1301 of the Internal Revenue Code [26 U.S.C. 1301], the
- 21       taxpayer may elect to compute tax under this subsection. If an election to
- 22       compute tax under this subsection is made, the tax imposed by subsection 1 for
- 23       the taxable year must be equal to the sum of the following:
- 24       (1)    The tax computed under subsection 1 on North Dakota taxable income
- 25       reduced by elected farm income.
- 26       (2)    The increase in tax imposed by subsection 1 which would result if North
- 27       Dakota taxable income for each of the three prior taxable years were
- 28       increased by an amount equal to one-third of the elected farm income.
- 29       However, if other provisions of this chapter other than this section were
- 30       used to compute the tax for any of the three prior years, the same
- 31       provisions in effect for that prior tax year must be used to compute the



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increase in tax under this paragraph. For purposes of applying this paragraph to taxable years beginning before January 1, 2001, the increase in tax must be determined by recomputing the tax in the manner prescribed by the tax commissioner.

- b. For purposes of this subsection, "elected farm income" means that portion of North Dakota taxable income for the taxable year which is elected farm income as defined in section 1301 of the Internal Revenue Code of 1986 [26 U.S.C. 1301], as amended, reduced by the portion of an exclusion claimed under subdivision d of subsection 2 that is attributable to a net long-term capital gain included in elected farm income.
- c. The reduction in North Dakota taxable income under this subsection must be taken into account for purposes of making an election under this subsection for any subsequent taxable year.
- d. The tax commissioner may prescribe rules, procedures, or guidelines necessary to administer this subsection.

10. ~~The tax commissioner may prescribe tax tables, to be used in computing the tax according to subsection 1, if the amounts of the tax tables are based on the tax rates set forth in subsection 1. If prescribed by the tax commissioner, the tables must be followed by every individual, estate, or trust determining a tax under this section~~ if the actual general fund revenues exceed the estimated general fund revenues for the twelve-month period ending June thirtieth of an even-numbered year by at least ten percent as determined by the director of the office of management and budget, the rates under subsection 1 must be reduced by one-half percent for the subsequent tax year beginning after December thirty-first of an even-numbered year. The tax commissioner shall publish the reduced rates and notify taxpayers of the reduced rates by November first of an even-numbered year. The tax commissioner may determine the form and manner of publishing the reduced rates and notifying taxpayers, including any notification that taxpayers are not required to file returns or pay taxes. For purposes of this subsection:
- a. "Estimated general fund revenues" means the estimated general fund revenues, excluding the July first of an odd-numbered year general fund balance, as



1 reflected in the cash flow forecast developed by the director of the office of  
2 management and budget based on the total estimated general fund revenues for  
3 the biennium approved by the most recently adjourned special or regular session  
4 of the legislative assembly.

5 b. Any reductions to the rates under subsection 1 apply to tax years beginning after  
6 December 31, 2022.

7 c. The rate reductions must be equally applied to all tax brackets.

8 d. The reduced rates must be rounded to the nearest one-hundredth of a percent.

9 e. This subsection does not limit or suspend any provision in chapter 57-38 which is  
10 not in conflict with this section, including provisions for assessment and refund  
11 under sections 57-38-34.4, 57-38-38, and 57-38-40.

12 **SECTION 12. AMENDMENT.** Section 57-38-75 of the North Dakota Century Code is  
13 amended and reenacted as follows:

14 **57-38-75. Rounding.**

15 With respect to any amount required to be shown on any return, form, statement, or other  
16 document required to be filed with the tax commissioner and for purposes of amounts in tax  
17 tables prescribed under ~~subsection 12 of section 57-38-30.3 and~~ subsection 3 of section  
18 57-38-59, the amount may be rounded to the nearest dollar. The cents must be disregarded if  
19 the cents amount to less than one-half dollar. If the cents amount to one-half dollar or more, the  
20 amount must be increased to the next whole dollar.

21 **SECTION 13. REPEAL.** Sections 15.1-27-04.3, 15.1-27-15.1, and 15.1-27-20.2 of the  
22 North Dakota Century Code are repealed.

23 **SECTION 14. REPEAL.** Section 57-38-01.28 of the North Dakota Century Code is  
24 repealed.

25 **SECTION 15. APPROPRIATION - HOMESTEAD TAX CREDIT PROGRAM.** There is  
26 appropriated out of any moneys in the general fund in the state treasury, not otherwise  
27 appropriated, the sum of \$37,000,000, or so much of the sum as may be necessary, to the tax  
28 commissioner for the purpose of paying the state reimbursement under the homestead tax  
29 credit, for the biennium beginning July 1, 2023, and ending June 30, 2025.

30 **SECTION 16. EFFECTIVE DATE.** Sections 3, 5, 6, 7, 9, 10, 11, 12, and 14 of this Act are  
31 effective for taxable years beginning after December 31, 2022.