Sixty-ninth Legislative Assembly of North Dakota

HOUSE BILL NO. 1388

Introduced by

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Representatives Christianson, K. Anderson, Henderson, Hendrix, Holle, Koppelman, Motschenbacher, Osowski, VanWinkle, Vetter

Senator Meyer

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

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

- **SECTION 1. AMENDMENT.** Subsection 1 of section 57-38-30.3 of the North Dakota Century Code is amended and reenacted as follows:
 - 1. A tax is hereby imposed for each taxable year upon income earned or received in that taxable year by every resident and nonresident individual, estate, and trust. A taxpayer computing the tax under this section is only eligible for those adjustments or credits that are specifically provided for in this section. Provided, that for purposes of this section, any person required to file a state income tax return under this chapter, but who has not computed a federal taxable income figure, shall compute a federal taxable income figure using a pro forma return in order to determine a federal taxable income figure to be used as a starting point in computing state income tax under this section. The tax for individuals is equal to North Dakota taxable income multiplied by the rates in the applicable rate schedule in subdivisions a through dc corresponding to an individual's filing status used for federal income tax purposes. For an estate or trust, the schedule in subdivision ed must be used for purposes of this subsection.
 - a. Single, other than head of household or surviving spouse, and married filing separately.
 - If North Dakota taxable income is:

1		Over	Not over	The tax is equal to	Of amount over
2		\$0	\$44,725	\$0.00 + 0.00%	\$0
3		\$44,725	\$225,975	\$0.00 + 1.95%	\$44,725
4		\$225,975		\$3,534.38 + 2.50%	\$225,975
5		<u>\$0</u>	<u>\$48,475</u>	<u>\$0.00 + 0.00%</u>	<u>\$0</u>
6		<u>\$48,475</u>	<u>\$244,825</u>	<u>\$0.00 + 1.95%</u>	<u>\$48,475</u>
7		<u>\$244,825</u>		\$3,828.83 + 2.50%	<u>\$244,825</u>
8	b.	Married filing joir	ntly and surviving spo	ouse.	
9		If North Dakota	taxable income is:		
10		Over	Not over	The tax is equal to	Of amount over
11		\$0	\$74,750	\$0.00 + 0.00%	\$0
12		\$74,750	\$275,100	\$0.00 + 1.95%	\$74,750
13		\$275,100		\$3,906.83 + 2.50%	\$275,100
14		<u>\$0</u>	<u>\$96,950</u>	<u>\$0.00 + 0.00%</u>	<u>\$0</u>
15		<u>\$96,950</u>	<u>\$489,650</u>	<u>\$0.00 + 1.95%</u>	<u>\$96,950</u>
16		<u>\$489,650</u>		<u>\$7,657.65 + 2.50%</u>	<u>\$489,650</u>
17	C.	Married filing sep	parately.		
18		If North Dakota	taxable income is:		
19		Over	Not over	The tax is equal to	Of amount over
20		\$0	\$37,375	\$0.00 + 0.00%	\$0
21		\$37,375	\$137,550	\$0.00 + 1.95%	\$37,375
22		\$137,550		\$1,953.41 + 2.50%	\$137,550
23	d.	Head of househo	old.		
24		If North Dakota	taxable income is:		
25		Over	Not over	The tax is equal to	Of amount over
26		\$0	\$59,950	\$0.00 + 0.00%	\$0
27		\$59,950	\$250,550	\$0.00 + 1.95%	\$59,950
28		\$250,550		\$3,716.70 + 2.50%	\$250,550
29		<u>\$0</u>	<u>\$72,713</u>	<u>\$0.00 + 0.00%</u>	<u>\$0</u>
30		<u>\$72,713</u>	<u>\$367,238</u>	<u>\$0.00 + 1.95%</u>	<u>\$72,713</u>
31		<u>\$367,238</u>		<u>\$5,743.24 + 2.50%</u>	<u>\$367,238</u>

1	<u>e.d.</u>	Estates and trust	S.		
2		If North Dakota t	axable income is:		
3		Over	Not over	The tax is equal to	Of amount over
4		\$0	\$3,000	\$0.00 + 0.00%	\$0
5		\$3,000	\$10,750	\$0.00 + 1.95%	\$3,000
6		\$10,750		\$151.13 + 2.50%	\$10,750
7		<u>\$0</u>	<u>\$3,250</u>	<u>\$0.00 + 0.00%</u>	<u>\$0</u>
8		<u>\$3,250</u>	<u>\$11,650</u>	<u>\$0.00 + 1.95%</u>	<u>\$3,250</u>
9		<u>\$11,650</u>		<u>\$163.80 + 2.50%</u>	<u>\$11,650</u>
10	<u>f.e.</u>	For an individual	who is not a resident of	this state for the entire y	ear, or for a
11		nonresident esta	te or trust, the tax is equ	al to the tax otherwise co	omputed under
12		this subsection m	nultiplied by a fraction in	which:	
13		(1) The numera	ator is the federal adjuste	ed gross income allocabl	e and
14		apportionab	ole to this state; and		
15		(2) The denom	inator is the federal adjus	sted gross income from	all sources
16		reduced by	the net income from the	amounts specified in su	bdivisions a and
17		b of subsec	tion 2.		
18		In the case of ma	arried individuals filing a j	joint return, if one spous	e is a resident
19		of this state for th	ne entire year and the oth	ner spouse is a nonresid	ent for part or
20		all of the tax year	r, the tax on the joint retu	ırn must be computed ur	nder this
21		subdivision.			
22	g. f.	The tax commiss	sioner shall prescribe nev	w rate schedules that ap	ply in lieu of the
23		schedules set for	th in subdivisions a throu	ugh e <u>d</u> . The new schedu	les must be
24		determined by in	creasing the minimum ar	nd maximum dollar amo	unts for each
25		income bracket f	or which a tax is imposed	d by the cost-of-living ad	justment for the
26		taxable year as o	letermined by the secreta	ary of the United States	treasury for
27		purposes of sect	ion 1(f) of the United Sta	tes Internal Revenue Co	de of 1954, as
28		amended. For th	is purpose, the rate appli	icable to each income br	acket may not
29		be changed, and	the manner of applying	the cost-of-living adjustn	nent must be
30		the same as that	used for adjusting the in	come brackets for feder	al income tax
31		purposes.			

1	h. g.	The tax commissioner shall prescribe an optional simplified method of computing
2		tax under this section that may be used by an individual taxpayer who is not
3		entitled to claim an adjustment under subsection 2 or credit against income tax
4		liability under subsection 7.
5	SECTIO	N 2. AMENDMENT. Subsection 7 of section 57-38-30.3 of the North Dakota
6	Century Code	e is amended and reenacted as follows:
7	7. A ta	expayer filing a return under this section is entitled to the following tax credits:
8	a.	Family care tax credit under section 57-38-01.20.
9	b.	Renaissance zone tax credits under sections 40-63-04, 40-63-06, and 40-63-07.
10	C.	Agricultural business investment tax credit under section 57-38.6-03.
11	d.	Seed capital investment tax credit under section 57-38.5-03.
12	e.	Planned gift tax credit under section 57-38-01.21.
13	f.	Biodiesel fuel or green diesel fuel tax credits under sections 57-38-01.22 and
14		57-38-01.23.
15	g.	Internship employment tax credit under section 57-38-01.24.
16	h.	Workforce recruitment credit under section 57-38-01.25.
17	i.	Marriage penalty credit under section 57-38-01.28.
18	j.	Research and experimental expenditures under section 57-38-30.5.
19	k. j.	Geothermal energy device installation credit under section 57-38-01.8.
20	l. <u>k.</u>	Long-term care partnership plan premiums income tax credit under section
21		57-38-29.3.
22	m. l.	Employer tax credit for salary and related retirement plan contributions of
23		mobilized employees under section 57-38-01.31.
24	n. <u>m.</u>	Income tax credit for passthrough entity contributions to private education
25		institutions under section 57-38-01.7.
26	o. n.	Angel investor tax credit under section 57-38-01.26.
27	p. o.	Income tax credit for employment of individuals with developmental disabilities or
28		severe mental illness under section 57-38-01.16.
29	q. p.	Adoption tax credit under section 57-38-01.38.
30	r. <u>q.</u>	Tax credit for contributions to a maternity home, child-placing agency, or
31		pregnancy help center under section 57-38-01.39.

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- 1 s.r. Apprenticeship tax credit under section 57-38-01.40.
- 2 t.s. Twenty-first century manufacturing and animal agricultural workforce incentive under section 57-38-01.41.
- 4 **SECTION 3. REPEAL.** Section 57-38-01.28 of the North Dakota Century Code is repealed.
- 5 **SECTION 4. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
- 6 December 31, 2024.