Fifty-seventh Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 9, 2001

SENATE BILL NO. 2252
(Senators Krauter, T. Mathern, Kringstad)
(Representatives Thorpe, Nottestad, Gulleson)

AN ACT to amend and reenact paragraph 5 of subdivision d of subsection 1 of section 57-38-01.2 and subsection 5 of section 57-38-30.3 of the North Dakota Century Code, relating to income tax deductions or credits for adoption expenses; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Paragraph 5 of subdivision d of subsection 1 of section 57-38-01.2 of the North Dakota Century Code is amended and reenacted as follows:

(5) Reduced by one thousand seven hundred fifty dollars for each child under the age of twenty-one years adopted by the taxpayer. The reduction under this paragraph may be claimed only by an adoptive parent of an adopted child and the child must qualify as a dependent of the adoptive parent for federal income tax purposes. The reduction may be claimed by only one spouse, for spouses filing separately under this chapter. The reduction provided by this paragraph may be claimed ~~only~~ for the taxable year in which the adoption becomes final and ~~the~~ any unused portion of the reduction may be carried forward by the taxpayer for up to five taxable years. The reduction does not apply to the adoption of children of the taxpayer's spouse.

SECTION 2. AMENDMENT. Subsection 5 of section 57-38-30.3 of the North Dakota Century Code is amended and reenacted as follows:

5. For purposes of this section, "federal income tax liability" means the individual's, estate's, or trust's federal income tax computed for the taxable year under Internal Revenue Code sections 1 and 3, relating to the computation of the regular federal income tax before credits, including calculation and tax rate modifications prescribed under other provisions of the Internal Revenue Code, adjusted as follows:

   a. Add the alternative minimum tax computed under Internal Revenue Code section 55;

   b. Add the tax on a lump sum distribution computed under Internal Revenue Code section 402; however, this adjustment does not apply if the lump sum distribution is received while a nonresident of this state and is exempt from taxation by this state under federal law;

   c. Add the tax on an accumulation distribution of a trust computed under Internal Revenue Code section 667;

   d. Add the tax computed under Internal Revenue Code section 72(m)(5) on excess benefits received from a qualified plan under Internal Revenue Code section 401(a) or a qualified annuity under Internal Revenue Code section 403(a);

   e. Add the tax computed under Internal Revenue Code section 72(q)(1) on an early distribution from an annuity contract;

   f. Add the tax computed under Internal Revenue Code section 72(t)(1) on an early distribution from a qualified retirement plan;

   g. Add the tax computed under Internal Revenue Code section 4973(a) on excess contributions to an individual retirement account, medical savings account, and certain Internal Revenue Code section 403(b) and annuity contracts; however, this adjustment does not apply if the individual, estate, or trust is a nonresident of this state;

h. Add the tax computed under Internal Revenue Code section 4974(a) on excess accumulations in a qualified retirement plan; however, this adjustment does not apply if the individual, estate, or trust is a nonresident of this state;

i. Add the tax computed under Internal Revenue Code section 4980A on excess distributions from a qualified retirement plan; ~~and~~

j. Subtract the credit for prior year minimum tax computed under Internal Revenue Code section 53; and

k. Subtract the credit for qualified adoption expenses computed under Internal Revenue Code section 23, but not in an amount exceeding one thousand seven hundred fifty dollars.

Unless specifically provided for in this subsection, no federal income tax credit may be subtracted in determining the federal income tax liability for purposes of this section.

SECTION 3. EFFECTIVE DATE. This Act is effective for taxable years beginning after December 31, 2000.

President of the Senate	Speaker of the House
Secretary of the Senate	Chief Clerk of the House

This certifies that the within bill originated in the Senate of the Fifty-seventh Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2252.

Senate Vote:	Yeas	25	Nays	24	Absent	0
House Vote:	Yeas	55	Nays	37	Absent	6

Secretary of the Senate

Received by the Governor at _________ M. on __________________________________, 2001.

Approved at _________ M. on ____, 2001.

Governor

Filed in this office this _____________ day of ____________________________________, 2001,

at _________ o'clock ______ M.

Secretary of State