

March 13, 2007

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1051

Page 1, line 9, after the semicolon insert "to provide an appropriation;"

Page 5, line 21, replace "three and one-half" with "five"

Page 6, line 7, replace "three and one-half" with "five"

Page 6, after line 22, insert:

"d. Unlimited mill levy authority provided by statute and not requiring approval of electors."

Page 6, line 31, replace "three and one-half" with "five"

Page 8, line 13, remove "owned and occupied by an individual as that individual's"

Page 8, line 14, remove "homestead"

Page 8, line 16, remove ", if the individual primarily responsible for"

Page 8, remove lines 17 through 19

Page 8, line 20, remove "person's homestead"

Page 8, line 22, remove "if the mobile home is owned and"

Page 8, line 23, remove "occupied by an individual as that individual's homestead"

Page 8, line 25, remove "if the individual primarily"

Page 8, remove lines 26 through 28

Page 8, line 29, remove "individual's homestead"

Page 11, replace lines 23 through 31 with:

"SECTION 9. 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 d corresponding to an individual's filing status used for federal income tax purposes. For an estate or trust, the schedule in subdivision e must be used for purposes of this subsection.

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

If North Dakota taxable income is: Not over \$27,050 <u>\$31,850</u> Over \$27,050 <u>\$31,850</u> but not over \$65,550 <u>\$77,100</u> Over \$65,550 <u>\$77,100</u> but not over \$136,750 <u>\$160,850</u> Over \$136,750 <u>\$160,850</u> but not over \$297,350 <u>\$349,700</u> Over \$297,350 <u>\$349,700</u>	The tax is equal to: 2.10% \$568.05 <u>\$668.85</u> plus 3.92% of amount over \$27,050 <u>\$31,850</u> \$2,077.25 <u>\$2,442.65</u> plus 4.34% of amount over \$65,550 <u>\$77,100</u> \$5,167.33 <u>\$6,077.40</u> plus 5.04% of amount over \$136,750 <u>\$160,850</u> \$13,261.57 <u>\$15,595.44</u> plus 5.54% of amount over \$297,350 <u>\$349,700</u>
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b. Married filing jointly and surviving spouse.

If North Dakota taxable income is: Not over \$45,200 <u>\$63,700</u> Over \$45,200 <u>\$63,700</u> but not over \$109,250 <u>\$128,500</u> Over \$109,250 <u>\$128,500</u> but not over \$166,500 <u>\$195,850</u> Over \$166,500 <u>\$195,850</u> but not over \$297,350 <u>\$349,700</u> Over \$297,350 <u>\$349,700</u>	The tax is equal to: 2.10% \$949.20 <u>\$1,337.70</u> plus 3.92% of amount over \$45,200 <u>\$63,700</u> \$3,459.96 <u>\$3,877.86</u> plus 4.34% of amount over \$109,250 <u>\$128,500</u> \$5,944.64 <u>\$6,800.85</u> plus 5.04% of amount over \$166,500 <u>\$195,850</u> \$12,539.45 <u>\$14,554.89</u> plus 5.54% of amount over \$297,350 <u>\$349,700</u>
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c. Married filing separately.

If North Dakota taxable income is: Not over \$22,600 <u>\$31,850</u> Over \$22,600 <u>\$31,850</u> but not over \$54,625 <u>\$64,250</u> Over \$54,625 <u>\$64,250</u> but not over \$83,250 <u>\$97,925</u> Over \$83,250 <u>\$97,925</u> but not over \$148,675 <u>\$174,850</u> Over \$148,675 <u>\$174,850</u>	The tax is equal to: 2.10% \$474.60 <u>\$668.85</u> plus 3.92% of amount over \$22,600 <u>\$31,850</u> \$1,729.98 <u>\$1,938.93</u> plus 4.34% of amount over \$54,625 <u>\$64,250</u> \$2,972.34 <u>\$3,400.43</u> plus 5.04% of amount over \$83,250 <u>\$97,925</u> \$6,269.73 <u>\$7,277.45</u> plus 5.54% of amount over \$148,675 <u>\$174,850</u>
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d. Head of household.

If North Dakota taxable income is: Not over \$36,250 <u>\$42,650</u> Over \$36,250 <u>\$42,650</u> but not over \$93,650 <u>\$110,100</u> Over \$93,650 <u>\$110,100</u> but not over \$151,650 <u>\$178,350</u> Over \$151,650 <u>\$178,350</u> but not over \$297,350 <u>\$349,700</u> Over \$297,350 <u>\$349,700</u>	The tax is equal to: 2.10% \$761.25 <u>\$895.65</u> plus 3.92% of amount over \$36,250 <u>\$42,650</u> \$3,011.33 <u>\$3,539.69</u> plus 4.34% of amount over \$93,650 <u>\$110,100</u> \$5,528.53 <u>\$6,501.74</u> plus 5.04% of amount over \$151,650 <u>\$178,350</u> \$12,871.84 <u>\$15,137.78</u> plus 5.54% of amount over \$297,350 <u>\$349,700</u>
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e. Estates and trusts.

If North Dakota taxable income is:	The tax is equal to:
Not over \$1,800 <u>\$2,150</u>	2.10%
Over \$1,800 <u>\$2,150</u> but not over \$4,250 <u>\$5,000</u>	\$37.80 <u>\$45.15</u> plus 3.92% of amount over \$1,800 <u>\$2,150</u>
Over \$4,250 <u>\$5,000</u> but not over \$6,500 <u>\$7,650</u>	\$133.84 <u>\$156.87</u> plus 4.34% of amount over \$4,250 <u>\$5,000</u>
Over \$6,500 <u>\$7,650</u> but not over \$8,900 <u>\$10,450</u>	\$231.49 <u>\$271.88</u> plus 5.04% of amount over \$6,500 <u>\$7,650</u>
Over \$8,900 <u>\$10,450</u>	\$352.45 <u>\$413.00</u> plus 5.54% of amount over \$8,900 <u>\$10,450</u>

f. 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. For taxable years beginning after December 31, ~~2004~~ 2007, the tax commissioner shall prescribe new rate schedules that apply in lieu of the schedules set forth in subdivisions a through e. 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 the same as that used for adjusting the income brackets for federal income tax purposes."

Page 12, remove lines 1 through 31

Page 13, remove lines 1 through 30

Page 14, remove lines 1 through 23

Page 15, line 11, replace "up to one" with "the amount necessary to provide property tax relief payments to county treasurers under section 57-20-07.2"

Page 15, remove line 12

Page 15, line 13, remove "as may be necessary," and after "appropriated" insert "during each biennium"

Page 15, line 14, replace ", for the purpose of providing property tax relief payments to counties in accordance" with " .

SECTION 11. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$3,800,000, or so much of the sum as may be necessary, to the state tax commissioner for the purpose of paying the state reimbursement for the homestead tax credit as provided in section 1 of this Act, for the biennium beginning July 1, 2007, and ending June 30, 2009."

Page 15, remove line 15

Renumber accordingly