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Sixty-first
Legislative Assembly
of North Dakota

Introduced by

Finance and Taxation Committee

(At the request of the Office of State Tax Commissioner)

1 A BILL for an Act to amend and reenact section 57-38.1-17.1 of the North Dakota Century
2 Code, relating to the allocation of a gain or loss on the sale of a partnership interest.

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

4 **SECTION 1. AMENDMENT.** Section 57-38.1-17.1 of the North Dakota Century Code
5 is amended and reenacted as follows:

6 **57-38.1-17.1. Gain or loss on the sale of a partnership.** Gain or loss on the sale of a
7 partnership interest is allocable to this state in the ratio of the original cost of partnership
8 tangible property in the state to the original cost of partnership tangible property everywhere,
9 determined at the time of the sale. In the event that more than fifty percent of the value of the
10 assets of the partnership consist of intangibles, gain or loss from the sale of the partnership
11 interest is allocated to this state in accordance with the ratio of total North Dakota income to
12 total income of the partnership for its first full tax period immediately preceding the tax period of
13 the partnership during which the partnership interest was sold. This section applies to the
14 extent that prior to the sale of the partnership interest the partnership's income constituted
15 nonbusiness income.