

Sixty-fourth  
Legislative Assembly  
of North Dakota

**ENGROSSED HOUSE BILL NO. 1223**

Introduced by

Representatives Dockter, Larson, Looysen, Nathe, Owens, Silbernagel

Senators Burckhard, Poolman, Unruh

1 A BILL for an Act to amend and reenact section 57-38-30 and subsection 1 of section  
2 57-38-30.3 of the North Dakota Century Code, relating to corporate and individual income tax  
3 rate reductions; and to provide an effective date.

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

5 **SECTION 1. AMENDMENT.** Section 57-38-30 of the North Dakota Century Code is  
6 amended and reenacted as follows:

7 **57-38-30. Imposition and rate of tax on corporations.**

8 A tax is hereby imposed upon the taxable income of every domestic and foreign corporation  
9 which must be levied, collected, and paid annually as in this chapter provided:

- 10 1. For the first twenty-five thousand dollars of taxable income, at the rate of one and  
11 ~~forty-eight~~thirty-three~~forty-one~~ hundredths percent.
- 12 2. On all taxable income exceeding twenty-five thousand dollars and not exceeding fifty  
13 thousand dollars, at the rate of three and ~~seventy-three~~thirty-seven~~fifty-five~~  
14 percent.
- 15 3. On all taxable income exceeding fifty thousand dollars, at the rate of four and  
16 ~~fifty-three~~eight~~thirty-one~~ hundredths percent.

17 **SECTION 2. AMENDMENT.** Subsection 1 of section 57-38-30.3 of the North Dakota  
18 Century Code is amended and reenacted as follows:

- 19 1. A tax is hereby imposed for each taxable year upon income earned or received in that  
20 taxable year by every resident and nonresident individual, estate, and trust. A taxpayer  
21 computing the tax under this section is only eligible for those adjustments or credits  
22 that are specifically provided for in this section. Provided, that for purposes of this  
23 section, any person required to file a state income tax return under this chapter, but  
24 who has not computed a federal taxable income figure, shall compute a federal

1 taxable income figure using a pro forma return in order to determine a federal taxable  
 2 income figure to be used as a starting point in computing state income tax under this  
 3 section. The tax for individuals is equal to North Dakota taxable income multiplied by  
 4 the rates in the applicable rate schedule in subdivisions a through d corresponding to  
 5 an individual's filing status used for federal income tax purposes. For an estate or  
 6 trust, the schedule in subdivision e must be used for purposes of this subsection.

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

8 If North Dakota taxable income is:

9	Over	Not over	The tax is equal to	Of amount over
10	\$0	\$36,250	1.22%	\$0
11	\$36,250	\$87,850	\$442.25 + 2.27%	\$36,250
12	\$87,850	\$183,250	\$1,613.57 + 2.52%	\$87,850
13	\$183,250	\$398,350	\$4,017.65 + 2.93%	\$183,250
14	\$398,350		\$10,320.08 + 3.22%	\$398,350
15	\$0	\$37,450	1.10%	\$0
16	\$37,450	\$90,750	\$411.95 + 2.04%	\$37,450
17	\$90,750	\$189,300	\$1,499.27 + 2.27%	\$90,750
18	\$189,300	\$411,500	\$3,736.36 + 2.64%	\$189,300
19	\$411,500		\$9,602.44 + 2.90%	\$411,500

20 b. Married filing jointly and surviving spouse.

21 If North Dakota taxable income is:

22	Over	Not over	The tax is equal to	Of amount over
23	\$0	\$60,650	1.22%	\$0
24	\$60,650	\$146,400	\$739.93 + 2.27%	\$60,650
25	\$146,400	\$223,050	\$2,686.46 + 2.52%	\$146,400
26	\$223,050	\$398,350	\$4,618.04 + 2.93%	\$223,050
27	\$398,350		\$9,754.33 + 3.22%	\$398,350
28	\$0	\$62,600	1.10%	\$0
29	\$62,600	\$151,200	\$688.60 + 2.04%	\$62,600
30	\$151,200	\$230,450	\$2,496.04 + 2.27%	\$151,200

Sixty-fourth  
Legislative Assembly

1	\$230,450	\$411,500	\$4,295.02 + 2.64%	\$230,450
2	\$411,500		\$9,074.74 + 2.90%	\$411,500
3	c. Married filing separately.			
4	If North Dakota taxable income is:			
5	Over	Not over	The tax is equal to	Of amount over
6	\$0	\$30,325	1.22%	\$0
7	\$30,325	\$73,200	\$369.97 + 2.27%	\$30,325
8	\$73,200	\$111,525	\$1,343.23 + 2.52%	\$73,200
9	\$111,525	\$199,175	\$2,309.02 + 2.93%	\$111,525
10	\$199,175		\$4,877.17 + 3.22%	\$199,175
11	\$0	\$31,300	1.10%	\$0
12	\$31,300	\$75,600	\$344.30 + 2.04%	\$31,300
13	\$75,600	\$115,225	\$1,248.02 + 2.27%	\$75,600
14	\$115,225	\$205,750	\$2,147.51 + 2.64%	\$115,225
15	\$205,750		\$4,537.37 + 2.90%	\$205,750
16	d. Head of household.			
17	If North Dakota taxable income is:			
18	Over	Not over	The tax is equal to	Of amount over
19	\$0	\$48,600	1.22%	\$0
20	\$48,600	\$125,450	\$592.92 + 2.27%	\$48,600
21	\$125,450	\$203,150	\$2,337.42 + 2.52%	\$125,450
22	\$203,150	\$398,350	\$4,295.46 + 2.93%	\$203,150
23	\$398,350		\$10,014.82 + 3.22%	\$398,350
24	\$0	\$50,200	1.10%	\$0
25	\$50,200	\$129,600	\$552.20 + 2.04%	\$50,200
26	\$129,600	\$209,850	\$2,171.96 + 2.27%	\$129,600
27	\$209,850	\$411,500	\$3,993.64 + 2.64%	\$209,850
28	\$411,500		\$9,317.20 + 2.90%	\$411,500
29	e. Estates and trusts.			
30	If North Dakota taxable income is:			

Sixty-fourth  
Legislative Assembly

	Over	Not over	The tax is equal to	Of amount over
1				
2	\$0	\$2,450	1.22%	\$0
3	\$2,450	\$5,700	<del>\$29.89 plus 2.27%</del>	\$2,450
4	\$5,700	\$8,750	<del>\$103.67 plus 2.52%</del>	\$5,700
5	\$8,750	\$11,950	<del>\$180.53 plus 2.93%</del>	\$8,750
6	\$11,950		<del>\$274.29 plus 3.22%</del>	\$11,950
7	<u>\$0</u>	<u>\$2,500</u>	<u>1.10%</u>	<u>\$0</u>
8	<u>\$2,500</u>	<u>\$5,900</u>	<u>\$27.50 + 2.04%</u>	<u>\$2,500</u>
9	<u>\$5,900</u>	<u>\$9,050</u>	<u>\$96.86 + 2.27%</u>	<u>\$5,900</u>
10	<u>\$9,050</u>	<u>\$12,300</u>	<u>\$168.37 + 2.64%</u>	<u>\$9,050</u>
11	<u>\$12,300</u>		<u>\$254.17 + 2.90%</u>	<u>\$12,300</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. 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

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

3                   h.   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                   **SECTION 3. EFFECTIVE DATE.** This Act is effective for taxable years beginning after  
8                   December 31, 2014.