

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-four~~
14 hundredths percent.

15 3. On all taxable income exceeding fifty thousand dollars, at the rate of four and
16 ~~fifty-three~~eight~~thirty~~ 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	\$0	\$37,450	1.16%	\$0
21	\$37,450	\$90,750	\$434.42 + 2.16%	\$37,450
22	\$90,750	\$189,300	\$1,585.70 + 2.39%	\$90,750
23	\$189,300	\$411,500	\$3,941.05 + 2.78%	\$189,300
24	\$411,500		\$10,118.21 + 3.06%	\$411,500

25 b. Married filing jointly and surviving spouse.

26 If North Dakota taxable income is:

27	Over	Not over	The tax is equal to	Of amount over
28	\$0	\$60,650	1.22%	\$0
29	\$60,650	\$146,400	\$739.93 + 2.27%	\$60,650
30	\$146,400	\$223,050	\$2,686.46 + 2.52%	\$146,400

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1	\$223,050	\$398,350	\$4,618.04 + 2.93%	\$223,050
2	\$398,350		\$9,754.33 + 3.22%	\$398,350
3	\$0	\$62,600	1.10%	\$0
4	\$62,600	\$151,200	\$688.60 + 2.04%	\$62,600
5	\$151,200	\$230,450	\$2,496.04 + 2.27%	\$151,200
6	\$230,450	\$411,500	\$4,295.02 + 2.64%	\$230,450
7	\$411,500		\$9,074.74 + 2.90%	\$411,500
8	\$0	\$62,600	1.16%	\$0
9	\$62,600	\$151,200	\$726.16 + 2.16%	\$62,600
10	\$151,200	\$230,450	\$2,639.92 + 2.39%	\$151,200
11	\$230,450	\$411,500	\$4,534.00 + 2.78%	\$230,450
12	\$411,500		\$9,567.19 + 3.06%	\$411,500
13	c. Married filing separately.			
14	If North Dakota taxable income is:			
15	Over	Not over	The tax is equal to	Of amount over
16	\$0	\$30,325	1.22%	\$0
17	\$30,325	\$73,200	\$369.97 + 2.27%	\$30,325
18	\$73,200	\$111,525	\$1,343.23 + 2.52%	\$73,200
19	\$111,525	\$199,175	\$2,309.02 + 2.93%	\$111,525
20	\$199,175		\$4,877.17 + 3.22%	\$199,175
21	\$0	\$31,300	1.10%	\$0
22	\$31,300	\$75,600	\$344.30 + 2.04%	\$31,300
23	\$75,600	\$115,225	\$1,248.02 + 2.27%	\$75,600
24	\$115,225	\$205,750	\$2,147.51 + 2.64%	\$115,225
25	\$205,750		\$4,537.37 + 2.90%	\$205,750
26	\$0	\$31,300	1.16%	\$0
27	\$31,300	\$75,600	\$363.08 + 2.16%	\$31,300
28	\$75,600	\$115,225	\$1,319.96 + 2.39%	\$75,600
29	\$115,225	\$205,750	\$2,267.00 + 2.78%	\$115,225
30	\$205,750		\$4,783.60 + 3.06%	\$205,750

31 d. Head of household.

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	Over	Not over	The tax is equal to	Of amount over
1	If North Dakota taxable income is:			
2				
3	\$0	\$48,600	1.22%	\$0
4	\$48,600	\$125,450	\$592.92 + 2.27%	\$48,600
5	\$125,450	\$203,150	\$2,337.42 + 2.52%	\$125,450
6	\$203,150	\$398,350	\$4,295.46 + 2.93%	\$203,150
7	\$398,350		\$10,014.82 + 3.22%	\$398,350
8	\$0	\$50,200	1.10%	\$0
9	\$50,200	\$129,600	\$552.20 + 2.04%	\$50,200
10	\$129,600	\$209,850	\$2,171.96 + 2.27%	\$129,600
11	\$209,850	\$411,500	\$3,993.64 + 2.64%	\$209,850
12	\$411,500		\$9,317.20 + 2.90%	\$411,500
13	\$0	\$50,200	1.16%	\$0
14	\$50,200	\$129,600	\$582.32 + 2.16%	\$50,200
15	\$129,600	\$209,850	\$2,297.36 + 2.39%	\$129,600
16	\$209,850	\$411,500	\$4,215.34 + 2.78%	\$209,850
17	\$411,500		\$9,821.21 + 3.06%	\$411,500

e. Estates and trusts.

	Over	Not over	The tax is equal to	Of amount over
19	If North Dakota taxable income is:			
20				
21	\$0	\$2,450	1.22%	\$0
22	\$2,450	\$5,700	\$29.89 plus 2.27%	\$2,450
23	\$5,700	\$8,750	\$103.67 plus 2.52%	\$5,700
24	\$8,750	\$11,950	\$180.53 plus 2.93%	\$8,750
25	\$11,950		\$274.29 plus 3.22%	\$11,950
26	\$0	\$2,500	1.10%	\$0
27	\$2,500	\$5,900	\$27.50 + 2.04%	\$2,500
28	\$5,900	\$9,050	\$96.86 + 2.27%	\$5,900
29	\$9,050	\$12,300	\$168.37 + 2.64%	\$9,050
30	\$12,300		\$254.17 + 2.90%	\$12,300
31	\$0	\$2,500	1.16%	\$0

1	\$2,500	\$5,900	\$29.00 + 2.04%	\$2,500
2	\$5,900	\$9,050	\$98.36 + 2.27%	\$5,900
3	\$9,050	\$12,300	\$169.87 + 2.64%	\$9,050
4	\$12,300		\$255.67 + 2.90%	\$12,300

- 5 f. For an individual who is not a resident of this state for the entire year, or for a
6 nonresident estate or trust, the tax is equal to the tax otherwise computed under
7 this subsection multiplied by a fraction in which:
- 8 (1) The numerator is the federal adjusted gross income allocable and
9 apportionable to this state; and
- 10 (2) The denominator is the federal adjusted gross income from all sources
11 reduced by the net income from the amounts specified in subdivisions a and
12 b of subsection 2.
- 13 In the case of married individuals filing a joint return, if one spouse is a resident
14 of this state for the entire year and the other spouse is a nonresident for part or
15 all of the tax year, the tax on the joint return must be computed under this
16 subdivision.
- 17 g. The tax commissioner shall prescribe new rate schedules that apply in lieu of the
18 schedules set forth in subdivisions a through e. The new schedules must be
19 determined by increasing the minimum and maximum dollar amounts for each
20 income bracket for which a tax is imposed by the cost-of-living adjustment for the
21 taxable year as determined by the secretary of the United States treasury for
22 purposes of section 1(f) of the United States Internal Revenue Code of 1954, as
23 amended. For this purpose, the rate applicable to each income bracket may not
24 be changed, and the manner of applying the cost-of-living adjustment must be
25 the same as that used for adjusting the income brackets for federal income tax
26 purposes.
- 27 h. The tax commissioner shall prescribe an optional simplified method of computing
28 tax under this section that may be used by an individual taxpayer who is not
29 entitled to claim an adjustment under subsection 2 or credit against income tax
30 liability under subsection 7.

1 **SECTION 3. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
2 | December 31, ~~2014~~2015.