

Sixty-ninth  
Legislative Assembly  
of North Dakota

**FIRST ENGROSSMENT  
with House Amendments**

**ENGROSSED SENATE BILL NO. 2093**

Introduced by

Senators Larson, Rummel

1 A BILL for an Act to amend and reenact subsection 1 of section 57-38-30.3 and subdivision u of  
2 subsection 2 of section 57-38-30.3 of the North Dakota Century Code, relating to income tax  
3 rates for individuals, estates, and trusts and an income tax deduction for retired law  
4 enforcement personnel benefits; to provide for retroactive application; and to provide an  
5 effective date.

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

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

9 1. A tax is hereby imposed for each taxable year upon income earned or received in that  
10 taxable year by every resident and nonresident individual, estate, and trust. A taxpayer  
11 computing the tax under this section is only eligible for those adjustments or credits  
12 that are specifically provided for in this section. Provided, that for purposes of this  
13 section, any person required to file a state income tax return under this chapter, but  
14 who has not computed a federal taxable income figure, shall compute a federal  
15 taxable income figure using a pro forma return in order to determine a federal taxable  
16 income figure to be used as a starting point in computing state income tax under this  
17 section. The tax for individuals is equal to North Dakota taxable income multiplied by  
18 the rates in the applicable rate schedule in subdivisions a through d corresponding to  
19 an individual's filing status used for federal income tax purposes. For an estate or  
20 trust, the schedule in subdivision e must be used for purposes of this subsection.

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

22 If North Dakota taxable income is:

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1	Over	Not over	The tax is equal to	Of amount over
2	\$0	\$44,725	\$0.00 + 0.00%	\$0
3	\$44,725	\$225,975	\$0.00 + 1.95%	\$44,725
4	\$225,975		\$3,534.38 + 2.50%	\$225,975
5	<u>\$0</u>	<u>\$51,300</u>	<u>\$0.00 + 0.00%</u>	<u>\$0</u>
6	<u>\$51,300</u>	<u>\$244,825</u>	<u>\$0.00 + 1.95%</u>	<u>\$51,300</u>
7	<u>\$244,825</u>		<u>\$3,773.74 + 2.50%</u>	<u>\$244,825</u>
8	b. Married filing jointly and surviving spouse.			
9	If North Dakota taxable income is:			
10	Over	Not over	The tax is equal to	Of amount over
11	\$0	\$74,750	\$0.00 + 0.00%	\$0
12	\$74,750	\$275,100	\$0.00 + 1.95%	\$74,750
13	\$275,100		\$3,906.83 + 2.50%	\$275,100
14	<u>\$0</u>	<u>\$85,700</u>	<u>\$0.00 + 0.00%</u>	<u>\$0</u>
15	<u>\$85,700</u>	<u>\$298,075</u>	<u>\$0.00 + 1.95%</u>	<u>\$85,700</u>
16	<u>\$298,075</u>		<u>\$4,141.31 + 2.50%</u>	<u>\$298,075</u>
17	c. Married filing separately.			
18	If North Dakota taxable income is:			
19	Over	Not over	The tax is equal to	Of amount over
20	\$0	\$37,375	\$0.00 + 0.00%	\$0
21	\$37,375	\$137,550	\$0.00 + 1.95%	\$37,375
22	\$137,550		\$1,953.41 + 2.50%	\$137,550
23	<u>\$0</u>	<u>\$42,850</u>	<u>\$0.00 + 0.00%</u>	<u>\$0</u>
24	<u>\$42,850</u>	<u>\$149,025</u>	<u>\$0.00 + 1.95%</u>	<u>\$42,850</u>
25	<u>\$149,025</u>		<u>\$2,070.41 + 2.50%</u>	<u>\$149,025</u>
26	d. Head of household.			
27	If North Dakota taxable income is:			
28	Over	Not over	The tax is equal to	Of amount over
29	\$0	\$59,950	\$0.00 + 0.00%	\$0
30	\$59,950	\$250,550	\$0.00 + 1.95%	\$59,950
31	\$250,550		\$3,716.70 + 2.50%	\$250,550

1	<u>\$0</u>	<u>\$68,700</u>	<u>\$0.00 + 0.00%</u>	<u>\$0</u>
2	<u>\$68,700</u>	<u>\$271,450</u>	<u>\$0.00 + 1.95%</u>	<u>\$68,700</u>
3	<u>\$271,450</u>		<u>\$3,953.63 + 2.50%</u>	<u>\$271,450</u>

4 e. Estates and trusts.

5 If North Dakota taxable income is:

6	Over	Not over	The tax is equal to	Of amount over
7	\$0	\$3,000	<del>\$0.00 + 0.00%</del>	\$0
8	\$3,000	\$10,750	<del>\$0.00 + 1.95%</del>	\$3,000
9	\$10,750		<del>\$151.13 + 2.50%</del>	\$10,750
10	<u>\$0</u>	<u>\$3,250</u>	<u>\$0.00 + 0.00%</u>	<u>\$0</u>
11	<u>\$3,250</u>	<u>\$11,650</u>	<u>\$0.00 + 1.95%</u>	<u>\$3,250</u>
12	<u>\$11,650</u>		<u>\$163.80 + 2.50%</u>	<u>\$11,650</u>

13 f. For an individual who is not a resident of this state for the entire year, or for a  
14 nonresident estate or trust, the tax is equal to the tax otherwise computed under  
15 this subsection multiplied by a fraction in which:

- 16 (1) The numerator is the federal adjusted gross income allocable and  
17 apportionable to this state; and  
18 (2) The denominator is the federal adjusted gross income from all sources  
19 reduced by the net income from the amounts specified in subdivisions a and  
20 b of subsection 2.

21 In the case of married individuals filing a joint return, if one spouse is a resident  
22 of this state for the entire year and the other spouse is a nonresident for part or  
23 all of the tax year, the tax on the joint return must be computed under this  
24 subdivision.

25 g. The tax commissioner shall prescribe new rate schedules that apply in lieu of the  
26 schedules set forth in subdivisions a through e. The new schedules must be  
27 determined by increasing the minimum and maximum dollar amounts for each  
28 income bracket for which a tax is imposed by the cost-of-living adjustment for the  
29 taxable year as determined by the secretary of the United States treasury for  
30 purposes of section 1(f) of the United States Internal Revenue Code of 1954, as  
31 amended. For this purpose, the rate applicable to each income bracket may not

1 be changed, and the manner of applying the cost-of-living adjustment must be  
2 the same as that used for adjusting the income brackets for federal income tax  
3 purposes.

- 4 h. The tax commissioner shall prescribe an optional simplified method of computing  
5 tax under this section that may be used by an individual taxpayer who is not  
6 entitled to claim an adjustment under subsection 2 or credit against income tax  
7 liability under subsection 7.

8 **SECTION 2. AMENDMENT.** Subdivision u of subsection 2 of section 57-38-30.3 of the  
9 North Dakota Century Code is amended and reenacted as follows:

- 10 u. Reduced by the amount of retired law enforcement personnel benefits received  
11 by a ~~taxpayer who has served a combined total of at least twenty years as a~~  
12 ~~peace officer or has medically retired from the taxpayer's duties as a peace~~  
13 ~~officer with a medical certificate due to a permanent mental or physical disability~~  
14 ~~that rendered the taxpayer unable to discharge the taxpayer's duties as a peace~~  
15 ~~officer~~ qualified retired peace officer, including retired law enforcement personnel  
16 benefits paid to the surviving spouse of a deceased qualified retired peace officer,  
17 but only to the extent the amount was included in federal taxable income. For  
18 purposes of this subdivision:

- 19 (1) "Peace officer" means a public servant authorized by law or by a  
20 government agency or branch of the United States, a state, or a political  
21 subdivision of a state to enforce the law and to conduct or engage in  
22 investigations of violations of the law.

- 23 (2) "Qualified retired peace officer" means a peace officer who has:

- 24 (a) Served a combined total of at least twenty years as a peace officer; or  
25 (b) Medically retired from the peace officer's duties with a medical  
26 certificate due to a permanent mental or physical disability that  
27 rendered the peace officer unable to discharge the peace officer's  
28 duties.

- 29 (2)(3) "Retired law enforcement personnel benefits" means retirement income  
30 received by a ~~taxpayer~~ qualified retired peace officer or surviving spouse of a  
31 deceased qualified retired peace officer who is eligible to receive retirement

1 income attributable to the taxpayer's qualified retired peace officer's  
2 employment as a peace officer from a retirement plan maintained by or  
3 through the employer from which the taxpayer qualified retired peace officer  
4 retired as a peace officer.

5 **SECTION 3. RETROACTIVE APPLICATION.** Section 2 of this Act applies retroactively to  
6 taxable years beginning after December 31, 2023.

7 **SECTION 4. EFFECTIVE DATE.** Section 1 of this Act is effective for taxable years  
8 beginning after December 31, 2024.