

**Sixty-ninth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 7, 2025**

HOUSE BILL NO. 1031
(Legislative Management)
(Judiciary Committee)

AN ACT to amend and reenact section 1-01-49, subdivision g of subsection 1 of section 12.1-32-15, subdivision b of subsection 1 of section 14-07.6-01, section 18-01-36, subdivision j of subsection 4 of section 27-20.3-16, subsection 19 of section 45-13-01, subsection 7 of section 49-02-02, section 52-02-18, subsection 5 of section 54-10-28, section 54-52.6-02.2, subsection 3 of section 57-02-08.8, subsection 2 of section 57-38-30.3, and subsection 1 of section 57-40.5-03 of the North Dakota Century Code, relating to technical corrections and improper, inaccurate, redundant, missing, or obsolete references; to repeal sections 1-01-18, 1-01-20, 1-01-21, 1-01-27, 1-01-29, 1-01-30, 1-01-36, 1-01-40, 1-01-41, 1-01-42, 1-01-45, 1-01-46, 1-01-47, and 1-01-51 of the North Dakota Century Code, relating to technical corrections and improper, inaccurate, redundant, missing, or obsolete references; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 1-01-49 of the North Dakota Century Code is amended and reenacted as follows:

1-01-49. Other general definitions.

As used in this code, unless the context otherwise requires or unless otherwise defined:

1. "Children" includes children by birth and by adoption.
2. "Coal" means all kinds of coal and includes what is known as lignite coal.
3. "Compound interest" means interest added to the principal as the interest becomes due and which thereafter bears interest.
4. "Corporate surety" means a corporation or limited liability company duly authorized under the laws of this state to transact a surety business in the state.
5. "Decree" has the same meaning as the word "judgment".
6. "Depose" includes every mode of written statement under oath or affirmation.
- ~~2-7.~~ "Executor" includes administrator and "administrator" includes executor.
- ~~3-8.~~ "Female" means a girl, woman, or an individual whose biological reproductive system is developed to produce ova.
- ~~4-9.~~ "Good faith" means an honest intention to abstain from taking any unconscientious advantage of another even through the forms or technicalities of law, together with an absence of all information or belief of facts which would render the transaction unconscientious.
10. "Individual" means a human being.
- ~~5-11.~~ "Male" means a boy, man, or an individual whose biological reproductive system is developed to produce sperm.
- ~~6-12.~~ "Oath" includes "affirmation".

- ~~7-13.~~ "Organization" includes a foreign or domestic association, business trust, corporation, enterprise, estate, joint venture, limited liability company, limited liability partnership, limited partnership, partnership, trust, or any legal or commercial entity.
- ~~8-14.~~ "Paper" means any flexible material upon which it is usual to write.
- ~~15.~~ "Partnership" includes a limited liability partnership registered under chapter 45-22.
- ~~9-16.~~ "Penitentiary" includes any affiliated facilities.
- ~~10-17.~~ "Person" means an individual, organization, government, political subdivision, or government agency or instrumentality. The term does not include environmental elements, artificial intelligence, an animal, or an inanimate object.
- ~~11-18.~~ "Personal property" includes money, goods, chattels, things in action, and evidences of debt.
- ~~12-19.~~ "Population" means the number of inhabitants as determined by the last preceding state or federal census.
- ~~20.~~ "Preceding" and "following" when used by way of reference to a chapter or other part of a statute means the next preceding or next following chapter or other part.
- ~~13-21.~~ "Primary sector business" means an individual, corporation, limited liability company, partnership, or association certified by the department of commerce division of economic development and finance which through the employment of knowledge or labor adds value to a product, process, or service which results in the creation of new wealth.
- For purposes of this subsection, "new wealth" means revenues generated by a business in this state through the sale of products or services to:
- a. Customers outside of this state; or
 - b. Customers in this state if the products or services were previously unavailable or difficult to obtain from a business in this state.
- ~~14-22.~~ "Process" means a writ or summons issued in the course of judicial proceedings.
- ~~15-23.~~ "Property" includes property, real and personal.
- ~~16-24.~~ "Qualified elector", as used in this code concerning qualifications for signing petitions to governmental bodies, means a citizen of the United States who is eighteen years of age or older; and is a resident of this state and of the area affected by the petition.
- ~~25.~~ "Real property" shall be coextensive with lands, tenements, and hereditaments.
- ~~17-26.~~ "Rule" includes regulation.
- ~~18-27.~~ "Several" in relation to number means two or more.
- ~~28.~~ "Sex" means the biological state of being male or female, based on the individual's nonambiguous sex organs, chromosomes, or endogenous hormone profiles at birth.
- ~~19-29.~~ "Signature" or "subscription" includes "mark" when the ~~person~~individual cannot write, the ~~person's~~individual's name being written near it and written by a ~~person~~another individual who writes ~~that person's~~the individual's own name as a witness.
- ~~20-30.~~ "State" when applied to the different parts of the United States, includes the District of Columbia and the territories.
- ~~21-31.~~ "Testify" includes every mode of oral statement under oath or affirmation.

- 22-32. "Third persons" includes all who are not parties to the obligation or transaction concerning which the phrase is used.
33. "United States" includes the District of Columbia and the territories.
- 23-34. "Value" or "valuable consideration" means something of value parted with, or a new obligation assumed at the time of obtaining something, which serves as substantial compensation for what is received in return.
35. "Verdict" includes not only the verdict of a jury, but also the finding upon the facts of a judge or of a master appointed to determine the issues in a cause.
36. "Verified" means sworn to before an officer authorized to administer oaths.
37. "Will" includes codicils.
- 24-38. "Writ" means an order or precept in writing, issued in the name of the state or of a court or judicial officer.

SECTION 2. AMENDMENT. Subdivision g of subsection 1 of section 12.1-32-15 of the North Dakota Century Code is amended and reenacted as follows:

- g. "Sexual offender" means a person who has pled guilty to or been found guilty, including juvenile delinquent adjudications, of a violation of section 12.1-20-03, 12.1-20-03.1, 12.1-20-04, 12.1-20-05, 12.1-20-05.1, 12.1-20-06, 12.1-20-06.1, 12.1-20-07 except for subdivision a of subsection 1, 12.1-20-11, 12.1-20-12.1, 12.1-20-12.2, 12.1-20-12.3 except for subdivision a of subsection 1 and subdivision b of subsection 1 if the offense involves only a demand for money, chapter 12.1-27.2, ~~subsection 2 of section 12.1-22-03.1~~, subdivision b of subsection 1 of section 12.1-41-02, section 12.1-41-04, 12.1-41-05, or 12.1-41-06, or an equivalent offense from another court in the United States, a tribal court, or court of another country, or an attempt or conspiracy to commit these offenses.

SECTION 3. AMENDMENT. Subdivision b of subsection 1 of section 14-07.6-01 of the North Dakota Century Code is amended and reenacted as follows:

- b. The filing party has been found by a court to have committed an act of domestic violence or disorderly conduct against the opposing party pursuant to a court order entered under chapter 14-07.1, 14-09, or ~~12.1-32-2~~12.1-31.2, or an equivalent ordinance from another state, provided the issuing court made a specific finding of domestic violence or disorderly conduct, or the filing party has a prior conviction relating to domestic violence against the opposing party under chapter 12.1-17;

SECTION 4. AMENDMENT. Section 18-01-36 of the North Dakota Century Code is amended and reenacted as follows:

18-01-36. Petroleum tank release compensation fund fees.

The insurance commissioner shall charge and collect fees for services provided by the state fire marshal program to entities covered by the petroleum tank release compensation fund under chapter ~~23-37~~23.1-12. All fees collected under this section must be deposited in the insurance regulatory trust fund.

SECTION 5. AMENDMENT. Subdivision j of subsection 4 of section 27-20.3-16 of the North Dakota Century Code is amended and reenacted as follows:

- j. That permanency hearing must be as set forth in section ~~27-20-3-36~~27-20.3-26; and

SECTION 6. AMENDMENT. Subsection 19 of section 45-13-01 of the North Dakota Century Code is amended and reenacted as follows:

19. "Partnership" means an association of two or more persons to carry on as co-owners of a business for profit formed under section 45-14-02, predecessor law, or comparable law of another jurisdiction.

SECTION 7. AMENDMENT. Subsection 7 of section 49-02-02 of the North Dakota Century Code is amended and reenacted as follows:

7. Cooperate with and receive technical and financial assistance from the United States, any state, or any department, agency, or officer thereof for any purposes relating to federal energy laws that deal with energy conservation, coal conversion, rate reform, and utilities subject to the jurisdiction of the commission. The commission shall also have the authority to file any reports, hold hearings, and promulgate regulations for any such purposes. Information received by the commission which was developed or obtained by a regional transmission organization market monitor, the organization of ~~midwest~~midcontinent independent system operator states, and the southwest power pool regional state committee is exempt from section 44-04-18 and section 6 of article XI of the Constitution of North Dakota.

SECTION 8. AMENDMENT. Section 52-02-18 of the North Dakota Century Code is amended and reenacted as follows:

52-02-18. Independent performance audit.

The state auditor, upon request of the legislative audit and fiscal review committee, shall cause a performance audit of job service North Dakota to be conducted within twelve months after receipt of the request. The state auditor may appoint an independent audit firm, with extensive expertise in job service practices and standards, to complete a performance audit or the state auditor may conduct the performance audit. If the state auditor completes the audit, the state auditor may contract with a consulting firm to aid in the state audit or to complete the audit and shall charge job service North Dakota for the audit, including the services of the consulting firm. The executive director of job service North Dakota and the auditor shall present the audit report and any action taken as a result of the audit to the legislative audit and fiscal review committee and to the house ~~and senate~~ industry, business and labor standing ~~committees~~committee and the senate industry and business standing committee during the next regular session of the legislative assembly following the audit.

SECTION 9. AMENDMENT. Subsection 5 of section 54-10-28 of the North Dakota Century Code is amended and reenacted as follows:

5. Present results of information technology compliance reviews to the information technology committee ~~and the state information technology advisory committee.~~

SECTION 10. AMENDMENT. Section 54-52.6-02.2 of the North Dakota Century Code is amended and reenacted as follows:

54-52.6-02.2. Election after December 31, 2024 - Additional employer contribution. (Effective after December 31, 2024)

1. As used in this section, "eligible employee" means a permanent state employee who on December 31, 2024, is a participating member of the public employees retirement system main system plan under chapter ~~54-4254-52~~, who has been a participating member under chapter 54-52 for no more than five years, and who is at least eighteen years of age.
2. The board shall provide a three-month election period, from January 1, 2025, through March 31, 2025, for an eligible employee to transfer to the defined contribution plan under this chapter pursuant to the rules and policies adopted by the board.

- a. An election under this section made by a member of the public employees retirement system under chapter 54-52 to transfer to the defined contribution retirement plan under this chapter is irrevocable.
 - b. For an eligible employee who elects to transfer from the public employees retirement system under chapter 54-52 to the defined contribution retirement plan under this chapter, the board shall transfer a lump sum amount from the public employees retirement system fund to the member's account in the defined contribution retirement plan under this chapter. However, if the eligible employee terminates employment before receiving the lump sum transfer under this section, the election made is ineffective and the eligible employee remains a member of the public employees retirement system under chapter 54-52 and retains all the rights and privileges under that chapter.
 - c. The board shall calculate the lump sum amount to be transferred based on the actuarial present value of the eligible employee's accumulated benefit obligation under the public employees retirement system based on the assumption the eligible employee will retire under the earlier applicable normal retirement age, plus interest from January 1, 2025, to the date of transfer, at the rate of one-half of one percent less than the actuarial interest assumption at the time of the election.
 - d. This section does not affect an eligible individual's right to health benefits under chapter 54-52.1.
3. The state employer of an eligible employee who elects under this section to participate in the defined contribution retirement plan under this chapter shall pay an additional annual contribution of three thousand three hundred and thirty-three dollars for up to three years. Under this subsection, the employer shall pay the additional contribution each year the eligible employee continues permanent employment with the state, beginning January 2026, and extending no further than January 2028.
 4. If the board receives notification from the internal revenue service that this section or any portion of this section will cause the public employees retirement system or the retirement plan established under this chapter to be disqualified for tax purposes under the Internal Revenue Code, that portion that will cause the disqualification does not apply.

Election after the day before the effective date of this Act - Additional employer contribution. (Effective on the date identified if the contingency is satisfied) (Contingent effective date - [See note](#))

1. As used in this section, "eligible employee" means a permanent state employee who on the day before the effective date of this Act, is a participating member of the public employees retirement system main system plan under chapter ~~54-42~~54-52, who has been a participating member under chapter 54-52 for no more than five years, and who is at least eighteen years of age.
2. The board shall provide a three-month election period, beginning on the effective date of this Act, for an eligible employee to transfer to the defined contribution plan under this chapter pursuant to the rules and policies adopted by the board.
 - a. An election under this section made by a member of the public employees retirement system under chapter 54-52 to transfer to the defined contribution retirement plan under this chapter is irrevocable.
 - b. For an eligible employee who elects to transfer from the public employees retirement system under chapter 54-52 to the defined contribution retirement plan under this chapter, the board shall transfer a lump sum amount from the public employees retirement system fund to the member's account in the defined contribution retirement plan under this chapter. However, if the eligible employee terminates employment before

receiving the lump sum transfer under this section, the election made is ineffective and the eligible employee remains a member of the public employees retirement system under chapter 54-52 and retains all the rights and privileges under that chapter.

- c. The board shall calculate the lump sum amount to be transferred based on the actuarial present value of the eligible employee's accumulated benefit obligation under the public employees retirement system based on the assumption the eligible employee will retire under the earlier applicable normal retirement age, plus interest from the effective date of this Act, to the date of transfer, at the rate of one-half of one percent less than the actuarial interest assumption at the time of the election.
 - d. This section does not affect an eligible individual's right to health benefits under chapter 54-52.1.
3. The state employer of an eligible employee who elects under this section to participate in the defined contribution retirement plan under this chapter shall pay an additional annual contribution of three thousand three hundred and thirty-three dollars for up to three years. Under this subsection, the employer shall pay the additional contribution each year the eligible employee continues permanent employment with the state, beginning one year after the effective date of this Act, and extending no further than three years following the effective date of this Act.
 4. If the board receives notification from the internal revenue service that this section or any portion of this section will cause the public employees retirement system or the retirement plan established under this chapter to be disqualified for tax purposes under the Internal Revenue Code, that portion that will cause the disqualification does not apply.

SECTION 11. AMENDMENT. Subsection 3 of section 57-02-08.8 of the North Dakota Century Code is amended and reenacted as follows:

3. A disabled veteran or ~~unremarried~~ surviving spouse claiming a credit under this section for the first time shall file with the county auditor an affidavit showing the facts required under this section, a description of the property, and a certificate from the United States department of veterans' affairs, or its successor, certifying to the amount of the disability. The affidavit and certificate must be open for public inspection. A person shall thereafter furnish to the assessor or other assessment officials, when requested to do so, any information which supports the claim for credit for any subsequent year.

SECTION 12. AMENDMENT. Subsection 2 of section 57-38-30.3 of the North Dakota Century Code is amended and reenacted as follows:

2. For purposes of this section, "North Dakota taxable income" means the federal taxable income of an individual, estate, or trust as computed under the Internal Revenue Code of 1986, as amended, adjusted as follows:
 - a. Reduced by interest income from obligations of the United States and income exempt from state income tax under federal statute or United States or North Dakota constitutional provisions.
 - b. Reduced by the portion of a distribution from a qualified investment fund described in section 57-38-01 which is attributable to investments by the qualified investment fund in obligations of the United States, obligations of North Dakota or its political subdivisions, and any other obligation the interest from which is exempt from state income tax under federal statute or United States or North Dakota constitutional provisions.
 - c. Reduced by the amount equal to the earnings that are passed through to a taxpayer in connection with an allocation and apportionment to North Dakota under section 57-38-01.35.

- d. Reduced by forty percent of:
- (1) The excess of the taxpayer's net long-term capital gain for the taxable year over the net short-term capital loss for that year, as computed for purposes of the Internal Revenue Code of 1986, as amended. The adjustment provided by this subdivision is allowed only to the extent the net long-term capital gain is allocated to this state.
 - (2) Qualified dividends as defined under Internal Revenue Code section 1(h)(11), added by section 302(a) of the Jobs and Growth Tax Relief Reconciliation Act of 2003 [Pub. L. 108-27; 117 Stat. 752; 2 U.S.C. 963 et seq.], but only if taxed at a federal income tax rate that is lower than the regular federal income tax rates applicable to ordinary income. If, for any taxable year, qualified dividends are taxed at the regular federal income tax rates applicable to ordinary income, the reduction allowed under this subdivision is equal to thirty percent of all dividends included in federal taxable income. The adjustment provided by this subdivision is allowed only to the extent the qualified dividend income is allocated to this state.
- e. Increased by the amount of a lump sum distribution for which income averaging was elected under section 402 of the Internal Revenue Code of 1986 [26 U.S.C. 402], as amended. This adjustment does not apply if the taxpayer received the lump sum distribution while a nonresident of this state and the distribution is exempt from taxation by this state under federal law.
- f. Increased by an amount equal to the losses that are passed through to a taxpayer in connection with an allocation and apportionment to North Dakota under section 57-38-01.35.
- g. Reduced by the amount of military pay received by a taxpayer as a member of the armed forces of the United States on federal active duty, member of the national guard or reserve member of the armed forces of the United States, to the extent that military pay is included in North Dakota taxable income of the taxpayer. For purposes of this subdivision, "military pay" includes all federal pay for training, education, mobilization, and bonuses and state pay when called to support an emergency on state active duty.
- h. Reduced by income from a new and expanding business exempt from state income tax under section 40-57.1-04.
- i. ~~Reduced by interest and income from bonds issued under chapter 11-37.~~
- j. Reduced by up to ten thousand dollars of qualified expenses that are related to a donation by a taxpayer or a taxpayer's dependent, while living, of one or more human organs to another human being for human organ transplantation. A taxpayer may claim the reduction in this subdivision only once for each instance of organ donation during the taxable year in which the human organ donation and the human organ transplantation occurs but if qualified expenses are incurred in more than one taxable year, the reduction for those expenses must be claimed in the year in which the expenses are incurred. For purposes of this subdivision:
- (1) "Human organ transplantation" means the medical procedure by which transfer of a human organ is made from the body of one person to the body of another person.
 - (2) "Organ" means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow.
 - (3) "Qualified expenses" means lost wages not compensated by sick pay and unreimbursed medical expenses as defined for federal income tax purposes, to the extent not deducted in computing federal taxable income, whether or not the taxpayer itemizes federal income tax deductions.

- k.j. Increased by the amount of the contribution upon which the credit under section 57-38-01.21 is computed, but only to the extent that the contribution reduced federal taxable income.
- l.k. Reduced by the amount of any payment received by a veteran or beneficiary of a veteran under section 37-28-03 or 37-28-04.
- m.l. Reduced by the amount received by a taxpayer that was paid by an employer under paragraph 4 of subdivision a of subsection 2 of section 57-38-01.25 to hire the taxpayer for a hard-to-fill position under section 57-38-01.25, but only to the extent the amount received by the taxpayer is included in federal taxable income. The reduction applies only if the employer is entitled to the credit under section 57-38-01.25. The taxpayer must attach a statement from the employer in which the employer certifies that the employer is entitled to the credit under section 57-38-01.25 and which specifically identified the type of payment and the amount of the exemption under this section.
- n.m. Reduced by the amount up to a maximum of five thousand dollars, or ten thousand dollars if a joint return is filed, for contributions made under a higher education savings plan administered by the Bank of North Dakota, pursuant to section 6-09-38.
- o.n. Reduced by the amount of income of a taxpayer, who resides anywhere within the exterior boundaries of a reservation situated in this state or situated both in this state and in an adjoining state and who is an enrolled member of a federally recognized Indian tribe, from activities or sources anywhere within the exterior boundaries of a reservation situated in this state or both situated in this state and in an adjoining state.
- p.o. For married individuals filing jointly, reduced by an amount equal to the excess of the recomputed itemized deductions or standard deduction over the amount of the itemized deductions or standard deduction deducted in computing federal taxable income. For purposes of this subdivision, "itemized deductions or standard deduction" means the amount under section 63 of the Internal Revenue Code that the married individuals deducted in computing their federal taxable income and "recomputed itemized deductions or standard deduction" means an amount determined by computing the itemized deductions or standard deduction in a manner that replaces the basic standard deduction under section 63(c)(2) of the Internal Revenue Code for married individuals filing jointly with an amount equal to double the amount of the basic standard deduction under section 63(c)(2) of the Internal Revenue Code for a single individual other than a head of household and surviving spouse. If the married individuals elected under section 63(e) of the Internal Revenue Code to deduct itemized deductions in computing their federal taxable income even though the amount of the allowable standard deduction is greater, the reduction under this subdivision is not allowed. Married individuals filing jointly shall compute the available reduction under this subdivision in a manner prescribed by the tax commissioner.
- q.p. Reduced by an amount equal to four thousand one hundred fifty dollars for taxable year 2018, for each birth resulting in stillbirth, as defined in section 23-02.1-01, for which a fetal death certificate has been filed under section 23-02.1-20. For taxable years beginning after December 31, 2018, the deduction amount must be adjusted annually on January first of each year by the cost-of-living adjustment. For purposes of this subdivision, "cost-of-living adjustment" means the percentage increase in the consumer price index for all urban consumers in the midwest region as determined by the United States department of labor, bureau of labor statistics, for the most recent year ending December thirty-first. The exemption may only be claimed in the taxable year in which the stillbirth occurred.
- r.q. Reduced by the amount of expenses incurred by an employee which are directly related to the attainment of higher education or career and technical education which are

reimbursed by the employee's employer, but only to the extent the amount of reimbursement is reported as federal taxable income.

- s.r. Reduced by the amount received by a taxpayer as retired military personnel benefits, including retired military personnel benefits paid to the surviving spouse of a deceased retired member of the armed forces of the United States, a reserve component of the armed forces of the United States, or the national guard, but only to the extent the amount was included in federal taxable income.
- t.s. Reduced by the amount of social security benefits included in a taxpayer's federal adjusted gross income under section 86 of the Internal Revenue Code.
- u.t. Reduced by the amount of retired law enforcement personnel benefits received by a taxpayer who has served a combined total of at least twenty years as a peace officer or has medically retired from the taxpayer's duties as a peace officer with a medical certificate due to a permanent mental or physical disability that rendered the taxpayer unable to discharge the taxpayer's duties as a peace officer, but only to the extent the amount was included in federal taxable income. For purposes of this subdivision:

 - (1) "Peace officer" means a public servant authorized by law or by a government agency or branch of the United States, a state, or a political subdivision of a state to enforce the law and to conduct or engage in investigations of violations of the law.
 - (2) "Retired law enforcement personnel benefits" means retirement income received by a taxpayer eligible to receive retirement income attributable to the taxpayer's employment as a peace officer from a retirement plan maintained by or through the employer from which the taxpayer retired as a peace officer.

SECTION 13. AMENDMENT. Subsection 1 of section 57-40.5-03 of the North Dakota Century Code is amended and reenacted as follows:

- 1. Aircraft acquired by disabled veterans as defined by the provisions of Public Law No. 79-663 [38 U.S.C. ~~4904~~3901]. This exemption shall be allowed only with respect to one aircraft owned by any disabled veteran.

SECTION 14. REPEAL. Sections 1-01-18, 1-01-20, 1-01-21, 1-01-27, 1-01-29, 1-01-30, 1-01-36, 1-01-40, 1-01-41, 1-01-42, 1-01-45, 1-01-46, 1-01-47, and 1-01-51 of the North Dakota Century Code are repealed.

SECTION 15. EFFECTIVE DATE. Sections 11 and 12 of this Act are effective for taxable years beginning after December 31, 2024.

Speaker of the House

President of the Senate

Chief Clerk of the House

Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Sixty-ninth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1031.

House Vote: Yeas 91 Nays 0 Absent 3

Senate Vote: Yeas 47 Nays 0 Absent 0

Chief Clerk of the House

Received by the Governor at _____ M. on _____, 2025.

Approved at _____ M. on _____, 2025.

Governor

Filed in this office this _____ day of _____, 2025,

at _____ o'clock _____ M.

Secretary of State