15.0258.02003

Sixty-fourth
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1223

Introduced by

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

Senators Burckhard, Poolman, Unruh

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

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

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

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

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

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

1. A tax is hereby imposed for each taxable year upon income earned or received in that taxable year by every resident and nonresident individual, estate, and trust. A taxpayer computing the tax under this section is only eligible for those adjustments or credits that are specifically provided for in this section. Provided, that for purposes of this

section, any person required to file a state income tax return under this chapter, but who has not computed a federal taxable income figure, shall compute a federal taxable income figure using a pro forma return in order to determine a federal taxable income figure to be used as a starting point in computing state income tax under this section. The tax for individuals is equal to North Dakota taxable income multiplied by the rates in the applicable rate schedule in subdivisions a through d corresponding to an individual's filing status used for federal income tax purposes. For an estate or trust, the schedule in subdivision e must be used for purposes of this subsection.

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

If North Dakota taxable income is:

Over	Not over	The tax is equal to	Of amount over
~~$0~~	~~$36,250~~	~~1.22%~~	~~$0~~
~~$36,250~~	~~$87,850~~	~~$442.25 + 2.27%~~	~~$36,250~~
~~$87,850~~	~~$183,250~~	~~$1,613.57 + 2.52%~~	~~$87,850~~
~~$183,250~~	~~$398,350~~	~~$4,017.65 + 2.93%~~	~~$183,250~~
~~$398,350~~		~~$10,320.08 + 3.22%~~	~~$398,350~~
~~$0~~	~~$25,000~~	~~0%~~	~~$0~~
~~$25,000~~	~~$50,000~~	~~1%~~	~~$25,000~~
~~$50,000~~	~~$75,000~~	~~$250 + 1.5%~~	~~$50,000~~
~~$75,000~~		~~$625 + 2%~~	~~$75,000~~
$0	$37,450	1.10%	$0
$37,450	$90,750	$411.95 + 2.04%	$37,450
$90,750	$189,300	$1,499.27 + 2.27%	$90,750
$189,300	$411,500	$3,736.36 + 2.64%	$189,300
$411,500		$9,602.44 + 2.90%	$411,500

b. Married filing jointly and surviving spouse.

If North Dakota taxable income is:

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

~~$223,050~~	~~$398,350~~	~~$4,618.04 + 2.93%~~	~~$223,050~~
~~$398,350~~		~~$9,754.33 + 3.22%~~	~~$398,350~~
~~$0~~	~~$50,000~~	~~0%~~	~~$0~~
~~$50,000~~	~~$100,000~~	~~1%~~	~~$50,000~~
~~$100,000~~	~~$150,000~~	~~$500 + 1.5%~~	~~$100,000~~
~~$150,000~~		~~$1,250 + 2%~~	~~$150,000~~
$0	$62,600	1.10%	$0
$62,600	$151,200	$688.60 + 2.04%	$62,600
$151,200	$230,450	$2,496.04 + 2.27%	$151,200
$230,450	$411,500	$4,295.02 + 2.64%	$230,450
$411,500		$9,074.74 + 2.90%	$411,500

c. Married filing separately.

If North Dakota taxable income is:

Over	Not over	The tax is equal to	Of amount over
~~$0~~	~~$30,325~~	~~1.22%~~	~~$0~~
~~$30,325~~	~~$73,200~~	~~$369.97 + 2.27%~~	~~$30,325~~
~~$73,200~~	~~$111,525~~	~~$1,343.23 + 2.52%~~	~~$73,200~~
~~$111,525~~	~~$199,175~~	~~$2,309.02 + 2.93%~~	~~$111,525~~
~~$199,175~~		~~$4,877.17 + 3.22%~~	~~$199,175~~
~~$0~~	~~$25,000~~	~~0%~~	~~$0~~
~~$25,000~~	~~$50,000~~	~~1%~~	~~$25,000~~
~~$50,000~~	~~$75,000~~	~~$250 + 1.5%~~	~~$50,000~~
~~$75,000~~		~~$625 + 2%~~	~~$75,000~~
$0	$31,300	1.10%	$0
$31,300	$75,600	$344.30 + 2.04%	$31,300
$75,600	$115,225	$1,248.02 + 2.27%	$75,600
$115,225	$205,750	$2,147.51 + 2.64%	$115,225
$205,750		$4,537.37 + 2.90%	$205,750

d. Head of household.

If North Dakota taxable income is:

Over	Not over	The tax is equal to	Of amount over
~~$0~~	~~$48,600~~	~~1.22%~~	~~$0~~
~~$48,600~~	~~$125,450~~	~~$592.92 + 2.27%~~	~~$48,600~~
~~$125,450~~	~~$203,150~~	~~$2,337.42 + 2.52%~~	~~$125,450~~
~~$203,150~~	~~$398,350~~	~~$4,295.46 + 2.93%~~	~~$203,150~~
~~$398,350~~		~~$10,014.82 + 3.22%~~	~~$398,350~~
~~$0~~	~~$35,000~~	~~0%~~	~~$0~~
~~$35,000~~	~~$75,000~~	~~1%~~	~~$35,000~~
~~$75,000~~	~~$87,500~~	~~$400 + 1.5%~~	~~$75,000~~
~~$87,500~~		~~$587.50 + 2%~~	~~$87,500~~
$0	$50,200	1.10%	$0
$50,200	$129,600	$552.20 + 2.04%	$50,200
$129,600	$209,850	$2,171.96 + 2.27%	$129,600
$209,850	$411,500	$3,993.64 + 2.64%	$209,850
$411,500		$9,317.20 + 2.90%	$411,500

e. Estates and trusts.

If North Dakota taxable income is:

Over	Not over	The tax is equal to	Of amount over
~~$0~~	~~$2,450~~	~~1.22%~~	~~$0~~
~~$2,450~~	~~$5,700~~	~~$29.89 plus 2.27%~~	~~$2,450~~
~~$5,700~~	~~$8,750~~	~~$103.67 plus 2.52%~~	~~$5,700~~
~~$8,750~~	~~$11,950~~	~~$180.53 plus 2.93%~~	~~$8,750~~
~~$11,950~~		~~$274.29 plus 3.22%~~	~~$11,950~~
~~$0~~	~~$2,000~~	~~0%~~	~~$0~~
~~$2,000~~	~~$3,500~~	~~1%~~	~~$2,000~~
~~$3,500~~	~~$5,000~~	~~$15 + 1.5%~~	~~$3,500~~
~~$5,000~~		~~$37.50 + 2%~~	~~$5,000~~
$0	$2,500	1.10%	$0
$2,500	$5,900	$27.50 + 2.04%	$2,500
$5,900	$9,050	$96.86 + 2.27%	$5,900

$9,050	$12,300	$168.37 + 2.64%	$9,050
$12,300		$254.17 + 2.90%	$12,300

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

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

~~**SECTION 3. AMENDMENT.** Subsection 1 of section 57-38-30.3 of the North Dakota Century Code is amended and reenacted as follows:~~

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

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

If North Dakota taxable income is:

Over	Not over	The tax is equal to	Of amount over
$0	$36,250	1.22%	$0
$36,250	$87,850	$442.25 + 2.27%	$36,250
$87,850	$183,250	$1,613.57 + 2.52%	$87,850
$183,250	$398,350	$4,017.65 + 2.93%	$183,250
$398,350		$10,320.08 + 3.22%	$398,350
$0	$50,000	0%	$0
$50,000		1%	$50,000

b. Married filing jointly and surviving spouse.

If North Dakota taxable income is:

Over	Not over	The tax is equal to	Of amount over
$0	$60,650	1.22%	$0
$60,650	$146,400	$739.93 + 2.27%	$60,650
$146,400	$223,050	$2,686.46 + 2.52%	$146,400
$223,050	$398,350	$4,618.04 + 2.93%	$223,050
$398,350		$9,754.33 + 3.22%	$398,350

~~$0~~	~~$100,000~~	~~0%~~	~~$0~~
~~$100,000~~		~~1%~~	~~$100,000~~

~~c. Married filing separately.~~

~~If North Dakota taxable income is:~~

~~Over~~	~~Not over~~	~~The tax is equal to~~	~~Of amount over~~
~~$0~~	~~$30,325~~	~~1.22%~~	~~$0~~
~~$30,325~~	~~$73,200~~	~~$369.97 + 2.27%~~	~~$30,325~~
~~$73,200~~	~~$111,525~~	~~$1,343.23 + 2.52%~~	~~$73,200~~
~~$111,525~~	~~$199,175~~	~~$2,309.02 + 2.93%~~	~~$111,525~~
~~$199,175~~		~~$4,877.17 + 3.22%~~	~~$199,175~~
~~$0~~	~~$50,000~~	~~0%~~	~~$0~~
~~$50,000~~		~~1%~~	~~$50,000~~

~~d. Head of household.~~

~~If North Dakota taxable income is:~~

~~Over~~	~~Not over~~	~~The tax is equal to~~	~~Of amount over~~
~~$0~~	~~$48,600~~	~~1.22%~~	~~$0~~
~~$48,600~~	~~$125,450~~	~~$592.92 + 2.27%~~	~~$48,600~~
~~$125,450~~	~~$203,150~~	~~$2,337.42 + 2.52%~~	~~$125,450~~
~~$203,150~~	~~$398,350~~	~~$4,295.46 + 2.93%~~	~~$203,150~~
~~$398,350~~		~~$10,014.82 + 3.22%~~	~~$398,350~~
~~$0~~	~~$70,000~~	~~0%~~	~~$0~~
~~$70,000~~		~~1%~~	~~$70,000~~

~~e. Estates and trusts.~~

~~If North Dakota taxable income is:~~

~~Over~~	~~Not over~~	~~The tax is equal to~~	~~Of amount over~~
~~$0~~	~~$2,450~~	~~1.22%~~	~~$0~~
~~$2,450~~	~~$5,700~~	~~$29.89 plus 2.27%~~	~~$2,450~~
~~$5,700~~	~~$8,750~~	~~$103.67 plus 2.52%~~	~~$5,700~~
~~$8,750~~	~~$11,950~~	~~$180.53 plus 2.93%~~	~~$8,750~~
~~$11,950~~		~~$274.29 plus 3.22%~~	~~$11,950~~

~~$0~~	~~$4,000~~	~~0%~~	~~$0~~
~~$4,000~~		~~1%~~	~~$4,000~~

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

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

~~**SECTION 4. REPEAL.** Section 57-38-30.3 of the North Dakota Century Code is repealed.~~

SECTION 3. EFFECTIVE DATE. ~~Section 1 of this~~This Act is effective for taxable years beginning after December 31, 2014. ~~Section 2 of this Act is effective for the first taxable year~~

1 ~~beginning after December 31, 2014, and is thereafter ineffective. Section 3 of this Act is~~
2 ~~effective for the first taxable year beginning after December 31, 2015, and is thereafter~~
3 ~~ineffective. Section 4 of this Act is effective for taxable years beginning after December 31,~~
4 ~~2016.~~