

Introduced by

Legislative Management

(Judiciary Committee)

1 A BILL for an Act to amend and reenact section 1-02-12, subsection 1 of section 14-20-12,  
2 subsection 1 of section 25-02-01.1, section 52-10-04, subsection 4 of section 52-10-05,  
3 section 52-10-07, subsection 17 of section 54-52-01, subsections 2 and 7 of section 57-38-30.3,  
4 and section 57-51.1-03.1 of the North Dakota Century Code, relating to technical corrections  
5 and improper, inaccurate, redundant, missing, or obsolete references; to repeal sections  
6 57-15-10.2, 57-38-01.29, and 57-38-01.30 of the North Dakota Century Code, relating to  
7 obsolete provisions; and to provide an effective date.

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

9 **SECTION 1. AMENDMENT.** Section 1-02-12 of the North Dakota Century Code is amended  
10 and reenacted as follows:

11 **1-02-12. Headnote, cross-reference note, and source note.**

12 No headnote, source note, or cross-reference note, whether designating an entire title,  
13 chapter, section, subsection, or subdivision, constitutes any part of a statute. A headnote may  
14 not be used to determine legislative intent or the legislative history for any statute. An effective  
15 date or expiration date note ~~preceeding~~immediately following a headnote is not a part of the  
16 headnote and is a part of the statute.

17 **SECTION 2. AMENDMENT.** Subsection 1 of section 14-20-12 of the North Dakota Century  
18 Code is amended and reenacted as follows:

- 19 1. An acknowledgment of paternity must:
- 20 a. Be in a record;
- 21 b. Be signed, or otherwise authenticated, under penalty of perjury by the mother  
22 and by the man seeking to establish his paternity;
- 23 c. State that the child whose paternity is being acknowledged:

- 1                   (1) Does not have a presumed father, or has a presumed father whose full  
2                   name is stated; and  
3                   (2) Does not have another acknowledged or adjudicated father;  
4           d. State whether there has been genetic testing and, if so, that the acknowledging  
5           man's claim of paternity is consistent with the results of the testing; and  
6           e. State that the signatories understand that the acknowledgment is the equivalent  
7           of a judicial adjudication of paternity of the child and that a challenge to the  
8           acknowledgment is permitted only under limited circumstances and is barred  
9           after ~~one year~~two years.

10           **SECTION 3. AMENDMENT.** Subsection 1 of section 25-02-01.1 of the North Dakota  
11 Century Code is amended and reenacted as follows:

- 12           1. The department of human services shall seek appropriations and resources sufficient  
13           to ensure maintenance of the state hospital's accreditation by the joint commission ~~on~~  
14           ~~accreditation of health care organizations~~ and certification by the health care financing  
15           administration or by similar accrediting and certifying organizations and agencies  
16           possessing hospital standards recognized by the health care industry and accepted by  
17           the department.

18           **SECTION 4. AMENDMENT.** Section 52-10-04 of the North Dakota Century Code is  
19 amended and reenacted as follows:

20           **52-10-04. Contributions by employees of the state and of political subdivisions.**

- 21           1. Every employee of the state or of a political subdivision and every employer is  
22           required to pay for the period of such coverage, into the contribution fund established  
23           by section 52-10-06, contributions, with respect to wages, as defined in section  
24           52-10-02, equal to the amount of the tax which would be imposed by the Federal  
25           Insurance Contributions Act if such services constituted employment within the  
26           meaning of that Act. Such employee's liability shall arise in consideration of the  
27           employee's retention in the service of the state or of a political subdivision or the  
28           employee's entry upon such service, after the enactment of this chapter.  
29           2. The employee's contribution imposed by this section must be collected by deducting  
30           the amount of the contribution from wages as and when paid, but failure to make such  
31           deduction does not relieve the employee from liability for such contribution.

1           3. If more or less than the correct amount of the contribution imposed by this section is  
2           paid or deducted with respect to any remuneration, proper adjustments, or refund if  
3           adjustment is impracticable, must be made, without interest, in such manner and at  
4           such times as the state agency shall prescribe.

5           ~~4. All unexpended employer contributions in the social security contribution fund paid in-~~  
6           ~~to provide a fund out of which the legislative assembly could appropriate for the~~  
7           ~~administration of this chapter and chapter 52-09 as of June 30, 1987, must be~~  
8           ~~transferred by the office of management and budget to the bureau for deposit by the~~  
9           ~~bureau into the old age survivors' fund established by section 52-09-05.~~

10           **SECTION 5. AMENDMENT.** Subsection 4 of section 52-10-05 of the North Dakota Century  
11 Code is amended and reenacted as follows:

12           4. Delinquent payments due under subdivision a of subsection 3 must bear interest at the  
13           rate specified in the Social Security Act at 42 U.S.C. 418 and may be recovered by  
14           action in a court of competent jurisdiction against the political subdivision liable  
15           therefor or may, at the request of the state agency, be deducted from any other  
16           moneys payable to such subdivision by any department or agency of the state. In no  
17           case may the interest imposed hereby be less than five dollars. In addition, a penalty  
18           may be assessed on delinquent reports if such penalty is provided for in the Social  
19           Security Act at 42 U.S.C. 418. Any such penalty must be under the terms, conditions,  
20           and in the amounts specified in the Social Security Act. In no case may any penalty  
21           imposed hereby be less than five dollars. ~~Annually, on each September thirtieth, the~~  
22           ~~bureau shall determine the balance in the fund created by section 52-10-06 resulting~~  
23           ~~from interest and penalties collected which are not or will not be due to the secretary~~  
24           ~~of the treasury. The bureau shall transfer this balance on September thirtieth to the~~  
25           ~~old age survivors' fund created by section 52-09-05.~~

26           **SECTION 6. AMENDMENT.** Section 52-10-07 of the North Dakota Century Code is  
27 amended and reenacted as follows:

28           **52-10-07. Referenda and certification.**

29           1. ~~With respect to employees of the state and political subdivisions who are under~~  
30           ~~chapter 52-09 or who may by election come under that chapter, the governor is~~  
31           ~~empowered to authorize a referendum, and with respect to the employees of any~~

1 political subdivision who are under a locally administered retirement system, the  
2 governor shall authorize a referendum upon request of the governing body of such  
3 subdivision; and with respect to employees covered by any other retirement system,  
4 the governor may authorize a referendum; and in either case the referendum must be  
5 conducted and the governor shall designate an agency or individual to supervise its  
6 conduct, in accordance with the requirements of section 218(d)(3) of the Social  
7 Security Act [42 U.S.C. 418], on the question of whether service in positions covered  
8 by a retirement system established by the state or by a political subdivision thereof  
9 should be excluded from or included under an agreement under this chapter. The  
10 notice of referendum required by section 218(d)(3)(C) of the Social Security Act [42  
11 U.S.C. 418] to be given to employees must contain or must be accompanied by a  
12 statement, in such form and such detail as the agency or individual designated to  
13 supervise the referendum shall deem necessary and sufficient, to inform the  
14 employees of the rights which will accrue to them and their dependents and survivors,  
15 and the liabilities to which they will be subject, if their services are included under an  
16 agreement under this chapter.

- 17 2. Upon receiving evidence satisfactory to the governor that with respect to any such  
18 referendum the conditions specified in section 218(d)(3) of the Social Security Act [42  
19 U.S.C. 418] have been met, the governor, or an official designated by the governor to  
20 act in the governor's behalf in respect to this subsection, shall so certify to the  
21 secretary of health and human services.

22 **SECTION 7. AMENDMENT.** Subsection 17 of section 54-52-01 of the North Dakota Century  
23 Code, which becomes effective after July 31, 2017, is amended and reenacted as follows:

- 24 17. "Retirement board" or "board" means the ~~seven persons designated by this chapter as~~  
25 the governing authority for the retirement system created under section 54-52-03.

26 **SECTION 8. AMENDMENT.** Subsection 2 of section 57-38-30.3 of the North Dakota  
27 Century Code is amended and reenacted as follows:

- 28 2. For purposes of this section, "North Dakota taxable income" means the federal taxable  
29 income of an individual, estate, or trust as computed under the Internal Revenue Code  
30 of 1986, as amended, adjusted as follows:

- 1           a.   Reduced by interest income from obligations of the United States and income  
2                    exempt from state income tax under federal statute or United States or North  
3                    Dakota constitutional provisions.
- 4           b.   Reduced by the portion of a distribution from a qualified investment fund  
5                    described in section 57-38-01 which is attributable to investments by the qualified  
6                    investment fund in obligations of the United States, obligations of North Dakota or  
7                    its political subdivisions, and any other obligation the interest from which is  
8                    exempt from state income tax under federal statute or United States or North  
9                    Dakota constitutional provisions.
- 10          c.   Reduced by the amount equal to the earnings that are passed through to a  
11                    taxpayer in connection with an allocation and apportionment to North Dakota  
12                    under section 57-38-01.35.
- 13          d.   Reduced by forty percent of:
- 14                    (1)   The excess of the taxpayer's net long-term capital gain for the taxable year  
15                            over the net short-term capital loss for that year, as computed for purposes  
16                            of the Internal Revenue Code of 1986, as amended. The adjustment  
17                            provided by this subdivision is allowed only to the extent the net long-term  
18                            capital gain is allocated to this state.
- 19                    (2)   Qualified dividends as defined under Internal Revenue Code section 1(h)  
20                            (11), added by section 302(a) of the Jobs and Growth Tax Relief  
21                            Reconciliation Act of 2003 [Pub. L. 108-27; 117 Stat. 752; 2 U.S.C. 963  
22                            et seq.], but only if taxed at a federal income tax rate that is lower than the  
23                            regular federal income tax rates applicable to ordinary income. If, for any  
24                            taxable year, qualified dividends are taxed at the regular federal income tax  
25                            rates applicable to ordinary income, the reduction allowed under this  
26                            subdivision is equal to thirty percent of all dividends included in federal  
27                            taxable income. The adjustment provided by this subdivision is allowed only  
28                            to the extent the qualified dividend income is allocated to this state.
- 29          e.   Increased by the amount of a lump sum distribution for which income averaging  
30                    was elected under section 402 of the Internal Revenue Code of 1986 [26 U.S.C.  
31                    402], as amended. This adjustment does not apply if the taxpayer received the

1 lump sum distribution while a nonresident of this state and the distribution is  
2 exempt from taxation by this state under federal law.

3 f. Increased by an amount equal to the losses that are passed through to a  
4 taxpayer in connection with an allocation and apportionment to North Dakota  
5 under section 57-38-01.35.

6 g. Reduced by the amount received by the taxpayer as payment for services  
7 performed when mobilized under title 10 United States Code federal service as a  
8 member of the national guard or reserve member of the armed forces of the  
9 United States. This subdivision does not apply to federal service while attending  
10 annual training, basic military training, or professional military education.

11 h. Reduced by income from a new and expanding business exempt from state  
12 income tax under section 40-57.1-04.

13 i. ~~Reduced by interest and income from bonds issued under chapter 11-37.~~

14 j. Reduced by up to ten thousand dollars of qualified expenses that are related to a  
15 donation by a taxpayer or a taxpayer's dependent, while living, of one or more  
16 human organs to another human being for human organ transplantation. A  
17 taxpayer may claim the reduction in this subdivision only once for each instance  
18 of organ donation during the taxable year in which the human organ donation and  
19 the human organ transplantation occurs but if qualified expenses are incurred in  
20 more than one taxable year, the reduction for those expenses must be claimed in  
21 the year in which the expenses are incurred. For purposes of this subdivision:

22 (1) "Human organ transplantation" means the medical procedure by which  
23 transfer of a human organ is made from the body of one person to the body  
24 of another person.

25 (2) "Organ" means all or part of an individual's liver, pancreas, kidney, intestine,  
26 lung, or bone marrow.

27 (3) "Qualified expenses" means lost wages not compensated by sick pay and  
28 unreimbursed medical expenses as defined for federal income tax  
29 purposes, to the extent not deducted in computing federal taxable income,  
30 whether or not the taxpayer itemizes federal income tax deductions.

Sixty-fifth  
Legislative Assembly

- 1           k.j. Increased by the amount of the contribution upon which the credit under section  
2                   57-38-01.21 is computed, but only to the extent that the contribution reduced  
3                   federal taxable income.
- 4           l. ~~Reduced by the amount of any payment received by a veteran or beneficiary of a~~  
5                   ~~veteran under section 37-28-03 or 37-28-04.~~
- 6           m. ~~Reduced by the amount received by a taxpayer that was paid by an employer~~  
7                   ~~under paragraph 4 of subdivision a of subsection 2 of section 57-38-01.25 to hire~~  
8                   ~~the taxpayer for a hard-to-fill position under section 57-38-01.25, but only to the~~  
9                   ~~extent the amount received by the taxpayer is included in federal taxable income.~~  
10                  ~~The reduction applies only if the employer is entitled to the credit under section~~  
11                  ~~57-38-01.25. The taxpayer must attach a statement from the employer in which~~  
12                  ~~the employer certifies that the employer is entitled to the credit under section~~  
13                  ~~57-38-01.25 and which specifically identified the type of payment and the amount~~  
14                  ~~of the exemption under this section.~~
- 15           n.k. Reduced by the amount up to a maximum of five thousand dollars, or ten  
16                   thousand dollars if a joint return is filed, for contributions made under a higher  
17                   education savings plan administered by the Bank of North Dakota, pursuant to  
18                   section 6-09-38.
- 19           o.l. Reduced by the amount of income of a taxpayer, who resides anywhere within  
20                   the exterior boundaries of a reservation situated in this state or situated both in  
21                   this state and in an adjoining state and who is an enrolled member of a federally  
22                   recognized Indian tribe, from activities or sources anywhere within the exterior  
23                   boundaries of a reservation situated in this state or both situated in this state and  
24                   in an adjoining state.
- 25           p.m. For married individuals filing jointly, reduced by an amount equal to the excess of  
26                   the recomputed itemized deductions or standard deduction over the amount of  
27                   the itemized deductions or standard deduction deducted in computing federal  
28                   taxable income. For purposes of this subdivision, "itemized deductions or  
29                   standard deduction" means the amount under section 63 of the Internal Revenue  
30                   Code that the married individuals deducted in computing their federal taxable  
31                   income and "recomputed itemized deductions or standard deduction" means an

1 amount determined by computing the itemized deductions or standard deduction  
2 in a manner that replaces the basic standard deduction under section 63(c)(2) of  
3 the Internal Revenue Code for married individuals filing jointly with an amount  
4 equal to double the amount of the basic standard deduction under section 63(c)  
5 (2) of the Internal Revenue Code for a single individual other than a head of  
6 household and surviving spouse. If the married individuals elected under  
7 section 63(e) of the Internal Revenue Code to deduct itemized deductions in  
8 computing their federal taxable income even though the amount of the allowable  
9 standard deduction is greater, the reduction under this subdivision is not allowed.  
10 Married individuals filing jointly shall compute the available reduction under this  
11 subdivision in a manner prescribed by the tax commissioner.

12 **SECTION 9. AMENDMENT.** Subsection 7 of section 57-38-30.3 of the North Dakota  
13 Century Code is amended and reenacted as follows:

- 14 7. A taxpayer filing a return under this section is entitled to the following tax credits:
- 15 a. Family care tax credit under section 57-38-01.20.
  - 16 b. Renaissance zone tax credits under sections 40-63-04, 40-63-06, and 40-63-07.
  - 17 c. Agricultural business investment tax credit under section 57-38.6-03.
  - 18 d. Seed capital investment tax credit under section 57-38.5-03.
  - 19 e. Planned gift tax credit under section 57-38-01.21.
  - 20 f. Biodiesel fuel or green diesel fuel tax credits under sections 57-38-01.22 and  
21 57-38-01.23.
  - 22 g. Internship employment tax credit under section 57-38-01.24.
  - 23 h. Workforce recruitment credit under section 57-38-01.25.
  - 24 i. Angel fund investment tax credit under section 57-38-01.26.
  - 25 j. Microbusiness tax credit under section 57-38-01.27.
  - 26 k. Marriage penalty credit under section 57-38-01.28.
  - 27 ~~l. Homestead income tax credit under section 57-38-01.29.~~
  - 28 ~~m. Commercial property income tax credit under section 57-38-01.30.~~
  - 29 ~~n. Research and experimental expenditures under section 57-38-30.5.~~
  - 30 ~~o.m.~~ o.m. Geothermal energy device installation credit under section 57-38-01.8.



1        ~~p-n.~~ Long-term care partnership plan premiums income tax credit under section  
2                      57-38-29.3.

3        ~~q-o.~~ Employer tax credit for salary and related retirement plan contributions of  
4                      mobilized employees under section 57-38-01.31.

5        ~~r-p.~~ Automating manufacturing processes tax credit under section 57-38-01.33  
6                      (effective for the first five taxable years beginning after December 31, 2012).

7        ~~s-q.~~ Income tax credit for passthrough entity contributions to private education  
8                      institutions under section 57-38-01.7.

9        **SECTION 10. AMENDMENT.** Section 57-51.1-03.1 of the North Dakota Century Code is  
10 amended and reenacted as follows:

11        **57-51.1-03.1. Stripper well, new well, work-over, and secondary or tertiary project**  
12 **certification for tax exemption or rate reduction - Filing requirement.**

13        To receive the benefits of a tax exemption or tax rate reduction, a certification of qualifying  
14 well status prepared by the industrial commission must be submitted to the tax commissioner as  
15 follows:

- 16        1. To receive, from the first day of eligibility, a tax exemption on production from a  
17 stripper well property or individual stripper well under subsection 2 of section  
18 57-51.1-03, the industrial commission's certification must be submitted to the tax  
19 commissioner within eighteen months after the end of the stripper well property's or  
20 stripper well's qualification period.
- 21        2. To receive, from the first day of eligibility, a tax exemption ~~under subsection 3 of~~  
22 ~~section 57-51.1-03~~ and a rate reduction on production from a new well under  
23 subsection 4 of section 57-51.1-03 ~~57-51.1-02~~, the industrial commission's certification  
24 must be submitted to the tax commissioner within eighteen months after a new well is  
25 completed.
- 26        3. ~~To receive, from the first day of eligibility, a tax exemption under subsection 4 of~~  
27 ~~section 57-51.1-03~~ and a rate reduction for a work-over well under section ~~57-51.1-02,~~  
28 ~~the industrial commission's certification must be submitted to the tax commissioner~~  
29 ~~within eighteen months after the work-over project is completed.~~
- 30        4. To receive, from the first day of eligibility, a tax exemption under subsection 3 of  
31 section 57-51.1-03 ~~and a tax rate reduction under section 57-51.1-02~~ on production

1 from a secondary or tertiary project, the industrial commission's certification must be  
2 submitted to the tax commissioner within the following time periods:

3 a. For a tax exemption, within eighteen months after the month in which the first  
4 incremental oil was produced.

5 b. For a tax rate reduction, within eighteen months after the end of the period  
6 qualifying the project for the rate reduction.

7 5. To receive, from the first day of eligibility, a tax exemption or the reduction on  
8 production for which any other tax exemption or rate reduction may apply, the  
9 industrial commission's certification must be submitted to the tax commissioner within  
10 eighteen months of the completion, recompletion, or other qualifying date.

11 6. To receive, from the first day of eligibility, a tax exemption under subsection 6 of  
12 section 57-51.1-03 on production from a two-year inactive well, the industrial  
13 commission's certification must be submitted to the tax commissioner within eighteen  
14 months after the end of the two-year inactive well's qualification period.

15 If the industrial commission's certification is not submitted to the tax commissioner within the  
16 eighteen-month period provided in this section, then the exemption or rate reduction does not  
17 apply for the production periods in which the certification is not on file with the tax  
18 commissioner. When the industrial commission's certification is submitted to the tax  
19 commissioner after the eighteen-month period, the tax exemption or rate reduction applies to  
20 prospective production periods only and the exemption or rate reduction is effective the first day  
21 of the month in which the certification is received by the tax commissioner.

22 **SECTION 11. REPEAL.** Sections 57-15-10.2, 57-38-01.29, and 57-38-01.30 of the North  
23 Dakota Century Code are repealed.

24 **SECTION 12. EFFECTIVE DATE.** Section 10 of this Act is effective for taxable events  
25 occurring after December 31, 2015.