

**FIRST ENGROSSMENT
with House Amendments**

ENGROSSED SENATE BILL NO. 2284

Introduced by

Senators Klein, Schobinger

Representative Boehm

1 A BILL for an Act to create and enact a new subdivision to subsection 1 of section 57-38-01.2
2 and a new subsection to section 57-38-30.3 of the North Dakota Century Code, relating to
3 reduction of the income tax marriage penalty; to provide an effective date; and to provide an
4 expiration date.

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

6 **SECTION 1.** A new subdivision to subsection 1 of section 57-38-01.2 of the 1997
7 Supplement to the North Dakota Century Code is created and enacted as follows:

8 Reduced by an amount equal to five percent of federal adjusted gross income
9 for the same taxable year for which the return is being filed under this
10 chapter, if all of the following conditions are met:

- 11 (1) The deduction under this subdivision is claimed on a joint return;
12 (2) The person with the lower reported adjusted gross income of the two
13 people filing the joint return earned at least thirty percent of the total
14 adjusted gross income reported by the two people; and
15 (3) The combined adjusted gross income of the two people filing the joint
16 return is less than one hundred thousand dollars.

17 **SECTION 2.** A new subdivision to subsection 1 of section 57-38-01.2 of the 1997
18 Supplement to the North Dakota Century Code is created and enacted as follows:

19 Reduced by an amount equal to ten percent of federal adjusted gross income
20 for the same taxable year for which the return is being filed under this
21 chapter, if all of the following conditions are met:

- 22 (1) The deduction under this subdivision is claimed on a joint return;

- 1 (2) The person with the lower reported adjusted gross income of the two
2 people filing the joint return earned at least thirty percent of the total
3 adjusted gross income reported by the two people; and
4 (3) The combined adjusted gross income of the two people filing the joint
5 return is less than one hundred thousand dollars.

6 **SECTION 3.** A new subsection to section 57-38-30.3 of the 1997 Supplement to the
7 North Dakota Century Code is created and enacted as follows:

8 Taxpayers filing a joint return under this section are entitled to recompute a federal
9 income tax liability figure to be used as a starting point to determine state income
10 tax liability under this section if they meet the requirements of this subsection.

11 Recomputed federal income tax liability must be determined by subtracting an
12 amount equal to five percent of federal adjusted gross income from federal taxable
13 income and using the resulting federal taxable income figure to recompute federal
14 income tax liability according to rate tables provided for federal income tax
15 purposes. The recomputed amount is federal income tax liability to be used as a
16 starting point for the taxpayers if all of the following conditions are met:

- 17 a. The right to recomputation under this subsection is claimed on a joint return;
18 b. The person with the lower reported adjusted gross income of the two people
19 filing the joint return earned at least thirty percent of the total adjusted gross
20 income reported by the two people; and
21 c. The combined adjusted gross income of the two people filing the joint return
22 is less than one hundred thousand dollars.

23 **SECTION 4.** A new subsection to section 57-38-30.3 of the 1997 Supplement to the
24 North Dakota Century Code is created and enacted as follows:

25 Taxpayers filing a joint return under this section are entitled to recompute a federal
26 income tax liability figure to be used as a starting point to determine state income
27 tax liability under this section if they meet the requirements of this subsection.

28 Recomputed federal income tax liability must be determined by subtracting an
29 amount equal to ten percent of federal adjusted gross income from federal taxable
30 income and using the resulting federal taxable income figure to recompute federal
31 income tax liability according to rate tables provided for federal income tax

1 purposes. The recomputed amount is federal income tax liability to be used as a
2 starting point for the taxpayers if all of the following conditions are met:

- 3 a. The right to recomputation under this subsection is claimed on a joint return;
4 b. The person with the lower reported adjusted gross income of the two people
5 filing the joint return earned at least thirty percent of the total adjusted gross
6 income reported by the two people; and
7 c. The combined adjusted gross income of the two people filing the joint return
8 is less than one hundred thousand dollars.

9 **SECTION 5. EFFECTIVE DATE - EXPIRATION DATE.** Sections 1 and 3 of this Act
10 are effective for the first two taxable years beginning after December 31, 2000, and are
11 thereafter ineffective. Sections 2 and 4 of this Act are effective for taxable years beginning
12 after December 31, 2002. This Act is ineffective for taxable years for which the tax
13 commissioner certifies to the governor and the legislative council that Congress has enacted
14 federal legislation that reduces or eliminates the marriage tax penalty under federal income tax
15 law.