

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1440

Page 2, line 9, after "3" insert ", plus the tax determined under subsection 4, and minus the amount determined under subsection 5"

Page 3, line 1, remove ", plus the adjustments provided under subsection 4"

Page 3, line 4, replace "5" with "6"

Page 4, line 14, replace "6" with "7"

Page 4, after line 29, insert:

- i. If an individual, estate, or trust is subject to the provisions of section 1(h) of the Internal Revenue Code of 1954, as amended, relating to computation of the federal income tax when federal taxable income includes a net long-term capital gain, the tax under this subsection may not exceed the lesser of the amount otherwise determined under this subsection or fourteen percent of the federal income tax determined under section 1(h) of the Internal Revenue Code of 1954, as amended.
- j. If an individual, estate, or trust is subject to the provisions of section 1301 of the Internal Revenue Code of 1954, as amended, relating to income averaging for farmers, the tax under this subsection may not exceed the lesser of the amount otherwise determined under this subsection or fourteen percent of the federal income tax determined under section 1301 of the Internal Revenue Code of 1954, as amended.
- k. If an individual is subject to the provisions of section 1(g) of the Internal Revenue Code of 1954, as amended, relating to computation of the federal income tax for a child under age fourteen who has investment income, the tax under this subsection may not exceed the lesser of the amount otherwise determined under this subsection or fourteen percent of the federal income tax determined under section 1(g) of the Internal Revenue Code of 1954, as amended."

Page 5, replace lines 18 through 25 with:

"The tax under this subsection is determined by multiplying the total of the additional federal taxes set forth in subdivision a by fourteen percent and then multiplying the result by the fraction determined under subsection 6.

- a. For purposes of this subsection, additional federal taxes are:
 - (1) Federal alternative minimum tax computed on federal form 6251;

- (2) Federal tax on a lump sum distribution computed on federal form 4972;
 - (3) Federal tax on an accumulation distribution of a trust computed on federal form 4970;
 - (4) Federal tax on early distributions, excess contributions, excess accumulations, and excess distributions with respect to qualified retirement plans, individual retirement accounts, annuities, and modified endowment contracts computed on federal form 5329;
 - (5) Federal excess benefits tax under section 72(m)(5) of the Internal Revenue Code of 1954, as amended; and
 - (6) Federal tax computed on federal form 8814.
- b. For a nonresident individual, estate, or trust, the federal taxes under paragraphs 2 through 6 of subdivision a are included only to the extent the related income is allocated or apportioned to this state under this chapter."

Page 6, replace lines 15 through 28 with:

"The amount under this subsection is determined by multiplying the federal credit for prior year minimum tax computed on federal form 8801 by fourteen percent and then multiplying the result by the fraction determined under subsection 6.

6. For purposes of subsections 3 through 5, the fraction is equal to North Dakota adjusted gross income divided by federal adjusted gross income. For this purpose, "North Dakota adjusted gross income" means federal adjusted gross income reduced by:
- a. Interest income from obligations of the United States;
 - b. Income exempt from state income tax under federal statute, the Constitution of the United States, or the Constitution of North Dakota;
 - c. The portion of a distribution from a qualified investment fund as defined under subsection 4.2 of 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, the Constitution of the United States, or the Constitution of North Dakota; and
 - d. For a nonresident individual, estate, or trust, the portion of federal adjusted gross income not allocable or apportionable to this state under this chapter."

Page 6, line 29, overstrike "6." and insert immediately thereafter "7."

Page 7, line 8, overstrike "7." and insert immediately thereafter "8."

Page 7, line 18, overstrike "8."

Page 7, line 30, remove the overstrike over "9:"

Page 8, line 5, remove the overstrike over "~~40~~:" and remove "9."

Renumber accordingly