

**Fifty-ninth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 4, 2005**

HOUSE BILL NO. 1108
(Finance and Taxation Committee)
(At the request of the Tax Commissioner)

AN ACT to create and enact two new subdivisions to subsection 1 of section 57-38-01.3 of the North Dakota Century Code, relating to adjustments to federal taxable income for corporate income tax purposes; to amend and reenact subdivision e of subsection 1 of section 57-38-30 of the North Dakota Century Code, relating to the imposition and rate of tax on corporations; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Two new subdivisions to subsection 1 of section 57-38-01.3 of the North Dakota Century Code are created and enacted as follows:

Increased by the amount of the deduction allowable under section 199 of the Internal Revenue Code [26 U.S.C. 199], but only to the extent of the deduction taken to determine federal taxable income.

For tax years 2005 and 2006, increased by the amount of extraterritorial income as defined in section 114 of the Internal Revenue Code [26 U.S.C. 114], that is excluded under sections 101(d), 101(e), and 101(f) of Pub. L. 108-357 [118 Stat. 1418], but only to the extent the income was excluded in determining federal taxable income.

SECTION 2. AMENDMENT. Subdivision e of subsection 1 of section 57-38-30 of the North Dakota Century Code is amended and reenacted as follows:

- e. On all taxable income above thirty thousand dollars, at the rate of ~~seven~~ six and one-half percent.

SECTION 3. EFFECTIVE DATE. Section 1 of this Act is effective for taxable years beginning after December 31, 2004. Section 2 of this Act is effective for taxable years beginning after December 31, 2006.

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 Fifty-ninth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1108.

House Vote: Yeas 86 Nays 7 Absent 1

Senate Vote: Yeas 41 Nays 6 Absent 0

Chief Clerk of the House

Received by the Governor at _____ M. on _____, 2005.

Approved at _____ M. on _____, 2005.

Governor

Filed in this office this _____ day of _____, 2005,

at _____ o'clock _____ M.

Secretary of State