

Introduced by

Representatives Kasper, Headland, Kempenich

Senator Fischer

1 A BILL for an Act to amend and reenact subsection 1 of section 57-38-30.3 of the North Dakota
2 Century Code, relating to reduction of income tax rates for individuals, estates, and trusts; and
3 to provide an effective date.

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

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

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

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

20	If North Dakota taxable income is:	The tax is equal to:
21	Not over \$33,950	1.84 <u>1.56</u> %
22	Over \$33,950	\$624.68 <u>529.62</u> plus 3.44 <u>2.92</u> %
23	but not over \$82,250	of amount over \$33,950
24	Over \$82,250	\$2,286.20 <u>1,939.98</u> plus 3.81 <u>3.24</u> %

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1	but not over \$171,550	of amount over \$82,250
2	Over \$171,550	\$5,688.53 <u>4,833.30</u> plus 4.423.76%
3	but not over \$372,950	of amount over \$171,550
4	Over \$372,950	\$14,590.41 <u>12,405.94</u> plus
5		4.864.13% of amount over
6		\$372,950
7	b. Married filing jointly and surviving spouse.	
8	If North Dakota taxable income is:	The tax is equal to:
9	Not over \$56,750	1.841.56%
10	Over \$56,750	\$1,044.20 <u>885.30</u> plus 3.442.92%
11	but not over \$137,050	of amount over \$56,750
12	Over \$137,050	\$3,806.52 <u>3,230.06</u> plus 3.843.24%
13	but not over \$208,850	of amount over \$137,050
14	Over \$208,850	\$6,542.10 <u>5,556.38</u> plus 4.423.76%
15	but not over \$372,950	of amount over \$208,850
16	Over \$372,950	\$13,795.32 <u>11,726.54</u> plus
17		4.864.13% of amount over
18		\$372,950
19	c. Married filing separately.	
20	If North Dakota taxable income is:	The tax is equal to:
21	Not over \$28,375	1.841.56%
22	Over \$28,375	\$522.10 <u>442.65</u> plus 3.442.92%
23	but not over \$68,525	of amount over \$28,375
24	Over \$68,525	\$1,903.26 <u>1,615.03</u> plus 3.843.24%
25	but not over \$104,425	of amount over \$68,525
26	Over \$104,425	\$3,271.05 <u>2,778.19</u> plus 4.423.76%
27	but not over \$186,475	of amount over \$104,425
28	Over \$186,475	\$6,897.66 <u>5,863.27</u> plus 4.864.13%
29		of amount over \$186,475
30	d. Head of household.	
31	If North Dakota taxable income is:	The tax is equal to:

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1	Not over \$45,500	1.84 <u>1.56</u> %
2	Over \$45,500	\$837.20 <u>709.80</u> plus 3.44 <u>2.92</u> %
3	but not over \$117,450	of amount over \$45,500
4	Over \$117,450	\$3,312.28 <u>2,810.74</u> plus 3.81 <u>3.24</u> %
5	but not over \$190,200	of amount over \$117,450
6	Over \$190,200	\$6,084.06 <u>5,167.84</u> plus 4.42 <u>3.76</u> %
7	but not over \$372,950	of amount over \$190,200
8	Over \$372,950	\$14,161.61 <u>12,039.24</u> plus
9		4.86 <u>4.13</u> % of amount over
10		\$372,950
11	e. Estates and trusts.	
12	If North Dakota taxable income is:	The tax is equal to:
13	Not over \$2,300	1.84 <u>1.56</u> %
14	Over \$2,300	\$42.32 <u>35.88</u> plus 3.44 <u>2.92</u> %
15	but not over \$5,350	of amount over \$2,300
16	Over \$5,350	\$147.24 <u>124.94</u> plus 3.81 <u>3.24</u> %
17	but not over \$8,200	of amount over \$5,350
18	Over \$8,200	\$255.83 <u>217.28</u> plus 4.42 <u>3.76</u> %
19	but not over \$11,150	of amount over \$8,200
20	Over \$11,150	\$386.22 <u>328.20</u> plus 4.86 <u>4.13</u> %
21		of amount over \$11,150
22	f. For an individual who is not a resident of this state for the entire year, or for a	
23	nonresident estate or trust, the tax is equal to the tax otherwise computed under	
24	this subsection multiplied by a fraction in which:	
25	(1) The numerator is the federal adjusted gross income allocable and	
26	apportionable to this state; and	
27	(2) The denominator is the federal adjusted gross income from all sources	
28	reduced by the net income from the amounts specified in subdivisions a and	
29	b of subsection 2.	
30	In the case of married individuals filing a joint return, if one spouse is a resident	
31	of this state for the entire year and the other spouse is a nonresident for part or	

1 all of the tax year, the tax on the joint return must be computed under this
2 subdivision.

3 g. For taxable years beginning after December 31, 2009, the tax commissioner shall
4 prescribe new rate schedules that apply in lieu of the schedules set forth in
5 subdivisions a through e. The new schedules must be determined by increasing
6 the minimum and maximum dollar amounts for each income bracket for which a
7 tax is imposed by the cost-of-living adjustment for the taxable year as determined
8 by the secretary of the United States treasury for purposes of section 1(f) of the
9 United States Internal Revenue Code of 1954, as amended. For this purpose, the
10 rate applicable to each income bracket may not be changed, and the manner of
11 applying the cost-of-living adjustment must be the same as that used for
12 adjusting the income brackets for federal income tax purposes.

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

17 **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
18 December 31, 2010.