

Introduced by

Senators Cook, Campbell, Oehlke

Representatives Belter, Drovdal, Headland

1 A BILL for an Act to amend and reenact section 57-38-30 and subsection 1 of section
2 57-38-30.3 of the North Dakota Century Code, relating to a reduction in income tax rates for
3 corporations, individuals, estates, and trusts; and to provide an effective date.

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

5 **SECTION 1. AMENDMENT.** Section 57-38-30 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **57-38-30. Imposition and rate of tax on corporations.**

8 A tax is hereby imposed upon the taxable income of every domestic and foreign corporation
9 which must be levied, collected, and paid annually as in this chapter provided:

10 1. For the first twenty-five thousand dollars of taxable income, at the rate of one and
11 ~~sixty-eight~~fifty-eight hundredths percent.

12 2. On all taxable income exceeding twenty-five thousand dollars and not exceeding fifty
13 thousand dollars, at the rate of ~~four~~three and ~~twenty-three~~ninety-eight hundredths
14 percent.

15 3. On all taxable income exceeding fifty thousand dollars, at the rate of ~~five~~four and
16 ~~fifteen~~eighty-four hundredths percent.

17 **SECTION 2. AMENDMENT.** Subsection 1 of section 57-38-30.3 of the North Dakota
18 Century Code is amended and reenacted as follows:

19 1. A tax is hereby imposed for each taxable year upon income earned or received in that
20 taxable year by every resident and nonresident individual, estate, and trust. A taxpayer
21 computing the tax under this section is only eligible for those adjustments or credits
22 that are specifically provided for in this section. Provided, that for purposes of this
23 section, any person required to file a state income tax return under this chapter, but
24 who has not computed a federal taxable income figure, shall compute a federal

1 taxable income figure using a pro forma return in order to determine a federal taxable
2 income figure to be used as a starting point in computing state income tax under this
3 section. The tax for individuals is equal to North Dakota taxable income multiplied by
4 the rates in the applicable rate schedule in subdivisions a through d corresponding to
5 an individual's filing status used for federal income tax purposes. For an estate or
6 trust, the schedule in subdivision e must be used for purposes of this subsection.

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

8 If North Dakota taxable income is:	The tax is equal to:
9 Not over \$34,500 <u>\$36,250</u>	1.51% <u>1.26%</u>
10 Over \$34,500 <u>\$36,250</u>	\$520.95 <u>\$456.75</u> plus 2.82% <u>2.57%</u>
11 but not over \$83,600 <u>\$87,850</u>	of amount over \$34,500 <u>\$36,250</u>
12 Over \$83,600 <u>\$87,850</u>	\$1,905.57 <u>\$1,782.87</u> plus 3.13% <u>2.88%</u>
13 but not over \$174,400 <u>\$183,250</u>	of amount over \$83,600 <u>\$87,850</u>
14 Over \$174,400 <u>\$183,250</u>	\$4,747.64 <u>\$4,530.39</u> plus 3.63% <u>3.38%</u>
15 but not over \$379,150 <u>\$398,350</u>	of amount over \$174,400 <u>\$183,250</u>
16 Over \$379,150 <u>\$398,350</u>	\$12,180.04 <u>\$11,800.77</u> plus 3.99% <u>3.74%</u>
17	of amount over \$379,150 <u>\$398,350</u>

18 b. Married filing jointly and surviving spouse.

19 If North Dakota taxable income is:	The tax is equal to:
20 Not over \$57,700 <u>\$60,650</u>	1.51% <u>1.26%</u>
21 Over \$57,700 <u>\$60,650</u>	\$871.27 <u>\$764.19</u> plus 2.82% <u>2.57%</u>
22 but not over \$139,350 <u>\$146,400</u>	of amount over \$57,700 <u>\$60,650</u>
23 Over \$139,350 <u>\$146,400</u>	\$3,173.80 <u>\$2,967.97</u> plus 3.13% <u>2.88%</u>
24 but not over \$212,300 <u>\$223,050</u>	of amount over \$139,350 <u>\$146,400</u>
25 Over \$212,300 <u>\$223,050</u>	\$5,457.14 <u>\$5,175.49</u> plus 3.63% <u>3.38%</u>
26 but not over \$379,150 <u>\$398,350</u>	of amount over \$212,300 <u>\$223,050</u>
27 Over \$379,150 <u>\$398,350</u>	\$11,513.79 <u>\$11,100.63</u> plus 3.99% <u>3.74%</u>
28	of amount over \$379,150 <u>\$398,350</u>

29 c. Married filing separately.

30 If North Dakota taxable income is:	The tax is equal to:
31 Not over \$28,850 <u>\$30,325</u>	1.51% <u>1.26%</u>

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1	Over \$28,850 <u>\$30,325</u>	\$435.64 <u>\$382.10</u> plus 2.82% <u>2.57%</u>
2	but not over \$69,675 <u>\$73,200</u>	of amount over \$28,850 <u>\$30,325</u>
3	Over \$69,675 <u>\$73,200</u>	\$1,586.90 <u>\$1,483.99</u> plus 3.13% <u>2.88%</u>
4	but not over \$106,150 <u>\$111,525</u>	of amount over \$69,675 <u>\$73,200</u>
5	Over \$106,150 <u>\$111,525</u>	\$2,728.57 <u>\$2,587.75</u> plus 3.63% <u>3.38%</u>
6	but not over \$189,575 <u>\$199,175</u>	of amount over \$106,150 <u>\$111,525</u>
7	Over \$189,575 <u>\$199,175</u>	\$5,756.90 <u>\$5,550.32</u> plus 3.99% <u>3.74%</u>
8		of amount over \$189,575 <u>\$199,175</u>
9	d. Head of household.	
10	If North Dakota taxable income is:	The tax is equal to:
11	Not over \$46,250 <u>\$48,600</u>	1.51% <u>1.26%</u>
12	Over \$46,250 <u>\$48,600</u>	\$698.38 <u>\$612.36</u> plus 2.82% <u>2.57%</u>
13	but not over \$119,400 <u>\$125,450</u>	of amount over \$46,250 <u>\$48,600</u>
14	Over \$119,400 <u>\$125,450</u>	\$2,761.21 <u>\$2,587.41</u> plus 3.13% <u>2.88%</u>
15	but not over \$193,350 <u>\$203,150</u>	of amount over \$119,400 <u>\$125,450</u>
16	Over \$193,350 <u>\$203,150</u>	\$5,075.84 <u>\$4,825.17</u> plus 3.63% <u>3.38%</u>
17	but not over \$379,150 <u>\$398,350</u>	of amount over \$193,350 <u>\$203,150</u>
18	Over \$379,150 <u>\$398,350</u>	\$11,820.38 <u>\$11,422.93</u> plus 3.99% <u>3.74%</u>
19		of amount over \$379,150 <u>\$398,350</u>
20	e. Estates and trusts.	
21	If North Dakota taxable income is:	The tax is equal to:
22	Not over \$2,300 <u>\$2,450</u>	1.51% <u>1.26%</u>
23	Over \$2,300 <u>\$2,450</u>	\$34.73 <u>\$30.87</u> plus 2.82% <u>2.57%</u>
24	but not over \$5,450 <u>\$5,700</u>	of amount over \$2,300 <u>\$2,450</u>
25	Over \$5,450 <u>\$5,700</u>	\$123.56 <u>\$114.40</u> plus 3.13% <u>2.88%</u>
26	but not over \$8,300 <u>\$8,750</u>	of amount over \$5,450 <u>\$5,700</u>
27	Over \$8,300 <u>\$8,750</u>	\$212.77 <u>\$202.24</u> plus 3.63% <u>3.38%</u>
28	but not over \$11,350 <u>\$11,950</u>	of amount over \$8,300 <u>\$8,750</u>
29	Over \$11,350 <u>\$11,950</u>	\$323.48 <u>\$310.40</u> plus 3.99% <u>3.74%</u>
30		of amount over \$11,350 <u>\$11,950</u>

- 1 f. For an individual who is not a resident of this state for the entire year, or for a
2 nonresident estate or trust, the tax is equal to the tax otherwise computed under
3 this subsection multiplied by a fraction in which:
- 4 (1) The numerator is the federal adjusted gross income allocable and
5 apportionable to this state; and
- 6 (2) The denominator is the federal adjusted gross income from all sources
7 reduced by the net income from the amounts specified in subdivisions a and
8 b of subsection 2.

9 In the case of married individuals filing a joint return, if one spouse is a resident
10 of this state for the entire year and the other spouse is a nonresident for part or
11 all of the tax year, the tax on the joint return must be computed under this
12 subdivision.

- 13 g. The tax commissioner shall prescribe new rate schedules that apply in lieu of the
14 schedules set forth in subdivisions a through e. The new schedules must be
15 determined by increasing the minimum and maximum dollar amounts for each
16 income bracket for which a tax is imposed by the cost-of-living adjustment for the
17 taxable year as determined by the secretary of the United States treasury for
18 purposes of section 1(f) of the United States Internal Revenue Code of 1954, as
19 amended. For this purpose, the rate applicable to each income bracket may not
20 be changed, and the manner of applying the cost-of-living adjustment must be
21 the same as that used for adjusting the income brackets for federal income tax
22 purposes.

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

27 **SECTION 3. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
28 December 31, 2012.