

Introduced by

Representative Heinert

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 income tax rates for individuals, estates, and trusts; to provide an
3 effective date; and to provide an expiration 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:

21	Over	Not over	The tax is equal to	Of amount over
22	\$0	\$44,725	\$0.00 + 0.00%	\$0
23	\$44,725	\$225,975	\$0.00 + 1.95%	\$44,725
24	\$225,975		\$3,534.38 + 2.50%	\$225,975

Sixty-eighth
Legislative Assembly

1	<u>\$0</u>	<u>\$60,000</u>	<u>\$0.00 + 0.00%</u>	<u>\$0</u>
2	<u>\$60,000</u>	<u>\$225,975</u>	<u>\$0.00 + 1.95%</u>	<u>\$60,000</u>
3	<u>\$225,975</u>		<u>\$3,236.51 + 2.50%</u>	<u>\$225,975</u>
4	b. Married filing jointly and surviving spouse.			
5	If North Dakota taxable income is:			
6	Over	Not over	The tax is equal to	Of amount over
7	\$0	<u>\$74,750</u>	<u>\$0.00 + 0.00%</u>	\$0
8	<u>\$74,750</u>	<u>\$275,100</u>	<u>\$0.00 + 1.95%</u>	<u>\$74,750</u>
9	<u>\$275,100</u>		<u>\$3,906.83 + 2.50%</u>	<u>\$275,100</u>
10	<u>\$0</u>	<u>\$100,000</u>	<u>\$0.00 + 0.00%</u>	<u>\$0</u>
11	<u>\$100,000</u>	<u>\$275,100</u>	<u>\$0.00 + 1.95%</u>	<u>\$100,000</u>
12	<u>\$275,100</u>		<u>\$3,414.45 + 2.50%</u>	<u>\$275,100</u>
13	c. Married filing separately.			
14	If North Dakota taxable income is:			
15	Over	Not over	The tax is equal to	Of amount over
16	\$0	<u>\$37,375</u>	<u>\$0.00 + 0.00%</u>	\$0
17	<u>\$37,375</u>	<u>\$137,550</u>	<u>\$0.00 + 1.95%</u>	<u>\$37,375</u>
18	<u>\$137,550</u>		<u>\$1,953.41 + 2.50%</u>	<u>\$137,550</u>
19	<u>\$0</u>	<u>\$50,000</u>	<u>\$0.00 + 0.00%</u>	<u>\$0</u>
20	<u>\$50,000</u>	<u>\$137,550</u>	<u>\$0.00 + 1.95%</u>	<u>\$50,000</u>
21	<u>\$137,550</u>		<u>\$1,707.23 + 2.50%</u>	<u>\$137,550</u>
22	d. Head of household.			
23	If North Dakota taxable income is:			
24	Over	Not over	The tax is equal to	Of amount over
25	\$0	<u>\$59,950</u>	<u>\$0.00 + 0.00%</u>	\$0
26	<u>\$59,950</u>	<u>\$250,550</u>	<u>\$0.00 + 1.95%</u>	<u>\$59,950</u>
27	<u>\$250,550</u>		<u>\$3,716.70 + 2.50%</u>	<u>\$250,550</u>
28	<u>\$0</u>	<u>\$80,000</u>	<u>\$0.00 + 0.00%</u>	<u>\$0</u>
29	<u>\$80,000</u>	<u>\$250,550</u>	<u>\$0.00 + 1.95%</u>	<u>\$80,000</u>
30	<u>\$250,550</u>		<u>\$3,325.73 + 2.50%</u>	<u>\$250,550</u>
31	e. Estates and trusts.			

1	If North Dakota taxable income is:			
2	Over	Not over	The tax is equal to	Of amount over
3	\$0	\$3,000	\$0.00 + 0.00%	\$0
4	\$3,000	\$10,750	\$0.00 + 1.95%	\$3,000
5	\$10,750		\$151.13 + 2.50%	\$10,750
6	<u>\$0</u>	<u>\$4,000</u>	<u>\$0.00 + 0.00%</u>	<u>\$0</u>
7	<u>\$4,000</u>	<u>\$10,750</u>	<u>\$0.00 + 1.95%</u>	<u>\$4,000</u>
8	<u>\$10,750</u>		<u>\$131.63 + 2.50%</u>	<u>\$10,750</u>

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

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

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

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

5 **SECTION 2. EFFECTIVE DATE - EXPIRATION DATE.** This Act is effective for the first two
6 taxable years beginning after December 31, 2022, and is thereafter ineffective.