

**HOUSE BILL NO. 1105**

Introduced by

Representative Headland

1 A BILL for an Act to amend and reenact subdivision d of subsection 2 of section 57-38-30.3 of  
2 the North Dakota Century Code, relating to the expiration of federal income tax treatment of the  
3 long-term capital gain and qualified dividend income tax exclusion; and to provide an effective  
4 date.

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

6 **SECTION 1. AMENDMENT.** Subdivision d of subsection 2 of section 57-38-30.3 of the  
7 North Dakota Century Code is amended and reenacted as follows:

8 d. Reduced by thirty percent of:

- 9 (1) The excess of the taxpayer's net long-term capital gain for the taxable year  
10 over the net short-term capital loss for that year, as computed for purposes  
11 of the Internal Revenue Code of 1986, as amended. The adjustment  
12 provided by this subdivision is allowed only to the extent the net long-term  
13 capital gain is allocated to this state.
- 14 (2) ~~The qualified dividend income that is taxed at the same rate as long-term~~  
15 ~~capital gain for federal income tax purposes under Internal Revenue Code~~  
16 ~~provisions in effect on December 31, 2008. Qualified dividends as defined~~  
17 ~~under Internal Revenue Code section 1(h)(11), added by section 302(a) of~~  
18 ~~the Jobs and Growth Tax Relief Reconciliation Act of 2003 [Pub. L. 108-27;~~  
19 ~~117 Stat. 752; 2 U.S.C. 963 et seq.], but only if taxed at a federal income tax~~  
20 ~~rate that is lower than the regular federal income tax rates applicable to~~  
21 ~~ordinary income. If, for any taxable year, qualified dividends are taxed at the~~  
22 ~~regular federal income tax rates applicable to ordinary income, the reduction~~  
23 ~~allowed under this subdivision is equal to twenty percent of all dividends~~  
24 ~~included in federal taxable income.~~ The adjustment provided by this

1 subdivision is allowed only to the extent the qualified dividend income is  
2 allocated to this state.

3 **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable years beginning after  
4 December 31, 2012.