

Sixty-third  
Legislative Assembly  
of North Dakota

## ENGROSSED SENATE BILL NO. 2156

Introduced by

Senators Cook, Campbell, Oehlke

Representatives Belter, Drovdal, Headland

1 A BILL ~~for an Act to create and enact a new section to chapter 57-38 of the North Dakota~~  
2 ~~Century Code, relating to a corporate income tax credit for contributions to rural leadership~~  
3 ~~North Dakota; to amend and reenact subsection 3 of section 57-38-01.26, section 57-38-30,~~  
4 ~~and subsection 1 of section 57-38-30.3 of the North Dakota Century Code, relating to~~  
5 ~~authorized investments of an angel fund for income tax credit purposes and a reduction in~~  
6 ~~income tax rates for corporations, individuals, estates, and trusts; and to provide an effective~~  
7 ~~date.~~ for an Act to create and enact section 57-20-07.2 of the North Dakota Century Code,  
8 relating to a state-paid property tax relief credit; to provide an appropriation; and to provide an  
9 effective date.

## 10 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

11 ~~SECTION 1. AMENDMENT.~~ Subsection 3 of section 57-38-01.26 of the North Dakota  
12 Century Code is amended and reenacted as follows:  
13 ~~3. An angel fund must:~~  
14 ~~a. Be a partnership, limited partnership, corporation, limited liability company, limited~~  
15 ~~liability partnership, trust, or estate organized on a for-profit basis which is~~  
16 ~~headquartered in this state.~~  
17 ~~b. Be organized for the purpose of investing in a portfolio of at least three primary~~  
18 ~~sector companies that are early-stage and mid-stage private, nonpublicly traded~~  
19 ~~enterprises with strong growth potential. For purposes of this section, an~~  
20 ~~early-stage entity means an entity with annual revenues of up to two million~~  
21 ~~dollars and a mid-stage entity means an entity with annual revenues over two~~  
22 ~~million dollars not to exceed ten million dollars. Early-stage and mid-stage entities~~  
23 ~~do not include those that have more than twenty-five percent of their revenue~~  
24 ~~from income-producing real estate.~~ Investments in real estate or real estate

~~holding companies are not eligible investments by certified angel funds. Any  
angel fund certified before January 1, 2013, which has invested in real estate or a  
real estate holding company is not eligible for recertification.~~

~~c. Consist of at least six accredited investors as defined by securities and exchange  
commission regulation D, rule 501.~~

~~d. Not have more than twenty-five percent of its capitalized investment assets  
owned by an individual investor.~~

~~e. Have at least five hundred thousand dollars in commitments from accredited  
investors and that capital must be subject to call to be invested over an  
unspecified number of years to build a portfolio of investments in enterprises.~~

~~f. Be member-managed or a manager-managed limited liability company and the  
investor members or a designated board that includes investor members must  
make decisions as a group on which enterprises are worthy of investments.~~

~~g. Be certified as an angel fund that meets the requirements of this section by the  
department of commerce.~~

~~h. Be in compliance with the securities laws of this state.~~

~~i. Within thirty days after the date on which an investment in an angel fund is made,  
the angel fund shall file with the tax commissioner and provide to the investor  
completed forms prescribed by the tax commissioner which show as to each  
investment in the angel fund the following:~~

~~(1) The name, address, and social security number or federal employer  
identification number of the taxpayer or passthrough entity that made the  
investment;~~

~~(2) The dollar amount remitted by the taxpayer or passthrough entity; and~~

~~(3) The date the payment was received by the angel fund for the investment.~~

~~j. Within thirty days after the end of a calendar year, the angel fund shall file with  
the tax commissioner a report showing the name and principal place of business  
of each enterprise in which the angel fund has an investment.~~

~~**SECTION 2.** A new section to chapter 57-38 of the North Dakota Century Code is created  
and enacted as follows:~~

1 ~~— **Corporate credit for contributions to rural leadership North Dakota.**~~

2 ~~— There is allowed a credit against the tax imposed by section 57-38-30 in an amount equal to~~  
3 ~~fifty percent of the aggregate amount of contributions made by the taxpayer during the taxable~~  
4 ~~year for tuition scholarships for participation in rural leadership North Dakota conducted through~~  
5 ~~the North Dakota state university extension service. Contributions by a taxpayer may be~~  
6 ~~earmarked for use by a designated recipient.~~

7 ~~— **SECTION 3. AMENDMENT.** Section 57-38-30 of the North Dakota Century Code is~~  
8 ~~amended and reenacted as follows:~~

9 ~~— **57-38-30. Imposition and rate of tax on corporations.**~~

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

12 ~~— 1. For the first twenty-five thousand dollars of taxable income, at the rate of one and~~  
13 ~~sixty-eightforty-eight hundredths percent.~~

14 ~~— 2. On all taxable income exceeding twenty-five thousand dollars and not exceeding fifty~~  
15 ~~thousand dollars, at the rate of fourthree and twenty-threeseventy-three hundredths~~  
16 ~~percent.~~

17 ~~— 3. On all taxable income exceeding fifty thousand dollars, at the rate of fivefour and~~  
18 ~~fifteenfifty-three hundredths percent.~~

19 ~~— **SECTION 4. AMENDMENT.** Subsection 1 of section 57-38-30.3 of the North Dakota~~  
20 ~~Century Code is amended and reenacted as follows:~~

21 ~~— 1. A tax is hereby imposed for each taxable year upon income earned or received in that~~  
22 ~~taxable year by every resident and nonresident individual, estate, and trust. A taxpayer~~  
23 ~~computing the tax under this section is only eligible for those adjustments or credits~~  
24 ~~that are specifically provided for in this section. Provided, that for purposes of this~~  
25 ~~section, any person required to file a state income tax return under this chapter, but~~  
26 ~~who has not computed a federal taxable income figure, shall compute a federal~~  
27 ~~taxable income figure using a pro forma return in order to determine a federal taxable~~  
28 ~~income figure to be used as a starting point in computing state income tax under this~~  
29 ~~section. The tax for individuals is equal to North Dakota taxable income multiplied by~~  
30 ~~the rates in the applicable rate schedule in subdivisions a through d corresponding to~~

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1 an individual's filing status used for federal income tax purposes. For an estate or  
2 trust, the schedule in subdivision e must be used for purposes of this subsection.  
3 ~~a. Single, other than head of household or surviving spouse.~~  
4 ~~If North Dakota taxable income is: The tax is equal to:~~  
5 ~~Not over \$34,500~~\$36,250~~ 1.51%~~1.22%~~~~  
6 ~~Over \$34,500~~\$36,250~~ \$520.95~~\$441.20~~ plus 2.82%~~2.27%~~~~  
7 ~~but not over \$83,600~~\$87,850~~ of amount over \$34,500~~\$36,250~~~~  
8 ~~Over \$83,600~~\$87,850~~ \$1,905.57~~\$1,614.06~~ plus~~  
9 ~~3.13%~~2.52%~~~~  
10 ~~but not over \$174,400~~\$183,250~~ of amount over \$83,600~~\$87,850~~~~  
11 ~~Over \$174,400~~\$183,250~~ \$4,747.61~~\$4,020.85~~ plus~~  
12 ~~3.63%~~2.93%~~~~  
13 ~~but not over \$379,150~~\$398,350~~ of amount over~~  
14 ~~\$174,400~~\$183,250~~~~  
15 ~~Over \$379,150~~\$398,350~~ \$12,180.04~~\$10,314.36~~ plus~~  
16 ~~3.99%~~3.22%~~~~  
17 ~~of amount over~~  
18 ~~\$379,150~~\$398,350~~~~  
19 ~~b. Married filing jointly and surviving spouse.~~  
20 ~~If North Dakota taxable income is: The tax is equal to:~~  
21 ~~Not over \$57,700~~\$60,650~~ 1.51%~~1.22%~~~~  
22 ~~Over \$57,700~~\$60,650~~ \$871.27~~\$738.17~~ plus 2.82%~~2.27%~~~~  
23 ~~but not over \$139,350~~\$146,400~~ of amount over \$57,700~~\$60,650~~~~  
24 ~~Over \$139,350~~\$146,400~~ \$3,173.80~~\$2,687.25~~ plus~~  
25 ~~3.13%~~2.52%~~~~  
26 ~~but not over \$212,300~~\$223,050~~ of amount over~~  
27 ~~\$139,350~~\$146,400~~~~  
28 ~~Over \$212,300~~\$223,050~~ \$5,457.14~~\$4,621.01~~ plus~~  
29 ~~3.63%~~2.93%~~~~  
30 ~~but not over \$379,150~~\$398,350~~ of amount over~~  
31 ~~\$212,300~~\$223,050~~~~

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1 ~~Over \$379,150~~~~\$398,350~~ ~~\$11,513.79~~~~\$9,750.03~~ plus  
2 ~~3.99%~~~~3.22%~~  
3 ~~of amount over~~  
4 ~~\$379,150~~~~\$398,350~~  
5 ~~c. Married filing separately.~~  
6 ~~If North Dakota taxable income is: The tax is equal to:~~  
7 ~~Not over \$28,850~~~~\$30,325~~ ~~1.51%~~~~1.22%~~  
8 ~~Over \$28,850~~~~\$30,325~~ ~~\$435.64~~~~\$369.08~~ plus ~~2.82%~~~~2.27%~~  
9 ~~but not over \$69,675~~~~\$73,200~~ ~~of amount over \$28,850~~~~\$30,325~~  
10 ~~Over \$69,675~~~~\$73,200~~ ~~\$1,586.90~~~~\$1,343.62~~ plus  
11 ~~3.13%~~~~2.52%~~  
12 ~~but not over \$106,150~~~~\$111,525~~ ~~of amount over \$69,675~~~~\$73,200~~  
13 ~~Over \$106,150~~~~\$111,525~~ ~~\$2,728.57~~~~\$2,310.50~~ plus  
14 ~~3.63%~~~~2.93%~~  
15 ~~but not over \$189,575~~~~\$199,175~~ ~~of amount over~~  
16 ~~\$106,150~~~~\$111,525~~  
17 ~~Over \$189,575~~~~\$199,175~~ ~~\$5,756.90~~~~\$4,875.01~~ plus  
18 ~~3.99%~~~~3.22%~~  
19 ~~of amount over~~  
20 ~~\$189,575~~~~\$199,175~~  
21 ~~d. Head of household.~~  
22 ~~If North Dakota taxable income is: The tax is equal to:~~  
23 ~~Not over \$46,250~~~~\$48,600~~ ~~1.51%~~~~1.22%~~  
24 ~~Over \$46,250~~~~\$48,600~~ ~~\$698.38~~~~\$591.51~~ plus ~~2.82%~~~~2.27%~~  
25 ~~but not over \$119,400~~~~\$125,450~~ ~~of amount over \$46,250~~~~\$48,600~~  
26 ~~Over \$119,400~~~~\$125,450~~ ~~\$2,761.21~~~~\$2,338.29~~ plus  
27 ~~3.13%~~~~2.52%~~  
28 ~~but not over \$193,350~~~~\$203,150~~ ~~of amount over~~  
29 ~~\$119,400~~~~\$125,450~~  
30 ~~Over \$193,350~~~~\$203,150~~ ~~\$5,075.84~~~~\$4,298.54~~ plus  
31 ~~3.63%~~~~2.93%~~

1 ~~\_\_\_\_\_ but not over \$379,150\$398,350 \_\_\_\_\_ of amount over-~~

2 ~~\$193,350\$203,150~~

3 ~~\_\_\_\_\_ Over \$379,150\$398,350 \_\_\_\_\_ \$11,820.38\$10,009.80 plus-~~

4 ~~3.99%3.22%~~

5 ~~\_\_\_\_\_ of amount over-~~

6 ~~\$379,150\$398,350~~

7 ~~\_\_\_\_\_ e. Estates and trusts.~~

8 ~~\_\_\_\_\_ If North Dakota taxable income is: \_\_\_\_\_ The tax is equal to:~~

9 ~~\_\_\_\_\_ Not over \$2,300\$2,450 \_\_\_\_\_ 1.51%1.22%~~

10 ~~\_\_\_\_\_ Over \$2,300\$2,450 \_\_\_\_\_ \$34.73\$29.82 plus 2.82%2.27%~~

11 ~~\_\_\_\_\_ but not over \$5,450\$5,700 \_\_\_\_\_ of amount over \$2,300\$2,450~~

12 ~~\_\_\_\_\_ Over \$5,450\$5,700 \_\_\_\_\_ \$123.56\$103.69 plus 3.13%2.52%~~

13 ~~\_\_\_\_\_ but not over \$8,300\$8,750 \_\_\_\_\_ of amount over \$5,450\$5,700~~

14 ~~\_\_\_\_\_ Over \$8,300\$8,750 \_\_\_\_\_ \$212.77\$180.64 plus 3.63%2.93%~~

15 ~~\_\_\_\_\_ but not over \$11,350\$11,950 \_\_\_\_\_ of amount over \$8,300\$8,750~~

16 ~~\_\_\_\_\_ Over \$11,350\$11,950 \_\_\_\_\_ \$323.48\$274.27 plus 3.99%3.22%~~

17 ~~\_\_\_\_\_ of amount over \$11,350\$11,950~~

18 ~~\_\_\_\_\_ f. For an individual who is not a resident of this state for the entire year, or for a~~  
19 ~~nonresident estate or trust, the tax is equal to the tax otherwise computed under~~  
20 ~~this subsection multiplied by a fraction in which:~~

21 ~~\_\_\_\_\_ (1) The numerator is the federal adjusted gross income allocable and~~  
22 ~~apportionable to this state; and~~

23 ~~\_\_\_\_\_ (2) The denominator is the federal adjusted gross income from all sources~~  
24 ~~reduced by the net income from the amounts specified in subdivisions a and~~  
25 ~~b of subsection 2.~~

26 ~~In the case of married individuals filing a joint return, if one spouse is a resident~~  
27 ~~of this state for the entire year and the other spouse is a nonresident for part or~~  
28 ~~all of the tax year, the tax on the joint return must be computed under this~~  
29 ~~subdivision.~~

30 ~~\_\_\_\_\_ g. The tax commissioner shall prescribe new rate schedules that apply in lieu of the~~  
31 ~~schedules set forth in subdivisions a through e. The new schedules must be~~

1 determined by increasing the minimum and maximum dollar amounts for each  
2 income bracket for which a tax is imposed by the cost-of-living adjustment for the  
3 taxable year as determined by the secretary of the United States treasury for  
4 purposes of section 1(f) of the United States Internal Revenue Code of 1954, as  
5 amended. For this purpose, the rate applicable to each income bracket may not  
6 be changed, and the manner of applying the cost-of-living adjustment must be  
7 the same as that used for adjusting the income brackets for federal income tax  
8 purposes:

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

13 ~~SECTION 5. EFFECTIVE DATE.~~ This Act is effective for taxable years beginning after  
14 December 31, 2012.

15 **SECTION 1.** Section 57-20-07.2 of the North Dakota Century Code is created and enacted  
16 as follows:

17 **57-20-07.2. State-paid property tax relief credit.**

- 18 1. The owner of taxable property is entitled to a credit against property taxes levied  
19 against the total amount of property or mobile home taxes in dollars levied against the  
20 taxable value of the property. The credit is equal to twelve and one-half percent of  
21 property or mobile home taxes levied in dollars against that property.
- 22 2. The owner, operator, or lessee of railroad property assessed by the state board of  
23 equalization under chapter 57-05 or public utility operative property assessed by the  
24 state board of equalization under chapter 57-06 is entitled to a credit against property  
25 taxes levied within each county against that property in the amount provided in  
26 subsection 1 against property taxes levied in dollars against that property in that  
27 county.
- 28 3. The owner, operator, or lessee of operative property of an air carrier transportation  
29 company assessed and taxed under chapter 57-32 is entitled to a credit in the amount  
30 provided in subsection 1 against property taxes in dollars levied against that property.  
31 The tax commissioner shall determine the total amount of credits under this

1 subsection and certify the amount to the state treasurer for transfer from the general  
2 fund to the air transportation fund. The credit for each air transportation company must  
3 be allocated to each city or municipal airport authority where that company makes  
4 regularly scheduled landings, in the same manner as the tax collected from that  
5 company is allocated.

6 4. The tax commissioner shall determine the total amount of credits under this section for  
7 each county from the abstract of the tax list filed by the county auditor under section  
8 57-20-04, as audited and corrected by the tax commissioner. The tax commissioner  
9 shall certify to the state treasurer for payment, by June first following receipt of the  
10 abstract of the tax list, the amount determined for each county under this subsection.  
11 No penalty or interest applies to any state payment under this section, regardless of  
12 when the payment is made.

13 5. Upon receipt of the payment from the state treasurer under subsection 4, the county  
14 treasurer shall apportion and distribute the payment to the county and the taxing  
15 districts in the county on the basis on which the general real estate tax for the  
16 preceding year is apportioned and distributed.

17 6. After payments to counties under subsection 4 have been made, the tax commissioner  
18 shall certify to the state treasurer as necessary any supplemental amounts payable to  
19 counties or the air transportation fund or any amounts that must be returned by  
20 counties or returned from the air transportation fund for deposit in the state general  
21 fund to correct any errors in payments or reflect any abatement or compromise of  
22 taxes, court-ordered tax reduction or increase, or levy of taxes against omitted  
23 property. The county auditor shall provide any supplemental information requested by  
24 the tax commissioner after submission of the abstract of the tax list. The county  
25 treasurer shall apply to the tax commissioner for any supplemental payments to which  
26 the county treasurer believes the county is entitled.

27 7. Notwithstanding any other provision of law, for any property other than mobile homes,  
28 the property tax credit under this section does not apply to any property subject to  
29 payments or taxes that are stated by law to be in lieu of personal or real property  
30 taxes.



1 |     **SECTION 2. APPROPRIATION.** There is appropriated out of any moneys in the general  
2 | fund in the state treasury, not otherwise appropriated, the sum of \$250,000,000, or so much of  
3 | the sum as may be necessary, to the state treasurer for the purpose of state-paid property tax  
4 | relief credits under section 57-20-07.2, for the biennium beginning July 1, 2013, and ending  
5 | June 30, 2015.

6 |     **SECTION 3. EFFECTIVE DATE.** This Act becomes effective July 1, 2013.