

HOUSE BILL 1388

1 As of January 1, 2025

Married filing jointly and Qualifying surviving spouse

If North Dakota

taxable income is:

<u>Over</u>	<u>But Not Over</u>	<u>Your Tax is:</u>			
\$0	\$80,975	\$0			
\$80,975	\$298,075	\$0 Plus	1.95% of the amount over	\$80,975	
\$298,075		\$4,233.45 Plus	2.50% of the amount over	\$298,075	

2 HB 1388 Effective for taxable years beginning after December 31, 2024

Married filing jointly and Qualifying surviving spouse

If North Dakota

taxable income is:

<u>Over</u>	<u>But Not Over</u>	<u>Your Tax is:</u>			
\$0	\$96,950	\$0			
\$96,950	\$489,650	\$0 Plus	1.95% of the amount over	\$96,950	
\$489,650		\$7,657.65 Plus	2.50% of the amount over	\$489,650	

TCJA

3 **Federal Standard Deduction for 2025**

Married \$30,000

ND
Taxable Federal
 Gross

\$80,975	\$110,975
\$96,950	\$126,950
\$298,075	\$328,075
\$489,650	\$519,650

4 **Maximum Benefit**

1st bracket \$15,975 1.95% \$311.51

2nd bracket \$191,575 0.55% \$1,053.66

\$1,365.18 or .3% of total federal gross income of \$519,650

15,000 filers will move to the zero bracket (+3% = 64% at zero)

9,000 filers will move from the top bracket

Married returns currently up to a gross income of \$110,975 are unaffected.

5 **Fiscal Note**

\$55,014,000

(\$16,470,000) Marriage Credit

\$1,014,000 Married Filing Separately

\$965,000 Head of Household

\$34,000 Surviving Spouse

\$40,557,000

HB 1158 from last session - Impact on 2023 Income Taxes

<u>Tax Bracket</u>		<u>Net Tax Liability</u>		Resident		Non-Resident	
1	0%	\$0		\$0		\$0	
2	1.95%	\$105,305,473	37.1%	\$94,391,717	41.6%	\$10,913,756	19.2%
3	2.50%	\$178,682,162	62.9%	\$132,758,358	58.4%	\$45,923,804	80.8%
Net Tax Totals		<u>\$283,987,635</u>	100.0%	<u>\$227,150,075</u>	100.0%	<u>\$56,837,560</u>	100.0%
		100.0%		80.0%		20.0%	
Net Royalty Tax		\$27,447,428		\$13,195,646		\$14,251,782	
		100.0%		48.1%		51.9%	
Percent of Net Tax		9.7%		5.8%		25.1%	
Number of Returns							
1	0%	282,410	60.9%	229,326	64.7%	53,084	48.4%
2	1.95%	153,552	33.1%	113,770	32.1%	39,782	36.3%
3	2.50%	28,098	6.1%	11,237	3.2%	16,861	15.4%
Totals		<u>464,060</u>	100.0%	<u>354,333</u>	100.0%	<u>109,727</u>	100.0%
		100.0%		76.4%		23.6%	
Passthrough Entity							
1	0%	\$0		\$0		\$0	
2	1.95%	\$16,867,793	13.7%	\$13,945,022	14.9%	\$2,922,771	9.9%
3	2.50%	\$106,172,966	86.3%	\$79,516,479	85.1%	\$26,656,484	90.1%
Totals		<u>\$123,040,759</u>	100.0%	<u>\$93,461,501</u>	100.0%	<u>\$29,579,255</u>	100.0%
		100.0%		76.0%		24.0%	
Percent of Net Tax		43.3%		41.1%		52.0%	