

FISCAL NOTE
HOUSE BILL NO. 1158
LC# 23.0351.02000
01/10/2023

1 - State Fiscal Effect

Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.

	2021-2023 Biennium		2023-2025 Biennium		2025-2027 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$(566,400,000)			
Expenditures						
Appropriations						

2 - County, City, School District, and Township Fiscal Effect

Identify the fiscal effect on the appropriate political subdivision.

	2021-2023 Biennium	2023-2025 Biennium	2025-2027 Biennium
Counties			
Cities			
School Districts			
Townships			

3 - Bill and Fiscal Impact Summary

Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).

HB 1158 imposes a flat income tax rate of 1.5% for individuals, estates, and trusts.

4 - Fiscal Impact Sections Detail

Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.

HB 1158 will change the individual income tax brackets from the current 5 level bracket system to a single level system for each filing type. North Dakota taxable income amounts below the specified amounts will not be subject to individual income tax. North Dakota taxable income amounts above the specified amounts will be subject to a 1.5% individual income tax rate.

Single, other than head of household or qualifying widow(er) filers are subject to a 1.5% individual income rate on

North Dakota taxable income greater than \$44,725.

Married filing jointly and qualifying widow(er) filers are subject to a 1.5% individual income tax rate on North Dakota taxable income greater than \$74,750.

Married filing separately filers are subject to a 1.5% individual income tax rate on North Dakota taxable income greater than \$37,375.

Head of household filers are subject to a 1.5% individual income tax rate on North Dakota taxable income greater than \$59,950.

Please note that the North Dakota Taxable Income amounts do not reflect the Federal Standard Deduction and differ from Federal Adjusted Gross Income (AGI). To reach a rough approximation of a Federal Adjusted Gross Income (AGI) equivalent, add the appropriate Federal Standard Deduction to the North Dakota Taxable Income amounts listed above. For tax year 2023, the Federal Standard Deduction amounts are as follows:

Single and married filing separately \$13,850

Married filing jointly and qualifying widow(er) \$27,700

Head of household \$20,800

5 - Revenues Detail

For information shown under state fiscal effect in 1 or 2, please explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

If enacted, HB 1158 is expected to reduce the state general fund revenue by an estimated \$566.4 million in the 2023-2025 biennium.

The amounts are based in part on the forecasted economic growth. If significant changes are made to the forecasted economic growth, then the estimated fiscal impact could also change.

6 - Expenditures Detail

For information shown under state fiscal effect in 1 or 2, please explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

7 - Appropriations Detail

For information shown under state fiscal effect in 1 or 2, please explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.

Contact Information

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Date Prepared: 01/10/2023

BracketLevel	FilingStatus	Lower	Upper	OriginalTaxRate	UpdatedTaxRate	OriginalBaseTax	UpdatedBaseTax	ReturnCount	OriginalNetTaxLiability	UpdatedNetTaxLiability	DifferenceInNetTaxLiability	Original
1	1	0	44725	0.011	0	0	0	158622	22,122,406	-	(22,122,406)	
2	1	44725	108325	0.0204	0.015	491.98	0	45190	34,827,919	11,804,136	(23,023,783)	
3	1	108325	225975	0.0227	0.015	1789.42	954	9466	17,095,332	9,673,319	(7,422,013)	
4	1	225975	491350	0.0264	0.015	4460.08	2718.75	2774	10,353,903	6,026,820	(4,327,083)	
5	1	491350	1E+12	0.029	0.015	11465.98	6699.375	1926	33,256,645	16,629,184	(16,627,461)	
1	2	0	74750	0.011	0	0	0	85868	23,676,776	-	(23,676,776)	
2	2	74750	180550	0.0204	0.015	822.25	0	71034	90,971,052	31,831,692	(59,139,360)	
3	2	180550	275100	0.0227	0.015	2980.57	1587	15737	40,363,280	22,048,522	(18,314,758)	
4	2	275100	491350	0.0264	0.015	5126.86	3005.25	10185	40,735,402	22,972,738	(17,762,664)	
5	2	491350	1E+12	0.029	0.015	10835.86	6249	11841	131,805,945	64,057,452	(67,748,493)	
1	3	0	37375	0.011	0	0	0	4417	671,751	-	(671,751)	
2	3	37375	90275	0.0204	0.015	411.13	0	2761	1,924,708	673,829	(1,250,879)	
3	3	90275	137550	0.0227	0.015	1490.29	793.5	553	857,499	477,829	(379,670)	
4	3	137550	245675	0.0264	0.015	2563.43	1502.625	268	637,345	365,363	(271,982)	
5	3	245675	1E+12	0.029	0.015	5417.93	3124.5	369	12,041,338	4,184,441	(7,856,897)	
1	4	0	59950	0.011	0	0	0	30652	5,720,063	-	(5,720,063)	
2	4	59950	154750	0.0204	0.015	659.45	0	5136	5,303,319	1,763,010	(3,540,309)	
3	4	154750	250550	0.0227	0.015	2593.37	1422	528	1,306,772	746,826	(559,946)	
4	4	250550	491350	0.0264	0.015	4768.03	2859	248	971,281	563,589	(407,692)	
5	4	491350	1E+12	0.029	0.015	11125.15	6471	249	2,540,279	1,252,105	(1,288,174)	
1	5	0	74750	0.011	0	0	0	175	34,058	-	(34,058)	
2	5	74750	180550	0.0204	0.015	822.25	0	35	33,595	12,054	(21,541)	
3	5	180550	275100	0.0227	0.015	2980.57	1587	10	27,720	15,612	(12,108)	
4	5	275100	491350	0.0264	0.015	5126.86	3005.25	6	30,528	17,725	(12,803)	
5	5	491350	1E+12	0.029	0.015	10835.86	6249	8	44,328	22,620	(21,708)	
									477,353,244	195,138,866	(282,214,378)	

BracketLevel	FilingStatus	Lower	Upper	OriginalTaxRate	UpdatedTaxRate	OriginalBaseTax	UpdatedBaseTax	ReturnCount	OriginalNetTaxLiability	UpdatedNetTaxLiability	DifferenceInNetTaxLiability	Original
1	1	0	44725	0.011	0	0	0	158109	22,052,960	-	(22,052,960)	
2	1	44725	108325	0.0204	0.015	491.98	0	45543	35,201,954	11,955,012	(23,246,942)	
3	1	108325	225975	0.0227	0.015	1789.42	954	9589	17,375,713	9,833,454	(7,542,259)	
4	1	225975	491350	0.0264	0.015	4460.08	2718.75	2795	10,468,050	6,096,160	(4,371,890)	
5	1	491350	1E+12	0.029	0.015	11465.98	6699.375	1942	33,601,533	16,800,853	(16,800,680)	
1	2	0	74750	0.011	0	0	0	85390	23,530,101	-	(23,530,101)	
2	2	74750	180550	0.0204	0.015	822.25	0	71126	91,396,664	32,085,915	(59,310,749)	
3	2	180550	275100	0.0227	0.015	2980.57	1587	15921	40,904,906	22,341,663	(18,563,243)	
4	2	275100	491350	0.0264	0.015	5126.86	3005.25	10285	41,201,808	23,245,568	(17,956,240)	
5	2	491350	1E+12	0.029	0.015	10835.86	6249	11943	133,573,138	64,955,978	(68,617,160)	
1	3	0	37375	0.011	0	0	0	4395	667,950	-	(667,950)	
2	3	37375	90275	0.0204	0.015	411.13	0	2779	1,947,438	685,397	(1,262,041)	
3	3	90275	137550	0.0227	0.015	1490.29	793.5	552	858,647	478,722	(379,925)	
4	3	137550	245675	0.0264	0.015	2563.43	1502.625	270	644,912	369,621	(275,291)	
5	3	245675	1E+12	0.029	0.015	5417.93	3124.5	372	12,171,268	4,251,078	(7,920,190)	
1	4	0	59950	0.011	0	0	0	30592	5,725,409	-	(5,725,409)	
2	4	59950	154750	0.0204	0.015	659.45	0	5184	5,375,401	1,793,744	(3,581,657)	
3	4	154750	250550	0.0227	0.015	2593.37	1422	535	1,313,784	750,045	(563,739)	
4	4	250550	491350	0.0264	0.015	4768.03	2859	253	1,004,244	582,950	(421,294)	
5	4	491350	1E+12	0.029	0.015	11125.15	6471	249	2,561,877	1,263,032	(1,298,845)	
1	5	0	74750	0.011	0	0	0	174	33,464	-	(33,464)	
2	5	74750	180550	0.0204	0.015	822.25	0	36	34,772	12,307	(22,465)	
3	5	180550	275100	0.0227	0.015	2980.57	1587	10	27,975	15,780	(12,195)	
4	5	275100	491350	0.0264	0.015	5126.86	3005.25	6	30,806	17,883	(12,923)	
5	5	491350	1E+12	0.029	0.015	10835.86	6249	8	44,838	22,828	(22,010)	
									481,749,612	197,557,990	(284,191,622)	
										Tax Year 2023	(282,214,378)	
										Biennium Total	(566,406,000)	