

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

3 TCJA
Federal Standard Deduction for 2025

		<u>ND Taxable</u>	<u>Federal Gross</u>
Married	\$30,000	\$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%	<u>\$1,053.66</u>
			\$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
<u>\$40,557,000</u>	

HB 1158 from last session - Impact on 2023 Income Taxes

Tax Bracket		Net Tax Liability		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		\$283,987,635	100.0%	\$227,150,075	100.0%	\$56,837,560	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		464,060	100.0%	354,333	100.0%	109,727	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		\$123,040,759	100.0%	\$93,461,501	100.0%	\$29,579,255	100.0%
		100.0%		76.0%		24.0%	
Percent of Net Tax		43.3%		41.1%		52.0%	