



Testimony

Senate Finance and Taxation Committee

Senate Bill 2047

January 8, 2025

Chairman Weber, and members of the Senate Finance & Taxation Committee:

I am Tax Commissioner Brian Kroshus and I am here to provide testimony in support of Senate Bill 2047. Senate Bill 2047 amends North Dakota income tax withholding requirements to avoid tax being unnecessarily withheld from military pay earned by servicemembers in North Dakota.

The 2023 Legislative Assembly passed Senate Bill 2293, exempting military pay from state income tax for active duty, National Guard, and Reserve members. Although military pay is no longer subject to North Dakota income tax, existing law still requires that tax be withheld from military pay. The existing law results in unnecessary withholding from exempt wages and delays servicemembers' receipt of a portion of their exempt military pay.

Senate Bill 2047 creates an exception to the income withholding requirements providing that tax cannot be withheld from military pay unless the servicemember specifically requests that tax be withheld. This simple change ensures servicemembers receive all their exempt military pay as quickly as they earn it and avoids unnecessary withholding and refunding of military pay that is exempt from North Dakota income tax.

This bill is effective for taxable years beginning after December 31, 2025.

Chairman Weber, and members of the Committee, I respectfully request favorable consideration of Senate Bill 2047. I am available for any questions you may have. Thank you.

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