

**FISCAL NOTE**  
**SENATE BILL NO. 2293**  
**LC# 23.0497.02000**  
**01/23/2023**

**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			\$(4,000,000)			
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).*

SB 2293 modifies an income tax deduction for military pay.

## 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.*

If enacted, SB 2293 would expand an existing income tax deduction for military pay. SB 2293 would reduce North Dakota taxable income by the amount of military pay received by a taxpayer that is a member of the armed forces of the United States on federal active duty, member of the national guard, or reserve member of the armed forces of the United States, provided that military pay is included in the taxpayer's North Dakota taxable income.

Military pay includes all federal pay for training, education, mobilization, and bonuses as well as state pay when called to support an emergency on state active duty.

## 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.*

According to North Dakota tax year 2021 W-2 filings from all branches of the military (Army, Air Force, Navy, Marine Corps, and Coast Guard), the total North Dakota taxable income amount is \$186,004,101 for 6,940 individuals. The estimated income tax collected from these individuals is approximately \$2,046,045.

According to North Dakota tax year 2021 W-2 filings from state only national guard active duty service members, the total North Dakota taxable income amount is \$98,064 for 41 individuals. The estimated income tax collected from these individuals is approximately \$1,079.

The current active military pay deduction in tax year 2021 was claimed by 183 individuals for a total North Dakota taxable income deduction of \$7,330,192. This reduced income results in an estimated loss of \$80,632 in individual income tax collection.

If enacted, SB 2293 will cause a reduction in state general fund revenues. To calculate the net revenue amount, add the estimated income tax collections from all branches of the military to the state only national guard active duty and subtract off the existing active military deduction. The estimated decrease in general fund revenue for the upcoming 2023-2025 biennium is \$4,000,000.

## 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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