

FISCAL NOTE
SENATE BILL NO. 2093
LC# 25.0009.03000
04/10/2025

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.

	2023-2025 Biennium		2025-2027 Biennium		2027-2029 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$(20,000,000)		\$(20,000,000)	
Expenditures						
Appropriations						

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

Identify the fiscal effect on the appropriate political subdivision.

	2023-2025 Biennium	2025-2027 Biennium	2027-2029 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 2093 updates the income tax brackets and extends the existing income tax deduction for law enforcement personnel benefits to include retired law enforcement personnel benefits paid to the surviving spouse of a deceased qualified retired peace officer.

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.

Section 1 of the bill updates the individual income tax brackets to the following, based on North Dakota taxable income:

Single, other than head of household or surviving spouse filers would be subject to a 1.95% tax rate for income over

\$51,300 but not over \$244,825 and would be subject to a 2.5% tax rate for income over \$244,825.

Married filing jointly and surviving spouse filers would be subject to a 1.95% tax rate for income over \$85,700 but not over \$298,075 and would be subject to a 2.5% tax rate for income over \$298,075.

Married filing separately filers would be subject to a 1.95% tax rate for income over \$42,850 but not over \$149,025 and would be subject to a 2.5% tax rate for income over \$149,025.

Head of household filers would be subject to a 1.95% tax rate for income over \$68,700 but not over \$271,450 and would be subject to a 2.5% tax rate for income over \$271,450.

Estates and trusts would be subject to a 1.95% tax rate for income over \$3,250 but not over \$11,650 and would be subject to a 2.5% tax rate for income over \$11,650.

Section 2 of the bill excludes 100% of the retired law enforcement personnel benefits of a qualified retired peace officer or surviving spouse of a deceased qualified retired peace officer.

Section 3 applies a retroactive effective date for section 2 of the bill.

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, increasing the income threshold for the \$0 bracket would cause a reduction of revenues to the general fund of an estimated \$10 million per tax year, or \$20 million for the biennium.

In the 2023 session, SB 2147 created an income tax deduction for retired law enforcement personnel benefits.

For tax year 2023, there were 256 claims for a total deduction amount of \$13,300,571. This calculates to an average North Dakota taxable income of \$51,955. As an example, considering the 0% bracket for the first \$44,750 of income for individuals and applying the tax rate of 1.95% to the remaining \$7,205 in taxable income, the reduction in revenue in this scenario calculates to \$35,967.

While the extension of this exclusion would cause a reduction in state general fund revenues, the number of individuals eligible for the credit and the retirement income for said individuals remains unknown and the impact is not able to be determined. Because this bill amends the existing deduction for retired law enforcement personnel benefits, the overall impact would be a small percentage and immaterial.

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

Name: Shailyn Hieb

Agency: Office of State Tax Commissioner

Telephone: 7013283007

Date Prepared: 04/10/2025