

FISCAL NOTE
HOUSE BILL NO. 1388
LC# 25.1052.01000
01/21/2025

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			\$(40,557,000)		\$(40,557,000)	
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).

Section 1 of HB 1388 modifies the income tax rates for individuals, estates, and trusts. Sections 2 and 3 repeal the marriage penalty credit for couples filing a joint return.

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.

The proposed rates by filing method are as follows:

Single, other than head of household or surviving spouse, and married filing separately filers would be subject to a 0% individual income rate on North Dakota taxable income not over \$48,475. North Dakota taxable income over \$48,475 and not over \$244,825 would be subject to a 1.95% rate. North Dakota taxable income over \$244,825

would be subject to a 2.5% rate.

Married filing jointly and surviving spouse filers would be subject to a 0% individual income rate on North Dakota taxable income not over \$96,950. North Dakota taxable income over \$96,950 and not over \$489,650 would be subject to a 1.95% rate. North Dakota taxable income over \$489,650 would be subject to a 2.5% rate.

Head of household filers would be subject to a 0% individual income rate on North Dakota taxable income not over \$72,713. North Dakota taxable income over \$72,713 and not over \$367,238 would be subject to a 1.95% rate. North Dakota taxable income over \$367,238 would be subject to a 2.5% rate.

Estates and trusts would be subject to a 0% rate on North Dakota taxable income not over \$3,250. North Dakota taxable income over \$3,250 and not over \$11,650 would be subject to a 1.95% rate. North Dakota taxable income over \$11,650 would be subject to a 2.5% rate.

These tax rates for single filers and for estates and trusts do not differ from the currently published 2025 tax rates, so the anticipated fiscal impact is determined by the adjustments to the married filing jointly and surviving spouse, married filing separately, and head of household filers along with the repeal of the marriage penalty credit.

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, SB 1388 is estimated to have a total fiscal impact of \$40,557,000 in reduced general fund revenue per biennium. The impact of doubling the single bracket for married filing joint filers would reduce revenues by \$55,014,000, which would be partially offset by the repeal of the marriage penalty credit of \$16,470,000, for a net impact on married filing joint filers of \$38,544,000. The estimated reduction in revenue for married filing separately filers is \$1,014,000, the estimated reduction in revenue for head of household filers is \$965,000, and the estimated reduction in revenue for surviving spouse filers is \$34,000.

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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