



TAX REFORM AND RELIEF ADVISORY COMMITTEE

Tuesday, September 23, 2025





Federal Income Tax Legislation

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One Big Beautiful Bill Act (OBBBA)

H.R. 1 (P.L. 119-21)

Key TCJA Extensions from 2018-2025 (no new impacts)

Individuals

- Changes to federal tax brackets (10%, 12%, 22%, 24%, 32%, 35%, 37%)
- Increased standard deductions to \$15,000 / \$30,000
- Repeal of personal exemption deduction
- Increased child tax credits to \$2,000
- Tax credit for other dependents \$500
- New limits on various itemized deductions (state and local taxes)
- Estate tax - higher exemption limits

Businesses

- 20% deduction for qualified (non-corporate) business income
- New limits on various deductions (interest expense, NOLs, etc.)
- International provisions -
 - Modified "territorial" system
 - New provisions to reduce shifting income to low-tax countries
 - One-time (2017) taxation of accumulated foreign earnings

North Dakota Individual Income Tax

2025 Tax Brackets

Single

If North Dakota taxable income is:

Over	But not over	Your tax is:
\$0	\$48,475	\$0+ 0.00% of ND taxable income
\$48,475	\$244,825	\$0+ 1.95% of the amount over \$48,475
\$244,825		\$3283.83 + 2.50% of the amount over \$244,825

Effective "gross" income zero bracket \$63,475
(\$48,475 plus \$15,000 standard deduction)

Married filing jointly and Qualifying surviving spouse

If North Dakota taxable income is:

Over	But not over	Your tax is:
\$0	\$80,975	\$0+ 0.00% of ND taxable income
\$80,975	\$298,075	\$0+ 1.95% of the amount over \$80,975
\$298,075		\$4233.45 + 2.50% of the amount over \$298,075

Effective "gross" income zero bracket \$110,975
(\$80,975 plus \$30,000 standard deduction)

OBBBA Impacts Income Taxes

	FY26	FY27	Two-year Biennium FY28 & FY29	Two-year Biennium FY30 & FY31
Estimated impact on collections (in millions \$)				
Individuals (Individual)	(26)	(29)	(58)	(14)
Businesses (Corporate and Individual)	<u>(51)</u>	<u>(23)</u>	<u>(35)</u>	<u>(12)</u>
Total Estimated Impact	(77)	(52)	(93)	(26)

OBBBA Impacts Individual Income Tax

Estimated impact on collections (in millions \$)

				Two-year Biennium	Two-year Biennium
		<u>FY26</u>	<u>FY27</u>	<u>FY28 & FY29</u>	<u>FY30 & FY31</u>
Individuals					
a. Increase to standard deduction by \$750 / \$1,500	2025	(3)	(3)	(6)	(6)
b. Additional \$6,000 standard deduction for some seniors	2025-2028	(4)	(4)	(8)	0
c. Tip income – exclusion up to \$25,000	2025-2028	(1)	(1)	(2)	0
d. Overtime pay - exclusion up to \$12,500 / \$25,000	2025-2028	(13)	(13)	(26)	0
e. Deduction for certain auto loan interest up to \$10,000	2025-2028	(3)	(3)	(6)	0
f. Increased deduction for state / local taxes - \$40,000	2025-2029	(2)	(2)	(4)	(2)
g. Deduction for charitable contributions – \$1,000 / \$2,000	2026	0	(2)	(4)	(4)
h. Increase to child tax credit - \$2,000 to \$2,200	2026	0	0	0	0
i. Increased limits for employer dependent care plans	2026	0	(1)	(2)	(2)
Subtotal - Individuals		(26)	(29)	(58)	(14)

OBBBA Impacts Business Income Taxes

Estimated impact on collections (in millions \$)

		Two-year Biennium		Two-year Biennium	
		<u>FY26</u>	<u>FY27</u>	<u>FY28 & FY29</u>	<u>FY30 & FY31</u>
Businesses					
a. Expansion of Section 179 depreciation / expensing	2025	(2)	(2)	(4)	(2)
b. Restore bonus depreciation / full expensing*	2025	(20)	(8)	(10)	(5)
c. Expand bonus depreciation - certain structures	2025-2030	(8)	(9)	(16)	(4)
d. R&D full expensing (& some 2022-2024 deferrals)**	2025	(19)	(4)	(5)	(1)
e. Higher limits on interest expense deductions	2025	(2)	(2)	(4)	(4)
f. International provisions' changes - several	2026	0	2	4	4
Subtotal - Businesses		(51)	(23)	(35)	(12)

*Reversion to 2022 and prior treatment. Years 2023-2024 the exceptions.

** Reversion to 2021 and prior treatment. Years 2022-2024 the exceptions.



THANK YOU

For additional information please visit our website at www.tax.nd.gov, email us at taxinfo@nd.gov, or call us with questions at 701-328-7088.

