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

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)

NORTH DAKOTA

OBBBA Impacts
Income Taxes

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

NORTH DAKOTA

OBBBA Impacts
Individual Income Tax

Estimated impact on collections (in millions $)				Two-year Biennium	Two-year Biennium
		FY26	FY27	FY28 & FY29	FY30 & FY31
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
		FY26	FY27	FY28 & FY29	FY30 & FY31
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.