



North Dakota Legislative Council

Prepared by the Legislative Council staff
LC# 23.9517.01000
January 2023

INCOME TAX RATE REDUCTIONS

INDIVIDUAL INCOME TAX

The following schedule provides information on the lowest and highest individual income tax rate for the 2007-09 biennium through the 2015-17 biennium and the percentage decrease in individual income tax rates from biennium to biennium. Individual income tax rates have not been altered since the 2015 legislative session.

	Individual Income Tax Rates as a Percentage of Taxable Income				
	2007-09 Biennium	2009-11 Biennium	2011-13 Biennium	2013-15 Biennium	2015-17 Biennium
Individual income tax rates					
Range of tax rates	2.10% to 5.54%	1.84% to 4.86%	1.51% to 3.99%	1.22% to 3.22%	1.10% to 2.90%
Percentage increase (decrease) from prior biennium		(12.3%)	(17.9%)	(19.3%)	(9.9%)

The following schedule provides information on individual income tax collections by tax year, including actual collections, and the cumulative effect of individual income tax rate reductions approved by the Legislative Assembly during the 2009-11 biennium through the 2015-17 biennium. If the Legislative Assembly had not approved any individual income tax rate reductions during the 2009-11 biennium through the 2015-17 biennium, tax collections would have been based on the 2008 tax rates in effect prior to any rate reductions.

	Cumulative Effect of Individual Income Tax Rate Reductions (Based on 2008 Tax Rates) ¹								
	2009-11 Biennium		2011-13 Biennium		2013-15 Biennium		2015-17 Biennium		Total 2009-16
	Tax Year 2009	Tax Year 2010	Tax Year 2011	Tax Year 2012	Tax Year 2013	Tax Year 2014	Tax Year 2015	Tax Year 2016	
Actual individual income tax collections	\$291,551,674	\$379,196,662	\$377,728,193	\$534,370,310	\$408,008,964	\$464,588,152	\$341,696,065	\$297,945,510	\$3,095,085,530
Effect of the rate reductions ²	\$40,890,372	\$53,182,656	\$146,881,911	\$207,793,153	\$294,179,062	\$334,973,294	\$310,981,826	\$271,163,903	\$1,660,046,177
Total individual income tax collections without the rate reductions	\$332,442,046	\$432,379,318	\$524,610,104	\$742,163,463	\$702,188,026	\$799,561,446	\$652,677,891	\$569,109,413	\$4,755,131,707

¹The information for the income tax rate reductions was provided by the Tax Department and is reported by tax year rather than fiscal year because the Tax Department only calculates the information by tax year. The income tax payments and refunds can span multiple fiscal years, but the fiscal year effect is approximately the same as the preceding tax year. For example, income tax collections in fiscal year 2010 (the 1st year of the 2009-11 biennium) are an approximate reflection of the tax collections from tax year 2009.

²The amounts shown for the effect of the individual income tax rate reductions reflect the cumulative individual income tax relief provided by the Legislative Assembly based on the rate reductions approved by the Legislative Assembly in 2009, 2011, 2013, and 2015, which was a reduction of 12.3 percent, 17.9 percent, 19.3 percent, and 9.9 percent, respectively.

CORPORATE INCOME TAX

The following schedule provides information on the lowest and highest corporate income tax rate for the 2007-09 biennium through the 2015-17 biennium and the percentage decrease in corporate income tax rates from biennium to biennium. Corporate income tax rates have not been altered since the 2015 legislative session.

	Corporate Income Tax Rates as a Percentage of Taxable Income				
	2007-09 Biennium	2009-11 Biennium	2011-13 Biennium	2013-15 Biennium	2015-17 Biennium
Corporate income tax rates					
Range of tax rates	2.60% to 6.50%	2.10% to 6.40% ¹	1.68% to 5.15%	1.48% to 4.53%	1.41% to 4.31%

Percentage increase (decrease) from prior biennium		N/A ¹	(19.5%)	(11.9%)	(4.9%)
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¹The 2009 Legislative Assembly reduced the number of corporate income tax brackets from five to three and reduced the tax rates in each bracket. As a result, the percentage change from the prior biennium cannot be calculated.

The following schedule provides information on corporate income tax collections by tax year, including actual collections, and the cumulative effect of corporate income tax rate reductions approved by the Legislative Assembly during the 2009-11 biennium through the 2015-17 biennium. If the Legislative Assembly had not approved any corporate income tax rate reductions during the 2009-11 biennium through the 2015-17 biennium, tax collections would have been based on 2008 tax rates in effect prior to any rate reductions.

Cumulative Effect of Corporate Income Tax Rate Reductions (Based on 2008 Tax Rates) ¹									
	2009-11 Biennium		2011-13 Biennium		2013-15 Biennium		2015-17 Biennium		Total 2009-16
	Tax Year 2009	Tax Year 2010	Tax Year 2011	Tax Year 2012	Tax Year 2013	Tax Year 2014	Tax Year 2015	Tax Year 2016	
Actual corporate income tax collections	\$74,471,905	\$139,076,051	\$138,910,271	\$206,732,706	\$190,563,515	\$193,073,757	\$94,967,392	\$73,341,168	\$1,111,136,765
Effect of the rate reductions ²	\$3,919,574	\$7,319,792	\$42,731,143	\$63,594,468	\$92,278,785	\$93,494,349	\$53,249,807	\$41,123,621	\$397,711,539
Total corporate income tax collections without the rate reductions	\$78,391,479	\$146,395,843	\$181,641,414	\$270,327,174	\$282,842,300	\$286,568,106	\$148,217,199	\$114,464,789	\$1,508,848,304

¹The information for the income tax rate reductions was provided by the Tax Department and is reported by tax year rather than fiscal year because the Tax Department only calculates the information by tax year. The income tax payments and refunds can span multiple fiscal years, but the fiscal year effect is approximately the same as the preceding tax year. For example, income tax collections in fiscal year 2010 (the 1st year of the 2009-11 biennium) are an approximate reflection of the tax collections from tax year 2009.

²The amounts shown for the effect of the corporate income rate reductions reflect the cumulative corporate income tax relief provided by the Legislative Assembly based on the rate reductions approved by the Legislative Assembly in 2009, 2011, 2013, and 2015. In Senate Bill No. 2199 (2009), the Legislative Assembly reduced the number of corporate income tax brackets from five to three and reduced the corporate tax rates in each bracket. In House Bill No. 1047 (2011), the Legislative Assembly reduced corporate income tax rates by 19.5 percent. In Senate Bill No. 2156 (2013), the Legislative Assembly reduced corporate income tax rates by 11.9 percent. In Senate Bill No. 2349 (2015), the Legislative Assembly reduced the corporate income tax rates by 4.9 percent.