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Blue and Red States Slash Taxes Despite Warnings of Hard Times Ahead.

Since 2021, half the states have cut personal income tax rates.

With a $750 million budget surplus on hand, there was little doubt whether North Dakota lawmakers would cut taxes earlier this year—the question was how much.

“The surplus was strong, and we believe it’s going to be sustained into the future,” said state Rep. Craig Headland. “So, it just made sense to cut taxes.”

Headland was among the Republicans who negotiated terms of the legislature’s $515 million tax cut this year—70% of which came from lowering personal income tax rates. The cuts leave North Dakota with the lowest tax rate among the states that collect income taxes.

In a special session this week, the legislature is considering more tax cuts that would exempt about 50,000 North Dakotans who earn $60,000 or less from income taxes. And Republicans, who control both chambers and the governor’s office in North Dakota, plan to continue their march toward eliminating the state income tax; Headland said he plans to introduce such a bill when the legislature reconvenes in 2025.

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Route Fifty

By Kevin Hardy,
Stateline

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