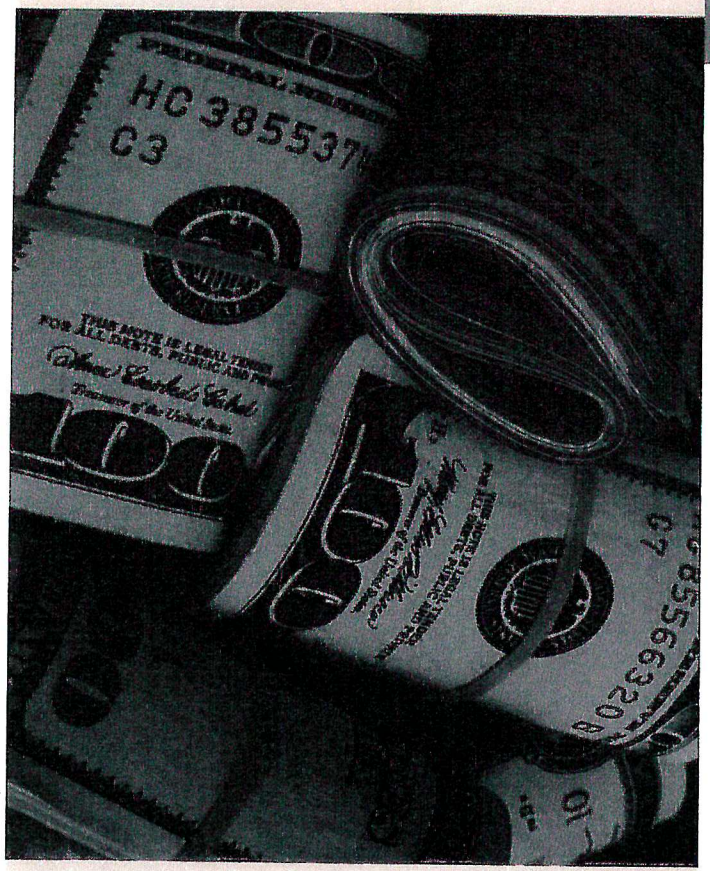
The Time is NOW!
What will you do with your money?

Part 1: The Why

- Over the last 10 - 15 years, North Dakota has seen increased revenues exceeding anything seen in any other states.
- Taxpayers have seen very minimal tax relief.
- The #1 concern for North Dakota residents is property tax.
- The legislature attempted to provide relief with a “buydown”, but was not successful in decreasing property taxes.



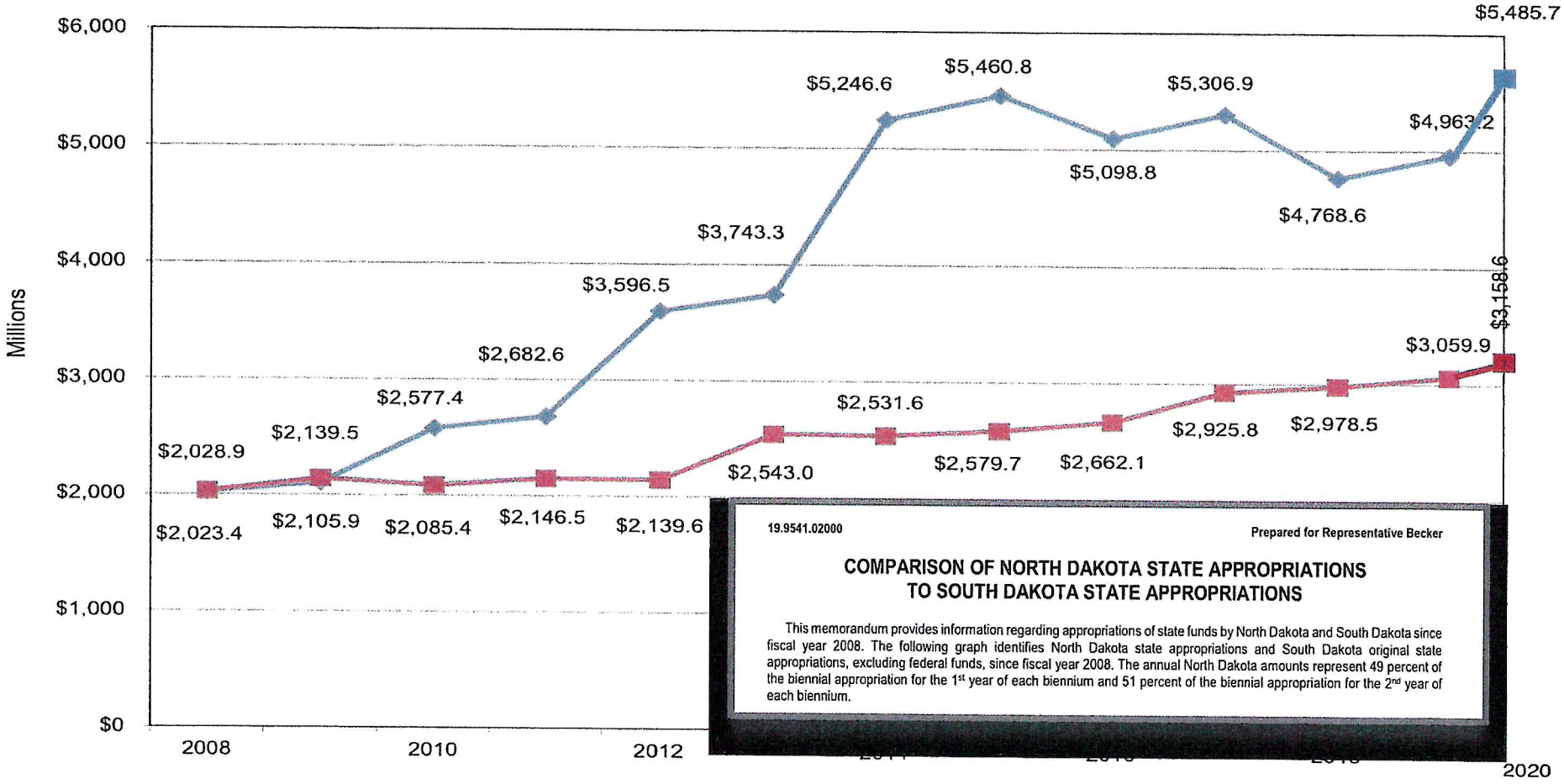
Over the last decade...

We have **exceeded** South Dakota's spending increases by $2.3 Billion dollars PER YEAR!

We have increased spending beyond inflation for each existing **AND** new resident of North Dakota by over $2 Billion dollars per year!

That $2 Billion dollars of excess spending is the same amount ND residents pay in both Income Tax AND Property Tax.

We don't need to find "new" money, it's already there.


$6,000
$5,000
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Millions
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2012
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$2,028.9
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$2,577.4
$2,682.6
$3,596.5
$3,743.3
$5,246.6
$5,460.8
$5,306.9
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Prepared for Representative Becker
COMPARISON OF NORTH DAKOTA STATE APPROPRIATIONS
TO SOUTH DAKOTA STATE APPROPRIATIONS
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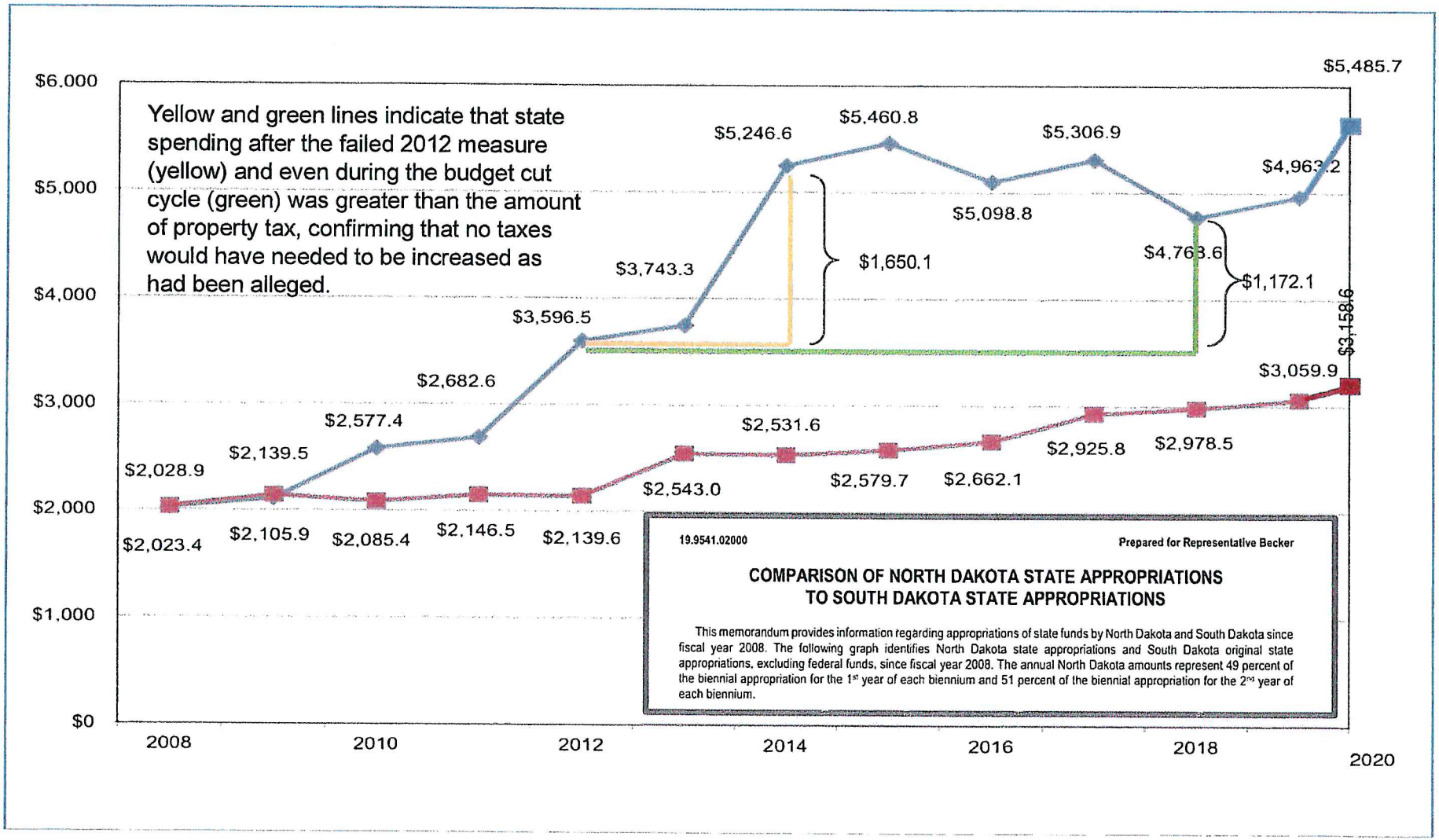
Yellow and green lines indicate that state spending after the failed 2012 measure (yellow) and even during the budget cut cycle (green) was greater than the amount of property tax, confirming that no taxes would have needed to be increased as had been alleged.
$6,000
$5,000
$4,000
$3,000
$2,000
$1,000
$0
2008
2010
2012
2014
2016
2018
2020
$2,028.9
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Q: What about funding for education, fire departments, the police department, streets, parks, etc… will these services be cut?

A: **THEY ARE NOT CUT!**

The funds will simply come from oil taxes, Legacy Fund earnings, and other funds ***that already exist!***

Property taxes are REPLACED

Q: What happens to local control & decision making?

A: **Local control remains!** The state constitution will require that all property taxes must be replaced by the state. Cities & counties retain all decision making on how, where & when to spend the revenue.

Part 2: Show Me the Money

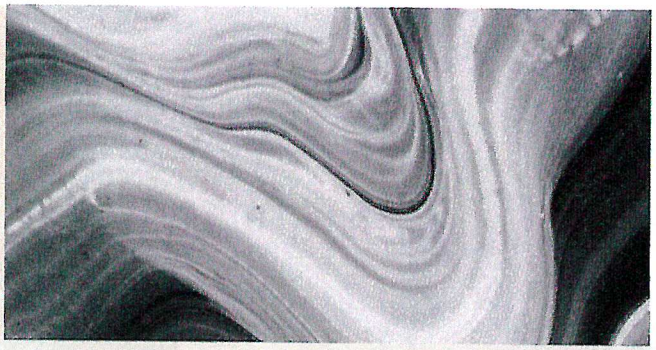
How much are we talkin' ?

The statewide annual property tax revenue to be replaced

=

$870M

*number rounded based on year 2019



870M

Total Annual property tax revenue state wide =	$1,200M
Special Assessments remain in place.	(-)$150M
The type of "in-lieu-of" property tax not based on assessed value of real property remains in place	(-)$100M
Property tax obligated to general bonds.	(->$80M

The amount of replacement property tax to the locals = <$870M

The numbers looking forward

$870M = total amount

-$ 30M (125M if filled) Operation Prairie Dog Money

-$ 75M use money no longer going to stabilization funds

-$ 40M additional amount available from Schools Trust

-$260M the amount to take over 100% of k-12 funding

-$200M earnings from Legacy Fund

=**$265M** additional from existing revenue that the legislature must re-prioritize in spending

At this point, it may seem that the net "cost" to the state is somewhere between $0-$500M, with the rest being redirected spending.

Two critical points to consider:

1) There will also be $70-$90M in **savings** from eliminating the state and local costs of collecting and administering the property tax.

2) We do not know how many hundreds-of-millions of revenue will be generated from the **positive economic impacts** from existing & new businesses.

Rather than being a cost to the taxpayer, this measure will be a net <u>GAIN</u>.

Part 3:

Q & A

What About Local Control ?

Q: Will cities and counties need to beg the legislature for money, and will there be power-plays with larger cities having more power?

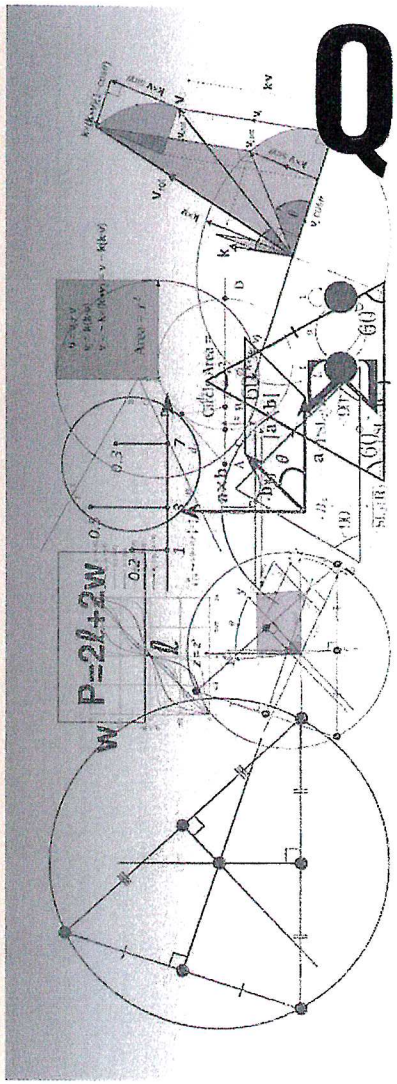
A: NO! "Control" is about how the money is spent. That will not change. Instead of *individuals* putting money into an account that gets divvied up and spent by the local subdivisions, *the state* will put the money into the same account.

The state will NOT take part in any local budgets or spending decisions.

Also, the legislature has already created and continued to tweak formulas that are fair to ALL political subdivisions

(ie: K-12 Funding Formula, State Aid Formula, "Prairie Dog", and more.)

$2 Billion/year are already sent from the state to local subdivisions based on formulas. Eliminating property tax will not make it more likely for one group to have more power.



Q: What are the details of the Funding formulas?

A: Details will be worked out by the Legislature, exactly like other funding. We will create a formula which accounts for inflation, rate of population growth, road needs & other factors (much like the formulas that already send $4B to subs biennially).

The baseline (floor) will be that the state must replenish what each subdivision generated in property tax revenue.

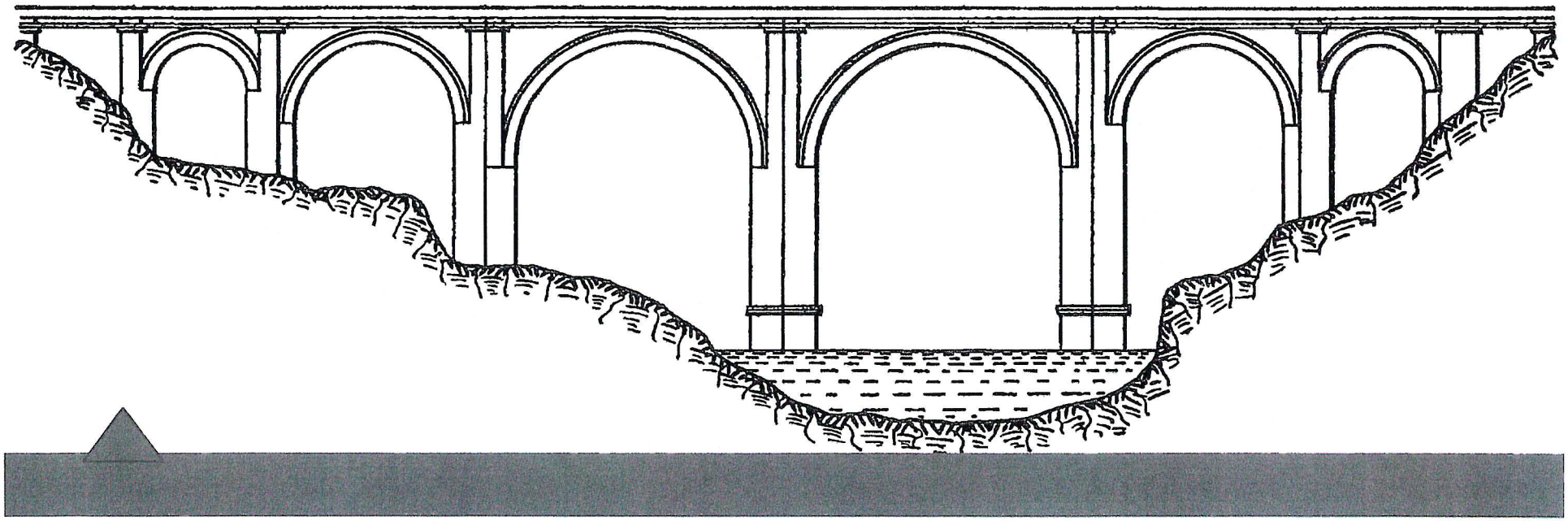
Q: What about education & the K-12 Funds?

A: **From 2012-2018, the state has increased its share of the cost from 50% to 80% without any problems, *or loss of control.* We simply advance it the last 20%.**

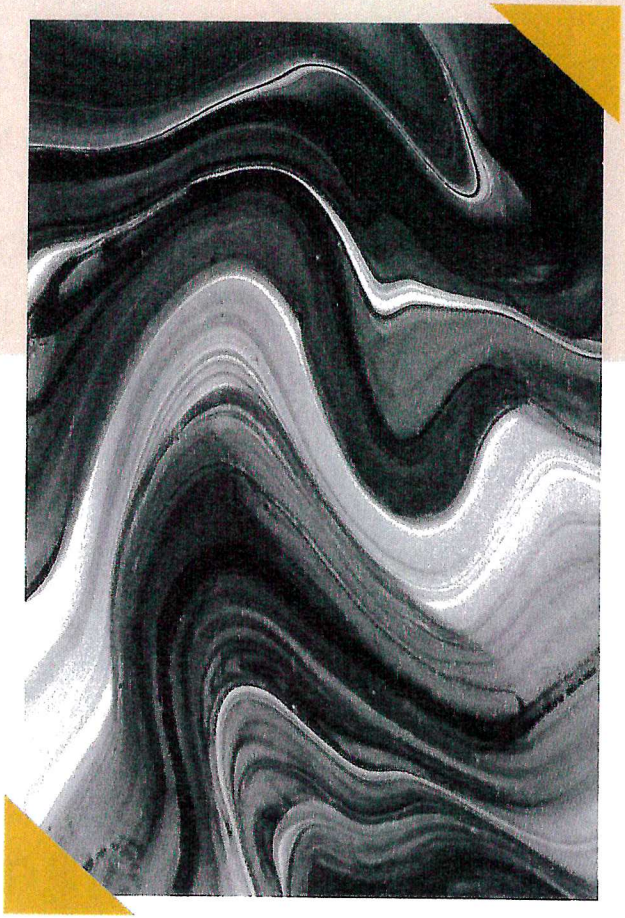
The state took over 80% by sending the money to the subs and having them control it! And there is already discussion for the state to take over 100% of K-12 funding.

Q: And our Infrastructure Priorities?

A: Nothing changes for infrastructure prioritization, that is up to local control.



Q: What happens with emergent needs?



A: Nothing changes.
Presently cannot immediately derive more property tax revenue. However, can continue to increase revenues & provide funding from things such as sales tax, special assessments & bonding.

Emergency requests are submitted to the state.

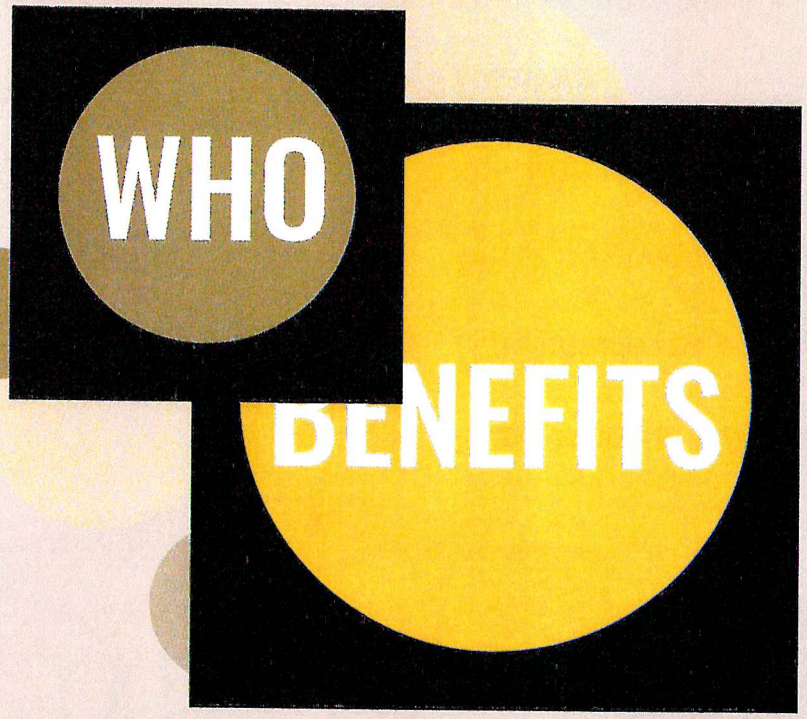
Q: What happens if oil revenues dry up?

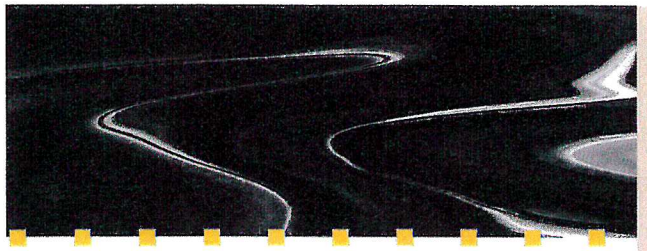
A: ND is currently dependent on oil & has been for a decade.
If oil revenue dries up in the short-term, we will need a tremendous overhaul of spending and taxing...*Regardless!* .....or....

This year we can choose to leverage our good fortune to the benefit of every ND resident for the next 20, 30, or more years! This will actually insulate us from a future downturn by creating true economic diversification.

If we do nothing to create an economic legacy for the future, we go back to status-quo of the 1990's when "outmigration' was everyone's biggest concern.

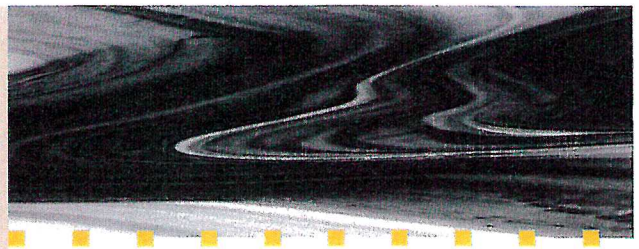
Part 4:





EVERYONE.

Directly and/or indirectly

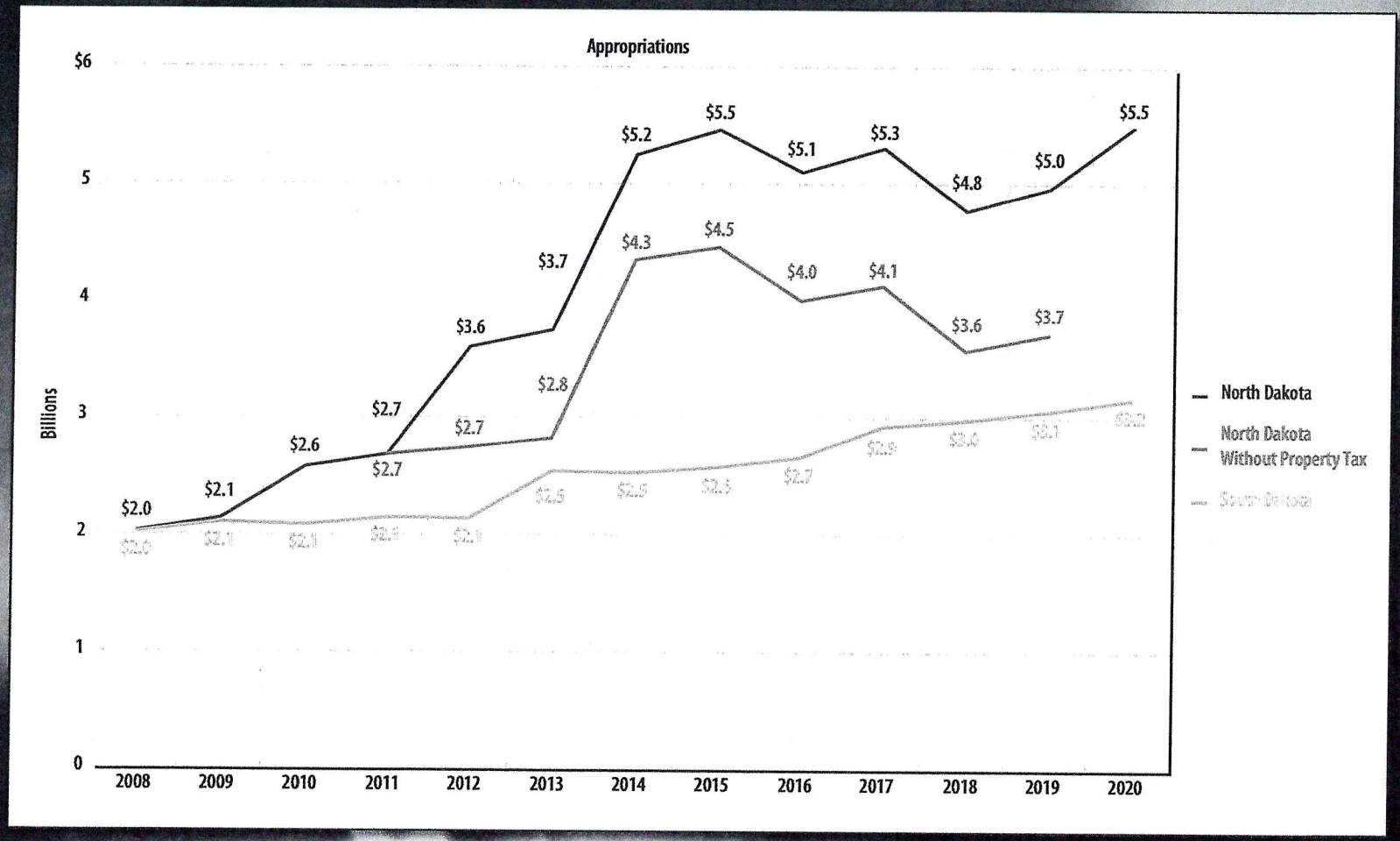


- Renters
- First-time home buyers
- Young families wanting their dream home
- Seniors
- Ranchers & Farmers who own their land
- Ranchers & Farmers who rent their land
- People with debt
- Businesses in need of workforce
- Small business owners with NNN rents
- Small business owners with gross rent
- Developers
- Realtors
- Homebuilders/construction companies
- Commercial Landlords

MOAI

The Mother Of All Incentives

We become the state that all the others must chase
in an effort to compete for business and workforce


Appropriations
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2008
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2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
North Dakota
North Dakota Without Property Tax

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