

GOVERNOR DOUG BURGUM TESTIMONY ON HB 1158
JANUARY 11, 2023
HOUSE FINANCE AND TAXATION COMMITTEE
ROOM 327E
REPRESENTATIVE CRAIG HEADLAND, CHAIRMAN

DOUG BURGUM – GOVERNOR OF NORTH DAKOTA

Chairman Headland, members of the committee, for the record, my name is Doug Burgum.

As you know, North Dakota's finances are in very good shape, perhaps the best shape in our state's 123-year history. Our combined reserves are the highest ever. Our general fund revenues are running 23 percent, or over \$700 million, ahead of forecast. Our oil tax revenues are running 60 percent, or over \$1.5 billion, ahead of forecast. We have more than \$8 billion in the Legacy Fund and \$5.7 billion in the Common Schools Trust Fund.

And when the state is doing well, citizens should share in that prosperity – especially when competition for workers is fierce and every advantage helps as we try to attract and retain workers in North Dakota.

To accomplish these dual goals of tax relief and workforce attraction, we support the income tax relief proposed in House Bill 1158 – the largest income tax relief package in state history. This bill will eliminate the state individual income tax for approximately three out of five taxpayers. Those who will still pay income tax will see their liability reduced by roughly one-quarter to one-half, allowing North Dakotans to keep more of their hard-earned money – an estimated \$566 million next biennium – to offset expenses and invest in their families and communities.

Every North Dakota income taxpayer will benefit from this plan, which will make North Dakota the lowest flat-tax state in the nation. Again, this would effectively eliminate the state's individual income tax for nearly 60% of income taxpayers. The rest would pay a flat tax of 1.5%, compared to current income tax rates that range from 2.04% to 2.9%. That translates to a reduction from 26% to 48% in their state income taxes.

This puts us on a path toward eventually zeroing out our individual income tax and joining the eight states that don't have individual income tax. These include some of our nation's fastest-growing states and ones with whom we compete for workers in the