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Operator's Signature

10/23/03  
Date

2003 JOINT CONSTITUTIONAL REVISION

SCR 4015

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Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO SCR 4015

~~Senate~~ Joint Constitutional Revision Committee

Conference Committee

Hearing Date 02-05-03

Tape Number	Side A	Side B	Meter #
1	X		0-2314
Committee Clerk Signature <i>Thomas Paul</i>			

Minutes:

**SENATOR TOLLEFSON** called the committee to order. Roll call was taken with all (5) Representatives and all (5) Senators present.

**SENATOR CHRISTMANN** spoke in favor of SCR 4015. This bill would require a 60% vote of each house of the legislature to raise the rate of state income, sales, use or motor vehicle excise taxes. When it comes to a broad base tax, we have a stable environment. When we talk to business owners, who actually create jobs, stability is a key thing they look for. This bill will assure them that it will not raise their taxes recklessly, or on a whim. 14 states now have some type of super majority requirement. Some of the states have a very strict requirement. This amendment will provide a great deal of comfort to people who are contemplating a creation of a new business or expansion of an existing business. This amendment will assure these people that our tax rate will be stable. Both the houses require a super majority to override a Governors veto.

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~~Senate Transportation Committee~~  
Bill/Resolution Number SCR 4015  
Hearing Date 02-05-03

*Just  
constituted  
Revision*

The bottom line is, that we are asking you to give the people of North Dakota the opportunity to voice their opinions.

**REPRESENTATIVE HAWKEN** When was the last time we changed how the income tax.

**SENATOR CHRISTMANN** I believe the last time was 1989. From 83 - 89, I believe there were four increases. The fourth one was referred by the voters. After the referrals it became apparent that the legislature should not do that.

**SENATOR NICHOLS** What if there is a attempt to try to change the weight of the taxes. Would this be something that would still require the 60 %.

**SENATOR CHRISTMANN** That is exactly correct, and that is the beauty of it. Two years ago we were in there, we did that, and as it turned out to be pretty neutral income tax structure. I believe it passed on both sides, but the people were awful suspicious. We are only going to make changes after some real serious consideration.

**REPRESENTATIVE WINRICH** You emphasize a stable business environment and you believe this amendment will provide that. We charge businesses a number of fees. We had some attempts recently to get additional general fund revenue through some of those sources because of a reluctance to raise general taxes. Wouldn't this put greater pressure on those and still have the same problem.

**SENATOR CHRISTMANN** The Senate today increased some fees on Realtors. If you are in a business you might find that frustrating. Income taxes are to the point that it can be overwhelming.

**REPRESENTATIVE ECKRE** Don't you think the law of North Dakota for the largest tax.

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~~Senate Transportation Committee~~  
Bill/Resolution Number SCR 4015  
Hearing Date 02-05-03

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Revision*

**SENATOR CHRISTMANN** That is the primary reason why we put that majority requirement on the school boards.

**REPRESENTATIVE ECKRE** The property taxes will probably continue to rise.

**SENATOR CHRISTMANN** No matter what we are going to spend how much money we want to spend. I don't think that is an accurate assumption. I think the local political subdivisions that have that ability and choose to do that, people can vote for those leaders in and out that make that decision.

**REPRESENTATIVE WINRICH** I think your point assumes that the state is doing its share supporting these. Local jurisdictions have been forced to raise property taxes.

**SENATOR CHRISTMANN** The Supreme Court tested the school equity. The courts decided for us. That is when we will do what we need to do. Almost 100% of the bills passed on each side with over 60% of the vote.

**SENATOR NICHOLS** The cities with home rule, would they, if they are going to pass a sales tax, would they have to have the 60%.

**SENATOR CHRISTMANN** I think this would have no effect on those cities with home rule.

**REPRESENTATIVE MARAGOS** Why not a bill in the legislature instead of this to change the constitution.

**SENATOR CHRISTMANN** It was talked about, but it does no good. 61% can do it and it would change the law.

**REPRESENTATIVE BELTER** I stand in support of SCR 4015. Only available process for people is through the referral process. By going through the 60% vote, the people have an

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~~Senate Transportation Committee~~  
Bill/Resolution Number SCR 4015  
Hearing Date 02-05-03

*Joint  
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Reason*

additional authority over the deposit slips. It is difficult for the citizens to keep track of what the legislature *does*.

**REPRESENTATIVE MARAGOS** Give me a good reason why this should be put on the ballot.

**REPRESENTATIVE BELTER** It could be done that way, this seems like a much easier way to do it.

**BILL BUTCHER** State Director, National Federation of Independent Business (NFIB) I am here in support of SCR 4015. (Testimony Attached)

**SENATOR SEYMOUR** Of the 3000 members polled, what percentage returned your poll.

**BILL BUTCHER** I don't know the answer on this poll. We have a policy that our statisticians that we stop counting at 5%. After 5% the numbers do not change.

**REPRESENTATIVE HAWKEN** Since taxes have not gone up, is this something your members brought to you or did you bring it to them.

**BILL BUTCHER** I have members that have talked to me about this issue, but I can't tell you the numbers. There perhaps were a handful.

**REPRESENTATIVE WINRICH** Your testimony says studies show that taxes slow economy. What studies are you referring to. I note that SD has a limitation, but MN is not on the list.

**BILL BUTCHER** I don't know the comparisons of these two states.

**REPRESENTATIVE KRETSCHMAR** Has your organization determined that the past twenty years, the legislature has abused its authority to raise taxes.

**BILL BUTCHER** I don't know that the legislature of North Dakota has abused the power.

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Senate Transportation Committee

Bill/Resolution Number SCR 4015

Hearing Date 02-05-03

*Joint  
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Revision*

**REPRESENTATIVE KRETSCHMAR** The right to rule by minority, where the minority can stop this.

**BILL BUTCHER** I think in this case the majority can rule. I don't know than other to say 60% would require the majority to approve it.

**There was no opposition to this bill.**

**Hearing on SCR 4015 closed.**

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 4015

Joint Constitutional Revision Committee

Conference Committee

Hearing Date March 5, 2003

Tape Number	Side A	Side B	Meter #
1	X		3971-4172

Committee Clerk Signature *Elizabeth B. Ginn*

Minutes: **Chair Tollefson:** Opened discussion on SCR 4015

Rep. Kretschmar moved a DNP. Rep. Maragos seconded.

Vote: **2 Yes 1 No 0 Absent and not voting**

Carrier: **Sen. Tollefson**

**Rep. Hawken**

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Date: 3/5/03  
Roll Call Vote #: 1

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 4015

House Joint Constitutional Revision Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken DNP

Motion Made By Kretschmar Seconded By Maragos

Representatives	Yes	No	Senators	Yes	No
Rep. Kretschmar, Chair	✓		Sen. Tollefson, Co-Chair	✓	
Rep. Maragos	✓		Sen. Mutch	✓	
Rep. Hawken	✓		Sen. Krebsbach	✓	
Rep. Eckre	✓		Sen. Nichols	✓	
Rep. Winrich	✓		Sen. Seymour		✓

Total (Yes) 9 No 1

Absent \_\_\_\_\_

Floor Assignment Tollefson Hawken

If the vote is on an amendment, briefly indicate intent:

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Deanna Thibault 10/23/03  
Operator's Signature Date

**REPORT OF STANDING COMMITTEE (410)**  
March 6, 2003 8:30 a.m.

Module No: SR-40-4053  
Carrier: Tolletson  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**  
**SCR 4015: Joint Constitutional Revision Committee (Sen. Tolletson, Chairman)**  
recommends **DO NOT PASS** (9 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING).  
SCR 4015 was placed on the Eleventh order on the calendar.

(2) DESK, (3) COMM

Page No. 1

SR-40-4053

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2003 TESTIMONY

SCR 4015

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NORTH DAKOTA

**Testimony of Bill Butcher, State Director, National Federation of Independent Business (NFIB) in support of SCR 4015**

NFIB represents approximately 3000 small business owners throughout North Dakota.

All positions that NFIB takes on issues that are before the legislature are determined by member ballots.

A poll of our North Dakota members was taken to determine NFIB's position on the issue of enacting a new section of the Constitution requiring a majority vote of 60% of the members of both houses to raise taxes. The question was posed as to four distinct types of taxes and called for members to cast ballots on each one. The result was overwhelming. The percentage in support of requiring a 60% super majority vote in regards to each tax was as follows:

Personal Income Tax - 82%

Sales and Use Tax - 75%

Corporate Income Tax - 78%

Motor Vehicle Excise Tax - 71%

Members believe that government should only tax its citizens when necessary, and, when it is necessary, at least 60% of the votes will be there. If a proposed tax increase passed the Legislature by such a majority, it would not likely be referred for a vote by the people and so it would not likely be rejected.

60% of North Dakotans are presently required to approve school bond issues. I submit that the same standard should apply to the legislature to raise any tax.

Such tax limitations work in the states that have adopted them and they will work in North Dakota. Studies show that with tax limitations taxes and hence

National Federation of Independent Business - NORTH DAKOTA  
311 E. Thayer Avenue, Suite 119 • Bismarck, ND 58501 • 701-224-8333 • Fax 701-224-1097 • www.nfib.com

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spending will grow more slowly, economies expand faster and the job base grows more quickly than they do under our present simple majority system.

Low taxes won't guarantee growth and prosperity, but high taxes will almost certainly slow the economy. Passage of this bill will protect and assure our future.

A super majority of NFIB members strongly urge the passage of SCR 4015!

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4015

**Supermajority Requirements and Other Constitutional Restrictions on Legislative Tax Powers**

State	Adopted	Referendum or Voter Initiative	Legislative Majority Required	Applies To
Arizona	1992	I	2/3	All taxes
Arkansas	1934	R	3/4	All taxes except sales and alcohol
California	1979	I	2/3	All taxes
Colorado	1992	I	2/3	All taxes *
Delaware	1980	R	3/5	All taxes
Florida	1971	R	3/5	Corporate income tax **
Louisiana	1966	R	2/3	All taxes
Michigan	1994	R	3/4	State property tax
Mississippi	1970	R	3/5	All taxes
Nevada	1996	I	2/3	All taxes
Oklahoma	1992	I	3/4	All taxes
Oregon	1996	R	3/5	All taxes
South Dakota	1978	I	2/3	Sales and income tax
	1996	R	2/3	All taxes
Washington	1993	I	2/3	All taxes ***

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