EMPOWER THE TAXPAYER

Preliminary Information Packet on Measure 2

Prepared for:
PROPERTY TAX REVIEW COMMITTEE
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Contents

Empower the Taxpayer
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WHAT DOES MEASURE 2 SAY?

SECTION 4.

1. Taxes upon real property which were used before 2012 to fund the operations of counties, cities, townships, school districts, park districts, water districts, irrigation districts, fire protection districts, soil conservation districts, and other political subdivisions with authority to levy property taxes must be **replaced with revenues from the proceeds of state sales taxes, individual and corporate income taxes, oil and gas production and extraction taxes, tobacco taxes, lottery revenues, financial institutions taxes,** and **other state resources.**

WHAT REPLACES PROPERTY TAX REVENUES?

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This includes such things as oil & gas royalties and interest income.

2. The legislative assembly shall direct as much oil and gas production and extraction tax, tobacco tax, lottery revenue, and financial institutions tax as necessary to fund the share of elementary and secondary education **not funded through state revenue sources before 2012.** The state cannot condition the expenditure of this portion of elementary and secondary education funding in any manner and **school boards have sole discretion in how to allocate the expenditure of this portion** of the elementary and secondary funding provided.

K-12 FUNDING AND CONTROL

K-12 funding NOT funded by the state before 2012 is now constitutionally under sole control of the local School Board. Neither the State nor the Department of Public Instruction (DPI) can direct how this portion is allocated. Currently the State & DPI have control over ALL K-12 spending.

3. The legislative assembly shall direct a share of sales taxes, individual and corporate income taxes, insurance premium taxes, alcoholic beverage taxes, mineral leasing fees, and gaming taxes and any oil and gas production and extraction taxes, tobacco taxes, lottery revenues, and financial institutions taxes not allocated to elementary and secondary schools to counties, cities, and other political subdivisions according to a **formula devised by the legislative assembly to fully and properly fund the legally imposed obligations** of the counties, cities, townships, and other political subdivisions. The allocation of the amount determined by the legislative assembly must be provided to the governing bodies of counties, cities, townships, and other political subdivisions. How counties, cities, townships, and other political subdivisions choose to allocate the **expenditures of this revenue is at the sole direction of the governing bodies** of counties, cities, townships, and other political subdivisions.

HOW ARE LOCAL GOVERNMENTS FUNDED & WHAT ABOUT LOCAL CONTROL?

The Legislature shall allocate revenues necessary to FULLY and PROPERLY fund all legally imposed obligations.

For the first time local governing bodies constitutionally have sole discretion as to how they spend the revenues received from the State. There is complete local control of spending under Measure 2.

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How are we going to pay for what is now paid with property taxes?

First Abolishing property taxes and replacing them with other taxes not a tax increase. It simply changes the "pocket" out of which the government taxes our earnings.

- All taxes come from the same source – the earnings of taxpayers. As citizens we have the right and responsibility to determine what tax methods are used to extract taxes from our earnings. Some taxes are more harmful to the well-being of the community than others.
- Abolishing property taxes means you home and business will no longer be a tax vehicle for raising taxes and you will be able to finally actually OWN YOUR property and not be required to rent it from your government.

Second Measure 2 identifies the funds that will be used to fund those items that are currently funded with property taxes. These items must be funded on a priority basis before other state spending. They include not only tax vehicles they include other state resources, including oil and gas royalties.

Third If, after funding of those items currently funded with property taxes, the legislature wishes to fully fund all the expenditures it is funding then it will be up to the legislature which mechanism it wishes to use to raise additional revenue. After all, isn't that one of the primary responsibilities of our elected representatives? That is prioritizing spending the precious dollars that taxpayers provide?

Fourth If the legislature chooses North Dakota can abolish property taxes without increasing any other tax. This can be done by prioritizing current spending and reducing or eliminating some discretionary and special interest spending.

Fifth North Dakota is in an incredibly fortunate position, a position that no other state enjoys. We have a vastly expanding source of revenue that can easily replace property tax revenue. This resource is our oil and gas. Oil and gas revenues are providing our state billions of dollars each year in new revenue. Much of this is from royalty payments. The most conservative projections call for this to last 30 – 40 years of production. Industry estimates, based on drilling and new technology, project 4 to 5 times this much.

Sixth Abolishing property taxes will place approximately $750,000,000 in the hands of the people who earn it. This money will be spent and invested resulting is significant additional economic growth and increased tax revenues to the state.

Abolishing property taxes will make North Dakota a serious player in attracting manufacturing businesses in our state adding to jobs and our state's overall economic well-being. When property taxes are lifted it spawns economic development – that's why we see programs such as "economic enterprise zones", "TIF financing", "tax abatement for new housing", and similar public sector economic development schemes.

Everyone in North Dakota deserves and should have the same benefits that only government selected special interests are now getting. Measure 2 will give everyone in North Dakota the same benefits.

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NOT ALL TAXES ARE EQUAL

Different types of taxes have different impacts. Taxes can encourage or discourage certain activities i.e. tobacco taxes. While all taxes have negative impacts on those paying them some have more negative impacts than others.

When money is left in the hands of those that earn it, economic activity flourishes more than when they are deprived of what they earn. When earnings are taken by government thru taxes, private economic activity is dampened.

We believe taxes required to fund necessary and proper government services are necessary. Necessary and appropriate government services are a vital to private sector growth and prosperity. However some taxes cause more harm to the private economy than others and property taxes are one of, if not the most, harmful of any tax.

Arduin, Laffer & Moore Econometrics undertook a study for Texas in 2009 addressing the impact of eliminating property taxes. Their study assumed property taxes would be fully covered by increasing sales taxes – i.e. the change would be revenue neutral. The study found that property taxes:

- Are less stable than consumption taxes;
- Create larger economic distortions;
- Are less related to taxpayers ability to pay;
- Are costlier and more complicated to administer than other taxes; and
- Discourage capital-intensive industries from locating in Texas.

The study found that **IF** property taxes were abandoned **AND** the burden was placed totally on consumption -- personal income in the state would increase between \$3.1 - \$3.3 billion in the first year and over five years increase between \$21.3 billion and \$52.1 billion.

During the same period the change would lead to a net gain of between 127,312 and 312,700 new jobs - over what Texas would have if it did not eliminate property taxes.

NORTH DAKOTA CAN ELIMINATE PROPERTY TAXES AND NOT INCREASE ANY TAX.

Measure 2 puts the method/formula of replacement of property tax revenue in the hands of our elected state legislators. Hopefully, with encouragement from voters and taxpayers, our Legislators will choose not to raise our taxes.

Instead, we hope our Legislature will use our state's natural resource bounty (oil and gas taxes, royalties and lease revenues) to replace property tax revenue.

Oil and gas revenues are more than sufficient to replace property tax revenue without out increasing any tax. The amount of oil and gas revenue permits:

- Complete replacement of property tax revenue;
- Continuation of all other current state spending;
- Increases in budgeting due to inflation and
- Benefit all North Dakota citizens.

Lynn Helms, director of North Dakota Oil and Gas Division, estimates (based on 2008 USGS data) we have 30 to 40 years of production, possibly more. New estimates, based on actual drilling and new technology project the amount of oil at 4 to 5 times the 2008 estimates.

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A SHORT COMMENTARY ON "TAX SHIFTING"

Some are giving their reason for opposition/or as they put it "not supporting" Measure 2 to the fact they consider it simple TAX SHIFTING. I am in total agreement; with one minor clarification.

Measure 2 will result in a DOLLAR FOR DOLLAR tax shift – it will shift every property tax dollar from government BACK to the people who have earned the money.

There will ONLY be a "shift to increasing other taxes" if our elected representatives continue to refuse to actually represent those they claim to represent and instead continue to spend our precious tax dollars to benefit special interests.

The people claiming MEASURE 2 "goes too far" are the ones that have, for years, pushed for:

- Tax Abatements- for very limited special interests,
- Promoted Tax Increment Financing (TIF) – for very limited special interests,
- Economic Enterprise Zones – for very limited special interests.

What they actually FEAR and OPPOSE is losing control over our money. That is, their ability to continue to "lavish our money" on special interests. Only if we continue to give them our money, through property taxes, can they continue to give "exemptions/exceptions/abatements" only to special interests. For every "exemption/exception/abatement" given, that same amount is added to the property tax bill of everyone else.

Measure 2 is a TAX SHIFT. It will SHIFT TAXES BACK TO TAXPAYERS. We agree that:

- Abatements
- Tax Increment Financing and
- Economic Enterprise Zones

Stimulate economic development, encourage improving and maintaining property and result in more private economic prosperity. That is exactly why MEASURE 2 is long past due.

If eliminating property taxes of the special few stimulates economic activity and prosperity imagine what it will do when we eliminate property taxes for everyone!

Many of those opposing Measure 2 would rather have a property tax system that hurts people, denies actual home ownership, is broken, corrupt, unmanageable, wrought with unfairness, expensive to manage so they can continue to abuse the system to reward special interests (a special few), ingratiating themselves to these special few.

Yes, **MEASURE 2 results in TAX SHIFTING – it will result in POWER SHIFTING as well.** That is what those opposed to Measure 2 actually fear. They fear losing their ability to pick winners and losers using other people's money; they fear change; they fear allowing others to keep what they earn; they believe they know what's best and fear people that earn money won't make the same decisions they would make.

It's time for some TAX SHIFTING – away from government and back to those whose money it is.

It's time for Measure 2

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IF TEMPORARY ABATEMENTS, ENTERPRISE ZONES, TAX INCREMENT FINANCING ARE GOOD, WOULDN'T PERMANENT ONES BE JUST AS GOOD – EVEN BETTER?

Public economic development entities routinely use grants, loans, loan guarantees and "free" infrastructure to induce industry to locate in their jurisdictions. Abatement of and/or manipulation of property taxes is widely used to lure industry.

Property taxes provide a whole host of creative ways for government to provide tax breaks only available to very few privileged property owners. They include outright abatement, kick backs of property taxes (Tax Increment Financing – "TIF"), and creation of Economic Enterprise Zones (EEZ). The EEZ's abate property taxes for those whose property falls in the zone provided they meet established criteria.

Economic development entities realize that property taxes are a significant impediment to economic growth and business prosperity. In North Dakota the average property tax imposition is 1.42% of assessed property value. For many businesses, property taxes can exceed the profit the business generates. Thus, property tax strips the business owner of necessary capital needed to maintain a viable business and grow.

For example a building in Minot valued at $5.8 million dollars is assessed more than $100,000 annually in property tax. While the tax may enhance the local jurisdiction's revenue, it makes it difficult for that business to fund growth. Property taxes are assessed regardless of whether or not the business makes a profit.

Because of the harsh financial impact of property tax on business, government bodies realized reducing or abating them has a positive influence on business viability and success. Most exemptions, whether abatements, TIF kickbacks or Enterprise Zones, last for only short periods - usually in the 3 to 7 year range. Some are shorter and some longer.

We now have extensive history showing the impact of these economic development programs. The conclusions are sobering. In the short term they attract business activity. Over the longer term the positive impacts are limited and short lived. A significant number of businesses attracted by these incentives either fail or once the incentives end, move to the next community offering incentives. Instead of creating viable jobs these programs create incentive seekers or more accurately welfare addicted business.

For those serious about attracting and retaining thriving, prosperous and growing businesses, there are some valuable lessons to be learned:

1. Temporary incentives provide temporary economic impacts.
2. Temporary incentives increase the tax burden on all other properties, negatively impacting the ability of those owners to retain the capital needed to remain successful and/or grow.

SUMMARY

Economic development corporations have attempted to attract business by offering incentives. Property tax relief and outright grants have proven the most potent inducements. Property tax relief is particularly effective for encouraging business to invest in property improvement and upkeep.

However, temporary relief provides only temporary benefits and only to those receiving them. All other taxpayers are negatively impacted. Often, once the incentives end the recipients either fail or move on.

Abolition of property tax is the most potent way to keep capital in the hands of those who create jobs. Likewise, property taxes are the surest way to starve business of the capital necessary to grow and remain viable.

Permanent abolition of property taxes for everyone will not only stimulate growth it will stabilize the long-term viability of our communities.

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The Skeptics Worry…

"When budgets get tight the central government will cut back local aid and leave the communities dangling."

…Measure 2 resolves their worry!

- How will local governing bodies fare if they do not have property taxes and rely on the central governing body to fund them?
- What happens if the central body faces tight revenue flows?
- Will they cut back local funding and leave communities dangling?

It is important to remember the members of the state legislature are locally elected. North Dakota has a representative democracy. It is the responsibility of the electorate to ensure their representatives know their wishes and that those wishes are carried to the capitol.

While the state collects the majority of revenue (state sales, income, and oil and gas taxes), its job is to properly distribute it. That revenue does not belong to the state. It belongs to the people of the state.

Central collection of certain types of taxes makes sense. However, who collects the tax does not endow the collection agent with unlimited spending authority, if any.

Measure 2 recognizes this. It makes it the constitutional responsibility of the "collection agent" (i.e. the state) to fully and properly fund the legally imposed obligations of its political subdivisions. After all, that is where the people live – in their local counties, cities, towns and townships.

Measure 2 clarifies the role of the state regarding tax collection and distribution. **The state, as tax collector, does so as an agent of its political subdivisions and Measure 2 makes it clear the tax collection agent is not the spending authority.**

The collection agent is responsible to fully and properly distribute to the political subdivisions of the state what is collected.

Only after the state's counties, cities, towns and townships and other political subdivisions have been fully and properly funded can the state fund other non-constitutionally mandated spending wishes.

Measure 2 gives local political bodies significant tools to see the central governing body funds them properly.

The central governing body is REQUIRED to fully and properly fund them. This is not a suggestion, it's a mandate. It is a mandate that is judicially enforceable.

North Dakota has had experience with this. When the state took over funding 70% of K-12 schools, there was immediate conflict. The districts challenged the state proposal. The matter was settled by the courts, to this day the there has been little or no disagreement as to proper and fair funding of K-12 education.

Abolition of property taxes may result in an adjustment period. However, we have no doubt, in the event of disagreement, it will quickly be resolved and our Legislature is capable of properly and effectively ensuring our local governing bodies are properly funded.

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WOULD MEASURE 2 BE AN INCENTIVE FOR INDUSTRY TO LOCATE IN NORTH DAKOTA?

We know that tax and regulation plays a significant role in business decisions. We also know that all taxes and regulations are a disincentive to production. We know government can provide significant services and benefits necessary for an orderly and prosperous society. Taxes are the tool government must use to provide the services and benefits.

The question isn't whether or not we should or shouldn't have government and taxes. The question is which taxes will do the least harm to our overall economic wellbeing while allowing government to best perform those services that facilitate a healthy and prosperous community.

Property taxes are the most harmful and least positive means of raising revenue. Study after study confirms this. We have found no study or argument, whether philosophically or economically based, contending property taxes produce more good than harm compared to any other tax.

The question presented here is: Would passage of Measure 2 provide an incentive to industry to consider locating in North Dakota? Follow up questions might be:

- How would that incentive be measured?
- Would this incentive be sufficient to actually attract industry to locate in North Dakota?

Abolition of property taxes would not provide the same incentive to all types of businesses. However, those that require high dollar investment in real property would, without question, seriously look at the benefits of locating in the only state that has no property tax.

While it isn't possible to guarantee what industry decision makers would actually do we can clearly demonstrate savings that would inure to a company that invested in a facility where there were no property taxes.

To illustrate, we know that South Carolina's property taxes are .5% of property value annually (**5th lowest** in the nation). South Carolina is experiencing significant business locations to their state. North Dakota's property tax rate is 1.42% of property value annually (**10th highest** in the nation).

NORTH DAKOTA		SOUTH CAROLINA	
Facility Investment	\$500,000,000	Facility Investment	\$500,000,000
Annual Tax Rate	.0142%	Annual Tax Rate	.005%
Annual Tax	\$7,100,000	Annual Tax	\$2,500,000
Tax Over Amortized Life of Facility (40 years)	**\$284,000,000**	Tax Over Amortized Life of Facility (40 years)	**\$100,000,000**

Today, North Dakota is at a \$184,000,000 DISADVANTAGE compared to South Carolina in property taxes. After passage of Measure 2 North Dakota will have a \$100,000,000 property tax ADVANTAGE since its property tax burden will be ZERO.

Will Measure 2 guarantee industry would locate in North Dakota? No. However, we can guarantee that every industry in the U.S. and many more around the world would take a serious look at North Dakota as a place to locate. We can say, with a great deal of certainty, few if any industries are currently taking a serious look at North Dakota. And we know the first and most critical step to attracting industry is to get it to take a serious look. We believe that all the other incredible things about our State will result in more than just looking.

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WHAT IS ECONOMIC DEVELOPMENT & WHAT DO PROPERTY TAXES HAVE TO DO WITH IT?

DEFINITION: Creation of jobs - good, private sector, long lasting, well paying jobs is how many describe the purpose, if not the goal, of economic development. It's important to consider what it is about jobs that link them to economic development or vice versa.

OUR STANDARD OF LIVING: Jobs are how individuals earn so they can exchange for goods and services they need or want. The more one earns the more goods and services he can access. Likewise, the more job options one has the more likely he can maximize what he earns. What we earn determines our standard of living.

Anything that:

1. Limits our access to job options, or
2. Reduces (i.e. takes what we earn) our ability to spend our earnings as we see fit, diminishes our standard of living.

Individuals, not government create jobs. Jobs are the critical ingredient which determines our standard of living. Government can play an important part in facilitating job creating. However, government's role must be limited and remain so.

Necessary public goods and services are very few. They include:

- A functional, accessible and predictable legal system
- A system to ensure the accuracy of weights and measures
- A monetary system that is certain, secure and based on something other than fiat,
- A patent and copyright system,
- An efficient transportation system,
- A trustworthy policing and judicial system.

Everything added to public spending directly reduces the wage earners standard of living.

WHO CREATES JOBS? Tragically, Americans appear to suffer from the false belief that government, through mandate, interference, taxation directed at encouraging or discouraging free choices, and using revenues (and debt) to fund activities that would never be undertaken by choice facilitate economic development. Each and every one of these government actions directly reduces our standard of living.

Government interference in the private economy in the name of facilitating or stimulating economic development is truly Orwellian. Over the past hundred years government has slowly crept into the production sector of our economy hugely burdening its vitality. What was once the greatest innovation and wealth producing environment the world had ever seen is has become a ghost of itself.

Economic development isn't government driven. True economic development can't occur when government picks winners and losers. It isn't just the federal government that is destroying our productive sector it's also state and local governmental bodies.

Property taxes are used in North Dakota by counties and cities to stimulate what these governmental bodies claim is economic development. They reduce property taxes for selected "winners". It does initially attract investment. It also increases the taxes on everyone else. Thus, it directly reduces the standard of living for everyone else.

REMOVING BURDENS ON ECONOMIC GROWTH: Removing burdens (such as property tax) attract business. Yet, removing the property tax from one, the way North Dakota's property tax system works results in everyone else's tax burden increasing.

So what do we do? The answer is really quite simple. Government is too big, takes too much, regulates too much, and engages in policy decisions deliberately designed to encourage or discourage choices that are none of its business.

If Americans want an increased standard of living we must shrink government. This requires we make reductions in what government takes and what government is permitted to spend.

WHAT SHOULD WE ALLOW GOVERNMENT TO TAKE? When considering ***"what we allow government to take"*** we must carefully consider the method(s) we allow government to us in taking our wealth. Not all taxes are alike. Some are much more damaging in their consequences than others. Property tax is the most harmful of any tax devised.

For this reason ***Empower the Taxpayer*** is working to abolish this harmful and counter productive tax. Measure 2 will impose incentives on our state legislature to reduce spending by reducing special interest funding and encouraging efficiency at the state level.

Measure 2 intentionally directs our legislators to decide which state revenues and resources will be used to replace what is currently being funded with property tax revenue. At the same time it requires the legislature to fully and properly fund the legally imposed obligations of counties, cities, towns and other political subdivisions. This gives the legislature an incentive to not impose unnecessary duties and obligation on local governmental bodies.

LOCAL CONTROL: Measure 2, for the first time in state history, constitutionally guarantees expenditure of these revenues will be at the sole discretion of the local governing bodies. This puts control over how our money is spent exactly where it belongs – in the hands of those we elect at the county, city and township level.

There is no need to increase any tax following abolition of property taxes. Increases in state taxes will come ONLY if we allow our elected legislators to improperly prioritize how they spend our precious tax dollars.

We live in a democracy. It is our responsibility to manage those we elect. The amount of our tax dollars going to special interests far exceeds what's raised through property taxes.

If our legislators chose, they can replace property tax revenues with the oil and gas revenues with which our state is blessed.

ABOLISHING PROPERTY TAXES WILL INCREASE TAX REVENUE! As the Television Marketers say – "and there's more"! And there really is. Study after study shows the economic growth that abolishing property taxes stimulates will within just a few years result in more revenue than the revenue property taxes had generated.

The Beacon Hill Institute of Boston Massachusetts has done a study of the impact of abolishing property taxes in North Dakota. It shows that the net economic impact of abolishing property taxes, result in expanded economic growth far outweighing the "property tax revenue losses".

Measure 2 isn't a miracle, isn't a silver bullet and isn't magic. But it is the closest thing to that when it comes to fixing our broken tax system.

ANALYSIS OF THE LEGACY FUND FOR THE 2009-11 AND 2011-13 BIENNIUMS (REFLECTING THE 2011-13 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

2009-11 Biennium 2011-13 Biennium

Beginning balance $0 $0
Add estimated revenues
30 percent of oil and gas gross production and extraction tax collections $612,468,299[1]
Investment earnings 6,090,000
Total estimated revenues 618,558,299
Total available $618,558,299
Total estimated expenditures and transfers 0[2]
Estimated ending balance $0 $618,558,299

[1]Estimated revenues - The executive budget revenue forecast for the 2011-13 biennium projects oil and gas gross production tax and oil extraction tax revenues to total **$2,041,560,997 for the 2011-13** biennium. **Thirty percent of the projected revenues is $612,468,299.**

[2]The principal and earnings of the legacy fund may not be spent until after June 30, 2017.

FUND HISTORY

The legacy fund was created in 2010 when the voters of North Dakota approved a constitutional amendment--now Article X, Section 26, of the Constitution of North Dakota--to provide that 30 percent of oil and gas gross production and oil extraction taxes on oil and gas produced after June 30, 2011, be transferred to the legacy fund. The principal and earnings of the legacy fund may not be spent until after June 30, 2017, and any expenditure of principal after that date requires a vote of at least two-thirds of the members elected to each house of the Legislative Assembly. Not more than 15 percent of the principal of the legacy fund may be spent during a biennium. The Legislative Assembly may transfer funds from any source to the legacy fund and such transfers become part of the principal of the fund.

The State Investment Board is responsible for investment of the principal of the legacy fund. Interest earnings accruing after June 30, 2017, are transferred to the general fund at the end of each biennium.

ANALYSIS OF THE LEGACY FUND FOR THE 2011-13 BIENNIUM

(REFLECTING THE 2011-13 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)

	2011-2013 Executive Forecast	30% Allocation to Legacy Fund	70% Unallocated	Annualized Unallocated
Oil and Gas - Gross Production Tax & Oil Extraction Tax Revenue	$2,041,560,997	$612,468,299.10	$1,429,092,697.90	$714,546,348.95

HOW MUCH OIL IN NORTH DAKOTA?

Will the USGS update its assessment of the Bakken Formation?

The USGS has decided to update its 2008 assessment of the Bakken Formation, with the effort beginning in October 2011 at the start of the 2012 fiscal year. Dependent upon budget availability, it is expected to take two years to complete. The decision to update the oil resources assessment is based on new scientific and technical information about the Bakken. For more information on the updated assessment, visit **http://www.doi.gov/news/pressreleases/Bakken-Formation-Oil-Assessment-in-North-Dakota-Montana-will-be-updated-by-US-Geological-Survey.cfm**.

For additional information go to: **http://energy.cr.usgs.gov/oilgas/noga/** (choose Williston/Bakken in the map to see all available documents and links).

1/24/11 – Grand Forks Herald – James MacPherson, AP

A state study released after the USGS study found a near identical assessment as the federal report. The state has since bumped its estimate to about 11 billion barrels of oil, in both the Bakken and the underlying Three Forks/Sanish formations, based on drilling success and current production rates.

"We do not elect our representatives to determine how much of what we earn we get to keep. We elect them to prioritize spending the precious dollars we choose to entrust to them."

MEASURE 2 – ABOLISHING PROPERTY TAXES

WHY SHOULD WE ABOLISH PROPERTY TAXES IN NORTH DAKOTA?

1. Property taxes are unfair and out of control. They have become so abused and misused that they are not fixable; it's time we simply abolish them.

2. Property taxes mean you never own your home; instead you merely rent it from the government. No one knows this better than our elderly and those on fixed incomes, who, after 20 to 30 years have finally paid off their mortgage and are forced to move because they cannot afford their property taxes.

3. Property taxes are a disincentive to business and economic development. Our government leaders know this. That's why they use property tax abatements to attract new businesses. This unfairly adds to the tax burden of all other homeowners and established businesses.

4. North Dakota will be the only state in the nation with no property tax, focusing highly positive and much needed attention from business and industry around the country and the world on our state.

5. Measure 2 will be a magnet to business and industry across the nation and around the world. We won't have to spend another dime for Economic Development marketing, saving millions.

6. Small communities will have the same level playing field as larger cities when working to attract businesses and industries to their community. Now, small communities can't compete in offering property tax based incentives that the larger cities do through abatement, TIF and Enterprise Zone mechanisms.

7. After Measure 2 - large and small towns and cities compete on an equal footing. No longer will larger cities with bigger property tax bases be able to shift their tax base increasing taxes for some at the expense of others.

8. Our state will be a magnet to young families who otherwise are unable to afford to buy a home in other states. And once a homeowner; families can more easily afford to keep and maintain their home.

9. Measure 2 will spur the home building industry, adding jobs in our state. It will spark a surge in home-ownership, something every family and realtor would be happy to see.

10. Home ownership means stable neighborhoods and strong, more independent schools.

11. Measure 2 will eliminate extraterritorial battles we see in our larger metropolitan areas. Cities such as Fargo that provide endless tax abatements now fight to expand their boundaries to generate new property tax revenues to make up for the lost revenue. Measure 2 will stop this.

12. Abolishing property tax will change the economic landscape of our state and put us light years ahead of the rest of the nation. Government should not pick winners & losers.

13. Measure 2 is the surest way to limit special interests' access to the public treasury.

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MEASURE 2

ABOLISH PROPERTY TAXES

1. **YES!** – It can be done and we can do it on **June 12, 2012** by voting YES on Measure 2.

2. **WHY SHOULD ANYONE IN A FREE COUNTRY BE FORCED TO RENT THEIR HOME FROM THE GOVERNMENT OR LOSE IT?** It's time citizens have security in their own home and don't have to rent from the government or lose it. After paying a mortgage for 20 to 30 years why should we continue paying "rent to the government" for the "privilege" of living in our home? We shouldn't.

3. **Property tax is unfair and used to benefit special interests and punish those without influence.** In some communities 40% or more of property is "exempted" from taxes. The burden is placed on everyone else.

4. **County and city governments see your home as their private ATM**, a place where they can take as much as they want and you have no power to stop it.

5. Measure 2 will, for the first time in State history, constitutionally **give local control over all local spending** and the portion of school revenue currently funded with property taxes.

6. We can abolish property tax without increasing any tax. There is more than enough revenue to do so. **The problem is - instead of using the excess state revenue and oil revenue to decrease taxes it is used to benefit special interests.**

7. **Contrary to popular belief property taxes don't give citizens "local control".** The next time you think paying property taxes give you control at the local level try to influence how your local government spends your money; whether for schools or anything else.

8. **"How will we replace property taxes if we abolish them?"** From exactly the same place the revenue come from now – our earnings. The difference will be - after MEASURE 2 passes **YOU WILL OWN YOUR HOME and government will have NO CONTROL over it!**

9. Want to help make North Dakota the only state in the Nation without property tax?
   Go to our web-site: **1.** Sign up. **2.** Make a contribution. **3.** Educate your friends and neighbors. **4.** **Vote YES on MEASURE 2 - June 12, 2012!**

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FROM THERE TO HERE

Omdahl: 'Don't slay dragon, feed it!'

By Dennis Stillings

In his May 17 column, Lloyd Omdahl once again frets that finding replacement revenue to make up for the repeal of property tax (Measure No. 2) "will be virtually impossible." Omdahl's relentless drumbeat on the theme of difficulty and complexity is starting to get monotonous – even painful. Everything is just too much trouble, too fraught with difficulties.

North Dakota, thy name is "Difficulty." It's the nature of where we live. For Lloyd Omdahl to ride in this "difficulty" rut bespeaks either personal laziness or a certain contempt for the intelligence of the people of this state, some 29,000 of whom signed petitions to get Measure No. 2 on the ballot.

Having apparently run out of professorial steam, Omdahl has switched to political maneuvers to make his case. The North Dakota treasury is "brimming with windfall revenue." What is this "windfall revenue" – this unexpected good fortune? Does he mean oil? Windfalls are unexpected, and have the character of being short-lived. In an energy-hungry world it is unlikely that oil demand will diminish, and the size of the North Dakota oil fields virtually guarantees production for decades, if not centuries. To call this a "windfall" is misleading. It is solid good fortune resulting from intelligent and patient development. It is worth billions.

Continuing with his politically motivated alarmism, Omdahl claims that Measure No. 2 "will take $750 million away from local governments." And this seizure of funding will be "sudden and total."

Sounds scary, doesn't it? Do you think that will be done at gunpoint, Mr. Omdahl? One thing can be said: It has taken some time for Omdahl to stoop to political scare tactics on the issue of property tax repeal. He is trying to portray property tax repeal as a mugging in a dark alley.

Of course, the process will be nothing like that. Replacement revenue will be found, and the end-point recipients will scarcely know the change has taken place – other than that they will have more control over their share of these revenues. Clear and useful information may be found at www.empowerthetaxpayer.com.

As to Omdahl's many caveats, rest assured that these have been addressed. Considerable deliberation on the issues raised by Omdahl was undertaken by thoughtful attorneys at Legislative Council. He has no basis for assuming that care was not taken in drafting this measure, whereas there is reason to believe that Omdahl has been less than diligent in examining the basis for his own criticisms.

Clearly, he has not bothered to read the measure.

Quite frankly, the objections raised against Measure No. 2 that I have heard in person, read in letters to the editor in various publications, and noted in blog postings have been far more interesting, pointed, and useful than anything Omdahl has said so far on this subject.

Omdahl has stated that "It would take a book as fat as 'War and Peace' to enumerate the many evils of the property tax." Why doesn't Lloyd Omdahl want to slay the property tax dragon? It seems it is because it would be too hard to do, so we are supposed to just keep on feeding it.

Stillings, of Valley City, occasionally writes this column for the Times-Record.

Valley City Times-Record, Thursday, May 26, 2011

ARE WE GETTING OUR MONEY'S WORTH FROM THE TAXES WE PAY?

ITEM	1995 - 1997 Legislative Appropriation Total Funds (For the Biennium)	1995 - 1997 Average Annual State Funding	2009 - 2011 Legislative Appropriation Total Funds (For the Biennium)	2009 - 2011 Average Annual State Funding
Total Fund Appropriations	$ 3,675,560,328.00	**$ 1,837,780,164.00**	$ 8,848,274,865.00	**$ 4,424,137,432.50**
State Population	642,000.00	**642,000.00**	642,000.00	**642,000.00**
Average Per Person State Spending	$ 5,725.17	**$ 2,862.59**	$ 13,782.36	**$ 6,891.18**
	2	**2**	2	**2**
Average State Spending per Couple	$ 11,450.34	**$ 5,725.17**	$ 27,564.72	**$ 13,782.36**
	2	**2**	2	**2**
Average State Spending per Family of 4	$ 22,900.69	**$ 11,450.34**	$ 55,129.44	**$ 27,564.72**

Since 1995 state spending per person has gone from $2,863 to $6,891. How many taxpayers have seen their income increase 250% since 1995? State spending for a family of 4 has increased from $11,450 annually to $27,565. The question is - Are we getting our money's worth?