

## Measure 2 Testimony

Today I stand before you representing myself, not NDs Soybean Framers. I have developed a keen interest in measure 2.

It is my perception that Measure 2 does not reduce our aggregate tax liability, only how it is paid and potentially who pays it. The tax revenue "tool box" has many tools in it; income, sales, property, etc. All tools in the tool box are cared for by you, the legislature. Some tools you choose for your exclusive use and other you lend to other political subdivisions for their use. Measure 2 removes your authority to lend that tool to others for their use and prohibits you for using it also. You, and our representative governments at all levels in ND, now have less tool options to choose from when dealing with our common concerns.

As an individual tax payer Measure 2 would eliminate my property tax. My 2010 tax liability played out like this: Federal Tax 72%, State Tax 9% and Property Tax to Burleigh County 19%. Under Measure 2, the 19% liability does not go away . . . the State pays. MY burden shifts . . . to others that "should" pay more, are more able to pay more, who? The burden does not go away! Measure 2 proponents let you, as legislators, decide. And I get to keep more money of what I have to . . . spend or save as I please, right? Maybe? Then what?

"Then What" concerns me. I have a relatively good understanding of what to expect under the current tax code that most <sup>others</sup> in our have prospered under. I also know that the structure we live with today has significant elements that have contributed to my and my family's successes over the years. So, as you might surmise, when the proponents of Measure 2 suggest that because they have failed to find a meaningful way to improve the property tax system, they'd dispose of it altogether, <sup>I'm concerned.</sup> I'm not for tossing the baby out with the bath water because the water cooled or pulling the ladder up behind me and leaving those behind to fend for themselves.

It is my clear impression that the proponents of Measure 2 are suggesting that economic development with blossom in the absence of property taxes. And if I am

reading their commissioned study materials from the Beacon Hill Institute correctly, private sector development is preferred to public sector development. I will be the first to admit that I am not well versed in economic development theory or practice. I do however understand that at the basic level of economic activity there is a seller and a buyer. I don't believe that most merchants involved in a sale truly care if a buyer represents private or public purchaser. In the last couple of months I've spent several hours perusing the web looking at economic development information and studies. My research indicates that the field of economic development is very complex. Effective strategies and methodologies are dependent on the type (economic only, economic and social, others alone or combined) of development sought; world geographic location; core values of impacted populations; available skilled and unskilled labor; available resources and transportation assets; and on and on. In most of what I have looked at, Government roles and policies are considered in some format, but nowhere was tax and property tax in particular, a primary strategy, enhancer or detractor consideration *for developers*.

The Beacon Hill Study indicates that the elimination of property tax at the local level would not necessarily result in a reduction of revenue. Although, many support <sup>it</sup> might hope for that outcome. Property tax revenues as they are collected and dispensed do not leave our economy now, again no change. These local *subdivisions* expenditures do much for <sup>the</sup> economic well being of their respective areas now.

A second issue that Measure 2 proponents have suggested is the underlying fear of property tax foreclosure to those on a fixed income that do not have the means to supplement that income. This is a long standing concern of our legislators and over the years has driven change provisions in the tax code to eliminate that concern. Is it possible to eliminate those concerns for all, no; and I am sure legislators will continue to work these issues as circumstances arise. The proponents of Measure 2 have not provided evidence that this is a persistent and pervasive problem in North Dakota.

Back to the question of who pays? Conjecture today might suggest that the oil taxes can foot the bill. My guess is that the oil and gas companies are not going to lineup and offer to that, no matter how good of neighbors they are trying to be. My

crystal ball would suggest just the opposite may occur in <sup>future</sup> ~~the~~ next sessions. What I find most perplexing about Measure 2 is that fact that it removed the property tax tool from the tool box and leaves it to the you, the legislature to find the required revenue sources. Welcome to the challenge of "more with less". We know that in the end, we all will pay in some format.

We elect you to work at understanding the complexities of the issues that surround us because most of us do not have the time or inclination to do so on our own. We expect that you will steer us around the major pitfalls and fix those that are missed for some reason. The vast majority of times you have done that superbly, THANK YOU. You that come to these legislative duties with a genuine desire to work toward longer term solutions that benefit your constituents and other North Dakotan's, are what I believed our founding fathers envisioned long ago, and <sup>that is</sup> what is great about America today. You are builders . . . Thank You Again.

It is my personal opinion that Measure 2 does not add to that <sup>certainly not at this level</sup> ~~so it must be~~ <sup>that is</sup> ~~rejected~~. Simply removing a proven tool from the tool box do not increase the utility of the tool box or the results we expect from the mechanic.

Scott Rising