



NORTH DAKOTA HOUSE OF REPRESENTATIVES

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360



Representative Kim Koppelman

District 13
513 First Avenue NW
West Fargo, ND 58078-1101
B: 701-492-7317
kkoppelman@nd.gov

Speaker of the House

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Testimony in Support of HB 1479

Before the House Finance and Taxation Committee

Mr. Chairman and Members of the Committee,

For years, this Committee has advanced important tax reforms which have benefited the people of North Dakota. Today, you have the opportunity to advance one more very important one.

House Bill 1479 will greatly simplify income taxes for our state's taxpayers. Simply stated, this bill proposes a "flat tax". Because of the good work of the North Dakota Legislature, largely prompted by the work of this Committee, in past sessions, our taxpayers already enjoy one of the lowest income taxes among states which levy an income tax, at all. Still, it remains relatively complex and this is unnecessary.

We can achieve not only low taxation but also simplicity in taxation by simply reforming our income tax to make it a flat tax. With generous exemptions, on the low end of income, many taxpayers would pay now state income tax at all, as is the case now. By flattening the tax, when imposed on incomes above that amount, it would make our tax easy to calculate, simple to plan for, and as painless as possible for those who pay it. It would also clarify to those, around our nation, that North Dakota is a low tax state, without having to crunch numbers in complex calculations which would make an accountant's head swim.

There is no reason for our income tax to be complicated. It is low. It should stay low, and we should make it simple, as well. With a flat tax, people would be able to calculate their very small North Dakota income taxes on the back of an envelope or on a cell phone, in mere minutes.

I urge you to do your due diligence to ensure that HB 1479 accomplishes its two goals—minimizing or eliminating any financial impact upon both taxpayers and the state’s coffers. In order to attempt to achieve this, I asked the Legislative Council to prepare the bill based upon the last amended version of a bill you had before you last session, which members of your committee reported had done so. Not long ago, I received a document from the Legislative Council, reportedly generated by the Tax Department, indicating that the first goal was not only achieved, but in some cases far surpassed.

Perhaps predictably, however, this seems to be an endlessly moving target. I was recently informed that the bill, in contrast, has just been given a large fiscal note. That is not my intent. Accordingly, I’ve asked Emily Thompson at Legislative Council, as well as a member of your committee, to work with the Tax Department, in order to flesh out these inconsistencies and amend the bill to ensure that it meets those two goals, to every extent possible. In doing so, if you can achieve a tax cut without costing more revenues than can be afforded, I’d encourage you to do that. In any event, I’d respectfully ask that you put this bill in the best possible shape, and I stand prepared to work with the Committee to help you do that in any way that I can, and then would ask that you give the improved bill a resounding “Do Pass” recommendation.

Thank you.