



AMERICANS for TAX REFORM

January 11, 2023

To: Members of the North Dakota House Committee on Finance and Taxation
Re: Testimony of Grover Norquist, President, Americans for Tax Reform in Support of House Bill 1158

Chairman Headland and Members of the Committee,

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My name is Grover Norquist, I am President of Americans for Tax Reform (ATR). I founded ATR in 1985 at the request of President Reagan. Today, we continue to advocate for reducing the tax burden, and sponsor the Taxpayer Protection Pledge, a written commitment made by elected officials to their voters to oppose tax increases.

Thank you for having me here today to testify in support of House Bill 1158, and discuss the trends and benefits of reducing, flattening, and eliminating income taxes. And thank you Chairman Headland for your continued leadership on income tax reform, and to all the members of the House who have voted to eliminate the state income tax previously.

HB 1158 is a strong tax reform bill that will create a single rate flat tax of 1.5%, while eliminating any income tax obligation for lower income earners (under \$44,725 per year).

This would give North Dakota the lowest flat tax of any state in the nation, making the state tax climate one of the most welcoming in the country. Though the state would remain behind the no-income-tax states, including neighboring South Dakota – for now.

A flat rate is a huge and important step forward. It makes it more difficult for future tax increases to be enacted. Future politicians could no longer divide taxpayers into different groups and take their earnings one at a time. Having a lower, flat rate would also put North Dakota in a strong position to eliminate the state income tax entirely.

States that have low, or no, income taxes are winning the competition for people, jobs, and economic growth. Meanwhile high-tax states like California and New York are watching people stampede through the exits.

The 10 states that gained the most residents from domestic in-migration had an average total state and local tax burden of 7.7% of income, compared to 10% of income for the 10 states that lost the most residents. Americans are voting with their feet.

Red states are learning this lesson, and leading by reducing their tax burdens. In 2021, 14 states cut their income taxes, in 2022 we saw eight more state income tax cuts. There are currently eight states with no income tax, New Hampshire will soon be the ninth. 10 more states have begun phasing their income taxes to zero.

Many of the legislative leaders who achieved these results are enthusiastic about helping you do the same. They are willing to share their guidance, so please do not hesitate to reach out to them:

In Arizona, House Speaker Ben Toma (BTOMA@azleg.gov) and Senate Finance Committee Chairman J.D. Mesnard (JMESNARD@azleg.gov) have been key in passing and expediting Arizona's new, lowest-in-the-nation 2.5% flat tax rate, which is in effect as of January 1, 2023.



**** A CAPITAL GAINS TAX WAS ENACTED BY THE MA LEGISLATURE IN 2021 BUT ITS IMPOSITION HAS BEEN ENJOINED PENDING THE OUTCOME OF A LAWSUIT CHALLENGING THE TAX AS UNCONSTITUTIONAL.**

NOTE: PERCENTAGES REFLECT THE TOP MARGINAL STATE INDIVIDUAL INCOME TAX RATES AS OF JANUARY 1, 2022.