



Title & Summary

Constitutional Measure No. 1



(House Concurrent Resolution No. 3045, 2007 Session Laws, Ch. 584)

This constitutional measure would add a new section to Article X of the North Dakota Constitution.

This measure would establish a permanent oil tax trust fund from oil and gas tax revenue exceeding one hundred million dollars per biennium, adjusted for inflation; interest earnings on the trust fund would be transferred to the general fund each year; and no more than twenty percent of the principal of the trust fund could be spent each biennium, if approved by three-fourths of the members of both houses of the legislature.

YES –Means you approve the measure as summarized above.

NO – Means you reject the measure as summarized above.

Fargo Forum Measure Summary

Proponents of Measure 1 sell it as a way to save money for the future and cushion state budgets from volatile oil prices, which are prone to spike and plunge.

Critics, however, argue that the proposal is too rigid with its requirement that a three-fourths vote of both legislative chambers would be required to spend up to 20 percent of the oil trust fund's principal.

“This measure is terribly flawed,” said Jan Cheney, a member of a coalition opposing both Measures 1 and 2. “That kind of a super majority, I don't see the need for it. Our state legislators are not known for their fiscal irresponsibility.”

Rep. Dave Weiler, R-Bismarck, a leading proponent of Measure 1, argued that the proposal makes budgeting more predictable, and does not unreasonably restrict any future Legislature from having the flexibility to respond to shifting conditions, as critics have argued.

“I believe it does the exact opposite,” he said. “It makes it a lot easier to budget because it’s a consistent source of revenue that’s going to be stable and increasing.”¹

Arguments & Rebuttals

Argument For Measure 1 – North Dakota Chamber of Commerce:

Measure 1 is a proposed constitutional amendment approved by the 2007 Legislature. Now it requires a vote of the people to approve a protected permanent oil trust fund. A permanent fund will act like a savings account and the interest generated from the fund will be made available for spending. Your yes vote means we can hold the line on future tax increases for your future and your children’s future.

Argument For Measure 1 – Permanent Promise Coalition:

Measure 1 takes a portion of the money generated from the oil and gas extraction tax and places it in a permanent trust fund. As the oil money arrives at the state, certain funds are funded first. Like the cities and counties fund, school fund, water resource fund and others. These funds are funded according to the state formula. After all these funds receive their apportionment, then the first \$100 million generated is placed in the general fund. Any additional dollars are then placed into the “protected” trust fund.

We need to remember, when Measure 1 passes, the trust fund goes into effect in July 2009. The current surplus in the state is available to the Governor and legislators to spend at their discretion.

Measure 1 does not lock away all the money. It creates a savings account to be used for future education needs and essential services offered by the state. The spend it all now crowd is trying to scare people into voting no, and forgetting to tell you, all the key funds are funded first – the school’s fund.

Measure 1 is the tool to prevent future tax increases, and to ensure we have funds for the future. Isn’t it funny that the opponents of Measure 1 such as NDEA are encouraging we spend the money instead of saving it? There was a time when educators would teach children to save money.

We need to think beyond ourselves and think about the future of North Dakota. Let’s save some of the oil money and prevent the devastation of the tax increases caused by the oil bust of the 80’s. Now’s the time to vote yes on Measure 1 and save some of the oil money.

Argument Against Measure 1 – American Association of Retired Persons:

Measure 1 would make any future proposals for real property tax relief impossible because the money would be locked away and virtually inaccessible. In recent years, state government has gotten into the practice of piling money up and doing nothing with it. Measure 1 would take this practice to a new level and lock it into our state’s constitution. Other states with oil trust funds specifically allocate money to education, infrastructure and public services. Why shouldn’t North Dakota?

Measure 1 would mean less funding for local police, fire departments, emergency response teams and other essential services that you depend on. As the state would lock the money away, local aid would be cut. Local governments would have to cut services or raise local taxes to make up for the shortfall. The result would be reduced ability to respond to emergencies or higher local sales taxes and more property taxes.

Measure 1 would lock an inflexible and impractical spending formula into North Dakota's constitution. The measure would also impose a supermajority requirement of 75% approval by both houses of the Legislature to take money out of the fund. Even with supermajority approval, only 20% can be taken out. The result will be a reduced ability to respond to state emergencies and an even greater financial burden being placed on local governments.

Measure 1 is not a rainy day fund. It's not a "savings account." It's not a "piggy bank." Measure 1 simply allows the state to hoard money away so politicians can pat themselves on the back about how much the state is "saving." Meanwhile, our property taxes will go up, state fees will increase and important services will be crippled.

Title & Summary

Initiated Statutory Measure No. 2



(Individual and Corporate Income Tax petition)

This initiated statutory measure would amend sections 57-38-30 and 57-38-30.3 of the North Dakota Century Code.

This initiated measure would amend sections 57-38-30 and 57-38-30.3 of the North Dakota Century Code for tax years beginning after December 31, 2008 by lowering the state corporate income tax rates by fifteen percent and the adjusted state income tax rates by fifty percent, except for one taxpayer bracket where the reduction would be forty-five percent and for two other brackets where some income would not be taxed.

YES – Means you approve the measure as summarized above.

NO – Means you reject the measure as summarized above.

Fargo Forum Measure Summary

The proposal would reduce income tax rates for corporations by 15 percent and by 50 percent for most individuals, although one bracket would see a 45-percent break and two others would not be taxed.

If passed, the income tax reductions would reduce revenues to the state general fund by an estimated \$414.2 million in the 2009-2011 biennium, according to an analysis by state tax officials.

Dustin Gawrylow of Americans for Prosperity-North Dakota, the group pushing the income tax cuts, said he is surprised 32 percent of voters remain undecided about the measure.

“They’re preoccupied with their own personal economics,” he said, “which is why we would say it’s the best time to cut taxes. Revenues have just increased so drastically over the past eight years that it’s time for a correction.”

But Cheney said the big drop in state revenues, which are needed to “pay for things we all want and need,” including “roads, schools, health care, support for seniors,” among other programs. “The list is pretty long.”

“If Measure 2 passes it’s going to significantly impact our resources and our legislators’ ability to act down the road,” she added.¹

Arguments & Rebuttals

Argument For Measure 2 – Americans for Prosperity:

Revenues generated by the North Dakota State Income Tax, are projected by the Office of Management and Budget to have more than doubled by the 2009-2011 biennium since the 2001-2003 biennium. The effect of Measure #2 on the revenue produced by the income tax revenue will return the revenue stream to its 2003-2005 levels.

Even with the passage of both Measures 1 & 2, the state can sustain a historical average 10% growth rate, and have at least \$350 million dollars (including the Budget Stabilization Fund) remaining for the 2017 legislative session.

Argument Against Measure 2 – American Association of Retired Persons:

Today, 45% of funding for K-12 education is provided through property taxes. That's because the state's share of funding for education has been steadily slashed during the past 20 years. Cutting state income taxes would push even more of the burden down to local governments and only compound the high property taxes problem.

More than 70% of the estimated savings from the proposed income tax cut would go directly to the top 20% of North Dakota wage-earners. This is simply unfair. However, if the state would properly fund K-12 education and offer real property tax relief, all North Dakotans would benefit. Such savings from property tax relief would have a major economic impact on North Dakota – an impact that far surpasses any benefits of an income tax cut.

If passed, Measure 2 could result in higher property and sales taxes to pay for services that are already funded by our state's income taxes. North Dakotans enjoy one of the lowest state income tax rates in the nation but we pay some of the highest property taxes anywhere. Not everyone pays income taxes, but everyone does pay property taxes. If you are a home or land owner, you pay directly; if you are a renter, the cost of property taxes is included in your monthly rent. North Dakotans desperately need property tax relief . . . relief that will be impossible if Measure 2 passes.

If Measure 2 is passed, the state will be losing more revenue and you, the taxpayer, will have to make up the difference. You won't pay it in your state income taxes but you will certainly pay for it in higher property taxes, sales taxes and state fees.

Title & Summary

Initiated Statutory Measure No. 3



(Tobacco Use Prevention and Control Program petition)

This initiated statutory measure would add seven new sections to the North Dakota Century Code and amends section 54-27-25.

This measure would establish a tobacco prevention and control advisory committee and an executive committee; develop and fund a comprehensive statewide tobacco prevention and control plan; and create a tobacco prevention and control trust fund to receive tobacco settlement dollars to be administered by the executive committee.

YES – Means you approve the measure as summarized above.

NO – Means you reject the measure as summarized above.

Fargo Forum Measure Summary

The proposal would establish a tobacco prevention and control advisory committee, and a fund administered by an executive committee, using new “bonus” revenues from a settlement with tobacco companies.

“It’s about what I would expect” for an issue generating “very little controversy,” said proponent Heidi Heitkamp, noting the 53 percent approval shown in the poll, with 35 percent against and 12 percent undecided.¹

Arguments & Rebuttals

Argument For Measure 3 – Richland County Tobacco Free Coalition:

Measure 3 will allow North Dakota to adequately fund statewide tobacco prevention and control programs that prevent kids from starting to smoke and help smokers quit by allocating new “bonus settlement payments” from the 1998 national tobacco settlement into a new trust fund for tobacco prevention.

The CDC recommends that North Dakota spend \$9.3 million on tobacco control. North Dakota’s tobacco control program currently receives \$4.3 million from state and federal sources. Measure 3 would establish a Tobacco Prevention and Control Trust Fund where the “bonus settlement payments” would be deposited to make up the difference between current funding and the CDC-recommended funding level.

This new funding would fill critical gaps in current tobacco control programs. North Dakota – for the first time – would be able to fund ongoing statewide campaigns to keep kids from starting to smoke and help smokers quit; could offer more free services and medications through cessation programs and the North Dakota Tobacco Quitline; and provide new statewide services for groups most affected by tobacco use – including Native Americans and pregnant women.

CDC research shows that the more states spend on comprehensive programs, the greater the reduction in smoking, and the longer states fund these programs, the greater and faster the improvements in health. California, home to the longest-running comprehensive program, saw adult smoking rates drop to 13.3% in 2006, compared to 20.8 % nationally. By comparison, North Dakota's adult smoking rate is 20.9%.

Tobacco use is the leading preventable cause of death in North Dakota, killing more than 900 adults each year and costing the state \$247 million in health care bills each year. Each year, 800 North Dakota kids become new, regular smokers, and 11,000 North Dakota kids alive today will ultimately die from smoking.

Argument Against Measure 3 – North Dakota Senator Tom Fischer:

Although total tobacco cessation is an admirable goal, this measure is open-ended and the executive committee has all the power to set the requirement for funds at whatever they deem necessary – without limit.

The executive committee is comprised of three individuals, and they have all the decision-making power concerning expenditure appropriateness and administration of the plan. The measure wording states that the plan “must be funded at a level equal to or greater than the centers for disease control recommended funding level.” This gives the executive committee open-ended powers to allocate more money to this program than the Center of Disease Control would recommend.

These three individuals would have authority to employ staff, fix their compensation (possibly exorbitant rates of compensation, particularly for administrators), accept gifts, borrow money, lease property, etc. If the tobacco prevention and control trust fund does not have adequate capital to finance these expenditures, money will be taken from the water development trust fund. Water development may not be a concern for persons living alongside our state's rivers and lakes, but for those living in southwest North Dakota and those who have been hit hard by drought in years passed, water development is essential; and any capital diverted from that fund is detrimental to the future of our state.

Under this act, three individuals, with virtually no accountability, control an unrestricted amount of North Dakota's capital. I absolutely support smoking cessation, but I do not support this measure because of its open-endedness and lack of accountability.

Title & Summary

Initiated Statutory Measure No. 4



(Work Force Safety and Insurance Agency petition)

This initiated statutory measure would add two new sections to Title 65 of the North Dakota Century Code. This measure would provide for the appointment by the Governor of the director for the Workforce Safety and Insurance agency, the placement of its employees into the state personnel system, and for the appointment of independent administrative law judges to conduct hearings and make final decisions.

YES – Means you approve the measure as summarized above.

NO – Means you reject the measure as summarized above.

Fargo Forum Measure Summary

The poll shows 57 percent of voters favor the measure to place Workforce Safety and Insurance, the state workers' compensation program, back under the governor's authority.

"I'm gratified," said Stephen Little, a Bismarck lawyer who represents injured workers and proponent of the measure. "I think it means the public at large is aware of the issues and takes it seriously and is in favor of restoring accountability to WSI."

Legislators removed the agency from the governor in 1997, placing it under an independent board dominated by employers.

Critics have said placing the agency back under the governor would embroil the agency in politics.¹

Arguments & Rebuttals

Argument For Measure 4 – Governor Hoeven Campaign Office

I believe that the initiated measure process should be taken forward by the people rather than elected officials, but I have clearly and publicly advocated that the agency be placed back under the Governor. The number one priority is making sure we have management in place at WSI that is concerned about injured workers and making sure the agency is fulfilling its mission. Also, we must have management that can work with businesses, the people of North Dakota, and the media, to make sure the agency is transparent and accountable.

Argument Against Measure 4 – North Dakota Chamber of Commerce

Do you remember the WSI premium rate increases from the late 80's and early 90's? From 1985 to 1995, premiums increased by over 500%. We can't afford to go back to a system that was a dismal failure.

Measure 4 on the November ballot returns politics to WSI and threatens the stability of premiums and overall management of your insurance program.

All of the bad press WSI has received over the past few years was proven to be untrue. When Connolly and Associates was hired by the Governor to provide an independent report on WSI governance, it simply said that WSI is one of the best run organizations in the country.

If we don't do our part to promote the facts, it is a very strong possibility that control of WSI would be returned to the Governor and that politics will play a role in its governance.

Full Text and official analysis of each ballot measure is available online at www.nd.gov/sos/electvote/elections/considered-measures.html.

¹ Springer, P. (2008, October 16). Majority Backs 3, 4. *In-Forum*, Retrieved October 16, 2008, from <http://www.in-forum.com/articles/index.cfm?id=218413§ion=news>.