

**2021 HOUSE JUDICIARY**

**HCR 3040**

# 2021 HOUSE STANDING COMMITTEE MINUTES

## Judiciary

Room JW327B, State Capitol

HCR 3040

3/8/2021

Relating to the vote required for a tax increase and the imposition of a new tax
--

**Chairman Klemin** called the hearing to order at 9:47 AM.

Present: Representatives Klemin, Karls, Becker, Buffalo, Cory, Jones, Magrum, Paulson, Paur, Roers Jones, Satrom, Vetter, Christensen. Absent: K. Hanson

### Discussion Topics:

- Article X
- New tax

**Rep. Becker:** Introduced the bill. Testimony # 7866

**Terry Traynor: Association of Counties.** Verbally testified

**Chairman Klemin** closed the hearing at 9:52

**Rep. Becker:** Moved to adopt amendment 21.3040.02001

**Rep. Vetter:** Seconded

Voice vote carried

**Rep. Becker:** Do Pass as Amended motion

**Rep. Magrum:** Seconded

Roll Call Vote:

Representatives	Vote
Chairman Klemin	N
Vice Chairman Karls	N
Rep Becker	Y
Rep. Christensen	Y
Rep. Cory	Y
Rep T. Jones	Y
Rep Magrum	Y
Rep Paulson	Y
Rep Paur	Y
Rep Roers Jones	N
Rep B. Satrom	N
Rep Vetter	Y
Rep Buffalo	N
Rep K. Hanson	A

House Judiciary  
HCR 3040  
March 8, 2021  
Page 2

8-5-1 Motion carried

Carrier: Rep. Backer

**Additional written testimony: # 7741, #7764**

Stopped 9:57

DeLores D. Shimek  
Committee Clerk

March 8, 2021

DE 3/8/21  
luf

PROPOSED AMENDMENTS TO HOUSE CONCURRENT RESOLUTION NO. 3040

Page 1, line 14, after "A" insert "state"

Page 1, line 14, after "any" insert "state"

Page 1, line 16, after "any" insert "state"

Renumber accordingly

**REPORT OF STANDING COMMITTEE**

**HCR 3040: Judiciary Committee (Rep. Klemin, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (8 YEAS, 5 NAYS, 1 ABSENT AND NOT VOTING). HCR 3040 was placed on the Sixth order on the calendar.

Page 1, line 14, after "A" insert "state"

Page 1, line 14, after "any" insert "state"

Page 1, line 16, after "any" insert "state"

Renumber accordingly

Excerpts from Apr 10, 2020 article in Forbes

### **Are State Supermajority Requirements To Enact New Taxes A Good Idea?**

In most states, enactment of new taxes or increases in existing ones can be approved by a simple legislative majority. Other states go further. As of 2018, 15 states require a legislative supermajority in both chambers to enact new taxes or increase existing taxes. The supermajority requirement varies from state to state; seven states require a two-thirds majority, five states require three-fifths, and three states require a three-fourths majority.

Colorado imposes an additional requirement that the tax measure be approved by the voters. Taxes subject to the supermajority requirement also vary. Of the states with supermajority requirements, 12 require supermajorities for all taxes, while Arkansas, Michigan, and Wisconsin make exceptions. Arkansas subjects all taxes to supermajority approval except for sales and alcohol taxes; Michigan's supermajority requirement applies only to property taxes; and in Wisconsin, a supermajority is required for sales, income, and franchise taxes. At one time Florida's supermajority requirement was limited to the corporate income tax, but it was extended to all taxes and fees, as well as tax increases, in 2018.

Supermajority requirements for taxes date back 86 years. In 1934, Arkansas was the first state to require a supermajority specific to tax legislation — the property tax, beer tax, cigarette tax, severance tax, corporate and individual taxes, and the motor fuels tax. Taxes enacted after that year require only a simple majority. Arkansas enacted its sales tax in 1941 and its use tax in 1949. Since then, the sales and use taxes have been increased six times.

By contrast, the income tax was increased in 1971, the first since 1929. In the ensuing years after Arkansas implemented its supermajority requirement, only five states followed its lead; Louisiana was the first in 1966, and Delaware the last in 1980. The 1990s, however, saw a flurry of states implementing supermajorities, with nine states joining the pool between 1992 and 2000.

### **What's So Great About Supermajorities?**

Dean Stansel, formerly a fiscal policy analyst at the Cato Institute, explains that a supermajority requirement for tax increases simply means legislators "will have to reach a broader consensus before doing so." Moreover, he claims, "there is evidence that supermajority requirements have at least helped to restrain the growth of taxes," pointing out that "from 1980 to 1996, state tax burdens as a share of personal income increased by 1.1 percent in states with supermajority requirements, [while] taxes rose five times faster in states without such requirements."

According to the Hoover Institution, a study conducted by the Heritage Foundation found that between 1980 and 1992, "tax revenues grew about 20 percent less in supermajority states than in other states, while spending grew nine percent less." Further, "economic growth in supermajority states was eight percent higher than in other states, and job growth was five percent higher."

Americans for Tax Reform, an anti-tax group best known for its Taxpayer Protection Pledge, which stands as a written record of a politician's rhetoric to oppose new taxes or tax increases, claims that voters have embraced supermajorities. The group explains that in Florida, Nevada, Oregon, and South Dakota, where supermajorities were put in place by referendum, the proposals "received over 70 percent of the vote."

#7741

I'm tired of trusting my legislators to 'take care' of me'. ALL tax increases must go to a vote of the people because I no longer trust ANY legislator to do as I ask.

**House Judiciary Committee**  
**Chairman – Representative Lawrence Klemin**  
**March 8, 2021**  
**Testimony By: Shaun Sipma**  
**Minot City Mayor**  
**shaun.sipma@minotnd.org**  
**701-857-4750**

**HCR No. 3040**

Thank you for the opportunity to testify regarding HCR 3040. We would like the record to show that the City of Minot is opposed to the House Concurrent Resolution.

The proposed legislation, if passed, essentially strips local control away from governing bodies to best respond to the ever-changing needs of its community. The proposed Article in essence would freeze all property tax for all taxing entities. Any proposed increase would then be limited to the biennium meeting schedule of the North Dakota Legislature. Lawmakers from across the state, with only a small percentage living within the boundaries of the taxing authority, would then determine needs of the community being served.

The limitation of the two year meeting cycle would create an unstable environment for taxing jurisdictions to enter sustainable partnerships to meet local needs.

I would propose the property tax issue be fully considered in a comprehensive study being considered in other bills. A deep dive into local taxation must be more than looking at property values and mill levies. The full scope should be considered including budget priorities of each community, long term budget planning, infrastructure needs and/or deficiencies, safety demands and requirements, evolving demographics, sustainability and unmet needs to name just a few. The study should also consider how the loss of local control would impact each jurisdiction.



Currently voters elect people from their own community to make the difficult decisions each budget year based on the factors mentioned prior. If the voters are unhappy with the direction of the governing body of that taxing jurisdiction, they do have the ability to elect new members. Having numerous elected officials outside of their community making decisions on their local property taxation in affect takes away control from the voters.

Ultimately this proposed bill erodes local control and erodes the sustainability of local governments.

Local governments exist to provide core protections and services to their constituencies such as public safety, utilities, quality roads, a rich quality of life, and protection of rights. HRC 3040 undermines the sustainability of cities, counties, and taxing authorities to continue to meet these needs for the foreseeable future. As such Minot respectfully requests this bill receive a “do not pass” recommendation from this committee.

Thank you.

**2021 SENATE FINANCE AND TAXATION**

**HCR 3040**

# 2021 SENATE STANDING COMMITTEE MINUTES

## Finance and Taxation Committee Fort Totten Room, State Capitol

HCR 3040  
3/24/2021

A concurrent resolution to create and enact a new section to article X of the Constitution of North Dakota, relating to the vote required for a tax increase and the imposition of a new tax.

**Chair Bell** calls the meeting to order. Chair Bell, Vice Chair Kannianen, Senators Meyer, J. Roers, Patten, Piepkorn, Weber are present. [9:59]

**Discussion Topics:**

- Super majority
- Tax increases

**Representative Becker** [9:59] orally introduces in favor.

**Additional written testimony:**

**Gordon Greenstein** in favor #10605.

**Chair Bell** adjourns the meeting. [10:04]

*Joel Crane, Committee Clerk*

Senate Finance and Taxation

HCR 3040

Chairman Bell and Committee

I urge a strong DO PASS on HCR 3040. I like the intent of this resolution that this measure would require a two-thirds vote of the members elected to each house of the legislative assembly to increase an existing tax or impose a new tax. While supermajority restrictions have been proven to restrain the growth of taxes in states that have them, they have also resulted in greater economic growth when compared to states that don't. That is a great win for the taxpayers

Thank You

Gordon Greenstein

US Navy (Veteran)

US Army (Retired)

# 2021 SENATE STANDING COMMITTEE MINUTES

## Finance and Taxation Committee Fort Totten Room, State Capitol

HCR 3040  
3/29/2021

A concurrent resolution to create and enact a new section to article X of the Constitution of North Dakota, relating to the vote required for a tax increase and the imposition of a new tax.

**Chair Bell** calls the meeting to order. Chair Bell, Vice Chair Kannianen, Senators Meyer, J. Roers, Patten, Piepkorn, Weber are present. [10:56]

### Discussion Topics:

- Tax vote requirements
- Constitutional amendment
- State taxes and fees
- School funding
- Property tax

**Senator Patten** [11:01] moved DO NOT PASS

**Senator J. Roers** seconds

Senators	Vote
Senator Jessica Bell	Y
Senator Jordan Kannianen	N
Senator Scott Meyer	N
Senator Dale Patten	Y
Senator Merrill Piepkorn	Y
Senator Jim Roers	Y
Senator Mark Weber	Y

Motion carries 5-2-0

**Senator Patten** carries

**Chair Bell** adjourns the meeting. [11:03]

*Joel Crane, Committee Clerk*

**REPORT OF STANDING COMMITTEE**

**HCR 3040, as engrossed: Finance and Taxation Committee (Sen. Bell, Chairman)**  
recommends **DO NOT PASS** (5 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING).  
Engrossed HCR 3040 was placed on the Fourteenth order on the calendar.