

# STATE OF NORTH DAKOTA'S TOTAL BUDGET

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TOTAL BUDGET BREAK DOWN  
Rich Wardner

# ELIMINATION OF PROPERTY TAX!

## **PROPONENTS** MAJOR POINTS!!!

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- THE STATE OF NORTH DAKOTA **OVERSPENDS BY \$2.5 BILLION PER YEAR!!**
- EVERY WAY YOU LOOK AT IT THE STATE OF NORTH DAKOTA **OVERSPENDS MORE THAN \$2 BILLION PER YEAR!!!!**
- THE NORTH DAKOTA LEGISLATURE SPENDS LIKE **DRUNK'EN SAILORS!!**
- NOTHING BUT **WASTEFUL SPENDING!!!!!!!!!!!!!!**

# LET US TAKE A LOOK AT THE NORTH DAKOTA STATE BUDGET!!

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- **YOU DECIDE** WHERE THERE IS MAJOR WASTE!
- **YOU DECIDE** IF THE STATE HAS **\$1.232 BILLION PER YEAR**  
OR **\$2.464 BILLION PER BIENNIUM** TO FUND PROPERTY TAX
- NOTE: THE NUMBERS IN THIS PRESENTATION ARE  
**BIENNIUAL BUDGET** NUMBERS.

# TOTAL BIENNIUAL BUDGET

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- **GENERAL FUND**                      \$6,096.2 million    (\$6.1 billion)
- **SPECIAL FUNDS**                      \$7,332.8 million    (\$7.3 billion)
- **FEDERAL FUNDS**                      \$6,180.6 million    (\$6.2 billion)
- **TOTAL FUNDING**                      \$19,609.6 million    (\$19.6 billion)

# WHAT ARE GENERAL FUNDS?

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- **General funds** come from taxes paid in the state of North Dakota. The following are **examples**:

• Sales and Use Tax	\$2,207.2 million	(\$2.2 billion)
• Motor Vehicle Excise Tax	171.4 million	( 0.2 billion)
• Individual Income Tax	871.3 million	( 0.9 billion)
• Corporate Income Tax	385.4 million	(0.4 billion)
• Oil Tax	900.0 million	(0.9 billion)
• Other Taxes & Transfers	1,600.0 million	(1.6 billion)

# WHAT ARE SPECIAL FUNDS?

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- Special Funds are funds that are generated by an agency, constitutional fund, college tuition, oil tax used for a specific use, premium dollars, and a tax collected for a specific use. The following are **examples**:
  - State Gas Tax (23 cents) use- only for roads and highways
  - Common Schools Trust Earnings use- only for k-12 education
  - University Tuition/Fees use- only for higher education
  - Resources Trust (Oil Tax) use- only for water projects

# SPECIAL FUNDS CONTINUED

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- North Dakota Game & Fish                      use- only for Game & Fish program
- Work Force Safety                                      use- workers comp programs only
- Mill & Elevator    use- pay for the operations
- Bank of North Dakota                                      use- pay for the operations
- Point: The Mill & Elevator and Bank of North Dakota do have profits that can be transferred to the General Fund.
- Point: Other than Legacy Fund earnings and Strategic Investment and Infrastructure Fund Special funds **cannot** be used for property tax relief.

# WHAT ARE FEDERAL FUNDS?

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- Federal Funds are funds that allocated to the states from the Federal Government and are for a specific reason and there are strings attached.
- Federal Funds **cannot** be used for property tax relief.

# FACT # ONE

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- FEDERAL FUNDS **CANNOT** BE USED TO FUND LOCAL PROPERTY TAX RELIEF!!

- THEREFORE;

TOTAL BUDGET	\$19.6 BILLION
<u>SUBTRACT FEDERAL FUNDS</u>	<u>6.2 BILLION</u>
<b>AMOUNT REMAINING</b>	<b>\$13.4 BILLION</b>

- THE \$13.4 BILLION REPRESENTS THE NON-FEDERAL NORTH DAKOTA STATE DOLLARS SPENT IN 2023-25 BIENNIUM.

# FACT # TWO

- NORTH DAKOTA **APPROPRIATES \$5.5 BILLION OF NON-FEDERAL** FUNDING TO ASSIST NORTH DAKOTA'S LOCAL POLITICAL SUBDIVISIONS FOR A BIENNIUM. THIS IS **41%** **OF THE \$13.4 BILLION** OF NON-FEDERAL DOLLARS SPENT.

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|---|-----------------------|
| TOTAL NON-FEDERAL DOLLARS                 | \$13.4 BILLION        |
| <u>TOTAL ASSISTANCE TO POLITICAL SUBS</u> | <u>5.5 BILLION</u>    |
| <b>THE BALANCE REMAINING</b>              | <b>\$ 7.9 BILLION</b> |

# EXAMPLES OF NORTH DAKOTA'S ASSISTANCE TO POLITICAL SUBS #1

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- 1. Property Tax Relief \$1,809 million (\$1.80 billion)
  - 2. Resources Trust (Water Projects) \$ 783 million (\$0.78 billion)
  - 3. Common Schools Trust Earnings \$ 510 million (\$0.51 billion)
  - 4. In Lieu Prop. Tax – Oil Counties \$ 682 million (\$0.68 billion)
  - 5. State Aid Dist. To Cities & Counties \$ 243 million (\$0.24 billion)
  - 6. Fuel/Gas Tax Dist./Cities, Counties and Townships. \$ 187 million (\$0.19 billion)
- \$4.2 billion represented. What would you cut???**

# EXAMPLES OF NORTH DAKOTA'S ASSISTANCE TO POLITICAL SUBS #2

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7. COUNTIES PERS INSURANCE UNFUNDED LIABILITY PAID BY THE STATE. \$120.0 Million

• 8. PRAIRIE DOG FUNDING \$230.0 Million

• 9. FLEX FUNDING HIGHWAYS/TOWNSHIPS \$ 42.0 Million

• 10. INSURANCE TAX DISTRIBUTION/FIRE DEPT. \$ 20.6 Million

• When you add the ten areas listed the total is \$4.82 billion out of the \$5.5 billion of assistance to political subs. **Do you** consider any of the ten

**WASTE????**

# FACT # THREE

- INCLUDED IN THE SPECIAL FUNDS ARE THE \$2.02 BILLION OF HIGHER EDUCATION'S TUITION & FEES. THIS FUNDING CAN ONLY BE USED TO FUND HIGER EDUCATION.

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|--|----------------------|
| THE BALANCE AFTER FACT # TWO           | \$7.9 BILLION        |
| <u>SUBTRACT THE TUITION &amp; FEES</u> | <u>2.0 BILLION</u>   |
| <b>TOTAL BUDGET REMAINING</b>          | <b>\$5.9 BILLION</b> |

# FACT # FOUR

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- **EXAMPLES OF SPECIAL FUNDS THAT CANNOT BE USED FOR PROPERTY TAX RELIEF.**

- NORTH DAKOTA GAME & FISH \$135 MILLION = 0.135 BILLION  
HIGHWAY TAX & FEE FUNDS \$307 MILLION=0.307BILLION  
STATE PARKS FEES \$125 MILLION= 0.125 BILLION  
TOTAL OF DEDICATED FEES \$567 MILLION= 0.567 BILLION

- **NOTE: NOT ALL SPECIAL FUNDS ARE LISTED!!!!**

# FACT # FIVE

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- WHEN YOU **SUBTRACT THE SPECIAL FUNDS** THAT DO NOT QUALIFY IN FACT # FOUR, HERE ARE YOU RESULTS.
  - TOTAL BUDGET REMAINING \$5.9 BILLION  
SUBTRACT FACT # FOUR SPECIAL FUNDS 0.5 BILLION  
**AMOUNT LEFT FOR GENERAL SPENDING \$5.4 BILLION**
  - THERE IS \$5.4 BILLION FOR THE BIENNIUM  
THERE IS \$2.7 BILLION FOR ANNUAL SPENDING.

# CONCLUSION

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- THE PROPONENTS OF THE MEASURE TO ELIMINATE PROPERTY TAX WANT TO SEND TO THE POLITICAL SUBDIVISIONS FROM THE STATE **\$1.232 BILLION PER YEAR TO PAY PROPERTY TAX.**
- WHEN YOU SUBTRACT \$1.232 BILLION PROPERTY TAX PAYMENT TO POLITICAL SUBS FROM \$2.7 BILLION, THAT EQUALS **\$1.468 BILLION FOR THE STATE TO OPERATE PER YEAR.**
- IT IS **NOT SUSTAINABLE** UNLESS THE STATE DOES THE FOLLOWING LISTED IN THE NEXT SLIDE.

# CONCLUSION

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- 1. INCREASE INCOME AND SALES TAXES.
- 2. **CUT THE AID TO POLITICAL SUBS AND MOVE IT TO THE STATE PAID PROPERTY TAX RELIEF. POLITICAL SUBS LOSE.**
- 3. PRICE OF OIL NEEDS TO AVERAGE \$100 PER BARREL AND PRODUCTION NEEDS TO AVERAGE 1.3 MILLION BARRELS PER DAY FOR A PERIOD OF AT LEAST EIGHT YEARS.
- 4. STOCK MARKET (LEGACY FUND) MUST AVERAGE 9.5% EARNINGS ANNUALLY.

# FEDERAL COVID DOLLARS

## SUMMER 2020 TO 2023 SESSION

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- ONE OF THE MAJOR REASONS NORTH DAKOTA HAD LARGE ENDING GENERAL FUND BALANCES IN 2021 (1.1Billion) and 2023 (\$1.2 Billion) WAS THE FOLLOWING FEDERAL FUNDING PROGRAMS. **CORONAVIRUS RELIEF FUNDS (CRF)**  
**AMERICAN RESCUE PLAN ACT (ARPA)**  
**FISCAL RECOVERY FUND (FRF)**
- THESE **FEDERAL PROGRAMS INJECTED \$4.2 BILLION DOLLARS** INTO NORTH DAKOTA. THE FEDERAL FUNDS WERE SPENT AS ONE TIME REVENUE. **THIS FUNDING IS NO MORE!!!!!!**

# THE STATE HAS ALL THAT MONEY!!!!!!!

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- The Assets of the State Funds are **\$25 billion! TRUE!!!** BUT!!!
- 1. \$17.1 BILLION IS IN CONSTITUTIONAL FUNDS!
- 2. \$ 5.3 BILLION IS IN RETIREMENT FUNDS
- 3. \$ 1.8 BILLION IS FOR DEDICATED FUNDS
- 4. \$ 0.5 BILLION APPROPRIATED. (Some of these dollars are dedicated) ( \$300 million could be used for property tax)

# NORTH DAKOTA ASSETS

#1

## FUNDS WITH A BALANCE

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<u>THE FUND</u>	<u>BALANCE</u>	
• Budget Stabilization Fund	\$ 914.4 Million	Rainy Day Fund
• Common Schools Trust	\$5,800.0 Million	Constitution
• Legacy Fund	\$10,466.0 Million	Constitution
• Foundation Aid Stabilization Fund	\$ 476.8 Million	Constitution
• <u>Property Tax Relief (County SS)</u>	<u>\$ 226.7 Million</u>	<u>Dedicated</u>
<b>TOTALS PAGE #1</b>	<b>\$17,883.9 Million</b>	<b>(\$17.9 Billion)</b>

# NORTH DAKOTA ASSETS #2

## FUNDS WITH A BALANCE

<u>THE FUND</u>	<u>BALANCE</u>	
<b>BROUGHT FORWARD</b>	<b>\$17,883.9 Million</b>	
• Resources Trust Fund	\$ 450.0 Million	Constitution
• Disaster Fund	\$ 20.0 Million	Dedicated
• Strategic Investment & Improvement Fund (SIIF)	\$ 832.9 Million	Needed for k-12 115 mill prop. tax relief.
<b>TOTAL</b>	<b>\$19,185.9 Million (\$19.2 Billion)</b>	

# NORTH DAKOTA ASSETS #3

## FUNDS WITH A BALANCE

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<u>FUND</u>	<u>BALANCE</u>	
Brought Forward	\$19,185.9 Million	
Public Employee Retirement Fund	\$ 2,836.0 Million	Retirement
Teachers Fund For Retirement	\$ 2,380.0 Million	Retirement
<u>Legacy Fund Earnings (Estimate)</u>	<u>\$ 480.0 Million</u>	<u>Appropriated</u>
<b>TOTAL N. DAK. ASSETS</b>	<b>\$24,881.9 Million (\$24.9 Billion)</b>	

# THE END

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