

Board of Directors

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NORTH DAKOTA'S MEASURE 2 IS RECKLESS AND MISGUIDED Constitutional Property Tax Ban Would Damage State's Economic Potential

A proposal to amend North Dakota's constitution to ban property taxes would lock North Dakota into a risky, uncharted course of action and leave the state's schools at the mercy of the highly volatile oil industry, according to a new report from the Center on Budget and Policy Priorities, a Washington, DC-based policy research institution.

"North Dakota has the opportunity to build upon today's oil-driven economic boom to create a strong economy and quality of life for future generations," said Michael Leachman, co-author of the report. "Measure 2 would squander that opportunity and instead lock North Dakota into a risky, uncharted path."

Should Measure 2 pass, North Dakota would be the only state to place a constitutional ban on property taxes or otherwise permanently eliminate them.

Under Measure 2, North Dakota would:

- experience major disruptions to schools, cities, and counties across the state because the property tax is a key source of funding for each of them;
- leave its schools financially dependent on highly-volatile oil revenues;
- face threats to the quality of basic local services such as police and fire protection, courts, libraries, and immunizations (or face pressure for local tax increases), particularly in faster-growing parts of the state, because state funds to localities to replace property tax revenues could well erode over time;
- provide a windfall to out-of-state property owners and the federal government rather than keeping it in state; and
- waste an historic opportunity to invest heavily in the state's children and in the public infrastructure that forms the building blocks of a vibrant future economy and quality of life.

"Claims that Measure 2 will bring a huge economic surge – on top of the current boom – to North Dakota just don't hold up," said Leachman. "North Dakotans shouldn't be swayed by these false promises."

The full report, *North Dakota's Measure 2: High Risk for Little Reward*, is available at <http://www.cbpp.org/cms/index.cfm?fa=view&id=3776>.

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