

North Dakota Gov. John Hoeven column: Budget promises progress for N.D.

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By John Hoeven

BISMARCK — Our new executive budget proposal takes a balanced and prudent approach. In fact, our plan not only pays for our state's important priorities and holds the line on taxes, it devotes more than \$400 million to cutting taxes while setting aside a healthy reserve of \$800 million to \$1.2 billion by the end of the next biennium.

In this budget, we are living within our means. We keep ongoing spending below ongoing revenues and increase ongoing spending by about 9 percent annually during the next two years, or less than 6 percent a year compared to total spending in the current biennium.

In addition, our revenues are balanced: 39 percent from sales taxes, 31 percent from personal and corporate income taxes and 22 percent from oil revenues.

Moreover, our budget provides real permanent tax relief to the people of North Dakota. Our half-a-billion dollar Tax Relief and Education Funding Reform Plan dedicates \$300 million to property tax relief, \$100 million to income tax relief and \$130 million to K-12 education funding to provide quality education and help take the pressure off property taxes.

The plan reduces school levies by an average of 75 mills, boosts the state's share of education funding to more than 70 percent and cuts income taxes by up to 20 percent for North Dakotans in the lowest income bracket.

Property tax relief is funded from current revenues, so it is already paid for. Income tax relief is achieved by cutting income tax rates. Our tax plan not only gives taxpayers a well-earned break, but also will help to stimulate economic activity in our state.

In addition, our plan sets aside a strong reserve for the future, giving us the resources to sustain our priorities — including permanent tax relief — well into the future.

Reserves will grow from \$608 million at the beginning of the 2009-2011 biennium to between \$800 million and \$1.2 billion by the end of the biennium. Because of the volatility in the petroleum markets, we have prepared two oil tax revenue forecasts for the next biennium. One is based on the oil prices projected by Economy.com, a national financial consulting firm retained by North Dakota. The second is very conservative and uses the current price of crude oil all the way through the next biennium.

Both forecasts show growth and provide for a stronger, larger reserve for the future.

As we budget for the future, we can't lose sight of the importance of making the kinds of investments that have fueled our success. Since 2000, we have created more than 30,000 new jobs, raised per capita income by 43 percent and grown our economy by nearly \$10 billion — a 56 percent increase.

We need to keep investing in economic development, education and other programs that grow our industries and broaden our economic base. That's what gives us the resources to create real opportunity and raise the standard of living and quality of life for all North Dakotans.

That's what has helped us make real progress in the past and what will help us keep making progress in the future.

Hoeven is governor of North Dakota.