

# **Measure 4:** **What it Means for** **Public Education** **in ND**

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# What is Measure 4?

- An initiated measure on the ballot this November 5<sup>th</sup>
- Seeks to abolish property taxes in ND
- Former state legislator Rick Becker is chair of sponsoring committee behind the measure
- Local governments impacted include public school districts, cities, counties, park districts, etc.
- If passed, would become effective January 1, 2025

This initiated measure would amend sections 1, 14, 15, and 16 and repeal sections 4, 5, 7, 9 and 10 of article X of the North Dakota Constitution. It would prohibit political subdivisions from levying any tax on the assessed value of real or personal property, except for the payment of bonded indebtedness incurred through a certain date and would require the state to provide replacement payments to political subdivisions of no less than the current real property tax levies. It would limit the debt of a political subdivision to an amount not to exceed two and one-half percent of the full and true value of the real property in the political subdivision; however, by a vote, an incorporated city could increase its indebtedness to four percent and a school district could increase its indebtedness to five percent. It would allow an incorporated city to become indebted in an amount not exceeding two percent of its full and true value for water and sewer projects. It would require a political subdivision incurring indebtedness to provide for annual revenues to pay the debt payments when due and would prohibit a political subdivision from issuing general obligation bonds secured with tax levied on the assessed value of property.

The estimated fiscal impact of this measure is \$3.15 billion increase in biennial expenditures to the state beginning in the 2025-2027 biennium.

# Let's unpack this a bit...

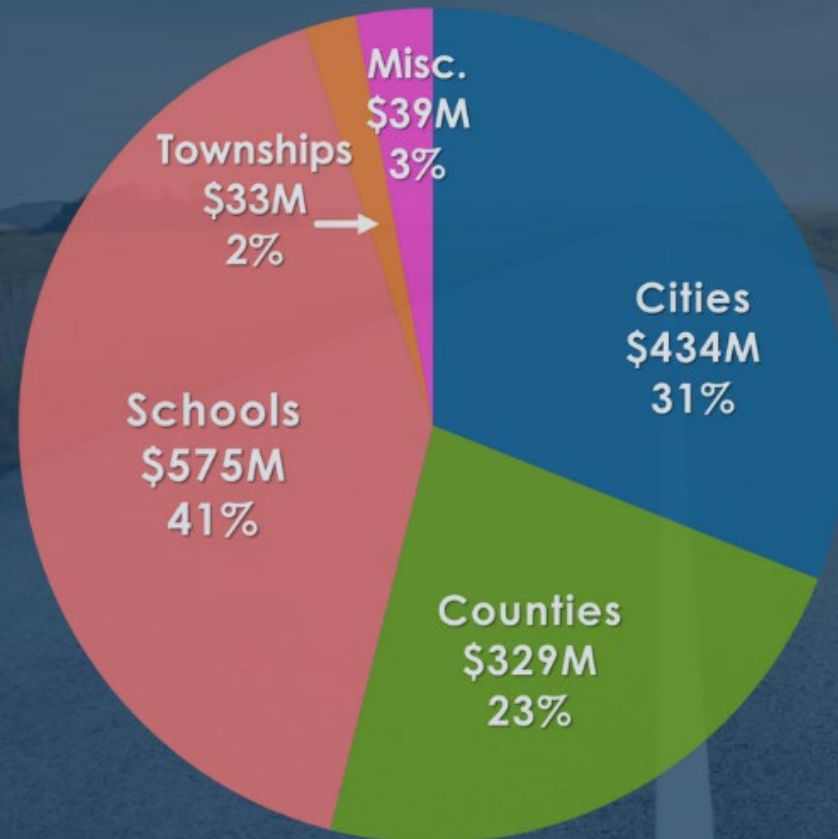
- ✓ Local governments cannot levy any tax on the assessed value of property
- ✓ Excludes taxes levied for payment of bonded indebtedness incurred before the end of a 30-day period following date the measure is approved until debt is paid
- ✓ State is required to make annual payments to replace the revenue generated from such levies in an amount no less than taxes levied during 2024 calendar year
- ✓ Limit the debt of a political subdivision to an amount not to exceed 2½% of full and true value of real property
- ✓ Cannot issue GO bonds secured with taxes levied on the assessed value of property

# Why does this matter?

- Property taxes are collected by local governments (cities, counties, townships, schools and park districts)
- Approximately 40% of all local property taxes levied go to schools
- Fund public safety measures, including sheriffs, police, jails, fire, ambulance service, corrections, 911 dispatch
- Fund public works, including roads, bridges, snow removal, water, waste collection/disposal
- Fund community services, such as parks, campgrounds, recreational facilities, libraries, senior transportation & meals, public health

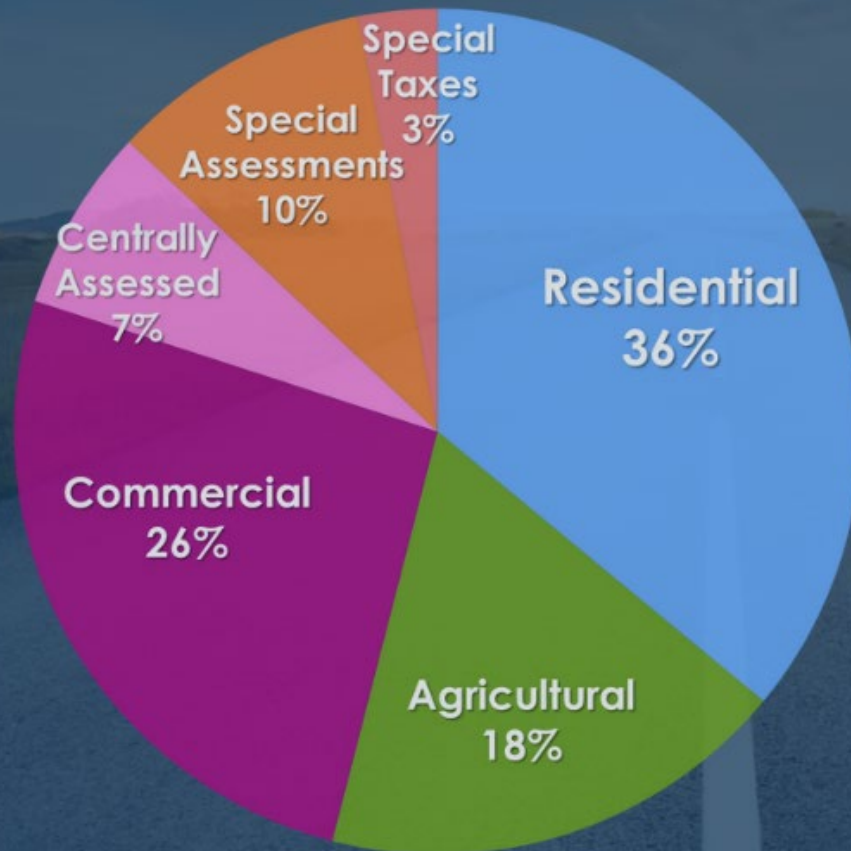


# Where Property Taxes Go in North Dakota



**\$1.4 Billion  
Total**

# Where Property Taxes Come from in ND



**1/3 Taxes from  
For-Profit  
Businesses**

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**\$1.4 Billion  
Total**

# What does this mean for schools?

- All tax levies permitted in NDCC 57-15-14.2 would go away:
  - ✓ General fund levy
  - ✓ Miscellaneous levy
  - ✓ Sinking & interest levy
  - ✓ Special reserve fund levy
  - ✓ Tuition levy
  - ✓ Safety plan levy
  - ✓ Judgments
  - ✓ Special assessments on school property
- No levy for building fund as provided by NDCC 57-15-16
- No more GO bonds secured by assessed value of property
- No building fund bonds pursuant to NDCC 21-03-07(7)
- Certificates of indebtedness secured by uncollected taxes??



# State replacement of revenues



- ND legislature would be required to make replacement payments at least equal to amounts levied in 2024
- Tax Department has estimated that the cost of this plan is **\$3.15 billion** during next biennium (25-27)
- No identified plan where funds to make replacement payments will come from
- Local governments and state will need to determine another method of gaining revenue to continue to provide services
- School districts have very limited ability to generate revenue locally outside of property taxes

# What about using the Legacy Fund?

- Likely would require an amendment to the ND Constitution, which outlines specific guidelines for use and management of Fund
- Estimated that Legacy Fund would burn out/be depleted in approximately 7 years
- Principal earnings are already allocated to support other state needs, including Highway Distribution Fund
- Legacy Fund stability depends on its investment performance, may lead to unpredictable and potentially insufficient revenue for long-term property tax funding

# Other potential impacts?

Urban v. rural districts

Equity and adequacy

No consideration for  
fluctuations in  
enrollments, costs,  
budget, etc.

Decrease in local  
control of budgets

Decline in services  
and  
infrastructure/facilities

# ND Corrupt Practices Act

- ND law (NDCC chapter 16.1-10) prohibits using school district property or services for political purposes
- Political purpose = any activity supporting or opposing a ballot measure or a candidate's election
- Property includes things like vehicles, phones, office equipment, money, buildings, school email addresses and letterhead
- Services includes the work of school employees during their regular hours
- Violating these rules is considered a “corrupt practice” under ND law
- Violations typically treated as a class A misdemeanor





# What you **CAN DO**

- Express your personal opinion as a private citizen
- Provide factual, unbiased information about ballot measures – information must be neutral and not advocate for or against measure
- Use public buildings as allowed by law

# What you **CAN'T** DO

- Use any school resources to support your personal political views
- Use school resources to advocate for or against a ballot measure
- Speak on behalf of the school district without authorization
- Share personal opinions on political matters when acting as a board member or while on the job



# Resources for more information:

ND Secretary of State website: <https://www.sos.nd.gov/elections/voter/ballot-measures/measures-ballot>

Keep it Local Coalition website: <https://www.keepitlocalnd.org/home>

NDSBA's September Bulletin: <https://ndsba.org/resources/monthly-bulletins>

State Tax Commissioner's Presentation to Legislative Management Committee:  
<https://ndlegis.gov/sites/default/files/pdf/committees/68-2023/25.5174.02000presentation935.pdf>

Measure 4 Clinic Session and Legislative Panel – NDSBA Annual Convention, October 25, 2024,  
Bismarck Event Center

Questions?





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