

Property Taxes

Government's power to tax property is placed in those representatives most frequently and directly responsible to the people, since it is the people themselves who must pay those taxes out of their holdings of property. – Thomas Jefferson

In North Dakota, locally elected officials on city councils, park boards, township boards, county commissions and school boards control nearly all property taxes.

members, park board members, township officers, county commissioners and school board members. Valuation methods and spending habits of local cities, townships, and counties need to

North Dakotans identify high property taxes as a top issue of concern, yet local governments are collecting record levels of property tax revenue, and the trend is steeply upward. See Graph 2.1.

**Recommendation:
Keep property taxes local.**

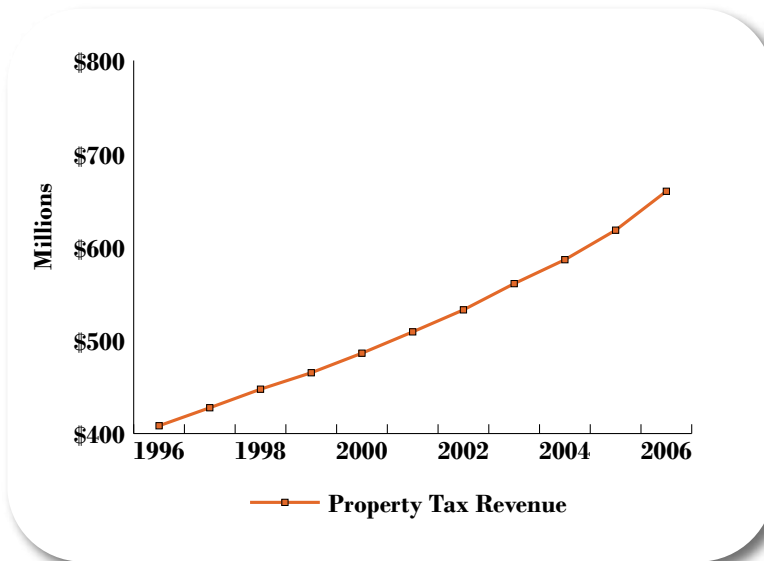
be thoroughly and openly studied so that citizens begin to understand how these entities are spending their money.

The blame game

Too often, frustrated property owners direct their angst at the state legislature when, in fact, the state has little to do with property taxes. Disgruntled property owners should be directing their concerns to city council

Approximately 50 percent of property tax revenue is spent on public schools.² Some state officials blame the state legislature for failing to adequately fund education, causing shortfalls in local funding. They say the shortfall forces local governments to raise more revenue by increasing property taxes. A look at state aid for K-12 education, however, reveals that the state has increased aid to K-12 schools 70 percent over the past sixteen years, even as K-12 enrollment has sharply dropped.

Graph 2.1
Property Tax Revenue



North Dakota Tax Department

Cities take the second largest portion of the property tax revenue, claiming 23.6 percent of the funds. From 1996 to 2006, the cities increased their property tax revenue 70 percent.³

The only way to understand the increased spending is to dissect *local* budgets. More government transparency will shine light on city, county,

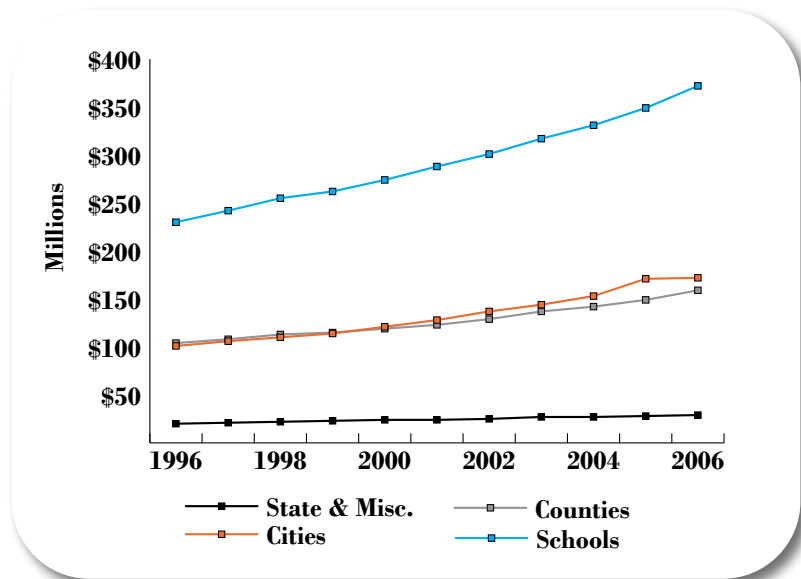
township, park, and school budgets and will keep wasteful spending in check.

Tax property locally

Why is it important that property taxes remain a local issue? Government runs most efficiently when it is directly accountable to the people it serves. Local governments have smaller budgets and fewer layers of bureaucracy than state or federal governments. Local governments are most responsive.

Furthermore, city, school, park, township, and county officials have a better understanding of programs that property taxes fund. Keeping property taxes local and holding local leaders accountable is the most efficient way to run a property tax system.

Graph 2.2
Property Tax by Taxing District



North Dakota Tax Department