

# Put the surplus in a trust fund

By KEVIN HALL

**N**ORTH Dakota has been fortunate enough to benefit from new oil extraction methods that vastly expanded our oil production, right at a time when a weak U.S. dollar has pushed both grain and crude oil prices to record levels.

The resulting boom in North Dakota's two biggest industries, agriculture and energy, has translated into a behemoth surplus in the state coffers. The question being loudly debated now is what to do with it.

North Dakota Measure 1 is a proposed constitutional measure that would set up a permanent trust fund to act as a savings account for our surplus.

Measure 3 is an initiated measure to lower the corporate and personal income tax rates.

As massive as our surplus is, I don't believe that spending it down in one single biennium will serve well the future of our state. States like Minnesota and California, which are always ping-ponging between huge deficits and small surpluses, show how ineffective drastic reactionary changes in spending and taxing actually are.

States with trust funds like Wyoming (which pays 25% of its annual operating budget with interest off of its trust fund) and Alaska (which annually pays each man, woman, and child \$1,654 in dividends from its trust fund) show that huge surpluses can be converted into an effective, long-term revenue stream.

## Income tax proposal

Income taxes serve as a natural and automatic balancing force against the business cycle. Sales taxes also provide some of this same balancing effect, but property taxes (which our state heavily depends on) offer no stabilizing effect at all.

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All of the hostility I have encountered has come from right here in our backyards — from Fargo, for instance. Our towns are filled with those clueless to what is going on a few miles from them. How did that happen? Why is that point of view winning in their circles?

You can lament all you want about the media bias in urban centers like New York. That lack of understanding is actually understandable. What is more disturbing is what is happening right in our backyards.

If we fail to get the true story out to voters in farm states, what good is it to be mad about what is said in *The New York Times*?

Preaching to the choir is not enough. Please try to reach a wider audience.



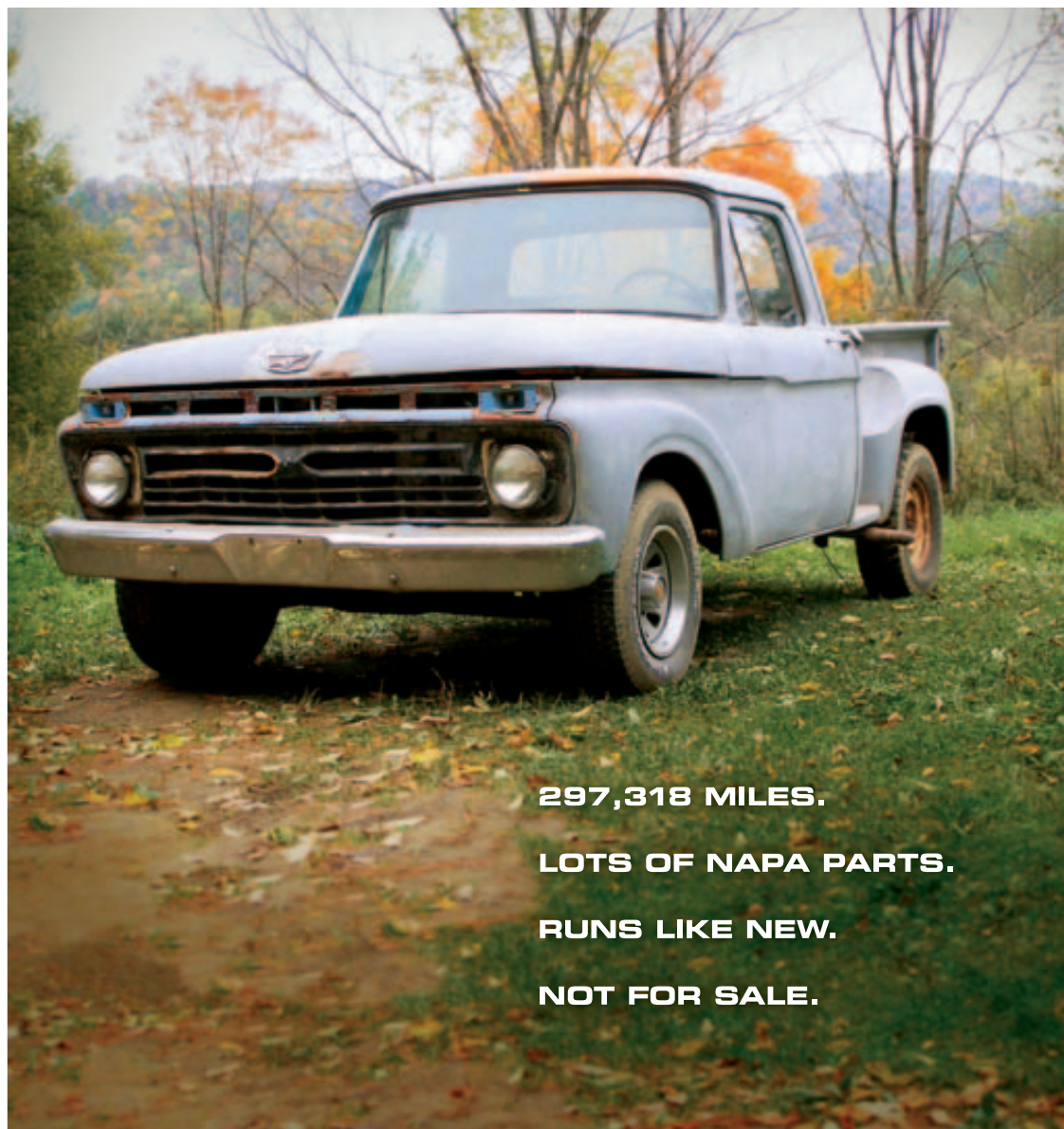
## GUEST EDITORIAL

My concern is that we will lower income taxes while this upward trend in the U.S. dollar continues, and while the farm economy is seeing a rapid increase in inputs. The combination of lowered

income tax rates and an economic slowdown in North Dakota would leave our government looking for alternative sources of cash, which would probably result in higher property tax rates. A shift toward lower income taxes and higher property taxes would have to be viewed as unfavorable for the rural areas of the state.

Maybe it's because I'm stuck in the risk-averse mindset of a farmer, but I'm going to vote "yes" to establish a permanent trust fund and "no" on reducing income tax rates.

*Hall farms near Hoople, N.D. He also writes Looking Up, a regular column in this magazine about his experiences as a young farmer.*



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