



5-1-1988

## Partisanship on Finance and Tax Legislation in the 50th Legislative Assembly and the Implications for Public Policymaking

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PARTISANSHIP ON FINANCE AND TAX LEGISLATION  
IN THE 50TH LEGISLATIVE ASSEMBLY AND THE  
IMPLICATIONS FOR PUBLIC POLICYMAKING

by

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B.S., University of North Dakota, 1985

An Independent Study

Submitted to

The Faculty of the Political Science Department

of the University of North Dakota

in Partial Fulfillment of the Requirements

for the Degree of

Master of Public Administration

May

1988

This independent study submitted by Joseph Weisgerber in partial fulfillment of the requirements of Master of Public Administration from the University of North Dakota is hereby approved by the faculty advisor under whom the work has been done.

May Miss Kewell  
Advisor

## ACKNOWLEDGEMENTS

The author wishes to express his gratitude to his advisor, Professor Mary Grisez Kweit, who provided helpful criticisms and suggestions throughout the course of this paper. I would also like to thank Representatives Alvin Hausauer and Judy DeMers for their insights into the North Dakota Legislature. Further appreciation is given to Professor Theodore Pedeliski who initially provided me with the incentive for this subject. Special thanks must go to the department secretary, Irene Wagner, who aided in the final structuring of the paper.



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## CHAPTER I

### LITERATURE REVIEW

The study of American state legislatures in political science literature is a relatively recent endeavor. The number of studies has increased in recent years and in 1967 Charles W. Wiggins argued that they would continue, partly due to the effects of reapportionment.<sup>1</sup> A number of these past analyses have examined the role of political parties in a state's legislative process.

The purpose of this paper is to ascertain the importance of political parties in voting within the North Dakota legislative system. Primary emphasis will be on voting which relates to finance and tax legislation. The discussion will be concerned with the frequency of party voting in the finance and tax committee, the degree of party cohesion, and the fiscal issues that tend to divide North Dakota legislators along party lines. An analysis of the impact of partisanship on North Dakota public finance policies will also be considered.

The object of this paper is to study the role of political parties in finance and tax legislation in the 1987 session of the North Dakota legislature and the implications for public policy-making. A discussion of previous state legislative research will prove helpful to set the stage for the analysis of the North



Dakota case. The subject areas that are relevant to this study include the role of political parties, public policy issues that tend to elicit partisan voting responses, the role of committees and party leaders, the significance of cues in voting behavior, and the role of the governor in the legislative process. Each of these will be discussed in turn.

### Political Parties

This section will acquaint the reader with the basic views and philosophies of the Democratic and Republican parties. Obviously, these parties tailor their policies to the local conditions of each state. North Dakota is no exception. This discussion should help to highlight North Dakota's political parties and how they compare with the national parties. As will be seen shortly, due to this state's relatively homogeneous population, the state parties cannot be considered mirror images of their national counterparts.

The Democratic and Republican parties are highly visible in state politics. In fact, the political scientist Sarah McCally Morehouse has stated:

The single most important factor in state politics is the political party. It is not possible to understand the difference in the way sovereign states carry out the process of government without understanding the type of party whose representatives are making decisions that affect the health, education, and welfare of its citizens.<sup>2</sup>

Years ago, the prominent political scientist, V.O. Key, distinguished between a few states in which the parties resembled a



"responsible model" and the many others in which party labels were meaningless. The "responsible" party system can be described as a system in which the two parties present clear, alternative programs during the election. As a result, the electorate can hold the party responsible for the public policies which are subsequently implemented.

In reality however, the degree of party competition among the several states varies considerably. Thus, some states are "one-party" states where one political party consistently dominates the legislature. Indeed, this has been true especially in the South where the Republican party is virtually nonexistent. Even today, the Republican party in this region "frequently fails to run candidates for state and local offices."<sup>3</sup> Other states may be termed "competitive two-party or simply "two-party". In states characterized as two-party, the "voters...use party labels to help them identify the politics of candidates."<sup>4</sup>

It is interesting to note the reasons for the varying levels of party competition in the states. History has dictated much in this respect. The slavery of blacks was a principal cause of the one-party nature of the South. The Republican party was founded in 1854 to resist the spread of slavery and the majority of white southerners were Democrats before the Civil War. After the war, the South witnessed the freeing of their slaves as well as a military occupation by the North. In response to this the South remained Democratic since "one-partyism is characteristic of political systems in which large numbers of people are united in



opposition to a perceived serious threat."<sup>5</sup> The one-party nature of southern politics effectively barred blacks from political participation for many years.

However, this explanation does not explain the lack of party competition in other states. The political scientist, Thomas Dye maintains that "party competition...appears to be closely related to socioeconomic conditions in the states"<sup>6</sup> with more party competition in urban industrial states "in which the parties represent separate socioeconomic constituencies."<sup>7</sup> The rural states tend to have a more homogeneous population and Dye argues that this does not effectively produce enough social divisions to support a competitive two-party system.

V.O. Key has warned against confusing the role of state political parties with that of the national party system. According to Key, "It is an error to assume that the political parties of each state are but miniatures of the national party system. In a few states this condition is approached, but...each state has its own pattern of action..."<sup>8</sup> Nationally, the Democratic party "receives a disproportionate amount of support from Catholics and Jews; blacks; lower educational and income groups; younger people; union members; and big-city residents."<sup>9</sup> In contrast, the Republican party receives more of the white, higher-educated protestant vote; non-union workers; and the rural vote.

As Key has mentioned, these observations rarely hold true for the states. The differences between the two parties in



states are quite unique when it comes to their respective approach to policy issues. This makes sense conceptually when one considers the differences in the state electorates. The state parties fail to mirror their national counterparts in states that are relatively homogeneous. As Dye explains:

...the Democratic party does not fully reflect the views of labor groups, Catholic voters, and racial and ethnic minorities in those...states that do not have large numbers of these kinds of voters.<sup>10</sup>

On the other hand, parties in the larger, industrial states tend to exhibit more of the tendencies of the national parties, especially when the state's parties represent separate socio-economic constituencies. This diversification of views in the constituency causes the parties to disagree more over issues such as taxation and welfare spending - the same issues that tend to divide the national parties.

Despite these differences "national party affiliations...do affect voting in state elections."<sup>11</sup> Andrew Cowart, in a study of state electoral choice, found that people who identify themselves as a Democrat tend to vote that way in state as well as national elections. This same consistency was found with Republican voters.<sup>12</sup>

#### Partisan Issues

Discovering which issues elicit partisan responses is by no means clear-cut and identifying such issues among the states may require an in-depth study "since the degree of partisan conflict



will depend upon the policy area in question and upon the nature of the state political and legislative system."<sup>13</sup> This discussion should help to reveal how closely partisan issues in the North Dakota legislature approximate the areas that Malcolm Jewell sees as partisan. Jewell, in a study of party voting in eight state legislatures, attempted to ascertain issues that elicited partisan responses. Jewell concluded that the most significant partisan issues as determined by roll call votes fell into three areas:

1. Those which involve rather narrow party interests--election laws and the legislature;
2. Those which involve the basic policy and prestige of the administration and are therefore sensitive to party pressure--appropriations, taxes, and appointments; and
3. Those which involve social and economic issues...--labor, welfare, and most national issues.<sup>14</sup>

However, a word of caution is in order. Malcolm Jewell and Samuel Patterson note that party alignment may be weaker in Congress when compared to some state legislatures. The reason may be that "the congressional parties represent a much more diverse collection of districts than is found in state legislative parties."<sup>15</sup>

When an absence of party voting exists, other factors may determine the patterns of roll call voting. Glen T. Broach studied various legislative sessions in Alabama, Tennessee, Iowa and Indiana. With respect to conflicts among urban/rural legislators, he found division over issues relating to property tax, apportionment, and alcohol regulation. These areas he



termed "issue specific". Broach concluded that "urban and rural legislators consistently oppose each other only on a rather limited number of issues which clearly affect urban and rural interests differently."<sup>16</sup> An excellent example of an issue causing an urban/rural split in the North Dakota legislative session was HB 1291. This legislation would have allowed nonresidents of a city that imposes a city sales tax to be exempt from that tax. This vote was clearly split between urban and rural legislators both at the committee and full House level.

#### Committees and Party Leaders

Other legislative institutions may influence party voting or function as alternative voting cues. For example, committees play an important role in the legislative process.

The function of committees at the national and state level is to reduce the legislative workload "by providing for a division of labor among legislators."<sup>17</sup> In his book on state legislatures, Jewell noted several reasons "why state legislative committees are but pale shadows of their congressional counterparts."<sup>18</sup> Although an increasing number of state legislatures now meet annually, it is still for only a few months. This deprives them of effectively reviewing legislation. The committees also lack adequate staff assistance. Indeed, only a few states have individual office space for their legislators coupled with full-time staff assistance. Unfortunately most legislators think of their job as part-time; therefore, turnover is considerably higher than the U.S. Congress. The part-time nature of



the job also denies legislators the opportunity to develop expertise in specific areas, a goal every congressional legislator strives for. As a result, one could maintain that state legislative committees are inferior to their congressional counterparts since "a basic purpose of legislative committees is to permit specialization."<sup>19</sup> Clearly, the majority of state legislatures fail to achieve this.

It is true that the North Dakota legislature is only part-time and that their committees are, as Jewell states, inferior to their congressional counterparts. This weakness of the committee system in the state legislature may be a reason why there is party voting on several aspects of legislation. The legislator may feel that the committee has not provided the expertise necessary to make a sound decision when voting. Therefore, party becomes more influential on the direction of a vote.

The failure of legislative specialization in the states may be remedied in part by party leaders. Research seems to suggest that legislators may look to their party leaders for advice on legislation that they are not sure of. Other reference points are committee chairs, provided that they have served in that capacity for several legislative sessions.

The role of party leaders in legislative committees may vary in each state. They make chair appointments and committee assignments, although in the House this power is shared with the speaker. This provides a contrast to that of Congress where "seniority norms greatly restrict party leadership decisions."<sup>20</sup>



Naturally, the influence of party leaders on the outcome of legislation varies and this influence may be curtailed in states with divided party control.

In North Dakota, the party leaders are quite effective at their role. For example, they provide assistance to their caucus by explaining the issues to their members in such a way that these legislators may make an intelligent decision when voting. Again, the influence of the party leader in North Dakota may be a reason for party voting on finance and tax legislation.

#### Voting Cues

The process by which any legislator derives at a decision is dependent upon several sources or cues. At times, it may be a combination of cues. In the North Dakota legislature there is likewise a combination of cues affecting a legislator's vote. The role of party as one of these cues undeniably exists. However, it is difficult to know how influential the role of party is as a voting cue due to the multiplicity of cues which exist in any legislative session.

Jewell and Patterson have noted that a study of roll call votes will reveal how legislators vote but fails to tell why they voted a certain way.<sup>21</sup> Additionally, John Kingdon argues that:

...nearly all roll call studies have discovered the central importance of political parties in the explanation of political cleavage. Yet we know little about the process by which the party influences its congressmen. Party voting may be a function of some constituency factor, coalition support of different kinds, sanctions employed by legislative leaders, administration pressure, cue giving within the



Congress, ideological similarity among fellow party members, and other possible factors, or various combinations of them.<sup>22</sup>

According to Kingdon's model of decision-making, the first question a legislator asks is whether there is any controversy about the issue. If not, then the decision is relatively simple. However, if considerable controversy exists then the legislator will turn to other sources for help and advice. These other sources may include groups for whom the issue is particularly salient, such as lobbyists and interest groups. Legislators will be more inclined to follow the views of trusted colleagues who represent districts similar to their own.

A study of state legislative decision-making was conducted by Eric Uslaner and Ronald Weber. They surveyed 1,256 state legislators and asked them to rank their five most important sources of information from 13 possible responses. The results showed that legislators relied most heavily upon personal friends as cue givers. "Over half the members cite personal friends and committee leaders as important sources of information in helping them decide on whether to support or oppose a bill."<sup>23</sup>

In terms of a nonlegislative cue giver, interest groups were mentioned most frequently, comprising approximately 40 percent of the respondents. Uslaner and Weber maintain that the two sources of cues as given above closely resemble the Congress in terms of importance for legislators. In contrast, the authors found that legislative party leadership was more significant as a cue source in the states. This fact relates to the role of party leadership



in the North Dakota legislature. As previously mentioned, due to its weakened committee system, the role of party leadership as a cue source becomes more influential. By contrast, the role of party leader in Congress is somewhat restricted due to the norm of seniority.<sup>24</sup>

In the North Dakota legislature, it is difficult to know how precise the role of party, other legislators, the governor, or interest groups are on an individual legislator's decision. For example, there were several groups of lobbyists representing many interest groups attempting to influence the state's lawmakers on the legislation raising the sales tax. In addition, the legislators had to consider their own constituencies.

It is important to realize that the exchange of information that results from the process of cue giving and taking does not serve as a unidimensional explanation for legislative decision-making. There are simply too many variables that enter into any policy issue and it would appear that policies continue to grow more varied and complex.

A more intriguing aspect of this study relates to the role of the chief executive as a cue giver. Uslaner and Weber found that only 1.4 percent of their respondents considered the governor as a primary cue giver. This is surprising since "the literature on state policy formation has stressed the importance of the role of governor...to even a greater extent than that of the president in Congress (Sharkansky 1968; McCally 1966)."<sup>25</sup>

### Role of the Governor

The governor, as party leader, clearly affects the voting behavior of legislators. The legislators who belong to the governor's party will often follow their chief executive's wishes on important legislation. The opposition party will likewise oppose legislation which bears the governor's mark. Thus, the governor is influential in terms of party voting. There are several roles the governor of any state plays including chief administrator, chief legislator, party leader, and various ceremonial roles. These roles equally apply to North Dakota. For purposes of this paper, consideration will be given to the governor's legislative powers and the role as party leader.

### Formal Legislative Powers

A number of formal legislative powers are conferred upon every state governor including periodic reports outlining the affairs of the state. This resembles the president's state of the union address. During the governor's message he will take the initiative and set the agenda for the programs he wishes to pursue. This is an important advantage for the governor since by setting the agenda "legislators are on the defensive; if they do not act, they must explain why."<sup>26</sup> Related to this is the governor's control over the state budget. Clearly, this is the governor's most formidable power and often "it is the most hotly contested issue in a legislative session."<sup>27</sup>



The right to call a special session is another formal power. The governor's power to specify the topics to be considered coupled with the threat to call a session may compel legislators to act on his program(s) rather than be called back to the state capitol - a situation which many would not like.

Indeed, these facts closely relate to the past legislative session in North Dakota. The governor's budget, as submitted, was definitely contested, especially by the Republican party. Furthermore, the governor had called a special session the month before the regular session and specified that the topic to be acted on would be the budget deficit. Thus, when the governor took a stand on an issue, the level of party voting increased.

A governor's influence may also be negative. Indeed, Jewell argues that "his negative authority is massive"<sup>28</sup> since governors enjoy virtual monopoly power over their use of the veto. Only North Carolina prohibits the power of veto to its governor. The veto power works to a governor's advantage in still another way. Since many legislative bills are passed near the end of a session, the governor may simply veto a bill after legislative adjournment, thus assuring the bill's demise.

#### Role as Party Leader

The formal powers of a governor remain easy to outline but the powers of his role as party leader are not so clear. Much depends on the strength of the two parties in each state. Generally speaking, if a state is characterized by a strong two-party system, the legislators who belong to the governor's party



will be more inclined to remain loyal to his programs and wishes since they may feel that their own reelection depends on the governor's victory at the polls. Two-party competition is related to the norms of partisanship "although it alone is no guarantee of consistently high cohesion in roll call voting."<sup>29</sup>

States characterized as one-party obviously do not have the extent of party competition exemplified by two-party states. As Thomas Dye has said, "in terms of legislative behavior, one-party states are really no party states."<sup>30</sup> As a result, partisan norms are negligible or non-existent. Therefore a governor in such a state "must rely upon personal organizations or factional support."<sup>31</sup>

The fact that a governor may not influence a one-party dominated legislature does not necessarily tarnish his electoral image. The governor, like the president, enjoys extensive media coverage thereby allowing him to influence public opinion on issues he deems important. No individual legislator enjoys this privilege. Above all, the role of governor is that of persuasion - persuading their administrators, party leaders, individual legislators, and, ultimately the public. Admittedly, this is no easy task especially when one considers that "the public expects governors to take the lead in solving state problems."<sup>32</sup> In North Dakota, the state faced a severe problem as there was a projected \$27 million deficit in the general fund. The governor subsequently called a special session to deal with that problem. This action suggests that a further role of the

governor is that of initiator of public policy. The bureaucrat and the interest group may also be considered in this categorization and it is "these elements that develop policy proposals in the first instance..."<sup>33</sup> In contrast, the role of the legislature is that of "responding to the stimulus provided by these groups."<sup>34</sup>

This research provides a framework to place the 1987 session of the North Dakota legislature into perspective. That is, this information should help the reader more clearly see how the 1987 session illustrates various forces in the legislative process.

As noted earlier, there are certain issues which cause partisan divisions. One of these is the area of taxation. Therefore, this paper will be concerned with the various taxation issues which were before the 1987 session. Following is a discussion of the major tax legislation undertaken accompanied by a brief sketch of the members of the House Finance and Tax Committee.

### N.D. Legislative Overview

#### Major Tax Legislation

When the legislature meets in its biennial session, it approves a budget to meet the state's fiscal needs for a two-year period. Taxes are clearly the most important source of state income and several types are used by the state for public finance. The taxes to be considered in this study include the sales, severance tax, coal conversion, and the income tax.



Sales tax. As is true for most states, North Dakota derives a significant portion of its general fund revenue from the sales tax. As Table 1 shows, it is expected to amount to approximately \$506 million in the 1987-89 biennium.<sup>35</sup> The general sales tax rate was increased to five and one-half percent, three and one-half percent on farm machinery, and six and one-half percent on the retail sales of alcoholic beverages. In addition, a city may elect to adopt a home rule charter allowing them to levy an additional tax. To date, Bismarck, Grand Forks, and Minot assess a one percent city sales tax.

Table 1

Estimated Revenue 1987-89

Sales and use tax		\$505,379,000	48%
Corporate and individual income taxes		272,897,000	26%
Severance taxes			
Oil and gas production	\$40,699,000		
Oil extraction	59,705,000		
Coal severance	18,647,000	119,051,000	11%
Cigarette and tobacco tax		28,063,000	3%
Coal conversion tax		16,348,000	2%
Insurance premium tax		31,660,000	3%
Wholesale liquor tax		10,448,000	1%
Business privilege tax		3,522,000	-
Departmental fees and collections		20,837,000	2%
Interest income		15,681,000	2%
Mineral leasing fees		13,379,000	1%
Bank of North Dakota		12,000,000	1%
State Mill and Elevator		3,000,000	-
Gas tax administration		835,000	-
Veteran's Post War Trust Fund		2,000,000	-
Total general fund revenue		\$1,055,100,000	

Severance Tax

A severance tax is a tax imposed on the act of "severing" a certain mineral from the soil. North Dakota levies three types



of severance taxes: the coal severance tax, the oil and gas production tax, and the oil extraction tax.

Coal severance tax. The coal severance tax is a tax imposed on the removal of coal from the ground. There are certain exceptions, however. Coal used for heating state buildings and coal used in agricultural processing is exempt from the tax.<sup>36</sup> The 1987 session reduced the coal severance tax rate to seventy-five cents per ton (plus a two cent special research tax). The distribution of this revenue is as follows:

- \* 15% to the trust fund for loans to local governments.
- \* 35% to the coal producing counties. Within each county, the revenue is divided in the following manner:

- 40% to the county
- 30% to the cities
- 30% to the schools

- \* 50% goes to the state general fund.<sup>37</sup>

Oil and gas production tax. In the early 1950s, the legislature created the gross production tax at a rate of four and one-quarter percent. However, the revenue from this tax was insignificant until the price of world oil began to increase. Estimated revenue from this tax was severely curtailed again in 1986 due to the drop in world oil prices. To be more precise, in just two months, "the price paid for oil produced in the... Williston Basin and elsewhere fell from \$28 per barrel to \$12 per barrel."<sup>38</sup> Currently, the rate is five percent of the gross value at the well of all oil and gas produced.

Oil extraction tax. This tax was instigated in 1980 by an initiated measure and imposes a six and one-half percent extrac-



tion tax on oil. This is in addition to the five percent oil and gas production tax. The expected revenue from this source for the 1987-89 biennium is about \$60 million (Table 1). 90 percent of this revenue goes to the state general fund while the remaining ten percent goes to a trust fund. As an incentive for further oil exploration and production, the legislature has given tax breaks to new wells. Thus, new wells will receive a fifteen month "holiday" from the tax with a reduced rate of four percent after the fifteen months expire.<sup>39</sup>

Coal conversion tax. In the 1975 session, the legislature enacted the coal conversion facility tax due to the increased lignite development. The tax covers the process of converting coal to another form of energy. The tax rate is placed on the following two types of facilities.

1) Coal gasification plants: two and one-half percent of gross receipts or seven cents per one thousand cubic feet of gas, whichever is larger.

2) Electrical generating plants: one-fourth of one mill on each kilowatt of electricity generated and one-fourth of one mill times sixty percent of plant capacity.

Revenues are divided between the state and local governments at a rate of sixty-five percent to the state general fund and thirty-five percent to the counties.

Income tax. The income tax on corporations and individuals within the state is expected to produce around \$273 million for the 1987-89 biennium (Table 1). The current state tax laws



mandate that all residents must file a North Dakota income tax return if their annual gross income is \$4,400 or more. The amount is \$5,650 for individuals over sixty-five.<sup>40</sup> There are two options available for calculating personal income taxes. These include the short and long form. The short form is used by approximately 90 percent of the taxpayers and the income tax liability is determined by multiplying the adjusted federal income tax liability by 14 percent. Those choosing the long form are required to use a rate table at the following current amounts:

#### Individual Income Tax

Up to 3,000 at 2.67%.

3,001 to 5,000.....	\$60 plus 4% in excess of \$3,000.
5,001 to 8,000.....	\$120 plus 5.33% in excess of \$5,000.
8,001 to 15,000.....	\$240 plus 6.67% in excess of 8,000.
15,001 to 25,000.....	\$590 plus 8% in excess of \$15,000.
25,001 to 35,000.....	\$1,190 plus 9.33% in excess of \$25,000.
35,001 to 50,000.....	\$1,890 plus 10.67% in excess of \$35,000.
Over 50,000	.....\$3,090 plus 12% in excess of \$50,000.

Regardless of the option used, all taxpayers must pay an additional ten percent surtax for the 1987 taxable year.<sup>41</sup>

Corporate income tax. According to state tax laws, every corporation engaged in business in North Dakota or having a source of income in the state must file a corporate tax return. A corporation begins its tax computation with the federal taxable income. Their net income is then derived by adjusting the federal taxable income. Finally, the North Dakota taxable income is "the amount of income to which the rates are applied,...that portion of a corporation's net income which is derived from or attributable to sources within North Dakota."<sup>42</sup>



A corporation may engage in business solely within this state or it may elect to conduct business both within and without North Dakota. If a corporation engages in the latter method it "is an apportioning corporation and its North Dakota taxable income is computed by multiplying its net income by an apportionment factor."<sup>43</sup> At times, two or more corporations may conduct the same business. If this is the case, the corporations will prepare a combined unitary report. To further elaborate:

A unitary business is one where the activities depend upon, contribute to, or are integrated with each other. Two or more affiliated corporations may conduct a unitary business. Corporations are affiliated when more than 50% of the voting stock of each is owned directly or indirectly by the same interests. The combined report includes the total net (apportionable) income; i.e., federal taxable income plus or minus statutory adjustments, of all members of the unitary group.<sup>44</sup>

The 1987 session did not change the corporate income tax rates and they are as follows:<sup>45</sup>

#### Corporate Income Tax Rates

Up to \$3,000.....	3.0%
\$ 3,000 to 8,000.....\$ 90. plus	4.5% of excess over \$ 3,000.
\$ 8,000 to 20,000.....\$ 315. plus	6.0% of excess over \$ 8,000.
\$20,000 to 30,000.....\$1035. plus	7.5% of excess over \$20,000.
\$30,000 to 50,000.....\$1785. plus	9.0% of excess over \$30,000.
Over \$50,000.....\$3585. plus	10.5% of excess over \$50,000.

All revenue derived from the income tax is deposited into the state general fund.

Despite the unpopularity of income taxes, the progressive nature makes it more politically acceptable when compared with the regressive nature of the sales tax. A progressive tax is one in which the tax rate increases as one's income increases. This



is based on the economic principle of ability to pay which contends "that the tax burden should be geared directly to one's income and wealth."<sup>46</sup> However, not everyone applauds the nature of the income tax. Critics maintain that the tax penalizes industrious persons since they must pay for their success with higher taxes. That notwithstanding, it is unlikely that North Dakota will ever deviate from this important source of revenue.

#### Legislator Description

The Finance and Tax Committee of the House of Representatives consisted of 17 members during the 1987 legislative session. Of the 17, ten were Republican and seven were Democrat.

This committee is a standing committee and like other committees it serves a crucial function in the legislature because it is in committees where real legislative work is accomplished. There is simply no way that the legislature could conceivably study the hundreds of bills brought before it in the legislative session. To facilitate its workload, all bills are assigned to committees and it is there where a recommendation is made after careful thought and deliberation.

Malcolm Jewell has stated that state legislative committees are inferior to their congressional counterparts. Among the reasons given were inadequate staff assistance, high turnover, and the limited amount of time the legislature meets. On the face of it, Jewell's observations could describe the North Dakota legislature. However, even though this state's legislative committees meet only a few months every two years, they are aided

tremendously by the Legislative Council. This council directs studies requested by the legislature between sessions and these studies are conducted by committees composed of several legislators. In addition, the council has a staff of attorneys, accountants, and researchers "to provide a continuing...service to legislators, to draft bills and amendments for legislators and committees, to revise state laws and to serve as a staff for the...legislature."<sup>47</sup>

The full chamber of the House of Representatives consisted of 106 members. In the 1987 session, 61 were Republican and 45 were Democrat.

The following chapter discusses the measures employed to determine the extent of partisanship on finance and tax legislation.



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## CHAPTER II

### METHODOLOGY

As stated in the introduction, the primary purpose of this study is to determine the extent of party voting on House finance and tax legislation. This will be accomplished by a study of roll call votes at the committee level. A consideration of partisan influence on the final outcome of the bills in the House will also be considered.

North Dakota is one of the few states where every bill introduced is given a committee hearing, reported out, and finally voted on by the full chamber. Since the influence of a party cannot kill a bill in committee, a study of roll call votes yields a more accurate picture of party activity than in most states. Since the concept of party loyalty or party competition is not directly observable, it is necessary to specify the operationalization of the concept. The process of operationalization "makes it possible for scientists to agree on what they observe and therefore accumulate knowledge about the empirical world."<sup>1</sup>

The operationalization of party voting among legislators will be determined in the following manner. The level of party competition on the roll calls will exist when one-half or more of



the members of one party vote against one-half or more of the members of the other party. This is the operational definition of party voting or partisan alignment. For purposes of this study, consideration will be given to the final roll call from the committee; i.e., the bill as it is ultimately referred to the full house chamber. The universe contains the total votes examined in this study. Absent votes have not been included in the index computation.

The Rice Index of Cohesion will be used to measure the extent of party cohesion thus identifying issues which may elicit a party-orientated response. The Rice Index is used for measuring a political party's cohesion among roll call votes. This index was named after its inventor, sociologist Stuart A. Rice. Rice defined cohesion "as the extent to which the distribution of voters on a legislative roll call deviates from the distribution that would be expected if all influences operated in a random fashion."<sup>2</sup> Thus, the index enables a researcher to study the degree of voting unity displayed within a party. It is computed by "converting the number of 'yeas' and 'neases' into percentages of the total number of group members voting."<sup>3</sup> The absolute difference between the two percentages is then taken. The index has a range from zero to 100. A score of 100 indicates that all members of a party vote on one side of an issue while a score of zero indicates that members of a party are evenly divided. Any Rice Index score greater than zero indicates that more than 50 percent of the party members voted together.



In this study, the author has consistently subtracted the percent against value from the percent for value when computing the percentage measure on each bill. Therefore there are times when a figure may be negative. The Rice index traditionally expresses the absolute difference between the two percentages indicating that a positive value will be obtained. However, for purposes of clarity, the author has chosen to express the negative value when it occurs since this will indicate that a party voted against a bill in the majority. Similarly, a positive value indicates that the opposing party voted for the bill in the majority. This method will clearly show that the operational definition of party voting is met since it will reveal that sizable majorities of both parties opposed each other on a particular vote.

It is expected that an analysis of the data will yield information to support the contention that political factors shape the outcome of finance and tax legislation. The result of these factors is of importance to the public bureaucracy in that the funding for public policies is conditional upon the allocation of funds by the legislative branch.

The House Finance and Tax Committee heard a total of 92 bills which were then voted on by the full house chamber. However, 72 of these bills failed to constitute my operational definition of party voting which was when one-half or more of the members of one party vote against one-half or more of the members of the other party. In other words, these 72 bills never had a



majority of Democrats voting against a majority of Republicans. Nevertheless, for purposes of comparison, a brief synopsis of these issues will prove helpful in determining what tax issues elicit partisan responses. A more complete description of these bills is given in the appendix.

The 72 bills which show an absence of party voting encompass numerous areas of taxation. These areas can be broken down into the following rough categories:

1. The sales tax; e.g., vending machine sales tax.
2. General taxation; e.g., aircraft excise tax, copyrights, mobile home tax, gasoline tax.
3. Income tax; e.g., interest on overpayment, employee withholding.
4. Coal conversion tax; e.g., tax rate.
5. Estate tax
6. Miscellaneous; e.g., insurance premium tax, budget stabilization fund.
7. Oil extraction tax; e.g., reduction in rate.
8. Oil and gas production tax; e.g., oil and gas development impact fund.
9. Property tax
10. Use tax; e.g., alcohol tax increase.

It is clear from the above information that the majority of tax issues are not partisan in nature. As will be seen shortly, the role of party on tax issues is confined to a rather select number of areas.

Table 2 gives the Rice Index of Cohesion measures for the 20 remaining bills that were partisan aligned at the committee

level. The table also gives the index measure for the bills as they were voted on by the full House chamber.

Table 2

Index of Cohesion

Bill No.	Committee level		House chamber	
	<u>D</u>	<u>R</u>	<u>D</u>	<u>R</u>
1062	-100.0%	80.0%	-100.0%	96.4%
1064	-100.0%	100.0%	- 36.4%	100.0%
1065	42.8%	- 20.0%	59.0%	86.2%
1070	-100.0%	80.0%	- 95.4%	83.3%
1193	- 14.2%	20.0%	100.0%	100.0%
1229	80.0%	- 66.6%	4.8%	- 93.4%
1274	- 14.2%	100.0%	100.0%	100.0%
1346	-100.0%	100.0%	- 81.9%	96.6%
1496	- 33.4%	60.0%	- 54.6%	28.8%
1581	- 14.2%	100.0%	33.3%	- 86.0%
1600	-100.0%	100.0%	- 90.4%	- 73.0%
1611	-100.0%	100.0%	63.6%	- 79.8%
1645	- 14.2%	100.0%	100.0%	100.0%
1667	-100.0%	100.0%	- 67.4%	96.6%
1676	100.0%	- 75.0%	- 87.0%	86.4%
2286	- 20.0%	100.0%	- 17.0%	- 96.5%
2351	- 20.0%	100.0%	- 86.7%	- 93.1%
2406	- 60.0%	100.0%	77.2%	100.0%
2496	-100.0%	100.0%	40.5%	- 96.5%
2558	- 42.8%	100.0%	7.7%	- 96.4%
Average:	62.8%	85.0%	65.1%	89.5%

Upon examination of the table, it is interesting to note that out of these 20 bills, only six were unanimously partisan aligned (1064, 1346, 1600, 1611, 1667, and 2496). On these bills, each party had an index measure of 100 indicating complete unity in voting albeit on opposite sides of the issue. These six bills embodied four areas of taxation: The corporate income tax,



one aspect of the sales tax, the coal severance tax, and the oil extraction tax.

The remaining 14 bills at the committee level are partisan aligned but at varying levels of unity. Malcolm Jewell has suggested a useful, although arbitrary measure of a party vote. He states that a roll call is a partisan vote if the parties take opposite sides and there is a high index of cohesion, "such as 80 or 60."<sup>4</sup> It is felt by the author that this study will be enhanced if a higher index measure is employed to determine a party vote since the measure that was previously used is not as strong an indicator. Therefore, an index measure of 80 or higher will now signify a party vote. With that in mind, House bills 1062 and 1070 are party votes in addition to the six bills previously mentioned which are unanimously partisan aligned. HB 1062 relates to the income tax and 1070 again relates to the corporate income tax.

When we consider the full house chamber, there is a drop in the incidence of party voting. Previously, eight bills were partisan aligned. Now, only four remain (1062, 1070, 1346, and 1676). 1676 became a party vote when it was voted on by the house chamber. The subject of this bill was the state income tax.

To recapitulate, the following tax areas together with their respective bill numbers are considered partisan issues and fall under five categories:

1. The corporate income tax; 1064, 1070.
2. The state income tax; 1062, 1676.

3. The sales tax; 1611.
4. The coal severance tax; 2496.
5. The oil extraction tax; 1346, 1600, 1667.

In Chapter 3 an exploration of the possible factors which may explain the incidence of party voting will be given. The hypothesis that partisan factors shape the outcome of finance and tax legislation will be evaluated. Finally, an analysis of party competition in the North Dakota legislature and its effect upon public finance and taxation policies will be explored. That is, does the competitiveness of North Dakota's political parties cause our political system to differ in its approach to public finance legislation as opposed to a state where there is little party competition?



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## CHAPTER III

### ANALYSIS

In the past, North Dakota was a one-party Republican state. Currently, it can be considered two-party with the Republican party dominating.<sup>1</sup> If North Dakota were not a two-party state, an analysis of party voting would be meaningless since "an absolute prerequisite for party voting is the existence of two parties in the legislature."<sup>2</sup> Yet, it is still unclear if we can assume that party alignments are prevalent in the North Dakota legislature. As Jewell and Patterson further comment, "...states that have the strongest party alignments on roll calls are generally the ones that have had strong statewide party competition for a long time."<sup>3</sup> We cannot conclude, however, that North Dakota has had strong party competition for a long time. Indeed, Lloyd Omdahl notes that this state has had a two-party system only since 1956 and the Republican party continues to dominate.<sup>4</sup>

That notwithstanding, a study of some of the taxation issues before the House Finance and Tax Committee clearly shows a certain degree of party competitiveness. Following is a brief description of the contents of the eight bills which had an index measure of 80 or greater at the committee level. The index measure on HB 1676 was not this high at the committee level.



However, it is included in this discussion since the measure increased when the bill reached the House, indicating a greater partisan split. A discussion of the possible causes of the partisan nature of the bills will be noted in addition to an evaluation, where applicable, of how closely these factors relate to previous studies of legislative research as given in the literature review.

HB 1062. This bill relates to the disclosure by the tax department of the filing status of a taxpayer's income tax return. Before the passage of this bill, the law allowed the tax department to disclose if a taxpayer had not filed. Currently, the law prohibits any disclosure regarding the filing status of an income tax return.

HB 1064. This bill allows apportioning corporations to use the water's edge unitary combination approach to apportion income for purposes of the corporate income tax. The water's edge method is an approach to unitary taxation that is recognized by the North Dakota Tax Department. Corporations under a water's edge group include the following entities:

- a. Any affiliated corporation incorporated in the United States...
- b. Domestic international sales corporations...
- c. Export trade corporations.
- d. Foreign corporations deriving gain or loss from a disposition of a United States real property interest.
- e. Any corporation incorporated outside the United States if over fifty percent of its voting stock is owned directly or indirectly by the taxpayer and if more than twenty percent of the average of its payroll and property is assignable to a location within the United States.<sup>5</sup>



HB 1070. This legislation requires the tax commissioner to report on a quarterly basis to the budget section of the Legislative Council on corporate income tax collections and outstanding corporate income tax liability. However, this bill failed to become law as it was defeated in the Senate.

HB 1346. The subject of this bill is the state's oil extraction tax. This bill would have eliminated the six and one-half percent tax on January 1, 1989 and would have increased the oil and gas production tax to eight and one-half percent on that date. However, this bill the Senate refused to accept.

HB 1600. This bill again relates to the oil extraction tax. It would have exempted from the tax, oil from enhanced recovery operations. The term "enhanced oil recovery" means to recover oil from a reservoir by using artificial methods such as injecting gas or fluids into a reservoir. The bill lost in the House of Representatives.

HB 1611. This bill would have reduced the deduction from sales tax collections which retailers are allowed to take for administrative expenses. However, the bill lost in the House.

HB 1667. This bill provides for an exemption from the oil extraction tax for 24 months for extension and development wells and 48 months for wildcat wells after completion of drilling on the well. Since this bill affected the initiated measure voters approved in 1980, it needed a two-thirds majority vote to pass. It failed to achieve this in the House.



HB 1676. This bill increased the state individual short form income tax rate to 15 percent. However, the bill failed to pass when it reached the Senate.

SB 2496. The subject of this legislation was the coal severance tax. It was very hard to achieve a consensus on the rate reduction and the allocation of the tax collection. The bill passed the Senate but failed in the House. However, both parties resurrected the issue near the end of the session.

#### Causes of Party Competition

HB 1062 is the only bill which remained heavily partisan throughout the legislative session. As will be discussed shortly, the majority of bills categorized as partisan in this study failed to be passed by both chambers. HB 1062 provides an excellent example of a strictly partisan area. A brief history of events preceding the bill is in order. During the 1984 reelection campaign for governor, it was revealed that Governor Allen Olson (R) had not filed an income tax return. This was consistent with a North Dakota law allowing such a disclosure. This came at a time very close to his reelection bid. Governor Olson subsequently lost the election to his opponent, Democrat George Sinner. One could speculate that this disclosure cost the Republican Olson the gubernatorial bid. This disclosure embarrassed the state Republican party. Therefore, the 1987 session passed a bill to prohibit any disclosure of information regarding income tax filing status. The disclosure clearly involved the party interest and is consistent with Jewell's findings on one



aspect of partisan issues; that is, "those [issues] which involve rather narrow party interests..."<sup>6</sup>

The subject of corporate taxation embodied in HB 1064 provides another good example of a partisan issue. The bill allows corporations to employ the water's edge unitary combination approach for purposes of the corporate income tax. This method gives apportioning corporations a tax break. The Republicans favored this because they felt that this would provide an incentive for these corporations to continue doing business in the state, thus providing more jobs and industry. As one Democratic legislator told the author, many Democrats objected to allowing such corporations to receive a tax break while the domestic corporations (ones confined to this state) did not have this privilege.

The Democratic party may have thought of this issue as affecting the prestige and success of their party and that of the governor's administration due to the fact that the state's tax department estimated a decrease to the state's general fund in the amount of \$500,000 for the 1987-89 biennium. More importantly however is the fact that this loss is expected to grow from \$6 to \$7.6 million in the 1989-91 biennium due to this tax!

It is not clear why the bills relating to the severance taxes (oil and coal) were partisan in nature. Since this issue ceased to be partisan near the end of the session, other factors which will be discussed later helped to explain the vote pattern.



There was no clear reason why HB 1070 resulted in a partisan vote; however, it did relate to state government administration, an issue recognized as sensitive to party pressure. As Jewell notes, "Although roll-call studies have seldom identified precisely the bills on which governors were committed, they have shown that party cohesion is usually high on certain kinds of issues that almost automatically involve the governor's prestige."<sup>7</sup> Jewell contends these issues include taxation bills and bills affecting state government administration. An aspect of the sales tax, HB 1611, related to the deduction retailers are allowed for administrative expenses. The bill would have reduced this deduction. Again, this relates to state government administration but the author could not find a clear reason why it was partisan aligned in committee. Indeed, when the bill was voted on by the House, the partisan split fell below 80.

The last bill to be considered under causes of party competition is HB 1676. This Republican sponsored bill would have increased the state income tax rate to 15 percent of federal liability. An additional factor added to the partisan tone of this bill. The Democratic party, with the support of the governor, introduced HB 1670. This legislation would have changed the state income tax rate from ten and one-half percent of federal liability to a rate of between 1.65% and 5.775% of federal taxable income. The tax computed in this form would have raised approximately the same amount as the ten and one-half percent of federal liability. It was believed that people would



perceive this tax as less burdensome since it employed a smaller number than ten and one-half percent. According to the Democratic legislator who sponsored the bill, the main advantage to using this method was the fact that the state would no longer be subject to whatever tax changes are made at the federal level. This is because the state tax would be based on a percentage of federal taxable income rather than federal liability.

Recall that this study has only considered bills that were referred out of committee in a partisan manner. HB 1670 came out of the committee without a recommendation by its members and the vote was unanimous. In this manner they left it up to the House chamber to resolve. There the bill was defeated in a partisan manner. This relates to Jewell and Patterson's observations on party issues. As they put it, "... the administration party is more likely to unite on measures that involve the governor's prestige; for political reasons, the opposition party is also more likely to unite on such issues."<sup>8</sup>

The Republican sponsored bill, 1676, was voted on by the House soon after HB 1670. However, there were enough Republicans who voted against the bill; therefore, it too lost. There were many legislators from both parties who felt uncomfortable about voting for the tax increase since this issue was to be decided by the people in the March special election. This election resulted from the voter's referral of the increase in the individual state income tax rate which was approved by the December special session.



Although it appears that political factors have shaped some rather important taxation issues in the state, a closer look yields some surprising findings. In the next two sections, an evaluation of the hypothesis that partisan influences shape the outcome of finance and tax legislation will be considered. A discussion of party competitiveness and its impact on North Dakota public policy making will follow.

#### Partisan Influence

On the face of it, it would appear that the previous nine bills have elicited a partisan response since they exhibited a high index of cohesion (80 or greater). However, it is important to realize that seven of these nine bills failed to be passed by both chambers which is essential in order for the bill to become law. This does not mean that the issues were dead. Indeed, there were other bills that were introduced which related to the tax areas that have been described. Referring to Table 2, these bills included 1065, 1193, 1274, 1645, and 2406, in addition to 1062 and 1064. These were the only bills out of the original 20 which survived the session. All but two went through a conference committee implying that, in the end, the bill was acceptable to both parties. A further look at the table indicates that the level of partisanship on these bills has greatly diminished. Indeed, only HB 1062 can still be considered a party vote according to the method that was employed.



An analysis of the above data shows that the hypothesis concerning partisan influence over finance and tax legislation has not been confirmed. Even when voting on tax issues followed party lines at the committee level, it switched, by and large, to a bipartisan effort when it came to a vote on the final passage of the bill in the House chamber. It appears that, even though the parties disagreed on certain aspects of the bill, they see the need to compromise on its final passage. This seems to indicate a concept of a time frame; that is, partisanship tends to decrease as the legislative session winds down. What does this say about the role of party in relation to public finance tax policy?

#### Partisanship and Public Policy

The central question to be addressed is what difference does it make in public policy whether a state is characterized as two-party or exhibits little party competition? Does the two-party nature of North Dakota politics cause the state to differ in its approach to public tax policies from a state where only one party dominates? This is a question that is not easy to answer.

Years ago, V.O. Key advanced a thesis that a competitive party system would lead to more liberal policies in such areas as welfare and taxation while one-partyism strengthened conservative views. However, Jack M. Treadway correctly observes that Key's work was confined to the South which is noncompetitive. Treadway concludes that "Key apparently did not intend for his findings to be extended to more competitive states."<sup>9</sup>



Fortunately, there have been other researchers who have gone beyond the non-competitive states. Their findings shed some light on the role of the political system in the formulation of policy. Following are the views of Sarah McCally Morehouse and Thomas R. Dye who present two opposing viewpoints on this subject.

#### Morehouse

Sarah McCally Morehouse contends that political factors such as states having a strong governor and competitive parties will be more effective at determining redistributive policies. Redistributive policies are relevant to tax policy since taxes are needed to finance this type of policy. Morehouse also offers evidence to support Key's proposition that policies benefiting the have-nots will result from states having strong parties. The conclusion of her study provides a good summation of her beliefs and is worth quoting at length:

It is true that the degree of industrialization in a state influences the needs and demands of its citizens. If the state has reached an advanced post industrial condition, the quality of education may be higher and the smaller numbers of poor may be better cared for. The analyses in this book have taken these factors into consideration by testing all variables in relationship to each other. It is true that the wealth, education, and communication systems that exist in a state give rise to demands for political leadership and the formal powers and services to make it effective. In all cases, however, the economic conditions of a state have had less effect on the redistributive services than the combination of the political party and the political structures within which the party operates.<sup>10</sup>



## Dye

In contrast to Morehouse, Thomas Dye asserts that environmental (including economic) variables, not political, are preeminent in the policymaking process.

Dye acknowledges that many political scientists have long subscribed to the belief that political factors shape public policymaking in the states. These factors or variables included, among others, the level of interparty competition and which party controlled the state government. However, "When these assertions were tested...it turned out that there were few significant independent relationships between party competition and levels of public taxing and spending in the American states."<sup>11</sup>

Indeed, Dye has found that there are "good a priori reasons for believing that the state parties do not pursue markedly different tax policies when they occupy state offices."<sup>12</sup> In his study, Dye examined 54 policy measures which he termed system characteristics and related them to party competition. Employing partial correlation analysis, it was found that there were few significant independent relationships between party competition and a state's reliance on different types of taxation policies. Once the effects of a state's level of economic development were controlled, the association between competitive politics and public taxation policies largely disappeared. Party competition as well as a state's tax policy are dependent upon levels of economic development. Therefore, any association between



competitive politics and tax policies is spurious. Or, as Dye explains:

Economic development shapes both political systems and policy outcomes, and most of the association that occurs between system characteristics and policy outcomes can be attributed to the influence of economic development. Differences in the policy choices of states with different types of political systems turn out to be largely a product of differing socioeconomic levels rather than a direct product of political variables.<sup>13</sup>

The reader will note that Dye examined 54 policy measures. The issues examined covered other areas besides taxation. Clearly, taxation policy is not equivalent to all policy. Yet Dye argues that these policy areas collectively show that the influence of party on public policies, including taxation, is not direct. He goes on to state that "Democratic or Republican control of a state government is not a good predictor of state policy outcomes."<sup>14</sup> This is due to the fact that neither party offers consistent programs from state to state. He forcefully concludes that

the state parties are more products of their constituencies than they are molders of them. Socioeconomic conditions in a state appear to be much more influential in determining policy outcomes than the party which is in control of the state government...and it is difficult to discover any independent effect of party affiliation upon public policy.<sup>15</sup>

If these findings are more accurate than the research of Sarah McCally Morehouse, we could conceivably discount the importance of political parties on state government. This in no way should diminish the importance of the political science discipline. As Dye persuasively argues:

A more balanced view, of course, is that political science derives its importance from what it seeks to explain-public policy. The important thing to achieve is the most effective and efficient explanation of policy outcomes. If economic or other environmental variables explain public policy more clearly than political variables, so much the better. The object is to explain public policy, and not to assert the primacy of politics or economics in determining policy outcomes.<sup>16</sup>

The conclusion will be concerned with evaluating the role of party on finance and tax legislation and the subsequent impact on public policy.



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## CHAPTER IV

### CONCLUSION

The original hypothesis of this paper was that political factors shape the outcome of North Dakota finance and tax policy. However, evidence of the actual influence of party on these measures was noticeably lacking. Clearly, there was another factor at work.

Looking back to Table 1, we see that the state's revenue from severance taxes is the third most important source, after the sales and corporate/individual income tax. In the past, the increasing price of oil caused the severance tax to become a major part of state financing. In the 1981-83 biennium, it was the state's second largest source comprising 24 percent of the state general fund. Similarly, during the 1985-87 biennium this tax amounted to 22 percent of the state general fund. However, due to the effects of the world-wide oil glut, the price of oil fell. North Dakota's oil industry was hit hard. As Table 1 reveals, estimates for the 1987-89 biennium are that the severance tax will account for only 11 percent of the state's revenues. This dramatic 100 percent drop in oil revenue as a percentage of the state general fund "was a major reason for the fiscal problems of the 1987 legislative session."<sup>2</sup>



The drop in oil revenue to the state represents an aspect of economic development. Recall that Thomas Dye found that the levels of economic development in a state were more influential than political influence in the determination of policy, including tax. Although we cannot emphatically state that Dye's findings apply to North Dakota, there are remarkable similarities. The state's economic development was severely retarded and party voting (political influence) on bills relating to the severance tax clearly diminished. Even though these issues exhibited party voting initially, the lawmakers saw the need to compromise when the bill reached the full House since the economic forecast for the state was not good.

The coal severance tax bill provides a good example of the need for the lawmakers to compromise on this issue thereby alleviating the fiscal problems of the state's coal and oil region. Two bills were introduced that dealt with the coal severance tax, 1065 and 2496. Both parties agreed that the rate needed to be lowered but each bill had a different rate for the coal tax. Additionally, there was disagreement regarding the allocation of the revenue from this tax. HB 1065 placed the tax rate at 95 cents per ton while the other bill, 2496, placed the rate at 85 cents per ton. In the end, it was agreed that the rate would be 75 cents per ton and there would be a change in the revenue distribution formula. The formula is given on page 17. It is interesting to note that when the initial vote was taken on the issue, the level of partisanship was still quite high (see



bill 2496 in the House column of Table 2). The bill was then defeated. However, when the issue was again taken up at a later date we see that the final vote on HB 1065 displays a majority of both parties agreeing with each other (see House column).

This finding is not to say that political variables have no relevancy. In fact, Dye concedes this in his research:

We are not really justified in concluding...that political variables do not have any impact on public policy in the states. We can only say that partisanship, party competition,...do not appear to be as influential as economic development in determining most of the policy outcomes we have mentioned.<sup>3</sup>

The fiscal problems during the 1987 legislative session presented lawmakers with several dilemmas. They were not alone in this. Governor George Sinner called a special session in December of 1986 to deal with a projected \$27 million deficit in the state general fund. This was consistent with his role as policy initiator. The result of this special session was for the legislature to increase the state income tax. However, this increase was referred to the people. A referendum can be described as "a device by which the electorate must approve decisions of the legislature before these become law..."<sup>4</sup> A special election was held during the legislative session and voters narrowly approved the tax hike.

The legislature still needed to raise other taxes and sales tax bills were introduced. There was considerable disagreement in the Republican caucus on which course the legislature should take. The House Majority Leader favored expanding the sales tax base to include more taxable items while others in his caucus



were adamantly opposed to this and favored increasing the sales tax rate on existing items. As one member of the caucus told the author, the majority leader never asked his caucus to take a position. Instead, the purpose of the caucus was to obtain a consensus on an issue. Evidently, the role of the House party leader was not to force his way on members of his Republican caucus. Due to the extreme importance of this issue, the caucus members were given latitude in the hope of arriving at a decision that the majority of the members could feel comfortable with. This fact poses an interesting insight concerning the role of party in North Dakota. Since caucus members are given this freedom, the party may not be so strong in its influence over finance and tax legislation.

In the end, the sales tax rate was increased to five and one-half percent and the sales tax base was expanded to include a tax on cable television. This was expected to add \$46.1 million to the general fund. This amending of cable television into the sales tax bill was perhaps done out of desperation as it occurred in the final days of the session. That notwithstanding, the North Dakota Cable TV Association successfully referred this tax by obtaining well over the required 13,054 signatures necessary to refer an action by the legislature. This represents a significant loss since "that tax was expected to add...\$3.2 million to the state general fund."<sup>5</sup>



### SUMMATION

The result of this study presents some interesting findings concerning the role of party in finance and tax legislation and the impact on public policy.

First, it is evident that the majority of tax issues before the North Dakota legislature fail to cause significant partisan divisions. When they do it is confined to a select number of areas such as the severance taxes and aspects of the corporate income tax. These issues start out as partisan in tone when they are considered by the finance and tax committee. However, as time progresses and the session winds down, the lawmakers appear to relinquish their partisan hold. Thus, compromises are structured to the point where both sides are satisfied and the issues can pass in the full House.

Second, this finding concerning the role of party on tax issues reveals that, for the most part, the impact of partisanship on North Dakota policy does not cause policy outputs to vary in the extreme. There is a great effort to compromise at the end, especially when the state's fiscal condition depends on it. Therefore, we can state that a margin of stability is provided to the state - a stability that should not cause public agencies undue concern when it comes time for legislative funding for their respective programs.



#### ENDNOTES

1. Lloyd B. Omdahl, 1987-89 Governing North Dakota (Grand Forks, N.D.: Bureau of Governmental Affairs, 1987), 159.
2. Ibid.
3. Thomas R. Dye, Politics, Economics, and the Public (Chicago: Rand McNally, 1966), 296.
4. Thomas R. Dye, Politics in States and Communities, 5th ed., (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1985), 77.
5. Mike Dorsher, "Cable TV Operators Prevent Tax For Now" The Bismarck Tribune, June 6, 1987.



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APPENDIX

Bill #	Topic	Committee vote	Committee division	House
*HB 1062	Income tax filing disclosure	9-7	For: Goetz, Anderson, Belter, Hanson, Haugen, Martin, Moore, Olson, Tollefson Agst: Hausauer, <u>DeMers</u> , <u>Linderman</u> , <u>Riehl</u> , <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>	59-44
*HB 1064	Corporate income tax	10-7	For: Hausauer, Goetz, Anderson, Belter, Hanson, Haugen, Martin, Moore, Tollefson Agst: <u>DeMers</u> , <u>Linderman</u> , <u>Riehl</u> , <u>Schneider</u> , <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>	70-30
*HB 1065	Coal severance tax	9-8	For: Hausauer, Anderson, DeMers, Haugen, Martin, <u>Schneider</u> , <u>Tomac</u> , <u>Watne</u> , <u>Williams</u> Agst: Goetz, Belter, Hanson, <u>Linderman</u> , Moore, Olson, <u>Riehl</u> , Tollefson	81-14
*HB 1070	Corporate income tax	9-6	For: Hausauer, Goetz, Belter, Hanson, Haugen, Martin, Moore, Olson, Tollefson Agst: Anderson, <u>DeMers</u> , <u>Linderman</u> , <u>Riehl</u> , <u>Schneider</u> , <u>Watne</u>	56-48
HB 1074	Exhibition sports tax	15-1	For: Hausauer, Goetz, Anderson, Belter, <u>DeMers</u> , Hanson, Haugen, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Watne</u> , <u>Williams</u> Agst: <u>Tomac</u>	100-5

Note: An \* denotes a partisan aligned bill.  
 Democrats are underscored.  
 DNP means a do not pass recommendation.

W/O Rec. means that the committee took no action on the bill.



HB 1103	Setoff of income tax refunds	14-0 DNP	For: Hausauer, Goetz, Anderson Hanson, Haugen, <u>Linderman</u> , Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>	4-97
HB 1115	Agricultural fuel tax increase	14-0 DNP	For: Hausauer, Goetz, Anderson, Belter, <u>DeMers</u> , Haugen, <u>Linderman</u> , Moore, Olson, <u>Riehl</u> , Tollefson, <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>	1-103
HB 1192	Insurance premium tax increase	14-3	For: Hausauer, Goetz, Anderson, Belter, <u>DeMers</u> , Hanson, Haugen, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson Agst: <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>	82-13
*HB 1193	Oil & gas production tax	9-8	For: Goetz, Anderson, Hanson, Haugen, Martin, <u>Riehl</u> , Tollefson, <u>Tomac</u> , <u>Watne</u> Agst: Hausauer, Belter, <u>DeMers</u> , <u>Linderman</u> , Moore, Olson, <u>Schneider</u> , <u>Williams</u>	103-0
HB 1195	Out-of-state tax collection	16-0	For: Hausauer, Goetz, Anderson, Belter, <u>DeMers</u> , Hanson, Haugen, <u>Linderman</u> , Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>	103-1
*HB 1229	Payroll information transfer	10-6 DNP	For: Hausauer, Goetz, Anderson, Belter, Hanson, Haugen, Martin, Moore, Olson, <u>Tomac</u> Agst: <u>DeMers</u> , <u>Linderman</u> , <u>Riehl</u> , Tollefson, <u>Watne</u> , <u>Williams</u>	24-79

HB 1238	Use taxes on designated services	14-2	For: Hausauer, Goetz, Anderson, 49-55 Belter, Hanson, Haugen, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Williams</u> Agst: <u>Tomac</u> , <u>Watne</u>
HB 1240	Corporate interest payments	13-1	For: Hausauer, Goetz, Anderson, 104-0 Belter, <u>DeMers</u> , <u>Linderman</u> , Moore, Olson, <u>Riehl</u> , Tollefson, <u>Tomac</u> , <u>Watne</u> , <u>Williams</u> Agst: Haugen
HB 1246	Liens, penalty, and dealer license fees	13-4 DNP	For: Hausauer, Goetz, Anderson, 8-93 Belter, Hanson, <u>Linderman</u> , Martin, Moore, <u>Schneider</u> , Tollefson, <u>Tomac</u> , <u>Watne</u> , <u>Williams</u> Agst: <u>DeMers</u> , Haugen, Olson, <u>Riehl</u>
HB 1258	Federalization date for income taxes	17-0	For: Hausauer, Goetz, Anderson, 100-0 Belter, <u>DeMers</u> , Hanson, Haugen, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>
HB 1259	Corporate income tax	15-0	For: Hausauer, Goetz, Anderson, 99-0 Belter, <u>DeMers</u> , Hanson, Haugen, <u>Linderman</u> , Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Tomac</u> , <u>Williams</u>
HB 1260	Late payment interest rate	16-1	For: Hausauer, Goetz, Anderson, 97-5 Belter, <u>DeMers</u> , Hanson, Haugen, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Watne</u> , <u>Williams</u> Agst: <u>Tomac</u>



HB 1261	Federal income tax deduction	15-0	For:	Hausauer, Goetz, Anderson, Belter, <u>DeMers</u> , Hanson, Haugen, <u>Linderman</u> , Moore, Olson, <u>Schneider</u> , Tollefson, <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>	103-0
HB 1265	Gross value well definition	13-3 DNP	For:	Hausauer, Goetz, Belter, <u>DeMers</u> , Haugen, <u>Linderman</u> , Martin, Moore, Olson, <u>Schneider</u> , Tollefson, <u>Tomac</u> , <u>Williams</u>	38-64
			Agst:	Hanson, <u>Riehl</u> , <u>Watne</u>	
*HB 1274	Coal gasification by-products exemption	12-4	For:	Hausauer, Goetz, Belter, <u>DeMers</u> , Hanson, Haugen, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , Tollefson	98-2
			Agst:	<u>Schneider</u> , <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>	
HB 1288	Overpayment of income tax overpayment	16-0	For:	Hausauer, Goetz, Anderson, Belter, <u>DeMers</u> , Hanson, Haugen, <u>Linderman</u> , Martin, Moore, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>	105-0
HB 1290	Tax refund on compressed natural gas	17-0	For:	Hausauer, Goetz, Anderson, Belter, <u>DeMers</u> , Hanson, Haugen, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>	104-0
HB 1291	Home rule city non-resident exemption	14-3 DNP	For:	Hausauer, Goetz, Anderson, Belter, <u>DeMers</u> , Hanson, Haugen, <u>Linderman</u> , Moore, Olson, <u>Schneider</u> , Tollefson, <u>Watne</u> , <u>Williams</u>	32-72
			Agst:	Martin, <u>Riehl</u> , <u>Tomac</u>	

HB 1313	Delinquent mobile home taxes	17-0	For:	Hausauer, Goetz, Anderson, 103-1 Belter, <u>DeMers</u> , Hanson, Haugen, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>
HB 1319	Vending machine sales	17-0	For:	Hausauer, Goetz, Anderson, 77-0 Belter, <u>DeMers</u> , Hanson, Haugen, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>
HB 1325	State estate tax payments	17-0	For:	Hausauer, Goetz, Anderson, 99-0 Belter, <u>DeMers</u> , Hanson, Haugen, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>
HB 1337	Contractor bids	17-0	For:	Hausauer, Goetz, Anderson, 101-3 Belter, <u>DeMers</u> , Hanson, Haugen, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>
HB 1341	Income tax levy	14-3 DNP	For:	Hausauer, Goetz, Belter, <u>DeMers</u> , 26-74 <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>
			Agst:	Anderson, Hanson, Haugen
*HB 1346	Oil extraction tax elimination	10-7	For:	Hausauer, Goetz, Anderson, 61-41 Belter, Hanson, Haugen, Martin, Moore, Olson, Tollefson
			Agst:	<u>DeMers</u> , <u>Linderman</u> , <u>Riehl</u> , <u>Schneider</u> , <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>



HB 1381	Employer's income tax credit	13-4	For: Anderson, Belter, <u>DeMers</u> , Haugen, <u>Linderman</u> , Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>	100-0
			Agst: Hausauer, Goetz, Hanson, Martin	
HB 1392	Tax exemption for candy, soda, and gum	15-0 DNP	For: Hausauer, Goetz, Anderson, Belter, <u>DeMers</u> , Hanson, Haugen, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Watne</u>	2-97
HB 1399	Adjuvants exemption	15-0	For: Hausauer, Goetz, Anderson, Belter, <u>DeMers</u> , Hanson, Haugen, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Watne</u>	101-1
HB 1413	Gross value at well defined	14-1 DNP	For: Hausauer, Goetz, Belter, Haugen, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>	22-77
			Agst: Hanson	
HB 1453	Royalty owners commission	10-6 DNP	For: Hausauer, Goetz, <u>DeMers</u> , Haugen, <u>Linderman</u> , Moore, Olson, <u>Schneider</u> , Tollefson, <u>Williams</u>	23-76
			Agst: Anderson, Belter, Hanson, Martin, <u>Riehl</u> , <u>Tomac</u>	
HB 1493	Tax credit for employers	16-0 DNP	For: Hausauer, Goetz, Anderson, Belter, <u>DeMers</u> , Haugen, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>	2-101

*HB 1496	Farm machinery repair/ replacement exemption	10-6	For: Hausauer, Goetz, Anderson, <u>DeMers</u> , Haugen, Martin, Moore, Olson, <u>Schneider</u> , Tollefson	48-55
			Agst: Belter, Hanson, <u>Riehl</u> , <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>	
HB 1527	Farm machinery repair/ replacement exemption	16-0 W/O Rec.	For: Hausauer, Goetz, Anderson, Belter, <u>DeMers</u> , Hanson, Haugen, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Watne</u> , <u>Williams</u>	15-88
HB 1530	Coal conversion facility tax	14-2	For: Hausauer, Goetz, Belter, <u>DeMers</u> , Hanson, Haugen, Martin, Moore, Olson, <u>Schneider</u> , Tollefson, <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>	72-6
			Agst: <u>Linderman</u> , <u>Riehl</u>	
HB 1546	Farm machinery gross receipts definition	10-6 DNP	For: Hausauer, Anderson, Belter, <u>DeMers</u> , Martin, Moore, <u>Riehl</u> , <u>Schneider</u> , Tollefson, Williams	59-42
			Agst: Hanson, Haugen, <u>Linderman</u> , Olson, <u>Tomac</u> , <u>Watne</u>	
HB 1548	Aircraft excise tax	17-0	For: Hausauer, Goetz, Anderson, Belter, <u>DeMers</u> , Hanson, Haugen, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>	98-5
HB 1561	Church supper gross receipts exemption	17-0	For: Hausauer, Goetz, Anderson, Belter, <u>DeMers</u> , Hanson, Haugen, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>	100-0



*HB 1581	Mobile home taxes	13-4 DNP	For: Hausauer, Goetz, Anderson, 32-67 Belter, Hanson, Haugen, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , Tollefson, <u>Tomac</u> Agst: <u>DeMers</u> , <u>Schneider</u> , <u>Watne</u> , <u>Williams</u>
HB 1590	Personal property tax replacement	15-1	For: Hausauer, Goetz, Anderson, 93-4 <u>DeMers</u> , Hanson, Haugen, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Tomac</u> , <u>Watne</u> Agst: <u>Williams</u>
HB 1596	Budget stabilization fund	17-0	For: Hausauer, Goetz, Anderson, 102-0 Belter, <u>DeMers</u> , Hanson, Haugen, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>
*HB 1600	Enhanced oil recovery exemption	10-7	For: Hausauer, Goetz, Anderson, 73-29 Belter, Hanson, Haugen, Martin, Moore, Olson, Tollefson Agst: <u>DeMers</u> , <u>Linderman</u> , <u>Riehl</u> , <u>Schneider</u> , <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>
*HB 1611	Retailer adm. expense deduction	10-7 DNP	For: Hausauer, Goetz, Anderson, 42-61 Belter, Hanson, Haugen, Martin, Moore, Olson, Tollefson Agst: <u>DeMers</u> , <u>Linderman</u> , <u>Riehl</u> , <u>Schneider</u> , <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>
HB 1618	Allocation of property taxes	14-3 DNP	For: Hausauer, Goetz, Belter, 20-80 <u>DeMers</u> , <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Tomac</u> , <u>Watne</u> , <u>Williams</u> Agst: Anderson, Hanson, Haugen

HB 1619	Corporate federal income tax deduction	17-0 DNP	For: Hausauer, Goetz, Anderson, Belter, <u>DeMers</u> , Hanson, Haugen, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>	36-57
HB 1627	Commercially zoned property	15-1 DNP	For: Hausauer, Goetz, Belter, no vote <u>DeMers</u> , Hanson, Haugen, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , <u>Tomac</u> , <u>Watne</u> , <u>Williams</u> Agst: Tollefson	
HB 1636	Corporate credit for new industry	15-0	For: Hausauer, Goetz, Anderson, Belter, Hanson, Haugen, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Tomac</u> , <u>Williams</u>	100-2
HB 1637	New industry tax exemption	13-3	For: Hausauer, Goetz, Anderson, Belter, Hanson, Haugen, Martin, Moore, Olson, <u>Schneider</u> , Tollefson, <u>Tomac</u> , <u>Watne</u> Agst: <u>Linderman</u> , <u>Riehl</u> , <u>Williams</u>	83-12
HB 1640	Candidate income tax disclosure	13-4	For: Hausauer, Anderson, Belter, <u>DeMers</u> , Haugen, <u>Linderman</u> , Martin, Moore, <u>Riehl</u> , <u>Schneider</u> , <u>Tomac</u> , <u>Watne</u> , <u>Williams</u> Agst: Goetz, Hanson, Olson, Tollefson	80-21
HB 1645	Corporation credit for research	12-4	For: Hausauer, Anderson, Belter, <u>DeMers</u> , Hanson, Haugen, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , Tollefson Agst: <u>Schneider</u> , <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>	98-3



*HB 1667	Wildcat well exemptions	9-7	For: Hausauer, Anderson, Belter, Hanson, Haugen, Martin, Moore, Olson, Tollefson	64-37
			Agst: <u>DeMers</u> , <u>Linderman</u> , <u>Riehl</u> , <u>Schneider</u> , <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>	
HB 1668	Motor vehicle excise tax	17-0	For: Hausauer, Goetz, Anderson, Belter, <u>DeMers</u> , Hanson, Haugen, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>	94-6
HB 1670	State income tax	15-0 W/O Rec.	For: Hausauer, Goetz, Anderson, Belter, <u>DeMers</u> , Hanson, Haugen, <u>Linderman</u> , Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Watne</u> , <u>Williams</u>	42-63
*HB 1676	State income tax	8-7 W/O Rec.	For: Anderson, <u>DeMers</u> , <u>Linderman</u> , <u>Riehl</u> , <u>Schneider</u> , <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>	58-47
			Agst: Hausauer, Goetz, Belter, Martin, Moore, Olson, Tollefson	
HB 1679	Air carrier transportation assessment	16-0	For: Hausauer, Goetz, Anderson, Belter, <u>DeMers</u> , Hanson, Haugen, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Watne</u> , <u>Williams</u>	105-0
HB 1685	Gasoline content disclosure	12-2	For: Hausauer, Anderson, Belter, <u>DeMers</u> , Hanson, Haugen, Martin, Moore, Olson, <u>Schneider</u> , Tollefson, <u>Tomac</u>	91-7
			Agst: Goetz, <u>Linderman</u>	

SB 2050	Venture capital corporation	14-0	For: Hausauer, Goetz, Anderson, Belter, <u>DeMers</u> , Haugen, <u>Linderman</u> , Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Watne</u> , <u>Williams</u>	37-63
SB 2076	Political subdivision tax levy limitations	16-1	For: Hausauer, Goetz, Anderson, Belter, <u>DeMers</u> , Hanson, Haugen, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Watne</u> , <u>Williams</u> Agst: <u>Tomac</u>	65-37
SB 2077	Charity exemptions removal	15-0	For: Hausauer, Goetz, Anderson, Belter, <u>DeMers</u> , Hanson, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Tomac</u> , <u>Watne</u>	80-21
SB 2078	New well tax exemption	11-4	For: Hausauer, Goetz, Belter, Haugen, <u>Linderman</u> , Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Williams</u> Agst: Anderson, Hanson, Martin, <u>Watne</u>	95-11
SB 2079	Oil extraction tax	15-0	For: Hausauer, Goetz, Anderson, Belter, Hanson, Haugen, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Watne</u> , <u>Williams</u>	101-5
SB 2099	Coal conversion tax	14-0	For: Hausauer, Goetz, Belter, <u>DeMers</u> , Hanson, Haugen, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Watne</u>	103-0



SB 2103	Tobacco products tax increase	13-0	For: Hausauer, Goetz, Anderson, Belter, Haugen, <u>Linderman</u> , Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Watne</u> , <u>Williams</u>	95-5
SB 2164	Insurance company premium taxes	16-0	For: Hausauer, Goetz, Anderson, Belter, <u>DeMers</u> , Hanson, Haugen, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>	104-0
SB 2169	Nonprofit corporation name reservation	15-0	For: Hausauer, Anderson, Belter, <u>DeMers</u> , Haugen, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>	103-0
SB 2213	Telecommunication service and property	15-0	For: Hausauer, Goetz, Anderson, Belter, <u>DeMers</u> , Hanson, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Tomac</u> , <u>Watne</u>	102-0
SB 2214	Musical and dramatical compositions	14-0	For: Hausauer, Goetz, Anderson, Belter, Hanson, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Tomac</u> , <u>Watne</u>	97-0
SB 2216	Tobacco tax rate increase	15-0	For: Hausauer, Goetz, Anderson, Belter, <u>DeMers</u> , Hanson, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>	94-8

SB 2217	State estate tax	15-0	For:	Hausauer, Goetz, Anderson, Belter, Hanson, Haugen, <u>Linderman</u> , Martin, Moore, Olson, <u>Schneider</u> , Tollefson, <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>	104-0
SB 2263	Food stamp item exemption	15-0	For:	Hausauer, Goetz, Anderson, Belter, Hanson, Haugen, <u>Linderman</u> , Martin, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>	102-2
*SB 2286	Personal property tax replacement revenue	12-3 DNP	For:	Hausauer, Goetz, Anderson, Belter, <u>DeMers</u> , Hanson, Haugen, <u>Linderman</u> , Martin, Moore, Olson, Tollefson	18-81
			Agst:	<u>Riehl</u> , <u>Schneider</u> , <u>Watne</u>	
SB 2309	Employee withholding	15-0 DNP	For:	Hausauer, Goetz, Anderson, Belter, <u>DeMers</u> , Hanson, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>	3-100
SB 2343	Corporation domestic dividend exclusion	17-0	For:	Hausauer, Goetz, Anderson, Belter, <u>DeMers</u> , Hanson, Haugen, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>	101-0
*SB 2351	Privilege tax on coal conversion facilities	12-3 DNP	For:	Hausauer, Goetz, Anderson, Belter, Hanson, Haugen, Martin, Moore, Olson, <u>Schneider</u> , Tollefson, <u>Watne</u>	5-98
			Agst:	<u>DeMers</u> , <u>Linderman</u> , <u>Riehl</u>	



SB 2385	Tax return due date	15-0	For: Hausauer, Goetz, Anderson, Belter, Hanson, Haugen, <u>Linderman</u> , Martin, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>	102-0
SB 2393	Oil & coal development impact fund	10-5 DNP	For: Hausauer, Goetz, Belter, <u>DeMers</u> , <u>Linderman</u> , Moore, Olson, <u>Schneider</u> , Tollefson, <u>Watne</u> Agst: Anderson, Hanson, Haugen, Martin, <u>Riehl</u>	37-67
*SB 2406	Amusement game sales tax	9-4	For: Hausauer, Goetz, Anderson, Belter, Haugen, <u>Linderman</u> , Moore, Olson, Tollefson Agst: <u>Riehl</u> , <u>Schneider</u> , <u>Watne</u> , <u>Williams</u>	99-5
SB 2436	Coal conversion tax revenue allocation	15-0	For: Hausauer, Goetz, Anderson, Belter, Hanson, Haugen, <u>Linderman</u> , Martin, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>	102-0
SB 2441	Alcohol beverage price to include sales tax	16-1	For: Hausauer, Goetz, Anderson, Belter, <u>DeMers</u> , Hanson, Haugen, Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Tomac</u> , <u>Watne</u> , <u>Williams</u> Agst: <u>Linderman</u>	97-4
SB 2465	Regulation of invention development services	11-0	For: Hausauer, Anderson, Belter, <u>DeMers</u> , Haugen, <u>Linderman</u> , <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Watne</u> , <u>Williams</u>	100-0

SB 2476	City lodging and restaurant tax	10-5	For: Hausauer, Goetz, <u>DeMers</u> , Haugen, Martin, Moore, <u>Schneider</u> , Tollefson, <u>Watne</u> , <u>Williams</u>	68-36
			Agst: Anderson, Hanson, <u>Linderman</u> , <u>Riehl</u> , <u>Tomac</u>	
*SB 2496	Coal severance tax rate	10-5 DNP	For: Hausauer, Goetz, Anderson, Belter, Hanson, Haugen, Martin, Moore, Olson, Tollefson	32-70
			Agst: <u>DeMers</u> , <u>Linderman</u> , <u>Riehl</u> , <u>Schneider</u> , <u>Watne</u>	
SB 2549	Foreign trade zone export of alcoholic beverages	13-3	For: Hausauer, Goetz, Anderson, Belter, <u>DeMers</u> , Hanson, Haugen, <u>Linderman</u> , Martin, Moore, Olson, Tollefson, <u>Watne</u>	100-3
			Agst: <u>Schneider</u> , <u>Tomac</u> , <u>Williams</u>	
SB 2550	State income tax rate increase	15-0 W/O Rec.	For: Hausauer, Goetz, Anderson, Belter, Hanson, Haugen, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Watne</u> , <u>Williams</u>	0-105
SB 2552	Exemption of farm blds. from property taxes	14-0 W/O Rec.	For: Anderson, Belter, <u>DeMers</u> , <u>Linderman</u> , Martin, <u>Riehl</u> , <u>Watne</u> , <u>Williams</u> , Hausauer, Goetz, Haugen, Moore, <u>Schneider</u> , Tollefson	43-54
SB 2555	Sales tax on catalog and mail retailers	16-1	For: Hausauer, Goetz, Anderson, Belter, <u>DeMers</u> , Hanson, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>	95-0
			Agst: Haugen	



SB 2556	Use tax on alcoholic beverages	16-0	For: Hausauer, Anderson, Belter, 97-3 <u>DeMers</u> , Hanson, Haugen, <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , Tollefson, <u>Tomac</u> , <u>Watne</u> , <u>Williams</u>
SB 2557	Motor vehicle, motor fuels, and aircraft excise tax	13-4	For: Hausauer, Goetz, Anderson, 75-28 Belter, <u>DeMers</u> , <u>Linderman</u> , Martin, Moore, Olson, <u>Riehl</u> , <u>Schneider</u> , <u>Tomac</u> , <u>Williams</u> Agst: Hanson, Haugen, Tollefson, <u>Watne</u>
*SB 2558	Income tax surtax for the biennium	11-5 DNP	For: Hausauer, Anderson, Belter, 23-74 Hanson, Haugen, Martin, Moore, Olson, Tollefson, <u>Watne</u> , <u>Williams</u> Agst: <u>DeMers</u> , <u>Linderman</u> , <u>Riehl</u> , <u>Schneider</u> , <u>Tomac</u>