

## North Dakota

From 2002 to 2008, North Dakota's spending increased the most in the police (101%), debt service (90%), and parks and recreation (89%) categories. The increase in police spending was the largest in the nation in terms of percentage. The spending categories that saw the least growth were welfare (+23%), highways (+22%), administration (+18%) and hospitals (-63%). The decrease in hospitals spending was the second-greatest in the nation. The state's overall general spending increase of 35% was about the same as the state average, ranking 29<sup>th</sup> highest.

North Dakota's total overall revenue growth of 66% ranked ninth for the period, and its total tax revenue growth of 107% was the second-highest in the nation. Corporate income taxes were the fastest growing tax revenue category, increasing 224% and ranking seventh-highest. The 59% increase in personal income tax revenue and 58% growth in general sales tax revenue each ranked in the top quartile of states (12<sup>th</sup> and fourth, respectively).

<b>Spending</b> (Spending and revenue numbers are in thousands of dollars)	2002	2002 Per Capita Rank	2008	2008 Per Capita Rank	Difference in Rank	2002–2008 Increase/Decrease	2002–2008 Increase/Decrease Rank
Corrections	38,522	50	61,368	49	+1	59%	4
Education	942,956	17	1,325,310	13	+4	41%	26
Government Administration	104,385	22	122,952	26	-4	18%	36
Health	50,333	50	64,749	43	+7	29%	31
Highways	376,668	3	458,616	3	0	22%	24
Hospitals	44,311	33	16,426	48	-15	-63%	49
Interest on Debt	86,602	17	164,425	9	+8	90%	7
Natural Resources	111,226	4	166,129	4	0	49%	12
Parks and Recreation	13,638	23	25,730	9	+14	89%	11
Police Protection	13,903	47	27,949	26	+21	101%	1
Public Welfare	627,303	20	773,278	32	-12	23%	44
Salaries and Wages	518,629	13	816,227	4	+9	57%	8
Direct Expenditures	2,227,165	8	2,984,497	10	-2	34%	30
General Expenditures	2,812,686	13	3,789,848	11	+2	35%	29
Total Expenditures	3,020,393	21	4,125,920	15	+6	37%	27

<b>Taxes</b> (Spending and revenue numbers are in thousands of dollars)	2002	2002 Per Capita Rank	2008	2008 Per Capita Rank	Difference in Rank	2002–2008 Increase/Decrease	2002–2008 Increase/Decrease Rank
Personal Income Tax <sup>1</sup>	199,590	41	317,249	41	0	59%	12
General Sales Tax <sup>2</sup>	335,613	34	530,078	20	+14	58%	4
Corporate Income Tax <sup>3</sup>	49,990	17	161,925	9	+8	224%	7
Total Taxes	1,117,299	27	2,312,056	6	+21	107%	2
Total Revenue	3,016,825	8	5,018,609	5	+3	66%	9

<sup>1</sup> Personal income tax per capita rankings are out of 43 since seven states do not collect personal income taxes.

<sup>2</sup> General sales tax per capita rankings are out of 45 since five states do not collect general sales taxes.

<sup>3</sup> Corporate income tax per capita rankings are out of 46 since four states do not collect corporate income taxes.

**Comparison to Baseline Growth**

One sound rule of thumb is that government expenditures should not increase more than the combined increase in population and inflation growth. This allows the government to maintain service levels and accommodate increased costs due to an expanding population and rises in the cost of living. For the 2002–2008 period, the Consumer Price Index, used to measure inflation, increased approximately 20% and North Dakota’s population increased by 1%. This yields a “baseline” growth of 21% for the period. The figure below compares the difference in North Dakota’s expenditures and revenue for the period to this baseline for 15 spending and five revenue categories.

