

LIMITING GROWTH AND DEMOCRACY: WHY TABOR IS A BAD IDEA FOR KANSAS

Government is a vague term that constitutes hundreds of services that we rely on in our everyday lives, and there is a cost associated with them.

While groups wishing to limit the role of government often focus on the allure of tax rebates and the potential for government waste and abuse, the true impact of rigid tax and budget limitations is to reduce the quality and quantity of government services.

This publication identifies fundamental flaws with rigid tax and budget limitations and demonstrates the importance of government in our everyday lives.

What is TABOR?

TABOR stands for “Taxpayers’ Bill of Rights.” First enacted in Colorado in 1992, TABOR represents the most restrictive tax and expenditure limitation in the country.

TABOR is a constitutional measure which makes it very difficult to repeal if policymakers in Kansas decided that it is not accomplishing the intended goal.

TABOR limits revenue growth for state and local governments to the percentage growth in population plus the inflation rate. If the current tax structure generates revenues in excess of the limit, the excess revenues are placed into a “budget stabilization,” or rainy day fund, up to a constitutionally prescribed amount and any excess after that is refunded to the taxpayers. If there is a need for the excess revenues to fund current services, voters must approve of this action in a statewide election. Likewise, if there is a need for additional revenues, voters must approve tax increases in a statewide election.

What Impact Has TABOR had in Colorado?

The voters of Colorado passed TABOR in 1992. In Colorado, the formula for TABOR is applied to the prior year’s fiscal year spending which translates to actual revenue collections or the formula-limited collections, whichever is lower. This is often called the “ratcheting down effect” and has resulted in dramatic contractions in Colorado revenues and the quality of government services, especially during the economic downturn that began in 2001.

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Before TABOR, Colorado generally enjoyed a status near the middle of the pack in terms of national rankings reflecting the quality of government services available. However, in many current rankings Colorado fares much worse. One of the most dramatic examples of this is the ranking of 50th in the nation in childhood immunizations as of 2003.

Why is TABOR a bad idea?

There are many reasons that TABOR is a bad idea, not the least of which is the impact it has had in Colorado.

Fundamental TABOR flaws include the following:

- ◆ Neither the Consumer Price Index (CPI), which is the inflation measure of choice in Colorado, nor any other existing measure of inflation correctly captures the growth in the

cost of the kinds of services purchased in the public sector. Specifically, a major part of state spending goes to personnel, technology, and health care costs. Costs in all of these areas exceed the CPI.

- ◆ It alters the democratic process. Under TABOR, regardless of the urgency of the need for funding, as in the case of childhood immunizations, elected officials are given few choices. They may either cut funding for another worthwhile service or maintain the status quo.
- ◆ It does not take into consideration increasing need for services based on demographics.
- ◆ It does not allow for unforeseen costs due to new technologies and crises. TABOR does not provide any flexibility for government to address unforeseen costs such as those attributable to natural disasters, diseases, and advances in infrastructure.

Conclusion

Government is not vague, it’s not a scheme for bureaucrats to steal our money. Among other things government is military reservists, teachers, grain inspectors, librarians, prison guards, nutritionists, and road construction workers. These people and the services they provide touch and enhance our lives daily. The real impact of TABOR, as demonstrated in Colorado, is to reduce the quality and quantity of government services.

As is the case in many states, Kansas has experienced a series of lean years during the recent economic downturn. Budgets have been tightened and new funding has been put off until better times. Kansas can ill afford to restrict revenues now. It is clear that TABOR is not in the best interest of Kansas and can only be detrimental to the quality of life Kansas children and their families enjoy.