

The Impact of TABOR on Business Climate in Kansas

TABOR, the most rigid tax and expenditure limitation in the country, has been proposed in Kansas. If this constitutional amendment had been in place in Kansas over the last decade, significantly fewer dollars would have been available to maintain state investments in infrastructure vital to business.

TABOR Would Limit the State's Ability to Maintain Key Business Infrastructure

TABOR would dramatically reduce the amount of money available for state investments in K-12 education, higher education, transportation, and health care. This would raise a number of issues for business.

- **Quality of K-12 education in Kansas would suffer**, as would the quality of the available workforce. Weak public education yields fewer qualified staff and makes the quality of life in Kansas less attractive to potential employees.
- **Diminished quality of higher education institutions would decrease the quantity of employable workers with specialized knowledge or skills available to hiring businesses.** Tuition would go up, and reductions in staffing and capital improvement spending would compromise overall quality.
- **Cost of health care and health insurance would increase.** The current public investment in Medicaid helps to contain the skyrocketing health care costs by reducing the amount of unpaid medical bills, protecting business and all consumers from shouldering the cost of uninsured care through higher health care rates.
- **Quality of the Kansas transportation system would suffer**, directly impacting the construction industry and raising costs for all businesses to transport goods and maintain business vehicles.

TABOR Did Not Improve Colorado's Economy, as Proponents Claim

Currently, Colorado is the only state with TABOR. Proponents of TABOR often credit TABOR with Colorado's economic growth during the 1990's, but the entire mountain region experienced similar growth.

Average Annual Employment Change Before and After TABOR

	1980-1992	1992-2004
Colorado	2.1 %	2.6 %
Mountain States (median)	2.1 %	2.8 %

Source: Bureau of Labor Statistics

"The Taxpayer's Bill of Rights, with some positive attributes, is about tightly controlling, actually strangling, Colorado's income statement, its income and expenses. Spending on prisons, medical care for the elderly and K-12 education increases faster than inflation, forcing all other public needs to suffer, said Rocky Scott, President of the Colorado Economic Development Corporation.

"But while the unrealistically simplistic TABOR strategy is being executed, by constitutional edict, the decay of Colorado's balance sheet, its net worth, representing the publicly owned capital stock that provides the foundation for economic activity, is unprecedented. It will, if unchecked, eventually lead to economic decay."