



Don't Forget the Fine Print

TABOR, the so-called Taxpayers Bill of Rights, would amend the state constitution to place extreme and inflexible limits on government resources, ultimately reducing the state's ability to provide essential services.

In 1992, Colorado became the first and only state to add TABOR to its constitution. But in recent years, TABOR proposals have been appearing all around the country. These proposals often go by other names, such as Stop Over Spending (SOS), Tax and Spending Control (TASC), or the Taxpayer Protection Amendment (TPA).

Whatever the name, TABOR proposals typically share some common characteristics.

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What is TABOR?

In simple terms, TABOR is a constitutional limit which restricts growth in government revenues to a prescribed formula. Any revenue the government collects above what the formula allows must be refunded in some fashion. A special vote is required in order to override the formula limits.

1) A constitutional limit

Modifying the Minnesota Constitution is a process not to be taken lightly. A proposal to amend the constitution must be approved by a majority of both the House and Senate, but it does not require the governor's signature and cannot be vetoed. Once a constitutional amendment is approved by the legislature, it is placed on the ballot in the next general election (2006 would be the next opportunity). A majority of all those voting in the election must vote in support of the ballot measure. In other words, not voting on the measure is the same as voting against it. If TABOR is ever adopted, repealing it would be extremely difficult.

2) A restriction on growth in government revenues (usually at the state and local level)

Government revenue collections often increase from year to year because of economic growth and/or deliberate action. This growth is important because it allows government to at least maintain the same level of services as the costs of providing those services rises. Ultimately, the goal of TABOR is to decrease the size and scope of government over time by placing a strict constitutional limit on this growth. To really be effective, TABOR must place limits on both state and local revenues. Restricting revenue at only the state level would just shift responsibility for funding services to the local level, causing property taxes to rise or services to be cut.

3) Uses a prescribed formula (usually inflation plus population growth)

TABOR proposals limit the growth in government revenue collections for the current year to the previous year's revenues plus a constitutionally determined increase, usually inflation plus population growth. This strict formula, however, does not reflect the challenges facing government. Inflation, measured as the Consumer Price Index (CPI), looks at the cost of a typical basket of goods and services purchased by an urban consumer. But urban consumers are not maintaining roads and bridges, operating a court system, or providing health care to thousands of low-income children. Government expenses are distinctly different from consumer expenses, and some of these costs are growing faster than consumer inflation. Likewise, using overall population growth in the formula glosses over the reality that faster growth in some populations – such as school-age children, prisoners, and the aging baby-boomers – can place significant financial pressures on government that a rigid formula cannot accommodate.

4) Revenue collections above what the formula allows must be refunded in some fashion (sometimes allowing for a reserve fund)

If revenue collections exceed the amount allowed by the formula, the excess (or "surplus") is automatically refunded to the public. Recent TABOR proposals have added the feature of first contributing to a reserve fund to help stabilize government finances in case of a fiscal downturn. Over time, as those who have lived under TABOR have found, a few extra dollars in the pocket will not compensate for the deteriorating roads, higher tuitions, and larger class-sizes as tightly controlled government revenues are unable to keep up with the rising costs.

5) Requires a special vote in order to override the formula limits (usually voter approval or a supermajority of the legislature)

In order to keep a surplus or increase revenue collections beyond what the formula allows, voter approval is required. This override mechanism, however, interferes with the responsibility of Minnesota's elected representatives to respond to unexpected events or changing circumstances in a timely and thoughtful manner. Action may be delayed until the measure can go on the ballot in the next election. And ballot measures can spark expensive campaigns. Late last year, Colorado, the only state currently living with TABOR, voted to suspend TABOR and allow the state to keep its surpluses for the next five years. Together, proponents and opponents spent more than \$10.3 million, a record for the state, in a highly contentious battle.