

# **Taxpayers Bill of Rights (TABOR)**

## ***What is a Taxpayer's Bill of Rights?***

- It is a set of constitutional provisions that limit revenue growth of state and/or local governments (counties, cities, school districts and special districts) most often to the rate of the Consumer Price Index (CPI), plus population growth.
- It requires that tax increases be approved by voters of the affected government.
- A TABOR concentrates more authority at the state level for tax and budget decisions involving local governments.

## ***Does TABOR force adherence to a strict spending formula? Yes***

- TABOR fails to account for variations in growth in different sectors of the population that require specific programs, like the elderly, school-age children and incarcerated individuals.
- TABOR most often uses CPI as the inflation measure. CPI only measures individual and family consumer purchases like cars, clothes and food products.
- Governments purchase different products, such as health care, emergency services, road materials and jail construction. Consumer purchases as measured by CPI do not reflect the cost of public services, particularly when considering escalating cost drivers like health care and facility construction.

## ***Does TABOR stifle government's ability to provide for citizens? Yes***

- TABOR prohibits an entity from spending above the TABOR limit, even if both the revenue and the need for services exist.
- TABOR hinders the ability to respond to emergencies, like hurricanes or wildfires.
- TABOR depletes reserve funds, which lowers an entity's bond rating and causes taxpayers to pay more for large capital projects like roads and jail additions.
- Discretionary spending on quality-of-life services such as parks and libraries is likely to be cut.
- TABOR pits first responders against educators against senior citizens to fight for funding.

***Colorado: Did TABOR have a devastating effect on services? Yes***

In 1992, Colorado began a much-watched experiment with TABOR, and the results were disastrous for state and local services. In fact, in November 2005, Colorado citizens voted to suspend their TABOR refunds for five years. The moratorium passed after leaders from Colorado's business, educational and civic communities, and even one-time supporters of TABOR, all organized for it.

The crises caused by Colorado's TABOR included:

- The percent of low-income children without health insurance rose from 15 to 27 percent between 1991 and 2003, while the national rate of uninsured children declined.
- Health care programs in Colorado became so depleted that the state was forced to suspend its requirement that school children be fully vaccinated because the state could not afford to buy the vaccines.
- Per pupil funding for K-12 education declined more than \$400 in relation to the national average. After a decade of TABOR, Colorado ranked 44<sup>th</sup> in K-12 expenditures, 46<sup>th</sup> in high school completion rate, 36<sup>th</sup> in average teacher salary and 41<sup>st</sup> in highway maintenance.

During TABOR's restrictions, Colorado reported a total loss of 68,000 jobs. But during that same period of time, eight other Mountain Region states reported a median job growth rate of 4.5 percent.

***TABOR in other states***

Florida: Since June 2007, the Florida Legislature has instituted local property tax cuts and caps totaling more than \$24 billion. One county – Bradford – is considering the possibility of opening the courthouse only four days a week and taking more sheriff's deputies off the streets.

As if that weren't enough, Florida's Taxation and Budget Reform Commission, which meets every 20 years, considered placing a TABOR measure before voters but wisely decided against it in April 2008. Likewise, members of the panel now appear to be backing away from swapping property taxes for higher sales taxes in the state. However, House leadership is considering a 1.35 percent revenue cap on local governments.

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Missouri: On April 1, 2008, the Missouri House passed a proposed constitutional amendment that would prohibit property taxes from rising above CPI without an election, even though local entities already have constitutional maximum tax rates, which causes rollbacks if property values rise. The proposed amendment would cause further rollbacks. The matter now moves to the state Senate.

Oklahoma: A House committee considered placing a TABOR constitutional amendment before voters in 2008 but voted not to advance the bill. The committee also declined to freeze property tax rates on homes owned by seniors.