

## **Conference of Southern County Associations (CSCA)**

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### **Tax Limitation or TABOR Measures**

NACo was asked last year by the state associations of counties to assist them with ballot issues or legislative measures that oppose local government and local control. What we did was produce two toolkits through the Campaign for Effective Government project that outlined the steps needed to fight ballot issues or legislative measures.

These toolkits may be very helpful this year. Many states are facing TABOR ballot issues or tax limitation measures by their legislatures.

Here are some examples:

- Colorado – three TABOR strengthening measures have qualified for the Nov. ballot.
- Washington State – a positive Tax Reform measure is expected for Nov. ballot, but a TABOR-like measure is also being circulated.
- Arizona – a sales tax measure on the ballot this month.
- Missouri – a signature gathering effort underway for the Nov. ballot to eliminate the income tax and a TABOR measure may be on the ballot.
- Florida – a TABOR measure is a legislative priority for the Senate President this year and future years.
- Arizona, Ohio, Nevada, and other states are also facing possible health care nullification measures for the Nov. ballots.

### **True Implications of TABOR in Colorado**

To give you an idea of the true implications of Taxpayer Bill of Rights or TABOR measures, let me summarize its effect on Colorado.

Colorado's business climate and quality of life were not improved by TABOR. In fact, it has contributed to a significant decline in that state's public services. Colorado's economy, hamstrung with TABOR, was not able to recover strongly from the last recession before the latest economic downturn. This decline has serious implications not only for the 4.6 million residents of Colorado, but also for the many millions of residents of other states in which TABOR-like measures are now being promoted.

In 2005, voters approved a suspension of the TABOR formula for five years. But during the time it was in effect, it had a dramatic effect.

### Education

TABOR forced drastic education funding cuts in Colorado.

- Before TABOR, Colorado was a middle of the pack state in terms of education funding (35<sup>th</sup>). By 2001, Colorado had fallen to 49<sup>th</sup> in K-12 spending, making the state near dead last in the percentage of state resources devoted to public schools throughout the country.
- Teacher salaries have dropped compared to the national average, falling from 30<sup>th</sup> to 50<sup>th</sup> in the nation.
- Colorado ranks 48<sup>th</sup> in state funding for higher education as a share of personal income. As a result tuition has dramatically increased, causing a greater burden on students and families.

### Health Care

TABOR forced reductions in funding for health care programs and services for Colorado workers, families, and seniors. Health care services proved to be particularly vulnerable to inflexible spending caps because health care costs in both the public and private sectors rose faster than the limit allowed. Those costs will continue to grow rapidly because of the aging of the baby-boomers.

- Colorado now spends less on many public health programs than most states.
- Colorado is at the bottom in rates of prenatal care.
- Under TABOR, the share of low-income children lacking health insurance has doubled in Colorado – dropping the state to 50<sup>th</sup> in the nation.
- At one point, Colorado suspended the requirement that children be fully-immunized before enrolling in school, because there were not enough state funds to buy vaccines.
- Colorado ranks 49<sup>th</sup> in the nation in the percentage of both low-income non-elderly adults and low-income children covered by Medicaid.

### Economic Development

TABOR did not improve Colorado's economy as promised. Instead, in the last recession it cost Colorado jobs. It delayed economic recovery; left the workforce untrained, and weakened the state's transportation corridors.

- Colorado lost more jobs in the last recession than all states but three.
- After being in effect for ten years, Colorado's growth rate after the last recession was the lowest in the Rocky Mountain region.

- In 2002, the per-capita income in Colorado fell faster than in any other state in the country.
- Unemployment more than doubled during the last recession; the state lost 18,000 jobs in 2003 alone.
- Colorado's highways are in a state of growing disrepair with less than 60% rated good or fair.

### Fiscal Stability

TABOR created instability for businesses, communities, and families when Colorado entered the economic recession. At a time when businesses and families needed services most, the public sector became a weak partner in the recovery.

- Prior to the suspension of the measure, bond-rating agencies threatened to downgrade Colorado's bond rating because of TABOR.
- Financial analysts specifically blamed TABOR for making the state's fiscal crisis during the last recession worse.
- Prior to the suspension, *Governing* magazine ranked Colorado's finances as among the worst managed in the country, again due to TABOR.

### **Campaign Toolkits NACo Produced**

One of the toolkits dealt with tax limitation measures that would be a ballot issue or legislative proposal. The other toolkit covered efforts to restrict local government control. Both toolkits offered background information, groups that are behind the measures and examples of what some states have done to fight the measures.

The toolkits provided the key components to successfully defeating these measures. They are:

1. Researching and constant monitoring
2. Building a strong coalition
3. Developing one comprehensive message
4. Raising adequate funds to defeat the measures
5. Utilizing local resources and understanding state dynamics

If you don't have the toolkits and would like a copy, let me know. We can mail a hard copy or email an electronic version.