



VIEWPOINT

ON PUBLIC ISSUES

March 14, 2006 • No. 2006 - 11

Don't Taxpayers Deserve a Bill of Rights?

By: John Andrews

Summary

In Colorado, the Taxpayer's Bill of Rights has paid dividends for job creation, family finances, leaner government, and lower taxes. Ohioans need, and deserve, the same kind of fiscal responsibility in our state.

Main text word count: 731

"Get under the hood and fix the problem." That can-do approach back in 1992 made Ross Perot a presidential contender. Today he's little remembered, and the federal government still has big problems. But the same reforming spirit, the same year, produced a fix-it solution for state government that keeps looking better as time goes by.

It's a powerful idea called the Taxpayer's Bill of Rights, or TABOR for short. Colorado voters in 1992, fed up with a bloated budget and a lagging economy, tired of the broken promises of politicians, got under the hood and installed TABOR in our state's constitution. The results have been great ever since, for everyone but the special-interest spending lobby.

The Taxpayer's Bill of Rights has paid dividends in Colorado for job creation, family finances, leaner government, and lower taxes. Its fiscal restraint has provided backbone when office-holders felt tempted. Its flexibility has allowed overrides when special needs arose. No wonder TABOR-type proposals -- including Ohio's Tax and Expenditure Limit, or TEL -- are on the table in a dozen states and Washington DC. Quite simply, TABOR works.

Colorado's amendment isn't complicated. It requires voter approval before state or local government can impose a tax, increase a tax, or go into debt. It limits this year's increase of government spending to the sum of last year's actual spending plus inflation and population growth. Any revenue above the limit becomes a tax refund, unless voters approve spending it. These do's and don'ts, along with a 3% emergency reserve, are TABOR in brief.

Now about those dividends: Start with over \$3 billion in tax refunds to hard-working Coloradans since the 1990s, mandated by the TABOR formula. Add another half-billion in permanent tax cuts, passed by the legislature to avoid collecting revenues we couldn't constitutionally keep. Include the halt in runaway state spending, which grew at exactly the rate of inflation and population in the decade after TABOR, after growing at twice that pace in the decade before.



But not more taxes. Thanks to TABOR, Colorado's tax burden is ranked 37th nationally. Ohio sits 7th.

Source: Corbis

Colorado's private-sector jobs, conversely, increased faster than government jobs in the decade after TABOR, after trailing badly in the decade before. Gross state product per capita expanded 20% more than the national average in the decade since. Our state now ranks at or near the top in nearly every index of economic vitality and business climate. As for the flexibility and overrides that I mentioned, those were illustrated in the 2005 election. As the state rebounds from weak revenues after the dot-com bust and the 9/11 recession, Coloradans at the ballot box said "no thanks" to their scheduled TABOR refund through 2011, and "yes" to a bipartisan legislative plan for extra budget breathing room.

Roads, schools, college, and low-income health care will see extra dollars as a result, making up for the recent squeeze. As a budget hawk and former Senate leader, I didn't support the plan. But some prominent Republicans did, including my fellow conservative, Gov. Bill Owens - and 52% of the people saw it their way.

Let the record be clear, however. Even though Gov. Owens and I disagreed on this ballot issue, we agree as TABOR supporters. We're both glad that in Colorado these tax and spending decisions are up to all the people, not just a few politicians as in other states. Last year's statewide vote was an example of how the Taxpayer's Bill of Rights lives up to its name - letting the folks who rightfully earned the money direct its use - and of this the governor and I feel proud.

So is TABOR perfect? Obviously not. Adam himself, some say, was only a rough draft. Colorado's emergency reserve provision could be improved. Our formula basing each year's new budget off the previous year's actual amount was deemed overly restrictive in tough economic times, so the 2005 vote revised it. A loophole in our spending limit, obtained by teacher unions in an earlier 2000 vote, cries out for revising as well.

Yet our amendment has clearly made all Coloradans better off, and it's logical that something similar, adapted for differing circumstances, could do the same for people in Ohio and other states as well. Thomas Jefferson said that the natural progress of things is for government to increase and liberty to decrease. A good way to fight that tendency, so alarming today, is get under the hood and install a Taxpayer's Bill of Rights.

#####

(John Andrews was President of the Colorado Senate, 2003-2005. He is now a fellow of the Claremont Institute, a conservative think tank and an adjunct fellow at the Buckeye Institute of Columbus, Ohio. More information on educational issues is available at www.buckeyeinstitute.org. Permission to reprint in whole or in part is hereby granted, provided the author and his affiliation are cited.)

(Colorado) now ranks at or near the top in nearly every index of economic vitality and business climate

Attention Editors and Producers

Viewpoint commentaries are provided for reprint in newspapers and other publications. Authors are available for print or broadcast interviews. Electronic text is available at www.buckeyeinstitute.org. Please contact:

Dorothea Prouty
88 East Broad Street, Suite 1120
Columbus, Ohio 43215

Phone: (614) 224-4422
Fax: (614) 224-4644

www.buckeyeinstitute.org
prouty@buckeyeinstitute.org

