

October 27, 2005

TABOR: A Name You'll Be Hearing

By John R. Smith

TABOR (the Taxpayer Bill of Rights) limits government growth, leaving more dollars in the hands of the taxpayers and less in the hands of government. Taxpayers like TABOR, and tax consumers don't.

TABOR is a constitutional or charter provision that limits government growth from year to year to no more than inflation plus population growth. It requires that surplus revenue above that amount be returned to taxpayers in the form of reduced taxes. It's a tax limit with real teeth.

The result where it has been tried is an enormous success. Colorado passed it in 1992, giving that state America's strictest tax-and-spending limits. As a result, Colorado has had the nation's second fastest rate of economic growth.

Meanwhile, Colorado's taxpayers have received some \$3.2 billion in tax refunds as a result of the TABOR amendment. TABOR is supported by 70 percent of Colorado residents, including a solid majority of Democrats and Republicans alike. That's a higher percentage than when it was enacted.

With the stated mission of placing a reasonable restraint on the growth of government, versions of TABOR are currently being introduced and promoted in 30 states. TABOR initiatives cap runaway government spending by imposing fiscal restraint. Its provisions

effectively establish fiscal safeguards that limit politicians' tendency to approve exorbitant increases in government spending. That forces elected officials to think long and hard about setting sensible priorities instead of reflexively approving every nice-sounding spending proposal that comes along.

If government turns out to require more money, TABOR provides a remedy. When government officials want to increase taxes or government spending more than allowed by the TABOR formula, they may ask the voters to approve it. TABOR gives voters more say-so.

Palm Beach County provides an especially pertinent example of why a TABOR is needed in Florida. In the boom times over the last decade, tax revenues flooded our state and county with money. That money was either spent or else squirreled away in obscure, indistinct trust fund accounts.

Palm Beach County's runaway growth in spending over the past decade has resulted in a huge budget. Often, when more taxes were "needed," the county simply created new "Special Taxing Districts." Now there are more than 155 of these taxing districts operating in the county.

Little known fact: This one county has more than 350 different sources of tax revenue. The county government's

spending throughout the 1990's and into this decade has outpaced the growth in population and inflation combined. In other words, government has expanded rapidly and hugely.

The best defense against future out-of-control spending is an automatic political restraint. If the people of Florida are serious about curbing taxes, they need to limit what the elected officials can do with our money. Regular legislation is not the answer. Only a charter amendment and/or a state constitutional amendment can offer strong protection. That's because laws govern the people, but charters and constitutions rule the governments.

We Floridians have it in our power to end the current upward spiral in government spending. We can change government policy by limiting the local government's spending in a given year to the previous year's spending adjusted for inflation growth and population growth. This will place a fiscal straitjacket on government bureaucrats.

By its very nature, government grows. Over the last 30 years, government has grown at nearly double the rate of the growth of wages of most Americans. Some Florida counties are beginning to lose businesses because of the excessive government taxes and spending. One Palm Beach County landowner pays \$20 million a year in ad valorem taxes.

Many elected officials do not trust the people to know what's good for them. That's why they want mandatory this, and government controlled that. Government must exercise spending restraint, just as responsible families and businesses do. We need a "Live-Within-Our-Means" budget.

If we can have government restrained within reasonable expenditures, we can have a safeguard against the ambitious designs of political insiders. We can harvest the bounty of our efforts. The time

has come for a Taxpayer's Bill of Rights. We need our very own TABOR-toothed tiger.

John R. Smith resides in Palm Beach County, where he chairs BIZPAC, a business group that attempts to restrain the rapid growth of government. He is a contributing scholar of The James Madison Institute, a non-partisan policy center based in Tallahassee.

As a 501(c)(3) organization, The James Madison Institute does not support, endorse, or oppose candidates or proposed legislation. For more information, visit

<http://www.jamesmadison.org>

***CONTACT: Matt Warner (850) 383-4633
matt@jamesmadison.org***