Center on Budget and Policy Priorities
820 First Street, NE, Suite 510 Washington, DC 20002
202-408-1080 Fax: 202-408-1056 center@cbpp.org www.cbpp.org

Testimony regarding SCR 1602 and HCR 5007
submitted to the Senate Assessment and Taxation Committee, Kansas Legislature
March 13, 2017

by Erica Williams
Deputy Director of State Fiscal Research
Center on Budget and Policy Priorities

Opposed

Thank you for the opportunity to submit written testimony on SCR 1602 and HCR 5007.

My name is Erica Williams. I am the deputy research director for the State Fiscal Project at the Center on Budget and Policy Priorities in Washington, D.C. We are a research institute that helps states make good fiscal policy decisions.

The two resolutions that would refer to voters a constitutional amendment to limit Kansas revenues and spending to the change in population and inflation, also known as TABOR, bring an old idea back to Kansas. Lawmakers in the state rejected a similar measure in 2005, as 28 other states have done since 2004. Legislative rejection of TABOR has been bipartisan and in the five states where it went to ballot, it was voted down by strong majorities.

The round rejection of TABOR proposals since its adoption in Colorado reflects the severe constraints such an amendment would impose on a state's ability to meet its core funding obligations. TABOR is a formula for decline. Here is why:

- TABOR's formula is deeply flawed. The population groups that need more public services, such as children and seniors, tend to grow faster than the overall population. Also, inflation is a highly inadequate measure of the cost of state services. It gauges the cost of goods and services consumers buy, like housing and food, rather than things states pay for, like education, long-term care for the elderly, and roads.

- TABOR causes deep cuts over time to services that benefit the entire state. Colorado enacted the nation's only TABOR in 1992 but voters suspended it for five years in 2005 due to a sharp decline in funding for K-12 schools, colleges and universities, and health programs like child immunization and prenatal care. TABOR continues to keep the state from making up lost ground in needed investments by sharply limiting the revenues available to lawmakers.

- TABOR did not improve Colorado's economy as promised. Instead it has kept the state from making the kinds of investments that businesses rely on like road maintenance and a strong system of higher education. As a result, leading economic development professionals and corporate leaders have gone on record opposing TABOR. Research supports the empirical evidence from Colorado—at best, tight tax and expenditure limits fail to promote economic growth, and at worst, they hamper such growth.

- TABOR is not real reform. It does nothing to make government more efficient or to ensure that tax dollars are well spent; instead it simply lets lawmakers abdicate their responsibility for thoughtful decision-making in favor of a formula. Moreover, the voter override in the Kansas proposal would make it impossible for lawmakers to respond to crises like natural disasters in a timely manner, if at all, since the vote would have to wait until the next general election.

Kansas is already facing enormous challenges--in supporting public schools, higher education, health services, road and infrastructure maintenance, among other services—because of massive cuts to state income taxes. These challenges threaten to undermine the state's future. TABOR is not the solution. To the contrary, it would lock in diminished economic prosperity for the long term by creating a permanent and un-workable cap on public investment that causes further cuts to the building blocks of a strong state economy.