



AMERICANS FOR TAX REFORM

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President

TABOR Overview

- Colorado has the model tax-and-spending limitation amendment – the Taxpayer Bill of Rights (TABOR)
- Passed in 1992, the amendment does the following:
 - Limits the growth of state spending to inflation plus population growth
 - Requires a supermajority to raise taxes
 - Mandates that any revenues above the spending limits be rebated directly to the taxpayers

Effects of TABOR

- Avoids cyclical fiscal crises
- State government spending in Colorado was held to a sustainable rate of growth from 1993-2003, making Colorado one of only five states that did not face a budget crisis in 2002
- From 1995-2000, Colorado led the nation in Gross State Product growth
- From 1995-2000, Colorado was second in the nation in personal income growth
- **Since 1993, the people of Colorado have received over \$3.2 billion in rebates, because spending has grown more slowly than tax revenues**

A Rising Tide?

- Governor-elect Schwarzenegger ran on a TABOR-like platform of spending limitation to address California's recurring fiscal problems
- Gov. Craig Benson of New Hampshire and legislators in Minnesota are pursuing a TABOR-style amendment through the legislative process
- Schwarzenegger and California could focus national attention on the issue, and could lead a fundraising drive for initiatives in a dozen states or more

Political Benefits

- **Pro-active, positive reform to be “for,” rather than being on the defense**
- **Energize our grassroots, and get them out to vote, even in states that are “safe” for either side (and thus might have low turnout)**
- **Head off liberal attacks that federal tax cuts lead to state tax increases – taxes and spending would be limited at the state level too**
- **Change the terms of debate on the deficit – from a lack of revenue and tax cuts to overspending, and the solution is spending restraint**