



NEWS

AMERICANS FOR TAX REFORM

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Fiscal Sanity in Harrisburg? Constitutional Amendment Aims to Deliver.

Rep. Daryl Metcalfe and 17 co-sponsors follow the successful example of states that limit spending in order to avoid tax hikes and budget crises.

WASHINGTON – Nearly every state faced a budget crunch this year, and most face another in fiscal year 2004, as the current economic slowdown drains tax revenues. But a closer look at state budget trends shows an even bigger cause of budget problems than recession – runaway spending.

During the 1990's, state spending grew at a rate many times that of inflation, an unsustainable trend. When the inevitable slowdown hit in 2000, revenues slowed but spending kept racing ahead, creating deficits. But some states, like Colorado, avoided this problem because they had limited spending growth in their state constitutions. Rep. Daryl Metcalfe (R-Butler County) and seventeen of his colleagues today introduced a constitutional amendment to bring such fiscal discipline to the Commonwealth of Pennsylvania.

“Daryl Metcalfe is a hero of those who want good government in Pennsylvania,” said taxpayer advocate Grover Norquist, president of Americans for Tax Reform. **“He has diagnosed the state’s problems correctly: the economy will fluctuate, revenues will ebb and flow, but the government will always try to increase spending. The only way to bring stability and restraint to state budgets is to limit tax and spend politicians from jockeying funds and from creating a fiscal crisis due to overspending. Colorado and other states have shown the benefits of this approach when done correctly.”**

Rep. Metcalfe’s amendment, with exceptions for emergencies and natural disasters, would limit spending growth to the population growth or Consumer Price Index, whichever is lower. It would also allow spending to grow above the cap if two-thirds of the House and Senate approved such an increase. Other states have found that making the threshold for new spending higher discourages recklessness overspending. These states that operate with supermajority requirements or spending limitations have successfully raised taxes only 36% percent of the time, as opposed to states that have raised taxes 42% without such restrictions.

“Spending restraint is the only way to make budgets stable from year to year,” Norquist continued. **“It is the only way to keep your state prosperous and competitive. And now is the perfect time for**

Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all tax increases. For more information or to arrange an interview please contact Jonathan Collegio at (202) 785-0266 or by email at jcollegio@atr.org.

this reform – 8 of the 12 states which passed similar reforms did so immediately following the economic slowdown of the early 1990's.”