

## **Tabor and the League of Women Voters**

There are those who believe that government is a necessary evil to be kept as small as possible to prevent its infringing on individual rights and draining too much wealth (money?) from the economy. From this philosophy has come TABOR, the Taxpayer's Bill Of Rights--proposed legislation that would amend the Wisconsin Constitution to prohibit any governmental unit in the state from increasing its expenditures or revenues without a referendum. (See below for wording.)

There are others who believe that, even in a capitalist society, government is a partner along with individual enterprise, and its effectiveness depends on wise participation of citizens. As the following documents illustrate, it is this latter philosophy that motivates (underlies?) the League.

### ***From Principles (LWV-US)***

“The League of Women Voters believes that responsible government should be responsive to the will of the people; that government should maintain an equitable and flexible system of taxation, promote the conservation and development of natural resources in the public interest, share in the solution of economic and social problems that affect the general welfare, promote a sound economy and adopt domestic policies that facilitate the solution of international problems.”

### ***From Public Policy Positions***

*Urban Policy LWV-US 1979, revised 1989*

“The federal government should give highest priority in urban policy to measures that enhance the economic base of cities.”

*Urban Policy LWV-Dane County, WI 1978*

“Wisconsin's urban policy role should emphasize measures that enhance the economic base. The use of aid for particular programs is considered essential to the encouragement of local development programs. Supportive services through technical assistance from state agencies should be available.”

### ***Present Positions of LWV-WI***

*Government Financing*

Support of financing of essential state government services by a well-administered tax system through: 1) strengthening the income tax based on ability to pay; and 2) use of a general sales tax with exemptions to make it less regressive. Support of the state's role in financing and organizing effective local government through equitable distribution of state monies including: 1) Equitable sharing of tax proceeds by state and local units through improvement in distribution of taxes raised by the state; 2) A property tax relief formula that would tend to reduce local property taxes where they are above the state average; 3) Use of the property tax as part of the revenue mix, but decrease the

percentage of reliance as part of that mix; 4) A highway aids formula that reflects cost, such as vehicle mileage or use; and 5) Use of increased user's fees at both state and local levels.

## **Tabor Provisions**

*2003 Assembly Joint Resolution 55*

*Analysis by the Legislative Reference Bureau*

“The proposed constitutional amendment, proposed to the 2003 legislature on first consideration, requires elector approval for certain taxing, spending, and bonding decisions by the state and local governmental units, such as exceeding a spending limit or imposing new taxes, increasing tax rates, extending expiring taxes or making tax changes causing net tax revenue gains; requires that emergency taxes imposed by the state meet certain conditions; requires governmental units to establish an emergency fund and a budget stabilization fund; and requires governmental units to refund amounts in excess of the approved amounts and reduce tax rates to reflect the excess of revenues over expenditures.”

*A portion of statement of opposition, LWV-WI May 2004*

“In sum the League of Women Voters believes a Constitutional amendment is not the way to foster fiscal responsibility.

A Constitutional amendment is inflexible.

It is cumbersome and takes too long to change to meet changing conditions.

It removes local control.

It lessens legislative and executive responsibility

Referenda, if used to try to overcome these weaknesses, are costly and often decided without adequate facts.”

## **The Origins of Tabor**

Under the pendulum theory of political ideas, it can be seen that the liberal-progressive era of Franklin Roosevelt's New Deal (1936) had begun to swing back by the mid-60's when Barry Goldwater ran against Lyndon Johnson for President. It is said that conservatives, stunned by Barry Goldwater's loss, set themselves to developing new strategies and tactics to gain the political ascendancy. Their goal is to minimize the role of government in this country and to do so by reducing government revenues and expenditures. (A case in point: by repetition they have popularized the phrase “tax and spend liberals”) Tapping into widespread opposition to property taxes in rural areas all over the country, they found supporters to run in school board elections and began to attack school district budgets. In 1978 they gained a highly visible victory in California's Proposition 13. In 1992 they succeeded again in Colorado's Taxpayer's Bill of Rights.

In Wisconsin, the efforts to cut property taxes began in school districts and spread to the Legislature with enactment of a “qualified economic offer” (QEO) restricting teacher salaries and putting caps on school district budgets. In 1995 in a classic game of “chicken” both sides kept upping what the state's contribution to school budgets should be until they reached 2/3. This increase came, of course from the state's sales and income tax revenues--undoubtedly a good idea except that they failed to increase those

revenues to cover the new costs. Along with large increases in the state's expenditures for the Department of Corrections huge budget problems opened up, creating the opportunity for far-right advocates to push for general spending restrictions—i.e. a Tabor amendment to the Wisconsin constitution. A constitutional amendment is their preference because it avoids a governor's veto and would have great permanence, but a statutory freeze is their fall-back position.

### ***Present Situation***

Over the summer of 2004 a battle over Tabor was fought within the Republican party with an apparent victory for a constitutional TABOR. The fall elections resulted in a conservative take-over in both houses of the Wisconsin Legislature. TABOR loomed ahead, and many municipal officials, teachers, and non-profit organizations prepared to oppose it.

Now that the elections are past and party loyalty less essential, many moderate Republicans are expressing doubts about Tabor as a constitutional amendment, and a statutory freeze may become the issue. Some legislators may be swayed by such changes, but it is unlikely that the existing public opposition will fade significantly. A spending freeze in the statutes will be opposed by the League of Women Voters as it would remove from municipalities the responsibility to make their own budgets and fund them. The League believes that elected officials are the proper decision-makers, and the law gives citizens the authority to remove them if they want to do so. It has a similar position regarding school district finance. Furthermore, it explains that high services require high taxes.

The League will continue to work cooperatively with other opponents of the various forms of tax freezes.

### ***Colorado Group Warns About Tabor***

The most comprehensive analysis of a taxpayer bill of rights has been done in Colorado by The Bell Policy Center. In February 2003 they published *Ten Years of Tabor*, a 64-page document analyzing the complete bill with chapters on spending, the tax burden, regressivity, economic growth, citizen participation in voting and the role of elected officials.

Their Introduction states “TABOR clearly has achieved its primary and single-minded goal of restricting the growth of government. But this study also shows that TABOR's successes have come at a very high cost—indeed too high a cost.”

“Our study points to four areas of particular concern:

TABOR's revenue growth limit is too restrictive, even in the best of times, making it almost impossible for state government to meet critical needs; The ratcheting effect of this growth limit continually downsizes government, making cuts virtually permanent;

TABOR contains a series of complex and often redundant provisions that greatly restrict budget-making flexibility, even within the overall limit on growth; and

TABOR contains provisions that make it very difficult for the state to take advantage of surpluses in good times (e.g. create a Rainy Day Fund) to save for bad times.”

Their Introduction closes with a plea for major reform of Tabor in order for the state to avoid bankruptcy. In the fall 2004 elections, an anti-TABOR majority was elected for both houses of their legislature.

***Advocacy Agenda LWV-WI adopted January 2005***

As above with following addition: Oppose legal or constitutional restrictions on the traditional authority of the state and local governments to tax to meet their budgetary commitments.