Colorado Fiscal Institute

1905 Sherman St., Denver, CO, 80203

Good morning,

My name is Carol Hedges, and I am the executive director of the Colorado Fiscal Institute, a nonprofit, nonpartisan organization in Denver, Colorado, that focuses on state budget, tax and fiscal policy issues. This letter is our testimony in opposition to SCR 1602. As a native Kansan, I urge you to do what 29 other states have done and reject making TABOR a part of your tax code.

For the last 15 years, our organization has shared the real story of TABOR with lawmakers across the U.S., urging them to not to do themselves what Kansas would do to itself under this measure, and that is adopt a Colorado-style revenue limitation, or TABOR. We told this story by working with Republican former lawmakers in our state, who then told Republicans in other states what they would be in for if they passed TABOR, a ballot question we only passed in 1992 after proponents had put the measure, or ones like it, on the ballot five times.

This “scared fiscally straight” program we put on in other states usually featured a litany of metrics that showed how our beautiful, majestic state had fallen in the last 25 years from its once lofty rankings in education and transportation to the bottom or nearly the bottom in the nation.

You may be thinking to yourselves that it’s sure hard to tell that Colorado has suffered under TABOR. The Centennial State has one of the best economies in the country, it’s one of the wealthiest and fastest-growing states, and construction cranes dot the horizon in Denver. But we and many others would point out that Colorado grew by leaps and bounds for decades before we ever passed TABOR, and that this growth was in no small part started by some very significant public investments.

Tom Clark, executive vice president of the Metro Denver Economic Development Corporation, has repeatedly said that companies never mention TABOR when they’re considering a move to Colorado. They do mention sunshine and mountains, which, despite the way TABOR supporters speak of the amendment’s divine power, apparently existed prior to TABOR’s passage.

"What the public didn’t realize” when they passed TABOR, Clark said “was that it would contain the strictest tax and spending limitation of any state in the country, and long-term would hobble us economically."

What does Clark mean by that? He means that TABOR is preventing the state from being able to accommodate, respond to and anticipate the growth it is seeing, maintain critical infrastructure and wisely re-invest in the things that will ensure sustainable, widespread prosperity. Those are things a well-run business would do, and it’s what a state that isn’t constrained by TABOR can do.

Consider the following. Since the passage of TABOR, Colorado:

- Has dropped from 23rd in per pupil funding for K-12 to now 40th. We used to be several hundred dollars above the national average; now we are $2,000 below it.

- Has plummeted to 48th in state support for higher education. The state used to pay two-thirds of the cost of college and the student paid one-third. Now, those proportions are reversed and the student pays two-thirds. It’s now cheaper for Colorado students to pay out-of-state tuition in Wyoming than in-state tuition in Colorado.

- Has now become 49th in terms of the size of state government, with only Texas as the only smaller state government.

- Has become 44th property tax rates. Our property taxes are ridiculously low by national standards and especially for wealthy states.

That kind of de-investment strategy certainly pays un-dividends over time.

Of 178 school districts in Colorado, 77 have all their schools on four-day weeks. Another five have just some of their schools on four-day weeks and another six have at least one school on a four-day week.

So darn near half of our districts are on four-day weeks.

The state’s population has increased by 56 percent since 1991, and the annual congestion time in major urban areas has increased by 283 percent. According to the Colorado Department of Transportation, the number of congested road miles in our state will nearly triple by 2035, with the average delay expected to increase by 48 minutes.

The gasoline tax has not increased since the passage of TABOR.

In 1992, state TABOR revenue was 6.2 percent of Colorado’s total personal income. By 2015, that percentage had declined to 4.6 percent.

TABOR doesn’t merely inflict a policy of madness on public investments; it has profound negative consequences for everyone else because it has ossified tax policy. For example, Colorado still has a business personal property tax, an inequitable tax that is vexing for small businesses but which cannot be replaced with anything else because of TABOR. So, bad and outdated tax policy becomes as etched into stone as TABOR.

But this in so many ways is entirely the point of TABOR. It is meant to take away the discretionary power of lawmakers who were legitimately placed in office by citizens of a republic to handle the people's business. These officials are supposed to examine the facts and circumstances of the times and determine whether laws should be changed or updated as the times themselves change.

But TABOR was meant to freeze things in time, a sort of magic spell on Colorado that forces us to watch as the world changes around us while we are unable to react to those changes. The negative impacts have been so significant that voters put the formula in a timeout in 2005, and the same kind of bipartisan coalition that put this solution before voters 12 years ago is again advocating for reforms to the formula.

While Colorado is growing and we experiencing the advantages and disadvantages of that growth, we often think about what more we could have achieved economically and of the opportunities we could have taken advantage of had we not placed TABOR into our state's constitution.

In short, we in Colorado couldn't save ourselves from TABOR, but we have been able to save other states from making the same mistake. Heed our cautionary tale. Don't do this.