

## FACT SHEET ON HJR 23, THE 2009 TABOR PROPOSAL

*Like previous TABOR proposals, HJR 23 would cause severe reductions in state services*

### **Background on HJR23 and other TABORs:**

- HJR 23 would put a Constitutional Amendment on the ballot to create an appropriations and revenue growth lid for the state that would be the sum of inflation plus population growth.
- It is very similar to a government revenue lid known as TABOR, which was put in place, and later sunset by voters, in Colorado.
- HJR 23 imposes a strict spending limit and threatens the ability of future legislatures to adequately fund basic state services, including health care, k-12 and higher education, transportation, and public safety. HJR 23 slowly erodes the state's ability to fund critical services and infrastructure needs that not only impact our quality of life but also economic productivity.
- In addition, beginning a lid like HJR 23 at this time would permanently lock Missouri into the current fiscal crisis.

### **Why any TABOR, including HJR 23, is dangerous for Missouri:**

- HJR 23 links state spending to the Consumer Price Index (CPI) measure, using a formula similar to the one that had devastating effects in Colorado.
- Linking state spending to the CPI does not make sense, because it does not capture the change in costs for the goods and services a state purchases, nor does it take into account changing population demographics, or changes in need for various services over time.
- Current estimates are that using a measure of Missouri population growth plus inflation, as HJR 23 proposes to do, would restrict appropriations growth to 2.5 percent to 3.0 percent per year. Limiting growth to this level will result in significant cuts to the state budget over time.

### **HJR 23 is NOT Needed in Missouri:**

- Missouri has been and remains a low tax and low spending state. The most recent data shows that Missouri ranks 46<sup>th</sup> in *Per Capita State Government Total Expenditures*.
- Missouri already has a spending lid, the Hancock Amendment, which restricts the growth in state revenue, and thereby limits appropriations to the ratio of state appropriations to the level of personal income that existed in 1980.
- Additionally, the Missouri Constitution was amended in 1996 to require *voter approval* of any significant tax increase.

### **Frequently Asked Questions:**

**Question:** HJR 23 proponents say that it will force the state to save money and end “boom and bust” budget cycles. Wouldn't this be good?

**Answer:** Missouri needs to reform its current Budget Reserve Fund to be more accessible and adequate during budget shortfalls. However, the restrictions on spending mandated by HJR 23 would cause a permanent budget crisis. Reforming the Budget Reserve Fund is a separate issue and can be accomplished without an additional spending limit.

**Question:** HJR 23 proponents say it will keep taxes low and make Missouri more attractive to business. Wouldn't this be good?

**Answer:** Missouri already has the lowest Corporate Income tax per capita among states that use this tax, and has numerous business-oriented tax credit programs. HJR 23 will not allow our state to make improvements in services for residents, including for education and transportation infrastructure, which are important to Missouri businesses. In fact, in Colorado, the only state with a TABOR, the Business Community, including the Denver Chamber of Commerce and others, worked to sunset TABOR because of the negative ramifications on business.