



Senate Ways and Means Committee Testimony in Opposition to Senate Joint Resolution 2

Amy Blouin, Executive Director

Missouri Budget Project

www.mobudget.org

314-518-8867

SJR 2 contains the TABOR formula to limit growth in state spending. Called TABOR after the Colorado measure, it is a rigid, formula-based limit on state spending that would force permanent cuts to K-12 education, higher education, public safety and corrections, health care and other key services that support our economy and quality of life.

Based on the formula, even the current year (FY 2013) revised consensus revenue estimate of 4.8 percent would exceed the extreme lid. By comparison, the formula of population change (0.2 percent in the last year) plus inflation (of 2.4 percent) plus the 1 percent growth allowed over the formula would limit state spending growth to 3.6 percent, well below the revised CRE. **As a result, the formula would require Missouri to cut about \$87 million in funding for critical services even in the current year, which remains well below the pre-recession levels of funding.**

As our state slowly climbs out of the deep hole created by the recession, TABOR is particularly dangerous. Because of the recession we are investing less in education, infrastructure and other services – the building blocks of future economic growth and prosperity – than we have in prior years. Capping state spending now through TABOR will make it impossible for us to regain the ground we've lost since the start of the recession.

The TABOR creates a fundamentally flawed formula for capping state spending or revenues that will have a pervasive, cumulative effect requiring cuts that get deeper and deeper over time. Effectively, the measure would create a permanent revenue shortage, pitting state services against each other for funding each year and ruling out new initiatives that could help boost our economy and quality of life.

SJR 2 would create more problems than it solves. The costs of educating our children and keeping our communities safe will not be reduced. **Rather, local governments will be forced to make up for state cuts to education and other local services, resulting in increases in local property and sales taxes go up. Taxpayers may also see fees increase for a wide range of public services from sewers to vehicle registration if state funding for these services is cut.**

The measure could lead to a credit rating downgrade and higher borrowing costs for important projects in our state, such as building a new roads or bridges, because it hurts our ability to raise the funds to pay our debts.

Colorado's Experience:

In Colorado, the only state to have put the law into its constitution, it did so much damage to key services that voters chose to suspend it.

TABOR forced drastic cuts to Colorado's K-12 and higher education systems.

Colorado's business climate and quality of life were not improved by TABOR and TABOR did not improve Colorado's economy as promised. Instead, it has weakened the state's physical infrastructure and damaged its workforce – two building blocks of economic growth.

Because of its serious negative consequences, state and local business leaders in Colorado were major players in the effort to suspend TABOR and continue to work against efforts by proponents to strengthen the law.