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Fact Sheet

Senate Resolution 20: State Revenue Limit (TABOR)

A Threat to Jobs, Economic Recovery, and Education

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Overview

The TABOR (so-called "Taxpayers Bill of Rights") policy proposal found in Senate Resolution 20 would amend the Georgia State Constitution to limit the growth of state revenues and expenditures to a flawed formula of population plus government inflation growth. While Georgia voters demand accountability in state spending, Senate Resolution 20:

- **makes the budget and legislators less accountable;**
- **is a threat to short- and long-term economic recovery; and**
- **could have negative consequences for Georgia citizens and communities.**

Background

SR 20 is Based on a Failed Experiment
This proposal is modeled on a Colorado law that was ultimately suspended by an effort led by a coalition of business leaders, community groups, and advocates because it contributed to systemic underfunding of education, healthcare, transportation, and other programs that supported Colorado communities and its economy. The Colorado TABOR law slowed economic recovery following the last recession and created a weak foundation heading into the current recession. As a result of TABOR, Colorado was ranked the country's most "poorly managed" state by Governing Magazine, became among the lowest states in funding education and healthcare, and the state's bond rating was down-graded.

As Georgia emerges from the current recession, why would we adopt a measure that would put our state's economy and communities at risk?

What the Amendment Would Do

SR 20 Does Not Fix the Problems of TABOR
Proponents claim to have "fixed" the flaws of Colorado's TABOR. However, the analysis of SR 20 shows that the fundamental flaws that led to Colorado's problems would be locked-into Georgia's constitution if it is approved. It puts the state on auto-pilot and turns complex budget decision-making we entrust to our elected leaders over to a flawed formula. Formula-based limits are problematic and fail to account for dynamic state conditions and realities.

- As in Colorado, the state budget would be subject to **a flawed formula that does not reflect the cost of serving the growing population government actually serves**, like children, the elderly and people with disabilities. For example, Georgia's overall population grew by 31percent from 1996 to 2011; however, the prison population grew by 57 percent, the higher education student population grew by 78 percent, and the number of Medicaid and PeachCare recipients grew by 70 percent.

- Limiting the rate of spending growth to **the government inflation index misses key elements of state services** such as Medicaid; thereby failing to capture a significant portion of state spending that continues to increase in cost.
- **SR 20 creates new problems.** The strict limit makes it difficult to reform existing programs or address new priorities that constituents demand.
- **The state would have less ability to respond to revenue downturns and emergencies.** Under SR 20, emergency appropriations above the spending limit would be subjected to a supermajority vote. It takes tools off the table at a time when flexibility is needed most.

Policy Considerations

Georgia Does Not Need TABOR

SR 20 is a solution in search of a problem. The facts are clear: our state has a record of conservative fiscal management. Georgia is already ranked as a low-tax state and spending is among the lowest in the country (49th lowest per capita). Nationally, these tax and expenditure limitations are driven by those who question the role and purpose of government. Among other things, government is military reservists, state police, emergency responders, teachers, librarians, prison guards, nurses, doctors, hospitals, road construction workers, and child protective service workers. The real impact of SR 20 is to cast uncertainty in our economic recovery and reduce the quality and quantity of government services by locking in teacher furloughs, larger class sizes, and other cuts to services enacted in recent years. **Instead of arbitrary limits imposed under SR 20, Georgia must enact realistic, sensible, and sustainable fiscal policy solutions to ensure a more prosperous state. TABOR is NOT the answer.**