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A DECADE OF TABOR

Ten Years After: Analysis of Colorado's Taxpayer's Bill of Rights

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By Fred Holden

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About the Author

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Foreword

Are constitutional limits on the size and scope of government workable? This paper by the Independence Institute in Golden, Colorado answers that question with a resounding, "Yes." It benchmarks economic data from the decade preceding the passage of Colorado's Taxpayer Bill of Rights (TABOR) law against the decade following. The analysis certainly dispels the fears of those who said that TABOR would starve the state government and hurt the local business climate. In fact, just the opposite occurred. The state's economy boomed and revenues for the public sector grew at a rapid and sustainable pace. Colorado's Taxpayer Bill of Rights, the most robust such law in the United States, is a great success.

- Dennis Owens, Senior Policy Analyst

Executive Summary

"Its preferred interpretation shall reasonably restrain most the growth of government."

- Taxpayer's Bill of Rights, TABOR Amendment: Colorado Constitution, Article X-Revenue, Section 20

TABOR (the Taxpayer's Bill of Rights) is a tax-and-spending limitation, constitutional amendment. TABOR was passed in 1992 by the voters, and is contained in Article X, Section 20, of the Colorado Constitution. TABOR's stated mission is to "reasonably restrain most the growth of government." It allows only those tax rate increases approved by voters; while fees are not directly restricted, state government spending is limited to growth of Colorado's population-plus-inflation in the prior year.

Colorado has in TABOR the strictest tax-and-spending limitation of the 50 states. This Issue Paper analyzes TABOR's effect on Colorado, contrasting taxing and spending before and after enactment of TABOR.

Ten fiscal years have passed since 1992; this Issue Paper compares ten years of TABOR performance to the preceding ten years. Colorado state documents—Comprehensive Annual Financial Reports (CAFR) and "Colorado Economic Perspective" (Office of State Planning and Budgeting)—provide the data.

In the decade before TABOR, Colorado state revenues and outlays (spending) grew well over twice the population-plus-inflation growth (See Fig. 1). With TABOR, all three were very close, indicating TABOR had significantly restrained and controlled Colorado government growth.

Though TABOR was part of the "go-go nineties," its measured effects on government and non-government employment and distribution were quite impressive (See Fig. 2). Pre-TABOR, government jobs grew slightly more than business or total employment. After TABOR, business job growth nearly doubled that of government job growth.

The TABOR surplus rebate mechanism returned to taxpayers some $3.25 billion over five years, fiscal 1997 to 2001, amounting to about $800 per capita—$3,200 for an average family of four.

TABOR is a success. It passed its own test to reasonably contain growth of Colorado government, taxing and spending.

Fig. 1: Pre-TABOR / TABOR Ten-Year Growth, Colorado State Revenues and Outlays vs Population + Inflation

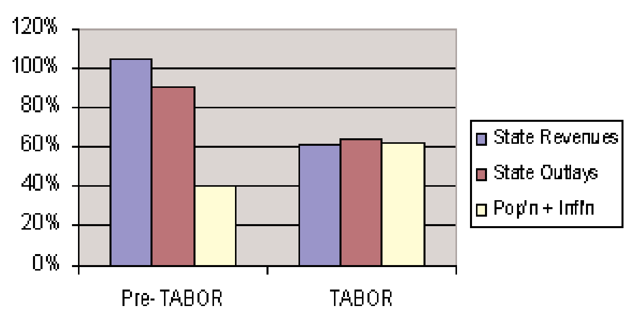
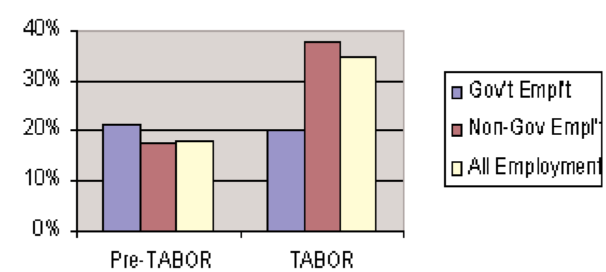


Fig. 2: Pre-TABOR / TABOR Ten-Year Employment Growth of Government, Non-Government (Business) and All Employment



A Decade of Tabor

Ten Years After: Analysis of the Taxpayer's Bill of Rights

By Fred Holden, Public Policy Specialist and Author, TOTAL Power of ONE in America

The TABOR Amendment: What is It?
"Slow government growth" is the three-word mission statement of Colorado citizens who created the Taxpayer's Bill of Rights. TABOR is a unique, controversial and powerful tax-and-spending limitation amendment to the Colorado Constitution. It is found under Article X – Revenue, as Section 20. The full text of TABOR is provided as an Appendix to this Issue Paper. No other state has such a comprehensive tax-and-spending-limitation in place. With ten years history, its impacts can be studied, quantified and analyzed, and compared to the preceding non-TABOR years.

TABOR's main objectives were to contain government taxation and spending growth. TABOR requires voter approval of all tax and debt increases and other changes in tax policy that would result in more money to government. Previous efforts to enact a version of TABOR had foundered on the issue of restrictions on government fees. The 1992 version of TABOR, which the voters approved, did not include limits on fees. The annual increase in overall state spending was limited to the annual rate of inflation-plus-population growth based on "United States Bureau of Labor Statistics Consumer Price Index for Denver-Boulder, all items, all urban consumers, or its successor index." [Art X, Sec. 20, (2) (f)]. Local revenue growth was limited by other provisions.

TABOR exempts spending growth "from gifts, federal funds, collections for another government, pension contributions by employees and pension fund earnings, reserve transfers or expenditures, damage awards, or property sales" [TABOR, part (2) (e)]. TABOR also requires various public disclosures and ballot information about proposed tax or spending increases.

TABOR does not tell lawmakers what legislation to pass or how to apportion available money to spending. TABOR does limit the total amount of money spent and does prevent tax rate increases, although voters are always free to approve extra spending or taxes.

TABOR—Love It or Hate It, but Can't Ignore It

TABOR enjoys a love-hate relationship. Polls show that strong majorities of taxpayers and small business owners, leaders and managers, love TABOR. Those who like to control and expand state spending or are its recipients hate it. TABOR gets in the way of the latter's lobbying, legislative and political doling out largesse, creating a bigger pie or piece of the pie—a bigger state—that can dispense more government goodies all around, and thus exert more and greater control over Colorado citizens.

In a 1987 meeting following the defeat of the 1986 tax limitation amendment, George Dibble, the then-president of Colorado Association of Commerce and Industry (CACI), the state business chamber of commerce, was asked by proponents what it would take to get CACI to support tax limitation. He said, "We will never support tax limitation." Why? "Because the state already has all the money. We want a voice in how it is spent."

With TABOR, taxpayers need not regularly, continuously, relentlessly and exhaustively monitor and react to the fiscal foibles of the political process. The people have their own quite demanding personal, professional and family lives, and prefer a systemic, "always on" solution. What they chose in TABOR was to use the authority and power of the Constitution to do the important work of limiting government growth.

A Brief History of TABOR

Tax limitations first appeared on the Colorado ballot by citizen initiative in 1966. Tax reform initiatives were defeated in 1972, 1976, and 1978. Another string of citizen-taxpayer initiatives began in 1986 with Amendment 4, which would have required all tax increases to be approved by the taxpayers. Proponents John and Diane Cox of Palisade were able to garner 37% in favor.

Colorado Springs property owner Douglas Bruce and supporters successfully organized a 1988 campaign for the first of three TABOR, or Taxpayer's Bill of Rights petition drives that captured enough signatures to appear on the ballot. The TABOR initiatives brought together a strange agglomeration of opponents. "The Six Bigs"—big government, big business, big media, big labor, big education and big everything else—prevailed when Bruce's 1988 attempt got 43% of the vote.

Surprisingly, Bruce came back in 1990 with a new, improved version which then-Governor Roy Romer fought vigorously with all the power of his office. It was barely defeated with a 49.5% yes vote. Seeing the trend—37%, 43%, 49.5%—the Legislature sensed that taxpayers wanted some kind of limit on continuing, unfettered tax increases, and passed the Bird-Arveschoug 6% spending limit (sometimes later called "the Swiss cheese" limit because it was so full of holes).

Like an English bulldog that never lets go, Bruce in 1992 brought out what was to be the third and last Amendment 1, finally passed by 54% of Colorado voters.

What TABOR Was Supposed to Do

Here are some intended outcomes of the tax-and-spending limitation TABOR Amendment:

- Slow—not stop or cut—growth of state

and local governments taxes and spending.

- Control and provide information about local debt.
- Put the people more in control of their taxes.
- Encourage better utilization of public monies.
- Create incentives for fiscal prudence and government productivity.
- As a result of the above, stimulate growth of businesses and jobs, and reduce unemployment.

Pre-TABOR Ten Years, 1983-1992, Form an Analytical Base

This Issue Paper analyzes only state government—not county, city, government education or special taxing districts. The main two data sources for the analysis were Colorado's fiscal 2002 Comprehensive Annual Financial Report (CAFR) from the State Controller's office (303-866-3281), and "Colorado Economic Perspective" from the Office of State Planning and Budgeting (303-866-3317). These provided for a before-and-after analysis spanning 20 years, ten years "Pre-TABOR," ten years "TABOR."

Two ten year periods were available—Pre-TABOR (1983-1992) and TABOR (1993-2002), each offering a base year and nine years of analysis. A single spreadsheet provides valuable results and clear insights. APPENDIX A is "Comparison, Two Ten-Year Periods, Pre-TABOR (1983-1992) to TABOR (1993-2002), State of Colorado Growth, in Population; Employment (All, Government, Non-Government); State Revenues and State Outlays; Per capita Personal Income, Revenues & Outlays; Unemployment and Inflation." APPENDIX B, otherwise the same, substitutes General Fund Revenues and Outlays for "State Revenues and State Outlays." The overall analysis is presented in three parts: Pre-TABOR, TABOR, and a side-by-side comparison.

Taxes, Spending Grow Faster than Population-plus-Inflation, Personal Income Per Capita

Pre-TABOR, 1983 to 1992, inflation grew 29.7%, population 10.4%, for a total of 40.1%. State Revenues increased 104.7%, State Spending 89.8%. Colorado government grew over twice the total of population-plus-inflation. The logic is, if inflation grows one percent, then one percent more purchasing power is needed to buy the same goods and services for the same population served. If population grows two percent, two percent more money is needed to provide government services to the additional people (though in other analyses, this number has been somewhat lower, so it is generous). For this example, by the TABOR Amendment, three percent would be an allowable one-year government growth rate.

"Compared to what?" is a key question. For instance, one might wish to compare taxes paid in terms of per capita government growth with personal income (ability to pay taxes).

Here is the growth data, and Figures 3 and 4 for the Pre-TABOR (1983-1992) period:

Population	10.4%
Inflation	29.7%
TOTAL	40.10%
State Revenues (Taxes)	104.7%
State Outlays (Spending)	89.8%
General Fund Revenues	82.7%
General Fund Outlays	73.4%
Per Capita Personal Income	59.2% (+ $7,810)
Per Capita State Revenues	$1,242 to $2,301 (85.3%)
Per Capita State Outlays	$1,277 to $2,195 (71.9%)
Per Capita Gen Fund Revenue	$521 to $861 (65.4%)
Per Capita Gen Fund Outlays	$527 to $828 (57.0%)
All-Job Growth	18.1% (248,000)
Government Employment	21.1% (50,000)
Non-Gov't Employment	17.5% (198,000)

Fig. 3: Pre-TABOR State Revenues and Outlays vs Population + Inflation

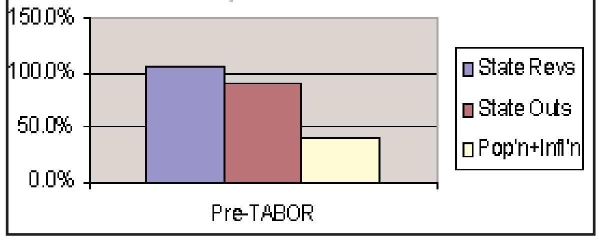
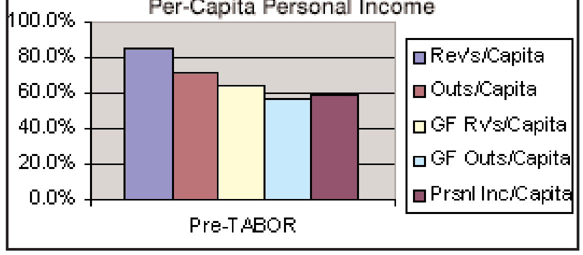


Fig. 4: Pre-TABOR Per-Capita State and General Fund, Revenues and Outlays vs Per-Capita Personal Income



State revenues had the highest rate of growth, followed by State Outlays, then by General Fund Revenues and Outlays. All were higher than population-plus-inflation growth. Note the state got considerably more money from the taxpayers than taxpayers got from their earnings. While their ability-to-pay per capita personal income increased, 59%, per capita state taxes went up much more, 85%, along with per capita state spending, up 72%. General Fund Revenues and Spending increased 65% and 57%, respectively.

For this period, total employment grew 18.1% (248,000), while government employment grew 21.1% (50,000), and non-government employment grew 17.5% (198,000).

TABOR Slows Government Growth, Brings Taxing, Spending, Predictability into Line

The same analysis for the post-TABOR ten-year period (1993-2002) shows that TABOR achieved its goal. Overall state taxation and spending closely followed the defined growth target, which was the sum of population-plus-inflation. Population grew 25.3% and inflation 37.3%, for a total "government growth standard" of 62.6%. Compare that to State Revenue growth of 61.3%, and to spending growth of 63.8%. Per capita taxes and state spending rose 28.7% and 30.8%, respectively. Post-TABOR, taxes and spending grew more slowly than per capita personal income: 65.3%. Income went up more than twice the rate of the tax burden increase. The post-TABOR decade thus regained some of the ground that taxpayers had lost during the pre-TABOR decade of soaring taxes and spending.

Here is growth data for the TABOR (1993-2002) period:

Population 25.3%
Inflation .37.3%
TOTAL 62.6%

State Revenues (Taxes) 61.3%
State Outlays (Spending) 63.8%

General Fund Revenues 61.8%
General Fund Outlays 75.9%

Per Capita Personal Income
. . . . .65.3% (+ $14,437)

Per Capita State Revenues
. . . .$2,453 to $3,157 (28.7%)

Per Capita State Outlays
. . . .$2,397 to $3,134 (30.8%)

Per Capita Gen Fund Revenues
. . . .$960 to $1,239 (29.2%)
Per Capita Gen Fund Outlays
. . . .$906 to $1,271 (40.4%)

All-Job Growth 34.6% (586,000)
Government Employment
. . . . .20.0% (59,600)
Non-Gov't Employment
. . . . .37.7% (526,400)

Fig. 5: TABOR State Revenues and Outlays vs Population + Inflation

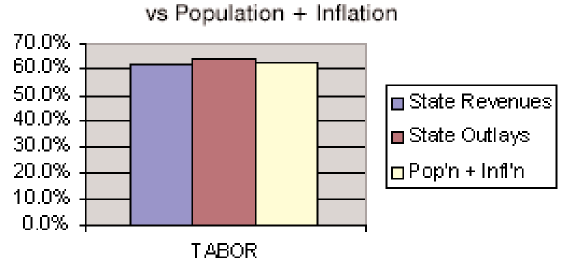
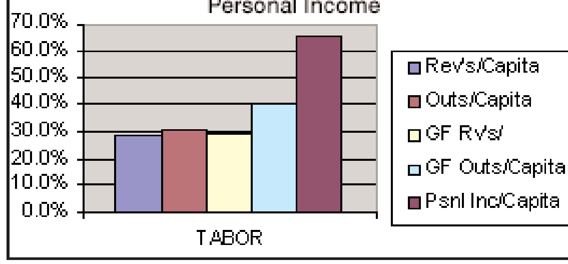


Fig. 6: TABOR Per Capita State and General Fund, Revenues and Outlays vs Per Capita Personal Income



Total-employment grew 34.6% (586,000 jobs), government employment grew 20.0% (59,600), and non-government employment grew 37.7% (526,400). The non-government jobs growth rate was more than double the rate of the preceding ten years.

It appears that in these ten years, taxpayers and businesses made more money, giving their employees more spending, saving and investing power because significantly less was taken from them in taxes. More job opportunities were also made available.

A Ceteris Parabis, "Other Things Being Equal" Analysis

This analysis is and must be, a ceteris parabis, "other things being equal" proposition. Longer time periods give better statistical reliability. But, over that longer time, the bigger picture of circumstances and conditions was changing. The national economy was in its longest-ever economic expansion, predicated on such factors as the emergence of the Internet and E-mail, and dramatic productivity effects of computers and technology on the national and local scene. There is no way to ascertain absolutely the effect of extra-TABOR economic influences on these results, nor the absolute impact of TABOR only. Keeping these things in mind one can still assess results and interactions, and form conclusions based on the data within the ten-year time periods, and compare them.

Side-by-Side Comparison Shows TABOR's Power and Impact

Here is the 10-year growth data, side-by-side: This information is shown graphically in

Pre-TABOR and TABOR Data Comparison, Periods, 1983-1992, and 1993-2002

	1983-1992	1993-2002
Population	10.4%	25.3%
Inflation	29.7%	37.3%
TOTAL	40.10%	62.6%
State Revenues (Taxes)	104.7%	61.3%
State Spending (Outlays)	89.8%	63.8%
General Fund Revenues	82.7%	61.8%
General Fund Outlays	73.4%	75.9%
Per Capita Personal Income	59.2% (+$7,810)	65.3% (+$14,437)
Per Capita State Revenues	$1,242 to $2,301 (85.3%)	$2,453 to $3,157 (28.7%)
Per Capita State Outlays	$1,277 to $2,195 (71.9%)	$2,397 to $3,134 (30.8%)
Per Capita Gen Fund Revs	$521 to $861 (65.4%)	$960 to $1,239 (29.2%)
Per Capita Gen Fund Outs	$527 to $828 (57.0%)	$906 to $1,271 (40.4%)
All Job Growth	18.1% (248,000)	34.6% (586,000)
Government Employment	21.1% (50,000)	20.0% (59,600)
Non-Gov't Employment	17.5% (198,000)	37.7% (526,400)

Figures 7 and 8:

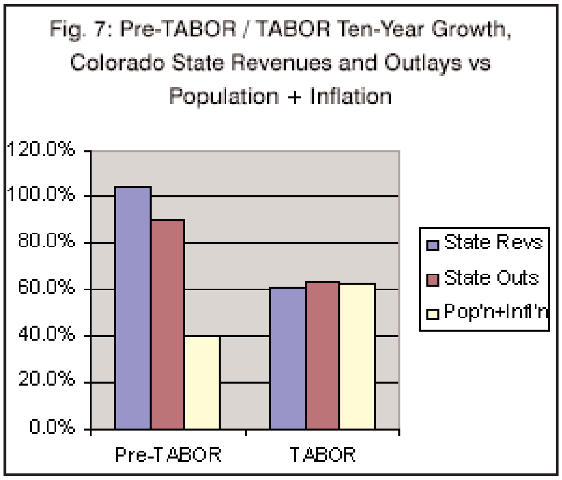


Fig. 7: Pre-TABOR / TABOR Ten-Year Growth, Colorado State Revenues and Outlays vs Population + Inflation

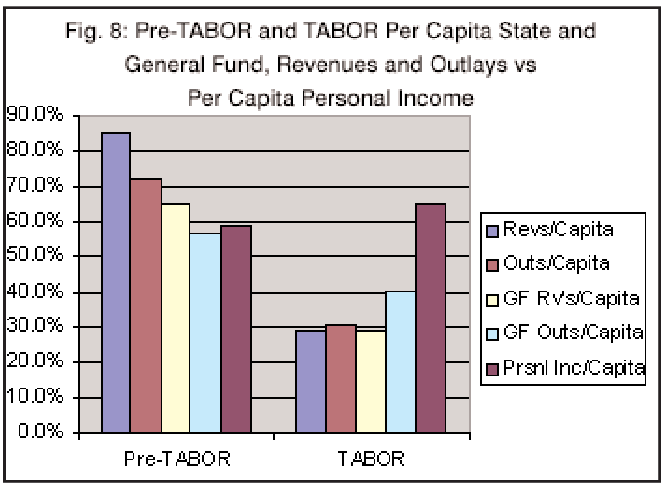


Fig. 8: Pre-TABOR and TABOR Per Capita State and General Fund, Revenues and Outlays vs Per Capita Personal Income

It is instructive to see Pre-TABOR / TABOR Comparison, not just in ten-year growth terms but in per capita annual growth, per Figure 9.

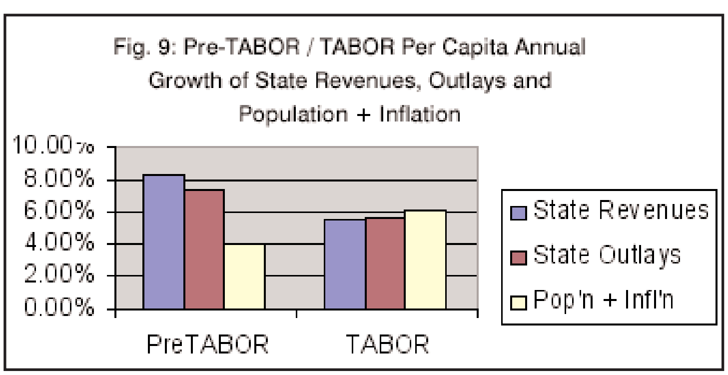


Fig. 9: Pre-TABOR / TABOR Per Capita Annual Growth of State Revenues, Outlays and Population + Inflation

Quantifying the 20-year macroeconomic effects on the analysis is difficult because of the 1990's recovery. However, by comparing the percentages of growth and numbers of jobs created during each period, varying results of TABOR can be deduced.

Inflation went up more during the second period than the first. This was probably influenced significantly by the unprecedented rapid growth of population and employment in Colorado, and from influences from the outside interstate economic influences.

Another way to compare the above data is to see side-by-side individual components to compare one-on-one, Pre-TABOR to TABOR, as in Figure 10.

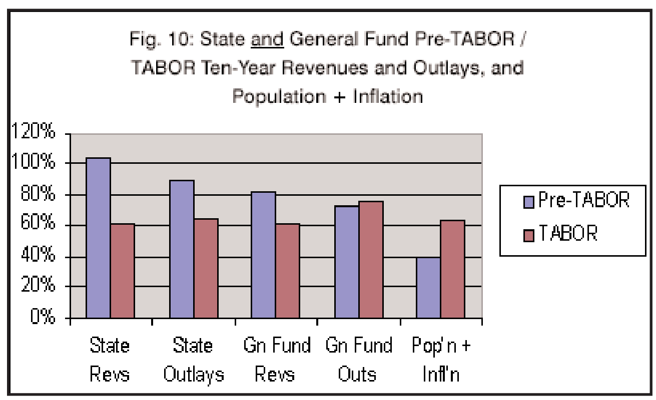


Fig. 10: State and General Fund Pre-TABOR / TABOR Ten-Year Revenues and Outlays, and Population + Inflation

General Fund: More Controllable by the Legislature?

The preceding analyses have been for the larger all-state total revenues and expenditures. How about the General Fund, which is more directly under the control of the General Assembly? Are legislators better able to manage those finances? These questions can be answered with this General Fund-only Figure 11.

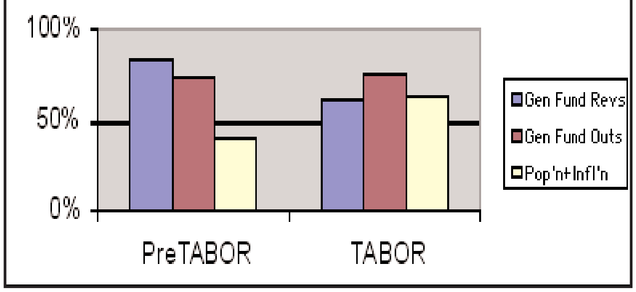


Fig. 11: Pre-TABOR / TABOR General Fund Revenues and Outlays vs Population + Inflation

Year-by-Year Funding Revenues and Outlays vs Population-plus-Inflation

Finally, it is of interest to view the resultant year-by-year funding and revenue receipts compared to the adopted control of population-plus-inflation. Figures 12 and 13 show the results for Pre-TABOR and TABOR all State data.

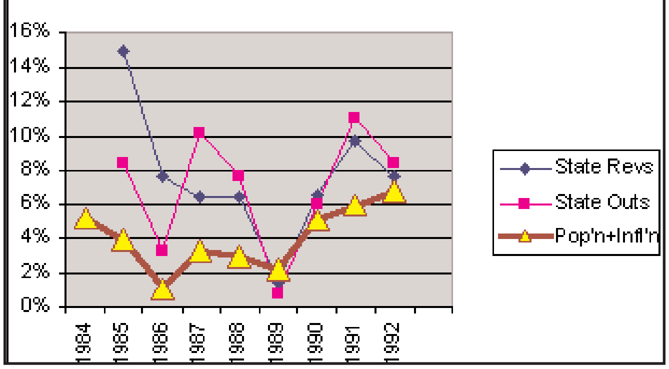


Fig. 12: Pre-TABOR Percentage Change in State Revenues and Outlays vs Population + Inflation

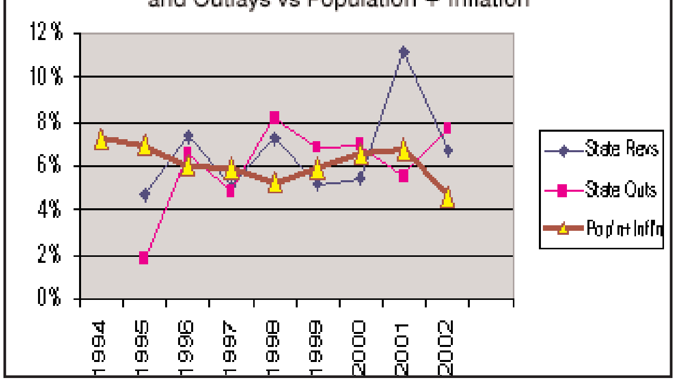


Fig. 13: TABOR: Percentage Change in State Revenues and Outlays vs Population + Inflation

Figures 14 and 15 are much the same, but for General Funds:

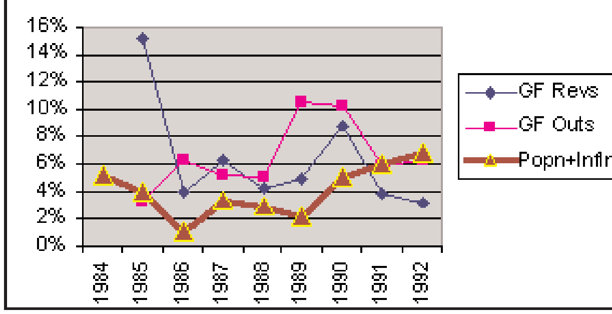


Fig. 14: Pre-TABOR: Percent Change in General Fund Revenues and Outlays vs Population + Inflation

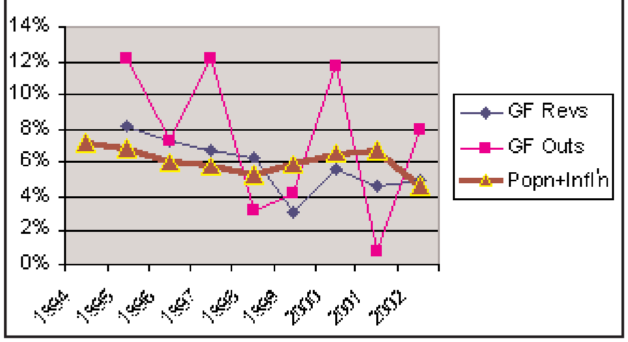


Fig. 15: TABOR: Percent Change in General Fund Revenues and Outlays vs Population + Inflation

Possible Outcome Without TABOR

What if state taxes and spending after 1992 had continued to increase at the rates they did from 1982-1992? It is reasonable to assume that, if not for TABOR, the post-1992 increases would have been at least as large as the pre-1992 increases, since the national economy was booming. It is worth constructing a second analysis with the earlier, Pre-TABOR, state taxing and spending, per capita taxes and spending data, and comparing this to the actual TABOR data. This is shown in APPENDIX C, "Projections of Colorado State Government Growth in Revenues and

Outlays for the Years (1993-2002), Using Pre-TABOR (1983-1992) Growth Figures for Revenue and Outlays; plus Calculated Per Capita Differences."

The analysis shows that total revenues would have been $14,293 million more without the TABOR constraints; expenditures, $8,770 million higher. For a Colorado citizen these translate into a total of $3,385 per capita revenues (taxes) and of $2,072 per capita spending. In other words, TABOR saved an average family of four in Colorado about thirteen thousand five hundred dollars in direct taxes. An additional $3,200 in tax rebates were returned to taxpayers during the first TABOR decade, meaning that the average family of four paid about $16,700 less in taxes as a result of TABOR.

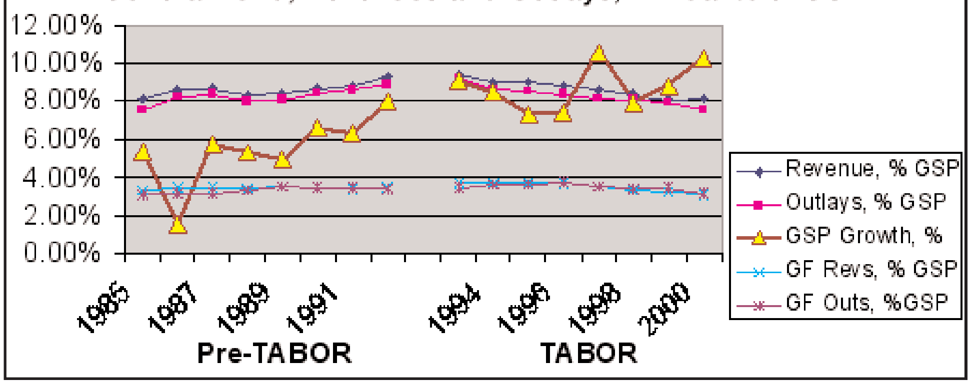
Exploring TABOR Effects on Total State Output—Gross State Product (GSP)

Another interesting economic analysis concerns TABOR effects on state output, the Gross State Product (GPS). GSP is the sum total of all productive output in new manufactured goods and in services, including both business and government. To illustrate, newly built houses count towards gross state product; resales do not.

GSP data is part of APPENDIX A, and is elaborated in APPENDIX D: "Colorado State Revenues and Outlays as % of Gross State Product for study period years 1983 through 2002, prior years 1978-1982." A similar chart was used for General Fund data. GSP was available for only eight years of TABOR, 1993-2000, so only the preceding eight years were compared for Pre-TABOR.

As a percentage of GSP, pre-TABOR State revenues and spending averaged, respectively, 8.65% and 8.32%. They rose about one percent over the eight years (See Figure No. 16). TABOR values averaged, 8.59% and 8.43%, respectively, of State revenues and spending, with a slight downward trend. General Fund revenues and outlays have similar trends, between three and four percent. TABOR reversed the trend towards government becoming an ever-greater share of the

Fig. 16: Growth in Gross State Product, State and General Fund, Revenues and Outlays, Annual % of GSP



economy. The post-TABOR GSP grew at an average rate of 8.71% per year. This economic growth rate was over double the 4.24% pre-TABOR rate.

Cash Refunds Bring TABOR Up Close and Personal to Taxpayer Pocketbooks

Money back from the state? The Colorado Fiscal 2002 CAFR, page 26, tells that for the first three years after passage of the TABOR amendment, the state did not exceed the revenue limitation so no surpluses were available, therefore no tax rebates. "In Fiscal Years 1996-97 through 2000-01, state revenues exceeded the TABOR limitation by $139.0 million, $563.2 million, $679.6 million, $941.1 million and $927.2 million, respectively." This totals $3.25 billion returned to taxpayers, or a rough per capita estimate of a little over $800–$3,200 for a family of four, during those five years.

Unfortunately, the legislature and the governor resorted to accounting gimmicks on the TABOR refund. As TABOR began to produce a surplus in 1997, to be distributed back to Colorado taxpayers, the General Assembly passed and Governor Romer signed HB98-1414, to postpone "this year's excess." Apparently the legislature expected to use the next year's excess to make the required refund. Using next year's revenue to pay for this year's refund worked fine until 2002-2003's serious revenue downturn, when a refund was due, but there was no excess revenue. The 2002-2003 fiscal squeeze was a direct result of the 1998 legislature's irresponsible decision to use an accounting trick so that spending could be increased. The 2003 legislature would have had a much easier budget session if the 1998 legislature had acted responsibly.

Tax-and-Spending Limitation Results

The TABOR Amendment of 1992 has worked well to achieve its stated intention to "slow government growth." (The full text is in APPENDIX E). What TABOR really did was stop excess government growth. TABOR did not stop reasonable government growth; as we have seen, government continued to grow at the rate of population-plus-inflation. TABOR is simply undoing the spending spree of the 1980's, not shrinking government to unrealistic levels. TABOR encourages elected officials to better set priorities and resist heavy special interest lobbying pressures. TABOR frees up capital in the private sector to create more wealth-creating jobs that boost productivity and output. Here are the TABOR results:

- Private sector job creation more than doubled while government job growth held steady.
- An average Colorado family paid about $16,700 less in state taxes during TABOR's first decade.
- Per capita state taxes and spending growth had been growing far faster than inflation-plus-population. That extreme growth rate was halted.
- State government growth was very much in line with population-plus-inflation.

TABOR has succeeded. TABOR did not wreck the state economy or the state government, as its opponents had predicted. Instead, private-sector job creation and the state government were able to grow at a reasonable pace. Colorado families were able to retain much more of the fruits of their labor.

APPENDICES

APPENDIX A. "Comparison, Two Ten-Year Periods, Pre-TABOR (1983-1992) to TABOR (1993-2002), State of Colorado Growth, In Population; Employment (All, Government, Non-Government); Total State Revenues and Outlays; Per capita Personal Income, Revenues & Outlays; Unemployment and Inflation."

APPENDIX B. "Comparison, Two Ten-Year Periods, Pre-TABOR (1983-1992) to TABOR (1993-2002), State of Colorado Growth, In Population; Employment (All, Government, Non-Government); General Fund Revenues and Outlays; Per capita Personal Income, Revenues & Outlays; Unemployment and Inflation."

APPENDIX C. "Projections of Colorado State Government Growth in Revenues and Outlays for Years 1993-2002, Using Pre-TABOR 1983-1992 Growth Figures for Revenue and Outlays; with Calculated Per Capita Differences Added."

APPENDIX D. Pre-TABOR 1985-1992 and TABOR 1993-2000 Gross State Product Annual Growth, and Revenues and Outlays as Percent of GSP.

APPENDIX E. The TABOR Amendment, Article X, Revenue, Section 20, Colorado Constitution.

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TABOR Amendment author: Douglas Bruce, 719-550-0010, P. O. Box 26018, Colorado Springs, CO 80936.

APPENDIX A: **State of Colorado Growth Comparison, Two Ten-Year Periods: Pre-TABOR (1983-1992) and TABOR (1993-2002), in Employment (All, Government, Non-Government); TOTAL STATE Revenues and State Outlays; Per-Capita Personal Income, Revenues & Outlays; Gross State Product, Unemployment, Population and Inflation.**

1) Fscl Yr end 6/30	1) Co Ppn (000)	1) All Empl't (000)	1) Gvt Emp't (000)	N-GvEmpl (000)	1) PrCapPsIn $	1) UnEmplt %	Srce	18) GrStPrd $million	17) Den-Bld CPI	Ann Infl'n	Stte Rvs $million	Stte Outs $million	Srce	PrCapRvs	PrCapOtly
T A B O R															
2002	4,496	2,277.7	356.1	1921.6	36,554	4.2	3)	N/A**	1.865	2.87%	14,193	14,091		$3,157	$3,134
2001	4,418	2,267.4	350.6	1916.8	35,411	3.4	4)	N/A	1.813	4.62%	14,657	13,743		$3,318	$3,111
2000	4,325	2,240.5	340.2	1900.3	32,949	2.7	5)	167,918	1.733	3.96%	13,738	12,762		$3,176	$2,951
1999	4,215	2,157.6	328.4	1829.2	31,546	2.9	6)	152,202	1.667	2.96%	12,355	12,092		$2,931	$2,869
1998	4,095	2,082.8	322.2	1760.6	29,860	3.8	7)	139,860	1.619	2.40%	11,713	11,312		$2,860	$2,762
1997	3,981	2,005.7	315.6	1690.1	27,950	3.3	8)	129,575	1.581	3.27%	11,134	10,587		$2,659	$2,659
1996	3,880	1,926.3	308.7	1617.6	25,627	4.2	8)	117,118	1.531	3.45%	10,383	9,790		$2,523	$2,676
1995	3,782	1,861.5	303.7	1557.8	24,304	4.2	9)	109,021	1.480	4.37%	9,884	9,331		$2,613	$2,467
1994	3,689	1,779.8	299.3	1480.5	23,019	4.2	10)	101,531	1.418	4.42%	9,211	8,755		$2,497	$2,373
1993	3,588	1,692.1	296.7	1395.4	22,117	5.3	11)	93,588	1.358	4.22%	8,800	8,600		$2,453	$2,397
CAGR*	2.54%	3.36%	2.05%	3.62%	5.74%			8.71%	3.59%	6.13%	5.45%	5.64%		2.84%	3.02%
93-02	25.3%	34.6%	20.0%	37.7%	65.3%	3.82		79.4%	37.3%	62.6%	61.3%	63.8%		28.7%	30.8%
P r e - T A B O R								(7 yrs)		ttl infl+ppn					
83-92	10.4%	18.1%	21.1%	17.5%	59.2%	6.15		45.4%	29.7%	40.1%	104.7%	89.8%		85.3%	71.9%
CAGR*	1.11%	1.87%	2.15%	1.81%	5.30%			4.24%	2.93%	4.04%	8.28%	7.38%		7.09%	6.20%
1992	3,478	1,619.0	291.4	1327.6	21,005	6.0	4)	85,844	1.303	3.74%	$8,003	$7,633	12)	$2,301	$2,195
1991	3,375	1,567.7	283.3	1284.4	20,099	5.1	5)	79,448	1.256	3.80%	6,997	6,841	14)	$2,073	$2,027
1990	3,304	1,546.5	276.8	1269.7	19,322	4.9	6)	74,701	1.210	4.49%	6,504	6,315	14)	$1,969	$1,911
1989	3,285	1,518.9	271.4	1247.5	17,767	5.8	7)	70,036	1.158	1.76%	5,924	5,690	15)	$1,803	$1,732
1988	3,271	1,480.2	266.7	1213.5	16,696	6.4	8), 9)	66,736	1.138	2.71%	5,559	5,367	15)	$1,699	$1,641
1987	3,264	1,454.9	262.2	1192.7	15,922	7.7	10)	63,358	1.108	2.69%	5,482	5,330	16)	$1,680	$1,633
1986	3,244	1,446.6	256.0	1190.6	15,137	7.4	11)	59,930	1.079	0.75%	5,149	4,954	16)	$1,587	$1,527
1985	3,234	1,465.1	249.0	1216.1	14,699	5.9	12)	59,050	1.071	2.59%	4,838	4,498	16)	$1,496	$1,391
1984	3,190	1,427.6	243.8	1183.8	14,094	5.6	13)	56,032	1.044	3.88%	4,495	4,356	16)	$1,409	$1,366
1983	3,149	1,370.3	240.7	1129.6	13,195	6.7	14)	50,490	1.005	5.57%	3,910	4,021	16)	$1,242	$1,277
(1982)	3061.6								0.952						

*CAGR Compound Annual Growth Rate, %   **N/A Not available

Sources: 1) Ref A, Colorado Comprehensive Financial Report, 6/30/02, p116; 2) Ref A, 6/30/02 p 112; 3) Ref A, 6/30/02, p 25; 4) Ref A, 6/30/01, p 17,156, 160; 5) Ref A, 6/30/00, pp 17, 152, 156; 6) Ref A, 6/30/99, pp 17, 152, 156; 7) Ref A, 6/30/98, p 14; 8) Ref A, 6/30/97, pp 14, 142; 9) Ref A, 6/30/96, pp 14, 144; 10) Ref A, 6/30/95, pp v, 116; 11) Ref A, 6/30/94, pp viii, 108; 12) Ref A, 6/30/03, pp viii, 98; 13) Ref A, 6/30/92, pp viii, 100; 14) Ref A, 6/30/91, pp v, 95; 15) Ref A, 6/30/89, p v; 16) Ref A, 6/30/87, p vii, ix; 17) Colo Ec'c Persp, 12/20/01, pp 50, 90-91; 18) U. S. Bureau of Economic Analysis, Regional Accounts Data.

APPENDIX B: **State of Colorado Growth Comparison, Two Ten-Year Periods: Pre-TABOR (1983-1992) and TABOR (1993-2002), in Employment (All, Government, Non-Government); GENERAL FUND Revenues and Outlays; Per-Capita: Personal Income, General Fund Revenues & Outlays; Gross State Product, Unemployment, Population and Inflation.**

1)	1)	1)	1)		1)	1)		21)	20)		General Fund		Srce	General Fund	
Fscl Yr end 6/30	Co Ppn (000)	All Empl't (000)	Gvt Emp't (000)	N-GvEmpl (000)	PrCapPsIn $	UnEmplt %	Srce	GrStPrd $million	Den-Bld CPI	Ann Infl'n	Rev $mil $million	Exp $mil $million		PrCapRvs	PrCapOuts
TABOR															
2002	4,496	2,278	356.1	1921.6	36,554	4.2	3)	N/A**	1.865	2.87%	5,572	5,716		$1,239	$1,271
2001	4,418	2,267	350.6	1916.8	35,411	3.4	4)	N/A	1.813	4.62%	5,428	5,739		$1,229	$1,299
2000	4,325	2,241	340.2	1900.3	32,949	2.7	5)	167,918	1.733	3.96%	5,174	5,318		$1,196	$1,230
1999	4,215	2,158	328.4	1829.2	31,546	2.9	6)	152,202	1.667	2.96%	4,943	5,279		$1,173	$1,252
1998	4,095	2,083	322.2	1760.6	29,860	3.8	7)	139,860	1.619	2.40%	4,681	4,724		$1,143	$1,154
1997	3,981	2,006	315.6	1690.1	27,950	3.3	8)	129,575	1.581	3.27%	4,540	4,534		$1,140	$1,139
1996	3,880	1,926	308.7	1617.6	25,627	4.2	8)	117,118	1.531	3.45%	4,269	4,391		$1,100	$1,132
1995	3,782	1,862	303.7	1557.8	24,304	4.2	9)	109,021	1.480	4.37%	3,996	3,914		$1,057	$1,035
1994	3,689	1,780	299.3	1480.5	23,019	4.2	10)	101,531	1.418	4.42%	3,725	3,647		$1,010	$989
1993	3,588	1,692	296.7	1395.4	22,117	5.3	11)	93,588	1.358	4.22%	3,443	3,250		$960	$906
CAGR*	2.54%	3.36%	2.05%	3.62%	5.74%			8.71%	3.59%	6.13%	5.49%	6.48%		2.88%	3.84%
93-02	25.3%	34.6%	20.0%	37.7%	65.3%	3.82		79.4%	37.3%	62.6%	61.8%	75.9%		29.2%	40.4%
Pre-TABOR								(7 yrs)		ttl infl+ppn					
83-92	10.4%	18.1%	21.1%	17.5%	59.2%	6.15		45.4%	29.7%	40.1%	82.7%	73.4%		65.4%	57.0%
CAGR*	1.11%	1.87%	2.15%	1.81%	5.30%			4.24%	2.93%	4.04%	6.92%	6.30%		5.75%	5.14%
1992	3,478	1,619.0	291.4	1327.6	21,005	6.0	4)	85,844	1.303	3.74%	2,996	2,879	12)	$861	$828
1991	3,375	1,567.7	283.3	1284.4	20,099	5.1	5)	79,448	1.256	3.80%	2,664	2,764	14)	$789	$819
1990	3,304	1,546.5	276.8	1269.7	19,322	4.9	6)	74,701	1.210	4.49%	2,580	2,601	14)	$781	$787
1989	3,285	1,518.9	271.4	1247.5	17,767	5.8	7)	70,036	1.158	1.76%	2,484	2,457	15)	$756	$748
1988	3,271	1,480.2	266.7	1213.5	16,696	6.4	8), 9)	66,736	1.138	2.71%	2,283	2,228	15)	$698	$681
1987	3,264	1,454.9	262.2	1192.7	15,922	7.7	10)	63,358	1.108	2.69%	2,177	2,016	16)	$667	$618
1986	3,244	1,446.6	256.0	1190.6	15,137	7.4	11)	59,930	1.079	0.75%	2,087	1,919	17)	$643	$592
1985	3,234	1,465.1	249.0	1216.1	14,699	5.9	12)	59,050	1.071	2.59%	1,965	1,825	18)	$608	$564
1984	3,190	1,427.6	243.8	1183.8	14,094	5.6	13)	56,032	1.044	3.88%	1,889	1,717	18)	$592	$538
1983	3,149	1,370.3	240.7	1129.6	13,195	6.7	14)	50,490	1.005	5.57%	1,640	1,661	19)	$521	$527
(1982)	3061.6								0.952						

*CAGR Compound Annual Growth Rate, % **N/A Not available

Sources: 1) Ref A, Colorado Comprehensive Financial Report, 6/30/02, p116; 2) Ref A, 6/30/02 p 112; 3) Ref A, 6/30/02, p 25; 4) Ref A, 6/30/01, p 17,156, 160; 5) Ref A, 6/30/00, pp 17, 152, 156; 6) Ref A, 6/30/99, pp 17, 152, 156; 7) Ref A, 6/30/98, p 14; 8) Ref A, 6/30/97, pp 14, 142; 9) Ref A, 6/30/96, pp 14, 144; 10) Ref A, 6/30/95, pp v, 116; 11) Ref A, 6/30/94, pp viii, 108; 12) Ref A, 6/30/03, pp viii, 98; 13) Ref A, 6/30/92, pp viii, 100; 14) Ref A, 6/30/91, pp v, 95; 15) Ref A, 6/30/89, p v; 16) Ref A, 6/30/88, p v; 17) Ref A, 6/30/87, p lI; 18) Ref A, 6/30/85, p vll; 19) Ref A, 6/30/87, p 93; 20) Colo Ec'c Persp, 12/20/01, pp 50, 90-91; 21) U. S. Bureau of Economic Analysis, Regional Accounts Data.

APPENDIX C. **Projections of Colorado State Government Growth in Revenues and Outlays for Years 1993 - 2002 Without TABOR, Using Pre-Tabor 1983 -1992 Growth Figures for Revenues and Outlays; with Calculated Per-Capita Differences Added**

Fscl Yr end 6/30	**Colo Gvt Revs** w/tabor Act Revs $ million	Projection PreTabor $ million	**Colo Gov't Outlays** w/tabor Act Outs $ million	Projection PreTabor $ million		Colorado Population (000)	Per-Capita Rev's Tabor $	Per-Capita Rev's PreTabor $	Per-Capita Savings $	Per-Capita Outs Tabor $	Per-Capita Outs PreTabor $	Per-Capita Savings
1993	8,800	8,800	8,600	8,600		3,588	2,453	2,453	0	2,397	2,397	0
1994	9,211	9,529	8,755	9,235		3,689	2,497	2,583	86	2,373	2,503	130
1995	9,884	10,318	9,331	9,916		3,782	2,613	2,728	115	2,467	2,622	155
1996	10,383	11,173	9,790	10,648		3,880	2,523	2,880	356	2,676	2,744	68
1997	11,134	12,099	10,587	11,434		3,981	2,659	3,039	380	2,797	2,872	75
1998	11,713	13,101	11,312	12,278		4,095	2,860	3,199	339	2,762	2,998	236
1999	12,355	14,186	12,092	13,185		4,215	2,931	3,366	434	2,869	3,128	259
2000	13,738	15,361	12,762	14,158		4,325	3,176	3,552	375	2,951	3,274	323
2001	14,657	16,634	13,743	15,203		4,418	3,318	3,765	447	3,111	3,441	330
2002	14,193	18,012	14,091	16,325		4,496	3,157	4,006	849	3,134	3,631	497
Totals	116,068	129,214	111,063	120,984					3,383	- - Total Per-Capita Proj'd - -		2,074
Difference		13,146		9,921						- - 9-Year Savings, w/Tabor - -		
% Grwth	61.3%	104.7%	63.8%	89.8%	9-yr Incr		28.71%			30.76%		
CAGR*	5.45%	8.28%	5.64%	7.38%	Ann % incr							

CAGR* Compound Annual Growth Rate, %

APPENDIX D:

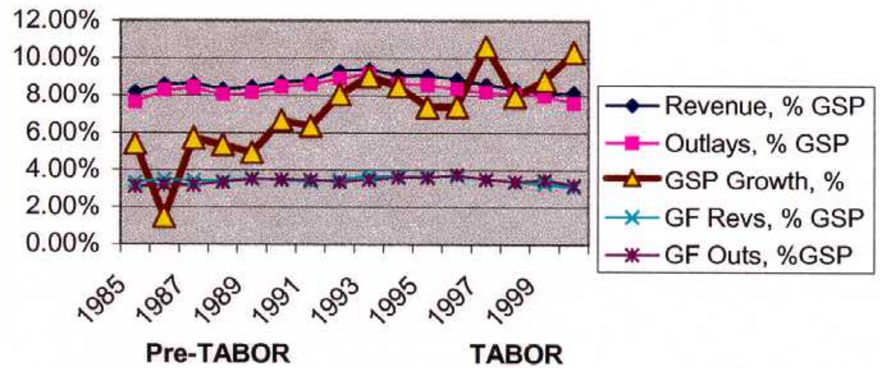
Pre-TABOR 1985-1992 and TABOR 1993-2000 Gross State Product
Annual Growth, and Revenues and Outlays as Percent of GSP

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Gross State Prod	59,050	59,930	63,358	66,736	70,036	74,701	79,448	85,844	93,588	101,531	109,021	117,118	129,575	139,860	152,202	167,918
State Revenues	4,838	5,149	5,482	5,559	5,924	6,504	6,997	8,003	8,800	9,211	9,884	10,383	11,134	11,713	12,355	13,738
State Outlays	4,498	4,954	5,330	5,367	5,690	6,315	6,841	7,633	8,600	8,755	9,331	9,790	10,587	11,312	12,092	12,762
Gen Fund Revs	1,965	2,087	2,177	2,283	2,484	2,580	2,664	2,996	3,443	3,725	3,996	4,269	4,540	4,681	4,943	5,174
Gen Fund Outlays	1,825	1,919	2,016	2,228	2,457	2,601	2,764	2,879	3,250	3,647	3,914	4,391	4,534	4,724	5,279	5,318

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Revenue, % GSP	8.19%	8.59%	8.65%	8.33%	8.46%	8.71%	8.81%	9.32%	9.40%	9.07%	9.07%	8.87%	8.59%	8.37%	8.12%	8.18%
Outlays, % GSP	7.62%	8.27%	8.41%	8.04%	8.12%	8.45%	8.61%	8.89%	9.19%	8.62%	8.56%	8.36%	8.17%	8.09%	7.94%	7.60%
GSP Growth, %	5.39%	1.49%	5.72%	5.33%	4.94%	6.66%	6.35%	8.05%	9.02%	8.49%	7.38%	7.43%	10.64%	7.94%	8.82%	10.33%
GF Revs, % GSP	3.33%	3.48%	3.44%	3.42%	3.55%	3.45%	3.35%	3.49%	3.68%	3.67%	3.67%	3.65%	3.50%	3.35%	3.25%	3.08%
GF Outs, %GSP	3.09%	3.20%	3.18%	3.34%	3.51%	3.48%	3.48%	3.35%	3.47%	3.59%	3.59%	3.75%	3.50%	3.38%	3.47%	3.17%

Reference)	
('84 GSP	56,032
Reference)	1,889
('84 GF)	1,717

Fig. 16: Growth in Gross State Product, State and General Fund, Revenues and Outlays, Annual % of GSP



1998	1999	2000
139860	152202	167918
11713	12355	13738
11312	12092	12762
4681	4943	5174
4724	5279	5318
8.37%	8.12%	8.18%
8.09%	7.94%	7.60%
7.94%	8.82%	10.33%
3.35%	3.25%	3.08%
3.38%	3.47%	3.17%

Sources: GDP's, Bureau Economic Analysis, Regional Accts Data, 6/10/02; Co Revs/Spnd, CAFR's 2002, 1984.

Analyzed by: Fred Holden, 303-421-7619, Public Policy Specialist and Author,
TOTAL Power of ONE in America

Revision/date: 5, 4/24/03; 4, 3173; 3, 2223; 2, 2213; 1, 2193; 0, d262

Appendix E:

TABOR, Article X, Section 20, Colorado Constitution

Section 20. The Taxpayer's Bill of Rights.

(1) General Provisions. This section takes effect December 31, 1992 or as stated. Its preferred interpretation shall reasonably restrain most the growth of government. All provisions are self-executing and severable and supersede conflicting state constitutional, state statutory, charter, or other state or local provisions. Other limits on district revenue, spending, and debt may be weakened only by future voter approval. Individual or class action enforcement suits may be filed and shall have the highest civil priority of resolution. Successful plaintiffs are allowed costs and reasonable attorney fees, but a district is not unless a suit against it be ruled frivolous. Revenue collected, kept, or spent illegally since four full fiscal years before a suit is filed shall be refunded with 10% annual simple interest from the initial conduct. Subject to judicial review, districts may use any reasonable method for refunds under this section, including temporary tax credits or rate reductions. Refunds need not be proportional when prior payments are impractical to identify or return. When annual district revenue is less than annual payments on general obligation bonds, pensions, and final court judgments, (4) (a) and (7) shall be suspended to provide for the deficiency.

(2) Term definitions. Within this section:

(a) "Ballot issue" means a non-recall petition or referred measure in an election.

(b) "District" means the state or any local government, excluding enterprises.

(c) "Emergency" excludes economic conditions, revenue shortfalls, or district salary or fringe benefit increases.

(d) "Enterprise" means a government-owned business authorized to issue its own revenue bonds and receiving under 10% of annual revenue in grants from all Colorado state and local governments combined.

(e) "Fiscal year spending" means all district expenditures and reserve increases except, as to both, those for refunds made in the current or next fiscal year or those from gifts, federal funds, collections for another government, pension contributions by employees and pension fund earnings, reserve transfers or expenditures, damage awards, or property sales.

(f) "Inflation" means the percentage change in the United States Bureau of Labor Statistics Consumer Price Index for Denver-Boulder, all items, all urban consumers, or its successor index.

(g) “Local growth” for a non-school district means a net percentage change in actual value of all real property in a district from construction of taxable real property improvements, minus destruction of similar improvements, and additions to, minus deletions from, taxable real property. For a school district, it means the percentage change in its student enrollment.

(3) Election provisions.

(a) Ballot issues shall be decided in a state general election, biennial local district election, or the first Tuesday in November of odd-numbered years. Except for petitions, bonded debt, or charter or constitutional provisions, districts may consolidate ballot issues and voters may approve a delay of up to four years in voting on ballot issues. District actions taken during such a delay shall not extend beyond that period.

(b) At least 30 days before a ballot issue election, districts shall mail at the least cost, and as a package where districts with ballot issues overlap, a titled notice or set of notices addressed to “All Registered Voters” at each address of one or more active registered electors. Titles shall have this order of preference: **“NOTICE OF ELECTION TO INCREASE TAXES/TO INCREASE DEBT/ON A CITIZEN PETITION/ON A REFERRED MEASURE.”** Except for district voter-approved additions, notices shall include only:

(i) The election date, hours, ballot title, text, and local election office address and telephone number.

(ii) For proposed district tax or bonded debt increases, the estimated or actual total of district fiscal year spending for the current year and each of the past four years, and the overall percentage and dollar change.

(iii) For the first full fiscal year of each proposed district tax increase, district estimates of the maximum dollar amount of each increase and of district fiscal year spending without the increase.

(iv) For proposed district bonded debt, its principal amount and maximum annual and total district repayment cost, and the principal balance of total current district bonded debt and its maximum annual and remaining total district repayment cost.

(v) Two summaries, up to 500 words each, one for and one against the proposal, of written comments filed with the election officer by 45 days before the election. No summary shall mention names of persons or private groups, nor any endorsements of or resolutions against the proposal. Petition representative following these rules shall write this summary for their petition. The election officer shall maintain and accurately summarize all other relevant written comments. The provisions of this subparagraph (v) do not apply to a stateside ballot issue, which is subject to the provisions of section 1 (7.5) of article V of this constitution.

(c) Except by later voter approval, if a tax increase or fiscal year spending exceeds any estimate in (b) (iii) for the same fiscal year, the tax increase is thereafter reduced up to 100% in proportion to the combined dollar excess, and the combined excess revenue refunded in the next fiscal year. District bonded debt shall not issue on terms that could exceed its share of its maximum repayment costs in (b) (iv). Ballot titles for tax or bonded debt increases shall begin, **"SHALL (DISTRICT) TAXES BE INCREASED (first, or if phased in, final, full fiscal year dollar increase) ANNUALLY…?" Or "SHALL (DISTRICT) DEBT BE INCREASED (principal amount), WITH A REPAYMENT COST OF (MAXIMUM TOTAL DISTRICT COST),…?"**

(4) Required elections. Starting November 4, 1992, districts must have voter approval in advance for: (a) Unless (1) or (6) applies, any new tax, tax rate increase, mill levy above that for the prior year, valuation for assessment ratio increase for a property class, or extension of an expiring tax, or a tax policy change directly causing a net tax revenue gain to any district.

(b) Except for refinancing district bonded debt at a lower interest rate or adding new employees to existing district pension plans, creation of any multiple-fiscal year direct or indirect district debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years.

(5) Emergency reserves. To use for declared emergencies only, each district shall reserve for 1993 1% or more, for 1994 2% or more, and for all later years 3% or more of its fiscal year spending excluding bonded debt service. Unused reserves apply to the next year's reserve.

(6) Emergency taxes. This subsection grants no new taxing power. Emergency property taxes are prohibited. Emergency tax revenue is excluded for purposes of (3) (c) and (7), even if later ratified by voters. Emergency taxes shall also meet all of the following conditions: (a) A 2/3 majority of the members of each house of the general assembly or of a local district board declares the emergency and imposes the tax by separate recorded roll call votes.

(b) Emergency tax revenue shall be spent only after emergency reserves are depleted, and shall be refunded within 180 days after emergency ends if not spent on the emergency.

(c) A tax not approved on the next election date 60 days or more after the declaration shall end with that election month.

(7) Spending Limits.

(a) The maximum annual percentage change in state fiscal year spending equals inflation plus the percentage change in state population in the prior calendar year, adjusted for revenue changes approved by voters after 1991. Population shall be determined by annual federal census estimates and such number shall be adjusted every decade to match the federal census.

(b) The maximum annual percentage change in each local district's fiscal year spending equals inflation in the prior calendar year plus annual local growth, adjusted for revenue changes approved by voters after 1991 and (8) (b) and (9) reductions.

(c) The maximum annual percentage change in each district's property tax revenue equals inflation in the prior calendar year plus annual local growth, adjusted for property tax revenue changes approved by voters after 1991 and (8) (b) and (9) reductions.

(d) If revenue from sources not excluded from fiscal year spending exceeds these limits in dollars for that fiscal year, the excess shall be refunded in the next fiscal year unless voters approve a revenue change as an offset. Initial district bases are current fiscal year spending and 1991 property tax collected in 1992. Qualification or disqualification as an enterprise shall change district bases and future year limits. Future creation of district bonded debt shall increase, and retiring or refinancing district bonded debt shall lower, fiscal year spending and property tax revenue by the annual debt service so funded. Debt service changes, reductions, (1) and (3) (c) refunds, and voter-approved revenue changes are dollar amounts that are exceptions to, and not part of, any district base. Voter-approved revenue changes do not require a tax rate change.

(8) Revenue limits.

(a) New or increased transfer tax rates on real property are prohibited. No new state real property tax or local district income tax shall be imposed. Neither an income tax rate increase nor a new state definition of taxable income shall apply before the next tax year. Any income tax law change after July 1, 1992 shall also require all taxable net income to be taxed at one rate, excluding refund tax credits or voter-approved tax credits, with no added tax or surcharge.

(b) Each district may enact cumulative uniform exemptions and credits to reduce or end business personal property taxes.

(c) Regardless of reassessment frequency, valuation notices shall be mailed annually and may be appealed annually, with no presumption in favor of any pending valuation. Past or future sales by a lender or government shall also be considered as comparable market sales and their sales prices kept as public records. Actual value shall be stated on all property tax bills and valuation notices and, for residential real property, determined solely by the market approach to appraisal.

(9) State mandates. Except for public education through grade 12 or as required of a local district by federal law, a local district may reduce or end its subsidy to any program delegated to it by the general assembly for administration. For current programs, the state may require 90 days notice and that the adjustment occur in a maximum of three equal annual installments.

Enacted by the People November 3, 1992.