



Coming to an
election booth
near you in
November 2009.

TABOR II – another horror show

Just like those horror movie sequels, TABOR is back on the November 2009 ballot as TABOR II. This attempt at a tax cap is disguised as a milder, kinder version of the 2006 initiative rejected by voters; it could be just as deadly to local schools and communities.

And, just like those endless slasher films, this one stars the same actors (the Maine Heritage Policy Center) and the same directors and producers (out-of-state money from anti-government libertarians).

“There is no doubt the authors of TABOR II intend to tie the hands of state and local government,” observes MEA Executive Director Mark L. Gray. “Mainers are dealing with a recession and we need good government to restore jobs and build a new prosperity, not rigid budget formulas and political handcuffs.”

“Make no mistake,” warns Gray, “if the TABOR tax cap passes and the excise tax is cut by 40% the state and local budgets will be hamstrung and school programs will suffer.”

A review of TABOR II and its impact on state and local government by the Maine Municipal Association reveals this troubling appraisal:

- TABOR II makes changes to the current law, LD 1, passed in 2005 that already imposes spending limits on Maine’s state, county and municipal governments and all school budgets. TABOR II repeals LD 1 as it applies to State government and replaces it with a structurally different, and more restrictive and complicated system.

- In general, TABOR II places additional limits on the authority of voters at town meetings, on city councils, county commissioners and budget committees, and on the Maine Legislature to adopt budgets or enact tax changes that exceed limits set by a fixed formula.

- TABOR II imposes growth limits on all state spending, including the Highway Fund that is currently exempt. It recalibrates the entire spending limit

system using Fiscal Year 2010 as the base year for all future revenue growth and, given the current recession, locks in spending at historically low levels.

- TABOR II erases a spending allowance reserve built up by the State over the last four years and creates a disadvantage for the legislature if it enacts a budget that is more frugal than the spending formula, which could lead to a “use-it-or-lose-it” attitude.

- TABOR II, like its predecessor, requires complex and expensive voter referenda on the state, county and local levels for revenue and expenditure increases above the formula’s growth limits.

- TABOR II’s growth limits are more volatile than current law and would be disadvantageous to high growth communities who would be handicapped in their ability to meet increased service and infrastructure needs.