



**Taxpayer Bill of Rights**

**Vote No on Question 1**

**[www.NOTABOR.org](http://www.NOTABOR.org)**

# WHAT YOU NEED TO KNOW ABOUT TABOR

- TABOR won't work.
- TABOR is a one-size-fits-all formula that takes away local control.
- TABOR will hurt schools, seniors and families.

# TABOR

## Key Provisions

- Establishes formula based expenditure limits for state, county, municipal and school budgets
- Requires super majority (2/3) vote of governing bodies to exceed expenditure limits and majority voter approval by referendum
- Generally requires super majority (2/3) vote of governing bodies for tax or fee increases and majority voter approval by referendum

# TABOR Annual Expenditure Limits

## How are they set?

- **State:** limited to the annual Consumer Price Index (CPI) adjusted by the change in population (increase or decrease)
- **Local:** limited to the CPI adjusted by the change in population (student enrollment) or the change in the assessed value of taxable property, whichever is lower

# Section 2044 -- TABOR Formulas for Local Governments and Schools

- 2. Local expenditure limitation. Beginning with the first fiscal year that begins after the effective date of this section, the maximum annual percentage change in fiscal year spending for a local district that is a school administrative unit equals the inflation adjustment factor plus the change in its student enrollment and any increases attributable to measures approved under section 2043. The maximum annual percentage change in fiscal year spending for a local district that is not a school administrative unit for a fiscal year may not exceed:
  - A. The amount of revenue for the local district for the previous fiscal year adjusted by the change in the assessed value of taxable real and personal property in the local district, or the amount of revenue for the local district for the previous fiscal year adjusted by the inflation adjustment factor plus the population adjustment factor, whichever is lower;

# Statutory Definition of School Administrative Unit

20-A MRSA §1(26) School administrative unit. "School administrative unit" means the state-approved unit of school administration and includes a municipal school unit, school administrative district, community school district or any other municipal or quasi-municipal corporation responsible for operating or constructing public schools, except that it does not include a career and technical education region."

# Expenditure Limits For Municipalities

- \* 59% of municipalities would be controlled by the change-in-assessed value formula. The range in municipal spending limits would run from plus 7.7% to negative 35.8%
- \* 172 municipalities (35%) would have negative adjustments, requiring actual budget cuts.
- There is nothing in TABOR that would allow municipalities to “flat fund” their budgets rather than make the cuts required by the formulas

Source: MMA TABOR Impact Analysis FY05 [www.memun.org](http://www.memun.org)

## Examples of Cuts in Municipal Budgets with Negative Adjustment Factors

- Rumford                      -2.4%                      Assessed Value Formula
- Hollis                        -14.0%                     Assessed Value Formula
- Fairfield                     -8.2%                      Assessed Value Formula
- Fort Kent                    -1.4%                      Assessed Value Formula
- Eastport                     -6.1%                      Assessed Value Formula
- Lincoln                      -1.7%                      Assessed Value Formula
- Sabattus                     -1.6%                      Assessed Value Formula

Source: MMA TABOR Impact Analysis FY05 [www.memun.org](http://www.memun.org)



# Selected Municipalities for Cumberland County – Budget Adjustments

• South Portland	-1.5	Assessed Value Formula
• Yarmouth	-1.5	Assessed Value Formula
• Portland	3.2	CPI/population Formula
• Scarborough	4.5	CPI/population Formula
• Cape Elizabeth	.05	Assessed Value Formula
• Westbrook	2.9	Assessed Value Formula
• Brunswick	.7	Assessed Value Formula

Source: MMA TABOR Impact Analysis FY05

# Impact on Schools

- 31% of Maine school systems that operate schools would have to cut their budgets if TABOR was in effect last year.
- Expenditure Limitations would range from 60% to - 97%
- There is nothing in TABOR to allow schools systems to “flat fund” their budgets rather than make the cuts required by the formula
- Colorado’s funding under TABOR for local education went from 35th to 49th in the nation, funding for higher education fell by 31%.

\* Source: Center on Budget and Policy Priorities and MMA

## Selected School Systems Budget Adjustments Based on CPI/change in Enrollment Formula

- Bridgton - 1.77 %
- Old Town - 2.42 %
- Whitefield - 10.1%
- Eastport - 10.4 %
- New Sweden 17.0 %
- Auburn 1.2 %
- Wayne 17.0 %
- Orono 1.6 %
- Cape Elizabeth 4.3 %

# State Expenditure Limit Analysis

- State expenditures are limited to CPI plus or minus the population adjustment factor
- If TABOR had been in effect for the past ten years, state spending would be \$464 million less (17% lower) in 2005 than the actual amount expended

Source: Maine Heritage Policy Center, December 2004

## Example: How to Cut \$464 Million

- University of Maine System \$180 million
- Community College System \$ 42 million
- Department of Conservation \$ 23 million
- Judicial Department \$ 54 million
- Department of Public Safety \$ 20 million
- Child Welfare/Foster Care \$ 57 million
- Mental Health/Community \$ 68 million

Source: Budget data from Office of Fiscal and Program Review, Maine Legislature FY04/05

# State Highway Fund Analysis under TABOR 1995-2005

- \* Highway Fund revenues would have declined by \$101 million in comparison to current levels (unless limits overridden each year by 2/3 vote of the Legislature and referendum approval)
- \* \$84 million of that loss would have occurred in just the past five years.
- \* Huge loss in federal matching funds

Source: MMA Highway Fund analysis [www.memun.org](http://www.memun.org)

# TABOR Revenue Provisions

## What is covered?

Any legislation, local ordinance, tax levy that causes an increase in revenue, including:

- New fee or tax
- Increases the base or expands an existing tax or fee, such as a change in mill rate on property tax valuation
- Repeals or reduces an exemption or credit
- Extends an expiring tax or fee

Requires 2/3 super majority and approval by referenda

# What Went Wrong in Colorado?

- TABOR didn't work in Colorado and it won't work in Maine.
- Maine TABOR is much worse for schools and municipalities than the Colorado TABOR
- After 10 years, voters in Colorado suspended TABOR because of its harmful impacts on education, health care and public works.



# Colorado Business Leaders Warn That TABOR is a “Proven Failure”

- “TABOR caused major disinvestment in important public services, such as education, transportation and health care..”
- “TABOR does not improve a state’s economy; it does not promote job growth or business expansion ...”

Source: Letter from Tom Clark, EVP, Denver Metro Chamber; Rocky Scott, Former President, Colorado Springs Economic Development Corp; Ilene Kamlser, Colorado Hotel and Lodging Association; Randy Harrison, Move Colorado



**CITIZENS UNITED**

To Protect Our Public Safety, Schools and Communities

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