

Time for TABOR in Texas, Part 2!

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Last week, I made the case that a Taxpayer Bill of Rights (TABOR) is needed as a constitutional amendment because the political process strongly favors increased spending. What are the facts? Is the legislature growing the state budget faster than the standards widely used to assess the rate of expenditure growth?

One such standard – indeed the symbolic standard of Texas’ easily and routinely ignored formal fiscal restraint - is personal income growth. From 1990 to the present, total personal income grew at an average annual rate of 6.5 percent. From Fiscal Year 1990 to Fiscal Year 2006, the state’s Total Net Expenditures rose at an average annual rate of 7.2 percent. The difference between 6.5 and 7.2 may seem small, but the difference adds up quickly. Had the state’s total net expenditure growth been in compliance with the personal income standard from 1990 to 2006, Fiscal Year 2006 spending would have been only 90 percent of its actual \$68.83 billion level.

Many states have, or are considering, a TABOR that limits spending growth to population growth plus inflation. From 1990 to 2006, Texas’ combined population growth and inflation rate averaged 4.2 percent per year. State expenditures increased at nearly twice that rate. If Texas had enacted a TABOR in 1990 that restricted expenditure growth to population plus inflation, Fiscal Year 2006 spending would have been only 63.5 percent of its actual \$68.83 billion level. Are we better off as a result of having increased real, per capita state expenditure so substantially? What state services are we getting now that we were suffering without, or didn’t ‘need’ in 1990? Our leaders need to ask such questions, and then design a TABOR that fits Texas’ unique circumstances.

It takes exceptional leadership to successfully argue that our elected representatives are inherently unable to keep from spending a bigger and bigger share of citizens’ money. The facts show that without such leadership to enact constitutional constraints in the form of a TABOR, state government will become a larger and larger presence; we will control less and less of our earnings.