

Taxpayer Bill of Rights

- ✓ Solve the Budget Deficit
 - ✓ Encourage Economic Growth
-

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Is the Problem Lack of Revenue or Out of Control Spending ?

Problem:

- FY2005 Budget deficit of \$908 million
- Arizona has run a total budget deficit of \$1.78 billion for the last 5 years.

Two Solutions to balance the budget:

- Controlled spending advocates favor limiting the growth of government spending
- Insufficient revenue proponents favor raising taxes to meet ever increasing spending needs

Raising Taxes Does Not Balance the Budget

Reason #1

- States with the highest tax burdens have some of the highest per capita budget deficits.
- Government uses the extra revenue to create more programs, not reduce debt.

State	Deficit per Capita	Tax Climate Rank
California	\$985	38
Connecticut	\$679	37
New Jersey	\$664	34
New York	\$626	39
Massachusetts	\$568	33
Minnesota	\$542	48
Wisconsin	\$436	41
Maine	\$400	42

*Budget numbers for FY2002, Sean Gupta, AEI.
Tax rankings from the Tax Foundation.*

Raising Taxes Does Not Balance the Budget

Reason #2

- States with the highest tax burdens have the lowest economic growth.
- Lower economic growth means less tax revenue.

State	Rank Ec. Growth	Rank Tax Climate
Hawaii	22	50
New York	44	49
Minnesota	23	48
West Virginia	47	47
Arkansas	40	43
Wisconsin	32	41
New Mexico	41	40
Michigan	51	36

*Commerce Dept., Bureau of Economic Analysis. Calculations by Chad Kirkpatrick, AFTA.
Period 1998 -2003
Tax rankings by Tax Foundation*

Raising Taxes Does Not Balance the Budget

Reason #3

- States with the highest tax burdens lose population.
- Workers take their income (tax revenue) to business friendly states.

State	Domestic Net Migration (in thousands)	Tax Climate Rank
California	- 755	38
Connecticut	-64	37
New Jersey	-182	34
New York	-874	49
Illinois	-324	23
Massachusetts	-55	33
Pennsylvania	-131	27
Michigan	-92	37

*U.S. Census Bureau
Tax rankings by Tax Foundation*

The Root Problem: Out of Control Government Spending

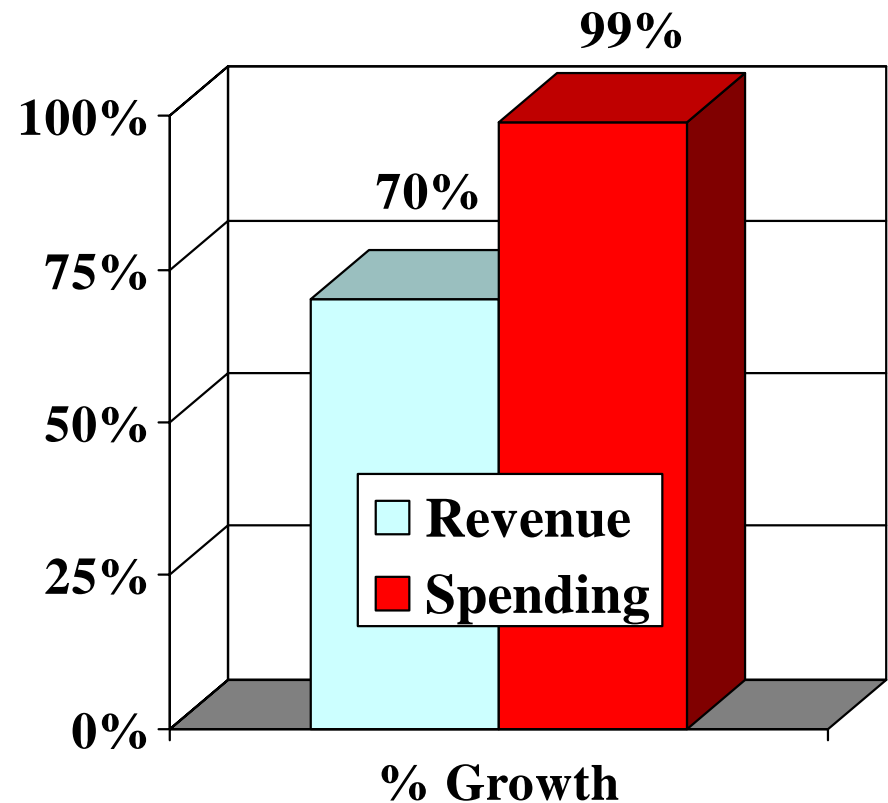
Since 1994:

- Spending has outpaced revenue collections
- The size of the state government almost doubled

Result:

- \$908 million budget deficit in FY2005

**Growth in Arizona Government
1994-2005**



Source: Joint Legislative Budget Committee

Controlled Spending Balances the Budget

Reason #1

- States that have a low tax burden and control spending have minimal budget problems.

State	Budget Surplus/Deficit (in millions)	Tax Climate Rank
Wyoming	\$949	7
Nevada	\$310	2
Texas	\$200	4
Virginia	\$1.2	12
Colorado	- \$225	8
Alabama	- \$255	16
Oklahoma	- \$250	14
New Hampshire	- \$300	5

*State Policy Network, project FY2005-2006
Tax rankings by Tax Foundation*

Controlled Spending Balances the Budget

Reason #2

- States with low tax burdens have high economic growth. High economic growth leads to more government revenue.

State	Rank Ec. Growth	Rank Tax Climate
Wyoming	1	7
Alaska	2	3
Nevada	3	6
Florida	9	2
South Dakota	17	1
New Hampshire	19	5
Texas	20	4
Colorado	25	8

*Commerce Dept., Bureau of Economic Analysis. Calculations by Chad Kirkpatrick, AFTA.
Period 1998 -2003
Tax rankings by Tax Foundation*

Right Mix for Arizona – Tax and Expenditure Limit

- Proposition 108 successful at keeping taxes low, economic growth strong.
- Arizona does not have a firm spending limit, spending is out of control.
- Arizona needs a Taxpayer Bill of Rights:
 - Limit spending to inflation plus population growth.
 - Meet current needs and flexibility to shift budget resources to new needs

Taxpayer Bill of Rights to Control Spending

- Success story: Colorado has returned \$3.2 billion to taxpayers since TABOR was enacted in 1992.
- If enacted in Arizona in 1994, TABOR would have returned \$4.4 billion to Arizona taxpayers.

Who creates wealth?

Limited government works:

- Nations that are democratic and have free market economies, have twice as much income as socialist or government-run economies.

*2005 Index of Economic Freedom,
The Heritage Foundation and The Wall Street Journal*

- Government redistributes wealth. Private individuals create wealth.

Take Action

“Good things come to those who wait. But only the things leftover by those who hustle.”

– Abraham Lincoln

- Contact your State Senator AND State Representative and ask them to vote for SCR1020 and HCR2029
- Ask your friends and neighbors to do the same