

ARIZONA FEDERATION OF TAXPAYERS

Expanding economic growth and prosperity for all Arizonans

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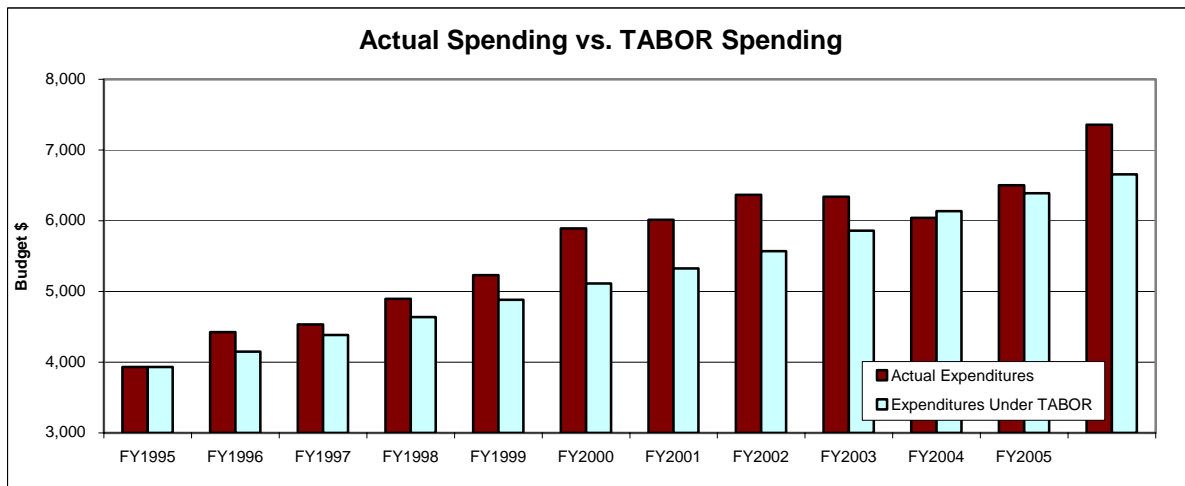
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Taxpayer Bill of Rights: The Real Solution to the Budget Crisis

A new analysis by the Arizona Federation of Taxpayers shows that Arizona's current fiscal crisis would have been averted had the state adopted a Taxpayer Bill of Rights. Also known as TABOR, the measure would limit the growth in government spending to the rate of population growth plus inflation.

Had the TABOR spending limits been in place for the 1995 budget, Arizona would have a budget surplus of \$298 million for fiscal year 2005, instead of the current \$908 million deficit. From 1995 to fiscal year 2005, the total budget savings would have equaled \$4.4 billion*, meaning an average tax refund of \$188 per year for every Arizona worker.

Using 1994 as the baseline budget, Figure 1 details the differences in actual government spending versus the controlled spending under TABOR restrictions. Beginning in 1995, the state budget would have run a surplus every year, and all of the surplus money would have been returned to taxpayers.



“The current fiscal crisis was not caused by a lack of revenue. It was caused by excess government spending,” said Arizona Federation of Taxpayers spokesman Chad Kirkpatrick. “From 1994 to the 2004, revenue grew at an average rate of 6 percent per year. But spending increased an average rate of 8 percent per year. The growth rate of spending is one-third higher than the growth rate of revenue. That is unsustainable.”

The passage of Proposition 108 in 1992 protected workers and businesses from tax increases by requiring a two-thirds legislative majority to increase taxes. While that measure has prevented tax increases, it has not controlled government spending. To control government spending, the Arizona Federation of Taxpayers urges the state legislature to place the Taxpayer Bill of Rights on the 2006 ballot. To contact your legislator, go to the Arizona State Legislature's website, <http://www.azleg.state.az.us/>.

On February 24, the Arizona Federation of Taxpayers will host a seminar on TABOR, featuring State Representative Russell Pearce (R-Mesa). The event will be held at George and Dragon Restaurant (on Central, North of Indian School Road). It will begin at 7 p.m. and will be open to the public at no charge. For more information, contact the Arizona Federation of Taxpayers at info@aztaxpayers.org.

* Budget figures from Joint Legislative Budget Committee. Savings figures do not include prop. 301. Calculations by AFTA.