

LIMITS



On Power and the Use of Coercion

Maine Voters Will Weigh in on TABOR

by Jason A. Fortin

Citizens of Maine will have the chance to limit taxes and spending when they go to the polls this November 7.

Maine Secretary of State Matthew Dunlap (D) ruled on February 21 that supporters of a proposal to limit taxes and state and local spending had submitted the required signatures to place the Act to Create the Taxpayer Bill of Rights on the ballot. State and national tax groups rate Maine as having the nation's highest combined state and local tax burden.

Mary Adams of Garland, Maine led the petition circulation effort with help from more than 1,000 volunteers around the state. Adams' group, TaxpayerBillOfRights.com, needed to submit 50,519 signatures of valid Maine voters,

equivalent to 10 percent of the votes cast in the previous gubernatorial election.

“Tired of Being Number One”

“We're sick and tired of being number one in the nation in state and local tax burden. We're doing something about it,” said Adams.

“On the local level, revenues which exceed the limit will have to be used to reduce local property taxes; at the state level, revenues beyond the limit can be used to reduce existing taxes or as cash rebates,” Adams said in a celebratory statement. “Augusta [Maine's capital] will have to debate how to give us back money each year instead of trying to figure out how to get it away from us!”

Adams is a seasoned veteran of the Maine citizen's initiative process. In the mid-1970s, she led a statewide vote that repealed the uniform property tax. The

victory made her a fixture in Maine politics and brought national attention, including a feature on the national newsmagazine show “60 Minutes.”

The proposed bill of rights is a tax and expenditure limitation (TEL) that would statutorily restrict the growth in state and local government spending to a certain economic indicator. In 1973, under Governor Ronald Reagan, California passed the first TEL. Twenty-eight other states have subsequently passed similar legislation.

“Status Quo vs. Prosperity”

“The referendum will boil down to a fundamental debate on the future of this great state,” said Bill Becker, President and CEO of the Maine Heritage Policy Center, which helped draft language for the bill. “The referendum campaign will be a

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Dr. Don Racheter,

President

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California Voters Defeat "Preschool for All" Program Initiative

by Amy K. Frantz

On June 6, 2006 California primary voters soundly defeated Proposition 82, the Initiative to provide preschool for all four-year-olds in the state, with just over 60 percent of voters voting against the Initiative.

Proposition 82, sponsored by actor and activist Rob Reiner, would have established a voluntary, free, half-day preschool program available to every four-year-old in California. The preschool program would be offered for 180 days, as is the K-12 school year. The Initiative also tasked the state with establishing new curriculum standards for what would be taught in the preschool program. Teachers in the state-run preschool program would have been required to have a four-year degree by 2014, and an additional early learning teaching credential by 2016.

In order to pay for this new program, the income tax rate for individuals earning more than \$400,000 (\$800,000 for couples) would have increased from 9.3 percent to 11 percent. This tax increase was projected to raise an additional \$2.1 to 2.6 billion annually to fund the preschool program.¹

Despite losing in 55 of California's 58 counties, Reiner vowed to continue the fight for universal preschool. If he does, hopefully voters will remember the potential problems that

would have been created by Reiner's universal preschool proposal.

Prop. 82's tax increase was the second proposal in recent years to raise the income tax on the wealthy to fund a particular program. In 2004 voters increased the income tax rate on taxpayers earning more than \$1

This plan would add many new members to the California teachers union, increasing their clout over educational issues in the state.

million by one percent to fund a mental-health services program.² Taxpayers in this category would have faced a top income tax rate of 12 percent if Proposition 82 had passed. Admittedly, few of California's taxpayers fall into this category. However, there may be even less in the future if this group is the constant target of funding for new government programs. The state of Nevada, with no state income tax, is not far away, and those taxpayers that do stay behind will likely look for new ways to shelter

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The Truth About Government Revenue Post-Proposition 13

by the Howard Jarvis Taxpayers Association

It is said that on June 7, 1978, a woman called Los Angeles City Hall for assistance. After 11 rings, she was greeted with, "City Hall."

What took you so long to answer the phone?" the caller asked.

"Proposition 13," the voice responded.

It was the day after the passage of Proposition 13 and already the blame game by government employees and big government advocates had begun.

*Over the years we
have seen
Proposition 13
blamed for everything
from a rise in hate
crimes to the O.J.
Simpson verdict.*

Over the years we have seen Proposition 13 — which put limits on annual property tax increases and requires voter approval for most new local taxes — blamed for everything from a rise in hate crimes to the O.J. Simpson verdict.

Especially vitriolic in their condemnation of Proposition 13 have been representatives of the education community, who claim

that things were so much better before the tax-limiting measure. One physical education instructor even blamed Proposition 13 for the loss of school equipment. It seems that his students who were putting the shot were losing the shot in tall grass because, according to him, Proposition 13 did not provide enough money to mow the lawns.

Pining for the "good old days" has been taken to an art form by former *Sacramento Bee* editor Peter Schrag whose book, "Paradise Lost," speaks in glowing terms of California government's pre-Proposition 13 accomplishments.

But now we know it's all a bunch of hooley.

A just-released study of the most recent data available, conducted by the Newport Beach-based Center for Government Analysis (CGA), shows that — even after allowing for inflation and population growth — governments at all levels have seen a net increase in revenue since the passage of Proposition 13. In many cases the increase has been significant. According to the CGA study:

◆ Revenues for every category of government in California increased when adjusted for

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Maine Voters Will Weigh in on TABOR

by Jason A. Fortin

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choice between those who support the status quo versus those who believe in greater economic prosperity.”

The ballot question reads in its entirety, “Do you want to limit increases in state and local government spending to the rate of inflation plus population growth and to require voter approval for all tax and fee increases?”

The proposed taxpayer’s bill of rights (TABOR) would limit the growth in spending for state, county, municipal, and school budgets by tying that growth in spending to population growth and inflation for governments, and to population growth and student enrollment for school systems. In addition to establishing a growth allowance, the TABOR would create a budget stabilization fund that would allow government

spending to remain constant in recessionary times.

“Under the version proposed for Maine, a portion of any revenue raised beyond the spending limit is placed in budget stabilization funds, also known as ‘rainy day’ funds, with the balance refunded to taxpayers,” Ed Cervone, an analyst for the Maine Center for Economic Policy, a liberal think tank based in Augusta, told the Bangor Daily News for a February 22 story.

Teachers, Unions Oppose Reform

Critics of the tax and expenditure limitation, including Governor John Baldacci (D), the Maine Municipal Association, Maine AFL-CIO, Maine Center for Economic Policy, and Maine Education Association (MEA), contend the proposal is too rigid and could hamstring government and require drastic cuts in services.

“MEA opposes TABOR,” noted Rob Walker, president of the Maine Education Association, in a statement on the union’s web site, “and

anyone who cares about our students, our programs, and our schools will do likewise.”

Adams has said her organization will make TABOR a defining issue in this year’s gubernatorial and legislative races. Baldacci will face challenges from a Republican, a Green, and at least one Independent candidate (there are currently 14 registered gubernatorial candidates). In the legislative races, every seat in the House of Representatives and Senate is up for re-election. Currently, Democrats hold a one-seat plurality in the House and a three-seat majority in the Senate.

Jason A. Fortin is Director of Communications at Maine Heritage Policy Center.

The Maine Heritage Policy Center is a research and educational organization whose mission is to formulate and promote conservative public policies based on the principles of free enterprise; limited, constitutional government; individual freedom; and traditional American values.

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For more information on Maine Heritage Policy Center, visit the Center’s website at www.maineconomy.org.

To read more about TABOR in other states, visit Public Interest Institute’s website, www.limitedgovernment.org, to see the following articles:

“Will Colorado Voters Support TABOR?”
LIMITS, June 2005

“Tax and Expenditure Limits in the States”
LIMITS, March 2006

The Truth About Government Revenue Post-Proposition 13

by the Howard Jarvis
Taxpayers Association

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inflation and population growth between FY 1977-78 and FY 2002-03.

◆ Total state government revenues adjusted for inflation and population growth grew well over 25 percent from FY 1977-78 to FY 2002-03. Personal income tax revenues adjusted for inflation and population growth have increased 57 percent over this period.

◆ County government revenues in California, adjusted for inflation and population growth, grew 8.43 percent from FY 1977-78 to FY 2002-03.

◆ City government revenues in California, adjusted for inflation and population growth, grew over 20 percent from FY 1977-78 to FY 2002-03. Per capita revenues from current service charges, adjusted for inflation, increased over 41 percent over this period, while revenues from

general property taxes decreased over 49 percent. This loss in property tax revenue was more than offset by other non-property taxes and other revenues.

◆ K-12 school districts revenues per student, adjusted for inflation, increased over 30 percent between FY 1977-78 and FY 2002-03.

◆ Special district revenues in California, adjusted for inflation, grew over 160 percent. Per capita revenues increased over 64 percent. Special district enterprise revenue, adjusted for inflation and population growth, grew over 31 percent, while special district non-enterprise revenue grew over 74 percent.

◆ State expenditures for K-12 education, adjusted for inflation and population growth, grew almost 99 percent between FY 1977-78 and FY 2002-03, while health and welfare expenditures grew over 48 percent.

◆ County expenditures for health and sanitation, adjusted for inflation and population growth, increased over 38 percent, while public protection expenditures increased over 61 percent.

◆ City expenditures for police protection, adjusted for inflation and population growth, increased almost 59 percent between FY 1977-78 and 2002-03, while expenditures for sewerage and sanitation increased over 301 percent.

The myths about the “harmful” effects of Proposition

13 have been repeated so many times that some will greet these facts with disbelief. But this work only confirms and updates previous studies by academicians, including Gary Galles of Pepperdine University and John Kirilin when he was with the USC School of Public Administration.

It’s time to stop the whining. These are the “good old days,” and we should work to make better use of the substantial revenues that taxpayers already provide to the government.

To see the full report visit www.hjta.org.

This article first appeared in *Taxing Times*, the quarterly newsletter of the Howard Jarvis Taxpayers Association. Reprinted with permission from the Howard Jarvis Taxpayers Association.

The Howard Jarvis Taxpayers Association is dedicated to the protection of California’s Proposition 13 and the advancement of taxpayers’ rights including the right to limited taxation, the right to vote on tax increases, and the right of economical, equitable, and efficient use of taxpayer dollars.

For more information on the Howard Jarvis Taxpayers Association, visit the Association’s website at www.hjta.org.

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by Amy K. Frantz

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their income from the state income tax.

The analysis of Proposition 82 prepared by the Attorney General states that 62 percent of California's four-year-olds currently attend some type of preschool, child or day care center, or nursery school. The analysis goes on to estimate that, based on the experience of other states that offer similar preschool programs, about 70 percent of California's four-year-olds would participate in the new preschool program. Proposition 82's tax increase and government-run preschool program would have resulted in, at best, an additional eight percent of four-year-olds attending preschool. Supporters claim that many current programs are not providing a "quality" preschool education, unlike the education that would be offered in the preschools created by Proposition 82. However, given the state of some K-12 government-run schools, opponents of the government-run preschool program have good reason to doubt this claim.

Finally, Proposition 82 "extends the collective bargaining rights currently

offered to public school teachers to all employees working for providers of the new preschool program, including those who work for private preschool providers."³ This plan would add many new members to the California teachers union, increasing their clout over educational issues in the state.

California voters realized that this government-run program would end up costing more and providing less than promised.

Supporters of the "Preschool for All" program in California had assured voters that the program would provide a voluntary, free, quality preschool education for all four-year-olds in the state. The majority of

California voters realized that this government-run program would end up costing more and providing less than promised, and voted NO.

Endnotes:

¹ "Preschool Education. Tax on Incomes over \$400,000 for Individuals; \$800,000 for Couples. Initiative Constitutional Amendment and Statute," Official Title and Summary for Proposition 82. Prepared by the California Attorney General, 2006, p. 14.

² George Skelton, "One Thing's Sure: Reiner's Preschool Initiative Raises Questions," Los Angeles Times, March 16, 2006, <<http://www.latimes.com/news/columnists/la-me-cap16mar16,1,2636653,full.column?coll=la-news-columns&ctrack=1&cset=true>> (May 5, 2005).

³ "Preschool Education. Tax on Incomes over \$400,000 for Individuals; \$800,000 for Couples. Initiative Constitutional Amendment and Statute," Official Title and Summary for Proposition 82. Prepared by the California Attorney General, 2006, p. 17.

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Question of the Quarter:

Would you vote for a Proposition 82-type proposal to provide a government-funded universal preschool program for every four-year-old in Iowa?

Send your thoughts on this issue to us at public.interest.institute@limitedgovernment.org.

We may publish some of your ideas in the September 2006 issue of *LIMITS*.

Florida's A+ Opportunity Scholarship Program is Handed Another Defeat

by Amy K. Frantz

Florida Governor Jeb Bush's proposed referendum on the A+ Opportunity Scholarship program was defeated by the Florida State Senate, denying the citizens of that state the chance to voice their views on the voucher program that had helped more than 700 students escape from Florida's failing government schools.

Florida's A+ Opportunity Scholarship program was adopted in 1999 to provide tuition for students in failing government schools to attend a private school. A government school was deemed to be failing if the Florida Department of Education gives a school a failing grade based on student performance for two years out of a four-year period. Students in the failing schools have the option of transferring to another government school that is not failing, or to use the Opportunity Scholarship program to attend a private school. Over 700 students chose to transfer to a private school under this program for this school year.

Florida's teachers union and other special interest groups sued to abolish the Opportunity Scholarship program, and earlier this year the Florida Supreme Court sided with the union and declared the program unconstitutional.¹

Governor Jeb Bush had proposed a referendum to the Florida State Legislature that would allow citizens to vote on a Constitutional Amendment on the November ballot that would overturn the Supreme Court's decision and allow the voucher program to continue. In order to be placed on the ballot, the referendum needed the support of 60 percent of the Legislators. In the State Senate, that meant the support of 24 out of 40 Senators. However, the referendum only received the support of 23 Senators, meaning it would not be allowed to be placed before the voters. The teachers unions applied maximum pressure to Senators, not wanting to give the people the option of overturning the victory the Supreme Court had granted the unions in overturning the Opportunity Scholarship program. Never mind that the program allowed more than 700, mostly minority, children the opportunity to attend a school

where they might actually receive a decent education. It should be no surprise that teachers unions represent the interests of the government school teachers, who are union members, and not the students. Unions exist to represent workers, not "customers," and teachers unions are no different than any other union. The Florida State Legislature did not completely abandon all of the more than 700 students who have been attending private schools through the Opportunity Scholarship program. Included in a bill to impose additional accountability measures on private schools that accept students from the state's other voucher programs is a measure that allows those students to have their tuition paid by corporate sponsors, as long as the students qualify for free or reduced lunch. The corporate sponsors would in turn receive

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**Florida's A+
Opportunity Scholarship
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Another Defeat**

by Amy K. Frantz

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tax credits from the state for their contributions.²

The problem with this reprieve for those students is that it may only be temporary. The lawsuit brought before the Supreme Court, which resulted in the Court striking down the A+ Opportunity Scholarship program only covered that particular voucher program. Florida has other voucher

programs, including the McKay Scholarships for Children with Disabilities that allow students to attend private schools in some cases. The McKay Scholarship, as well as the corporate-sponsored scholarships for those students who were previously covered by the Opportunity Scholarship program, could be at risk if the teachers union, or other voucher opponents, decide to sue to overturn those scholarships as well.

Enough State Senators in Florida sided with the teachers unions to deny the citizens of Florida the chance to vote on whether or not to continue the A+ Opportunity Scholarship program, a program that gave a second chance to students trapped in failing Florida government schools.

Perhaps the teachers unions, and their supporters in the State Senate, are afraid Florida voters may support Florida's students, rather than the teachers unions, if given the opportunity.

Endnotes:

¹ To read more about Florida's A+ Opportunity Scholarship program and the Florida Supreme Court ruling, visit Public Interest Institute's website, www.limitedgovernment.org, to see "Sending Students Back to Failing Schools" March 2006 *INSTITUTE BRIEF*, Vol. 13, No. 10.

² Mary Ellen Klas, "Vouchers saved, but Bush won't get amendment," *Miami Herald*, May 5, 2006, <<http://www.miami.com/mld/miamiherald/14505179.htm>> (May 7, 2006).

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