

**Measure 48 Quacks Like a TABOR Duck:  
*No matter what its proponents call it,  
Measure 48 is still a TABOR like the one Colorado voters suspended***

*“Now Colorado has a spending limit that it adopted in 1992. It is the gold standard of spending limits.”*

Measure 48 chief petitioner Don McIntire at the City Club of Portland, March 18, 2005

*“We used the same standards as Colorado’s spending limit – population and inflation.”*

Measure 48 chief petitioner Don McIntire in “McIntire plans for a state spending cap,” *Oregonian*, April 14, 2005

Table 1: Oregon’s Measure 48 is similar to, but more restrictive than, Colorado’s TABOR		
	Colorado’s TABOR	Oregon’s Measure 48
Measure 48 is similar to Colorado’s TABOR		
<i>Population plus inflation formula</i>	Yes	Yes
<i>Constitutional amendment</i>	Yes	Yes
<i>Voter approval to temporarily override</i>	Yes	Yes
<i>Creates rainy day fund</i>	No	No
Measure 48 is more restrictive than Colorado’s TABOR		
<i>Includes Unemployment Insurance benefits in scheme</i>	No	Yes
<i>2/3 vote of the legislature to temporarily spend above limit</i>	No	Yes

Out-of-state political activists are financing a ballot initiative for this November that would place an arbitrary spending growth formula in Oregon’s constitution. This initiative – Measure 48 – contains the three key features that make Colorado’s TABOR the most restrictive limit in the country to date: it is a constitutional amendment; it limits budget growth to a population growth plus inflation formula; and it requires a vote of the people to override. While sharing certain core traits with Colorado’s TABOR, Measure 48 includes additional provisions that would make it even more restrictive (Table 1).

Colorado is the only state in the nation to adopt a TABOR amendment. Last November, Coloradans approved a referendum to suspend TABOR for five years because of the harm it was causing Colorado’s universities, health care system, road maintenance, and other crucial public services. A broad and bipartisan coalition of Colorado political, business, and civic leaders pushed to suspend TABOR, including major business groups and Republican Governor Bill Owens.

Since voters in Colorado suspended their TABOR, Oregon TABOR proponents have tried to distance themselves from the Colorado measure. First, they stopped calling it TABOR and started calling it a “Stop OverSpending” or “SOS” measure, a name espoused by their Chicago-based financiers.<sup>1</sup> More recently, in an attempt to distance themselves even further from the Colorado failure, Oregon’s petitioners have

started calling Measure 48 the “Rainy Day Amendment,” because they correctly believe that Oregonians might look favorably on something called a “rainy day amendment.” Despite the proponents’ efforts to obscure the identity of their amendment, a TABOR by another name is still a TABOR, no matter how the proponents dress up the measure’s name.

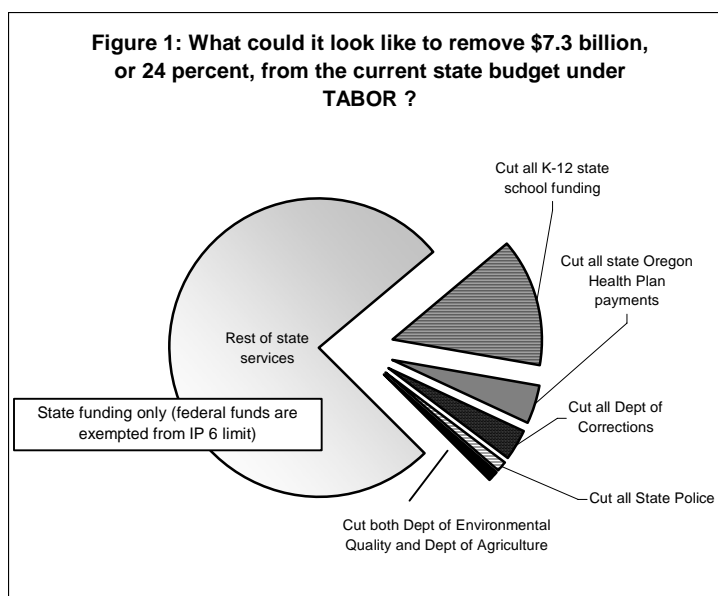
### What makes Measure 48 a TABOR?

TABOR is a very specific type of spending limit.<sup>2</sup> While Oregon and many other states have spending limits, none of those limits have the combination of core features that set TABOR apart and render it the most rigid limit in the country.<sup>3</sup>

### Measure 48 shares these core elements with Colorado’s TABOR:

#### The heart of Measure 48 is TABOR’s “population plus inflation” formula.

- TABOR’s central flaw is its formula for arbitrarily limiting state spending – for schools, senior services, courts, universities, roads, and other state investments – to the rate of state population growth plus inflation.
- Demographic groups that require disproportionate government expenditures, such as seniors and prisoners, can grow faster than the general population.<sup>4</sup> Moreover, government experiences higher inflation than consumers do because government has different expenses than consumers. For instance, state governments must spend a higher share of their income on health care than the typical individual consumer.<sup>5</sup>
- The population plus inflation formula forces the public sector to shrink over time relative to growth in the economy. One measure of economic growth is the growth in personal income. Since 1960, population plus inflation in Oregon has grown less than half as fast as personal income, and there is no reason to believe this long-term trend would be different under TABOR. Thus, over time, TABOR would make the public sector shrink relative to economic growth, leaving Oregon’s public sector incapable of keeping up with the needs of a growing state economy. For example, as the economy grows the state would be unable to make the necessary investments in transportation infrastructure, higher education, and worker training that the expanding economy would require.
- The cuts that TABOR would cause are not trivial. If Measure 48 had passed in 1990, Oregon would have had \$7.3 billion, or 24 percent, less in the current (2005-07) budget cycle to spend on state services. The size of this cut is equivalent to eliminating all state funding for K-12 education, all state funding for Oregon Health Plan payments, all state funding for the Department of Corrections including funding for prisons, and all state funding for services provided by the Department of Agriculture, the State Police, and the Department of Environmental Quality, combined (Figure 1).<sup>6</sup>



**Like TABOR, Measure 48 would be stuck in the state constitution.**

- Placing the limit in the Constitution means that making adjustments swiftly through the legislature is not possible. Any changes require a costly and time-consuming statewide campaign. By contrast, Oregon's legislature was able to improve the current statutory spending limit in 2001. Among the improvements, Oregon's current limit now recognizes cost increases associated with initiatives that voters approve.

**Like TABOR, Measure 48 requires costly voter approval to override the limit, even for temporary emergencies.**

- Requiring a state ballot initiative campaign to temporarily override the limit hampers the ability of the governor and legislature to respond to new fiscal circumstances and priorities of the citizens. For example, extensive forest fires, a major earthquake, or a volcanic eruption could create emergencies in Oregon that would require an immediate and considerable government response. By requiring voter approval, Measure 48 would hamstring the ability of the State to provide the necessary assistance.
- This cumbersome process could also prove costly. For example, over \$10 million was spent by the proponents and opponents of the successful effort to temporarily override TABOR in Colorado.<sup>7</sup> State and local governments also incur costs when there is a statewide election.

**What makes Measure 48 worse than Colorado's TABOR?**

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Measure 48 includes provisions that make it *more restrictive* and would cause *more damage* than Colorado's TABOR.

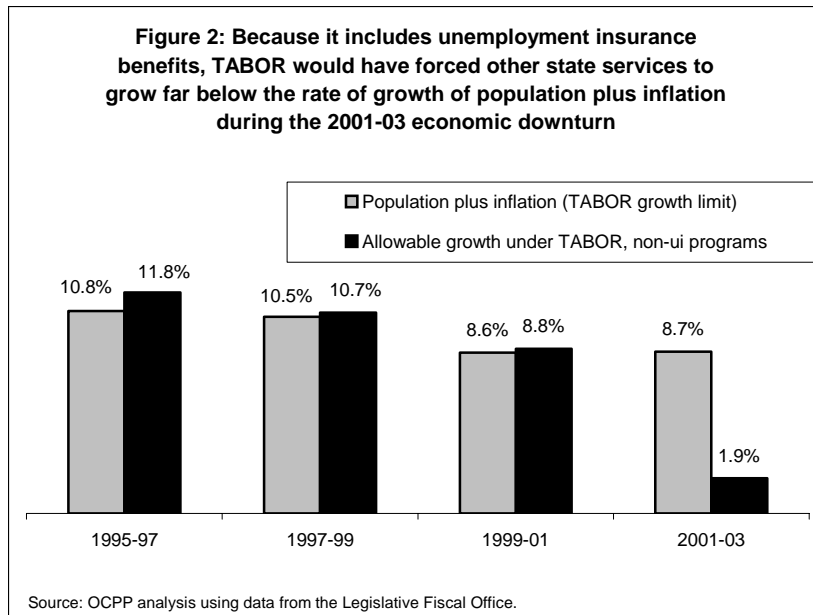
***Worse than TABOR, Measure 48 requires a 2/3 vote of both houses of the legislature and a vote of the people to override the limit.***

- In Colorado, only a majority vote of the legislature is required, along with a vote of the people, to spend above the limit.

***Worse than TABOR, Measure 48 would debilitate a rainy day fund, should the legislature create one.***

Even though Oregon's TABOR proponents are calling Measure 48 a "Rainy Day Amendment," Measure 48 does not create a rainy day fund, a savings account that could be used to maintain critical services during a recession. Moreover, Measure 48 is designed to limit and render nearly useless a rainy day fund should the Legislature choose to create one:

- While allowing funds to be deposited into a future rainy day fund, Measure 48 subjects expenditures from the rainy day fund to the TABOR spending limits scheme.
- Under Measure 48, unemployment insurance spending increases – which occur during recessions – would count toward the limit, squeezing out any rainy day funds that might otherwise be available to allow other state services to keep up with population, inflation and other increased costs.



Had the provisions of Measure 48 been in effect during the last recession, four out of every five dollars of increased spending under the TABOR limit would have been used to finance unemployment benefits. Even if Oregon had had a rainy day fund at that time, other public services could have grown only one-fifth as much as the inflation plus population growth limit would allow (Figure 2).

**Chief Petitioner Don McIntire on Measure 48 and a Rainy Day Fund**

**Admits Colorado’s TABOR is “the gold standard of spending limits.”**

“Now Colorado has a spending limit that it adopted in 1992. It is the gold standard of spending limits.”  
City Club of Portland, March 18, 2005

**Admits Measure 48 does not create a rainy day fund.**

“Notice, in and of itself, the amendment does not create a rainy day fund. That is the province of the legislative assembly.”  
Comments on proposed ballot title, August 9, 2004

**Admits that rainy day fund expenditures would require cuts to other services.**

“We provide an exemption for a rainy-day fund, which the Legislature can put money into, but, the beauty is, to use it and stay under the spending limit, they have to reduce spending from other sources.”  
In “McIntire plans for a state spending cap,”  
Oregonian, April 14, 2005

**No comment, to date, on the fact that Measure 48 includes unemployment compensation spending in the scheme, putting a rainy day fund mostly out of reach during recessions – the very period when such funds are supposed to be available.**

**Conclusion**

Since Colorado’s voters suspended TABOR, the proponents of TABOR in Oregon have tried to distance Measure 48 from TABOR by calling it different names.<sup>8</sup> Their effort is not too surprising, given the “failed experiment” stamp Colorado’s voters gave TABOR following the harm it caused to Colorado’s universities, health care system, road maintenance, and other crucial public services.

Measure 48, however, includes the core features of Colorado’s TABOR, and includes other provisions that make it even more stringent. The Measure 48 proponents can keep searching for new names to obscure the identity of their scheme, but if it looks like a duck, walks like a duck, and quacks like a duck, it is a duck.<sup>9</sup> Measure 48 is a TABOR no matter what its proponents wish to call it.

**Endnotes:**

<sup>1</sup> Campaign contribution reports show that Americans for Limited Government of Chicago have provided significant financial support to the effort to place Measure 48 on the ballot.

<sup>2</sup> Colorado's TABOR was named after the famous Colorado mining family of the same name.

<sup>3</sup> Oregon's current spending limit was established in 2001. It is not constitutional, but statutory. It is based on the level of personal income in Oregon, and it exempts new spending mandated by voters through ballot initiative. See Oregon Center for Public Policy, *If It Ain't Broke, Don't Fix It: Oregon's current spending limit ties spending to what Oregonians can afford*, April 23, 2004. Available at <http://www.ocpp.org/2004/issue040422.pdf>.

<sup>4</sup> According to the Office of Economic Analysis's June 2006 "Oregon Economic and Revenue Forecast" and "Oregon Corrections Population Forecast April 2006," Oregon's population is projected to grow 6.9 percent between 2006 and 2011, while seniors (persons over 65) are projected to grow 14.0 percent and prisoners are projected to increase by 12.9 percent over the same time period.

<sup>5</sup> Government also experiences higher inflation than consumers because some government costs stem from labor intensive public services that are unable to achieve significant productivity improvements while maintaining quality. Productivity improvements tend to drive down the cost of consumer items over time, slowing the rate of general inflation. On the other hand, certain labor-intensive public services, such as state police, corrections, and teaching, are not easily made more efficient without eroding quality. For instance, calculators are cheaper today than they were a generation ago, but a concept that took a math teacher an hour to teach in 1980 still takes about an hour today.

<sup>6</sup> According to the Legislative Fiscal Office's *Detailed Analysis of the 2005-07 Legislatively Adopted Budget*, the 2005-07 budget includes \$5.2 billion in state K-12 school funding, \$1.1 billion in funding for the Department of Corrections, \$519 million for the State Police, \$77 million for the Department of Agriculture, and \$265 million for the Department of Environmental Quality.

<sup>7</sup> Paulson, Steven K. "Campaign on Taxpayer's Bill of Rights Cost a Record \$10.3 million," Associated Press, December 1, 2005.

<sup>8</sup> Their materials refer to the measure as the "SOS" or the "rainy day amendment."

<sup>9</sup> "When I see a bird that walks like a duck and swims like a duck and quacks like a duck, I call that bird a duck." Attributed to Richard James Cardinal Cushing (1895–1970) in Everett Dirksen and Herbert V. Prochnow, *Quotation Finder*, p. 55 (1971). Unverified. See <http://www.bartleby.com/73/1278.html>.

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