

POLICY BRIEF

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Power to the People

Article I, Section 2 of the Pennsylvania Constitution states: "All power is inherent in the people, and all free governments are founded on their authority and instituted for their peace, safety and happiness. For the advancement of these ends they have at all times an inalienable and indefeasible right to alter, reform or abolish their government in such manner as they may think proper." However, the concept embodied in Article I, Section 2 is obviously not a belief held by Governor Rendell, who has vowed to veto any property tax reform measure that would require future tax increases to be approved through a referendum.

Recently, the Governor told the *York Daily Record*, "We've got to do it. We get paid to do it." The "it" in question is making the decisions about tax rates. He argued that politicians should not "pass the buck" to voters on the matter of raising taxes. But the Governor, who has sworn to uphold the Constitution, should have more respect for the power that constitutionally resides in the people. Power is granted to elected officials by the consent of the governed. If the governed want the right of referendum for tax increases, they should have it. The power to tax is the power to destroy and the taxpayers ought to have the final say about any increase in their taxes.

This latest flap stems from the growing concern over taxpayer protection in the Governor's plan to increase education funding through a 34 percent increase in the state's income tax while offering partial rebates of school property taxes. A recent Pennsylvania Manufacturers' Association Bulletin shows that "77 percent of the state's 501 school districts would be 'losers' under the plan": loser being defined as a district where the average property owner would see an increase in their state income tax greater than their school property tax rebate.

While shifting away from property taxes to fund schools is a popular concept, many taxpayers are worried that it would not be long before their school district begins to raise millage rates and they would then be stuck with both increasing property taxes and higher income taxes. Hence, the renewed interest in protections from tax increases. But opponents of such measures claim these protections tie the hands of the people that were elected to make such decisions and would ultimately lead to funding shortfalls in public services and education. But experience from around the nation proves otherwise.

The premier example of taxpayer protection that has worked well is Colorado's Taxpayer's Bill of Rights (TABOR). Adopted in 1992, TABOR prohibits the imposition of any new state or local tax or any increase of an existing tax without voter approval. Opposition leaders predicted doom and gloom for the state's economy and massive declines in the delivery of needed public services. None of those predictions were correct. Instead, Colorado has enjoyed one of the nation's best economic growth rates and tax revenues have exceeded all expectations as a result of the job and income gains.

Pennsylvania's economy has lagged far behind Colorado since 1992. Total non-farm employees in Colorado increased by 37 percent from 1992 to 2002 while Pennsylvania jobs grew by only 11.3 percent. Moreover, average annual pay for Colorado workers rose at a pace twice that in Pennsylvania. So much for the forecasts of economic calamity. This spectacular performance did not go unnoticed around the country. Florida, Missouri, South Dakota, Oklahoma, Nevada and Washington have subsequently adopted similar taxpayer protection measures.

For the Governor to say he will veto any legislation that provides for referenda on local tax increases represents the height of disregard for the rights and wishes of the people. Local school boards are notoriously incapable of restraining spending and taxes. They cave to union demands and apparently cannot resist the temptation to build Taj Mahal facilities. After all, no one likes to see teachers on strike and what school board member doesn't want to show people the wonderful new structure that he or she helped build. Experience has shown that voting board members out does not solve the problem. The system is arranged in such a way that the "tax and spenders" will inevitably be in charge again in fairly short order.

It is time for the legislature to give control over tax hikes to the voters. After all, 36 states already have a referendum requirement for school tax increases. Their worlds have not fallen apart as opponents of referenda in Pennsylvania constantly warn will happen.

It is simply misguided to oppose voter referenda for taxes on the grounds that elected officials have been given that power and they must reserve it to themselves. Pennsylvania's Constitution explicitly invests all governing power in the people. If they need or want to have referenda to restrain elected officials, they are Constitutionally entitled to it. Elected officials have only the powers the people are willing to give them. It is not "passing the buck" for the legislature to approve the right of referenda for tax hikes.

Pennsylvania governments' imperious attitude and insatiable need to spend money will not be brought to heel unless and until the voters have control over taxes. History has shown that elected officials either cannot or will not act in the interest of taxpayers. Our current situation only reemphasizes the lessons already learned.

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