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COMMISSION'S REVENUE CAP PROPOSAL WOULD REQUIRE CUTS IN EDUCATION,
HEALTH, AND SAFETY, AND HARM BUSINESS CLIMATE

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Florida would likely suffer significant cuts in education, public health, public safety, infrastructure and other priorities under the revenue cap proposal the Taxation and Budget Reform Commission will consider on Wednesday, March 26, according to the Washington, DC-based Center on Budget and Policy Priorities (CBPP).

The constitutional amendment, CP 45, imposes a rigid formula to limit state and local spending on even the most essential public services. It is based on a failed and suspended Colorado constitutional amendment, known as the Taxpayer Bill of Rights (TABOR).

“This proposal, if enacted, would only exacerbate the very real problems that Florida will face in maintaining the state as a good place to live and do business as the population ages,” said Iris Lav, the Center’s deputy director. “It didn’t work in Colorado, and it won’t work in Florida. The commission should reject it.”

Florida would have faced a \$3.7 billion, or nearly 10 percent, shortfall in the 2005-2006 budget year alone — nearly the equivalent of Florida’s entire corrections and public safety spending — had the proposed cap been adopted in 2001-2002, the Center finds in its new analysis.

Colorado adopted the amendment in 1992. Chambers of Commerce across the state led a successful campaign to suspend it in 2005 after it significantly damaged the state’s education, higher education, roads, and other services that, in turn, caused the business climate to deteriorate. Under TABOR, funding for K-12 education dropped, as a percentage of personal income, from 35th to 49th in the nation. Higher education funding per resident student dropped more than 30 percent, after adjusting for inflation.

Florida already ranks near the bottom among the states on a number of public services important to residents and businesses and cannot afford further declines in health care, education and public safety services.

School aid and other state aid to Florida’s local governments will very likely be among the first items that the state will cut. In addition, local governments would not be able to make up for any shortfall in state aid because the amendment will constrain their own revenue-raising abilities.

The Center’s report, “The Tax Commission’s TABOR: A Path to Deterioration in Florida,” is available at: URL

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