

So-called Taxpayer Protection Amendments “TP” AJR 77 (as amended) & SJR 63

Because of the strict limits on state and local revenues both of the “TP” Amendments mandate, critical state and local services for the residents of Wisconsin would be severely curtailed and, in some cases, eliminated, including access to health care under Medicaid programs like BadgerCare and SeniorCare.

Background on TP Amendments

The TP amendments were introduced with the intent of limiting the annual growth of revenue that can be collected by governmental entities. These amendments provide a rigid formula for limiting revenue growth that would be placed in the state’s constitution. While its proponents couch the amendment in terms of a revenue (i.e. taxes, fees, licenses, permits etc.) limit, common sense reveals that when the government is restricted in the amount of money it can raise it will inevitably have to reduce spending. Thus, the amendment is in effect a spending limit that will impact the neediest and most vulnerable in our state.

These amendments sanction the legislature abandoning its responsibility as lawmakers. Because these amendments change the state constitution, when the inevitable revenue shortages result, the legislature would not be able to address the ensuing crisis that would be created in Wisconsin without again amending the constitution. This would take many years, as another constitutional amendment would have to pass two successive legislative sessions and be placed on the ballot for voter approval. Meanwhile, Wisconsin citizens would be losing access to critical services like health care with no remedy in sight. This is simply bad law making and irresponsible.

Literally, these TP amendments result in flushing public services critical to thousands of Wisconsin residents, down the toilet.

Colorado Has Suffered Drastic Consequences as a Result of Rigid Revenue Limits Like the TP Amendments

Colorado is currently the only state to have implemented revenue limits similar to those proposed in these TP Amendments. Since 1992, Colorado has been governing under its strict revenue limits and its public services have drastically declined as a result. In fact, residents found the situation so dire that last November they voted to shelve the core components of the law so the state can reinvest in the infrastructure, health care and education systems that have deteriorated so under the law.

Under the Colorado version of TPA, the state created a devastating health care crisis. The law led to a drop in funding for public health and Medicaid programs. Colorado’s rankings in key health factors demonstrate the effects of this inability to fund critical government programs:

- 1) Women receiving access to prenatal care dropped from 23rd to 48th
- 2) Children receiving full vaccinations dropped from 24th to 50th
- 3) Teen birth rates increased to 36th in the nation. (A Formula for Decline: Lessons from Colorado for States Considering TABOR, Center on Budget and Policy Priorities. October 2005.)
- 4) The number of children without health insurance doubled and Colorado ranks 50th in the states on this measure;
- 5) The state’s ability to provide health care under Medicaid was drastically reduced—in 2005, Colorado ranked 49th in the nation on the number of children and low income adults covered by Medicaid.

The law also prevented Colorado from addressing its lack of health insurance coverage, especially for children and low income adults to prevent this ensuing crisis when it was obvious the devastation that was occurring in the state.

Under programs like BadgerCare, Wisconsin has been increasing its ability to provide low-cost preventative health care for the thousands of citizens who remain uninsured or underinsured. Colorado's experiences demonstrate how dangerous revenue limits will place our most vulnerable citizens at great risk.

Like Colorado, the TP Amendments Would Force the State to Cut Critical Health Care Services

Professor Andrew Reschovsky at the UW Robert M. La Follette School of Public Affairs has completed a preliminary analysis of the amendment's likely effects. Prof. Reschovsky reviewed the state's revenue and spending over last 20 years as if the strict limits required by the TP amendments had been in place. His research concludes that had AJR 77 gone into effect in 1985, the current state revenue would be over 30% less than what our actual revenue was in 2005. In a time of fiscal crisis, where the state cannot meet current needs when it comes to health care, education, and human services, a reduction of 30% would prove to be disastrous for Wisconsinites.

Despite our successes with some Medicaid programs, over 500,000 Wisconsin residents are still without adequate health insurance. Prof. Reschovsky's research includes specific conclusions about the state's ability to maintain Medicaid programs. With the severe revenue limits required by AJR 77 and other TP amendments, it is likely that the state would be unable to fund the existing Medicaid programs. In fact, Prof. Reschovsky concludes that had AJR 77 been in effect 20 years ago, programs like BadgerCare would never have been instituted in the first place. As mentioned above, the example in Colorado shows that revenue limits would force the state to provide only bare-bones coverage for those mandated by the federal government.

It is critical to note that under Medicaid the state and federal governments share the cost of providing health care to the neediest among our citizens. Thus any reduction in state commitment to Medicaid automatically results in a loss of federal monies flowing into the state.

Constitutionally imposed revenue limits slowly starve the critical government services residents come to rely on and jeopardize the health and well-being of Wisconsin residents. Do not allow the lessons learned in Colorado to fall upon deaf ears in Wisconsin—the TP amendments will create permanent revenue shortages in state and local governments. By pitting critical programs and services against one another for limited government funds, the amendment will only result in drastic cuts to health care, education and human services in Wisconsin.