



***SAME BILL AND POSITION AS SENATE BILL 942**

March 14, 2007

To: Chairman and Members of the House Ways and Means Committee

From: Henry Bogdan, Public Policy Director

Re: House Bill 809 – Taxpayers’ Bill of Rights

Position: **OPPOSE**

The Maryland Association of Nonprofit Organizations is a statewide organization comprised of over 1600 member nonprofit agencies, associations and institutions, and our purpose is to support and enhance the effectiveness of the State's more than 24,000 nonprofit groups in carrying out their missions of public and community service.

Nonprofit organizations have a large stake in the effectiveness of government programs and the fairness and adequacy of government fiscal policies. Inadequate government programs and services impact the communities and people nonprofits serve, escalate the demand for their services, and often reduce their sources of financial support.

State programs, institutions and services in Maryland have not yet recovered from several years of strict budget constraints or cuts, and we now face an even more severe structural budget problem, with growing challenges and liabilities in the near future.

HB 809 represents a simplistic and dangerous perception of government and fiscal policy. This view ignores the rights of all citizens to a responsive government that protects the welfare of its citizens, and adequately provides the services necessary for the health and growth of the whole community.

This bill adopts a population/price index formula that is unconnected to many factors that impact the need for and cost of government services at any particular time. No account is taken of changing demographics, new problems, external threats, changes in federal funding, possible disasters, other financial conditions or stresses, or the adequacy or inadequacy of the level of services we now provide.

A similar population growth/ price index formula, adopted in Colorado in 1992, led to serious disinvestment and erosion of many public services. Despite the inherent difficulty in modifying this type of constitutional provision, in 2005 voters in Colorado for 5 years the spending limit in that state's TABOR.

A review of the Colorado situation by the Center on Budget and Policy Priorities found that under TABOR, Colorado:

- declined from 35th to 49th in the nation in spending on K-12 education as a percent of personal income, with per pupil spending falling more than \$400 relative to the national average.
- dropped from 35th to 48th in the nation in college and university funding as a share of personal income.
- declined from 23^d to 48th in the percentage of pregnant women receiving adequate pre-natal care (as defined by the Centers for Disease Control and Prevention).
- plummeted from 24th to 50th in the share of children receiving their full vaccinations, until investing additional funds to reach a ranking of 43^d (from April 2001 to October 2002 the state suspended its requirement that school children be fully vaccinated against diphtheria, tetanus, and whooping cough because the state could not afford adequate supplies of vaccine.)

The Center's review also noted that the 2005 referendum drive to suspend the limits included significant support from the business community:

• “[Business leaders] have figured out that no business would survive if it were run like the TABOR faithful say Colorado should be run -- with withering tax support for college and universities, underfunded public schools and a future of crumbling roads and bridges.” — Neil Westergaard, Editor of the Denver Business Journal

We urge you to reject this proposal as you have done in the past, and give HB 809 an **unfavorable** report.