

The Revenue Impact of State Legislative Supermajority Voting Requirements

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This study examines the impact of legislative supermajority vote requirements (SMVRs) on state revenues. SMVRs are used in 16 states as a means of limiting revenues by requiring a supermajority vote of the legislature for raising taxes or creating new taxes. Tax and expenditure limits, including SMVRs, have gained popularity over the last thirty years due to citizen discontent over government growth and taxation. Significant research on tax and expenditure limits (TEs) indicates mixed results as a tool for reducing revenues and government growth. However, little research exists on the revenue impact of SMVRs. This study examines the states in 2006 and addresses the impact of the voting requirement on: total revenue per capita; sales tax rate; sales tax revenue as a proportion of total tax revenue; and the growth rate of total revenue, income tax revenue, and sales tax revenue. Theoretically, SMVRs are put in place to increase the difficulty of raising taxes by requiring more negotiation and consensus among legislators than a simple majority vote. The findings of this study will suggest whether the SMVR is an effective fiscal tool used to restrain taxation and the size of government or merely a political tool that gives the appearance of fiscal restraint.

Introduction

Mounting citizen discontent with taxes and government spending has resulted in both legislative proposals and citizen initiatives to control taxes and spending. Constraining government growth is the primary justification for these limits, commonly referred to as tax and expenditure limits (TEs). Over the last thirty years, state governments have increasingly been subjected to them. TEs generally restrict government revenues and/or spending to a fixed proportion of the size of the economy. TEs are politically popular and attempt to address citizen perceptions of high taxes and out of control government growth.

The rise of TEs can be traced to the well publicized 1978 Proposition 13 in California where citizens voted in a substantial property tax break. A flurry of TEL enactments occurred in the states in the late 1970s immediately after Proposition 13, followed by another period of enactments in the 1990s. Numerous arguments exist for tax and expenditure limitations. Proponents argue that these limits make government more accountable and efficient, force government to find alternative revenue sources, and provide citizens with a larger voice by giving them the ability

to vote on tax increases. Despite the sizeable TEL literature painting a mixed picture on the ability of TELs to limit government growth and the recent rejection by voters for new tax and expenditure limits, they remain a potent tool for the anti-tax movement.

This paper focuses on a specific type of tax limitation, the supermajority vote requirement (SMVR). SMVRs force legislatures to enact new taxes or increase existing taxes by a supermajority vote of both chambers. SMVRs alter the law making process in an effort to reduce revenue growth, whereas other limitations constrain revenue and expenditure growth by some economic indicator. The SMVR requirement is intended to constrain legislative ability to increase taxes.

Interestingly, the agenda setting literature points out that the legislative process is always constrained. That constraint is created by the presence of different parties, interest groups, and the elected official's goal to be re-elected. The status quo of an agenda is the result of negotiations between competing interests. The circumstances and power that created the current agenda continue to protect the relative positions on the agenda (Baumgartner and Jones, 1991). The SMVR requires a negotiated agreement between more legislators who are individually faced with their own constraints. Therefore, SMVRs are put in place to increase stability. As Buchanan and Tullock (1962) state it, supermajority requirements increase the costs of decision making. Under SMVRs, tyranny by simple majority is not feasible, and more negotiation is necessary. Thus, it should be more difficult to increase taxes.

Given that the TEL literature does not produce definitive results on the effectiveness of TELs, it is necessary to assess whether SMVRs are more effective at constraining government growth. Little research exists on the impact of SMVRs and previous studies only assess the link between SMVRs and total state taxes. In this study, we build upon previous studies by assessing whether the existence of a supermajority vote requirement acts as a constraint on revenue growth, affects the state sales tax rate, and changes the structure of the state tax system. As the push for tax limitations continues by anti-tax groups, the efficacy of these limitations and their impact on taxpayers are important to understand.

Tax and Expenditure Limits

As of early 2006, thirty states had some form of limit for state revenues and/or expenditures (National Conference of State Legislatures 2005). Table 1 shows that TEL enactment in 14 states was accomplished by amending the state constitution primarily using the referendum process. In 13 states, the TEL is statutory. In the remaining states (Colorado, Connecticut, and Oregon), tax and expenditure limits were enacted by amending the constitution and by legislative statute. TELs are more prominent in southern and western states likely due to the incidence of the initiative process in those regions of the country (Howard 1989; Mullins and Wallin 2004) and

passage is more likely when there are both increases in property tax and local revenues relative to state revenues. Further, states that already impose a limitation are less likely to do so again (Alm and Skidmore 1999) as evidenced by recent failures at the polls.

TELS take many forms. The National Conference of State Legislatures (1996) identifies four different types of TELS: 1) revenue limits where annual increases in revenue are tied to personal income, inflation, population, or some other type of index, 2) expenditure limits where spending is capped based upon population, inflation, personal income, or some other growth index, 3) appropriation limits where appropriations are tied to the revenue forecast, generally ranging from 95% - 99% of forecasted revenues, and 4) hybrids or combinations of revenue, expenditure, and/or appropriation limits. Table 1 indicates that the majority of states limit spending while three states have some combination of revenue limits, spending limits, or appropriation limits (Colorado, Oklahoma, and Oregon).

TELS also vary with respect to restrictiveness. It is generally thought that the most restrictive TELS are those that are constitutionally mandated, apply to both revenues and expenditures, and require some type of voter approval for changes in the TEL policy. The most restrictive TEL in the country is Colorado's TABOR (Taxpayer Bill of Rights) enacted by the voters in 1992. TABOR amended Colorado's constitution to add new restrictions and keep existing tax and expenditure limitations. TABOR limits both revenues and general fund spending. Under TABOR, tax rate increases, debt, and any weakening of current spending limits are subject to voter approval (Martell and Teske 2007).

There is ample literature analyzing the impact of tax and expenditure limits on state finance. Research has focused on the impact of TELS on the mix of government revenues and expenditures, such as whether TELS shift responsibility for expenditure functions from one level of government to another and whether TEL usage is associated with greater reliance on state debt. Generally, the findings conclude that, 1) TELS do not lead to greater reliance on more narrow taxes and/or non-tax revenues rather than broad-based taxes at the state level (Joyce and Mullins 1991; King-Meadows and Lowery 1996), 2) TELS expand the fiscal role of governments in states with both state and local limitations (Joyce and Mullins 1991; Shadbegian 1996), and 3) TEL research is mixed on whether TELS lead to greater reliance on state debt (Clingermayer and Wood 1995; King-Meadows and Lowery 1996).

Finally, research has assessed the impact of TELS on the overall size of government and/or the tax burden. Early research on TELS shows that these restrictions have had limited effects on the size of state government and tax burdens

Table 1. State Tax and Expenditure Limits

State	Year Adopted	Method of Adoption	Type of Limit
Alaska	1982	Constitution	Spending
Arizona	1978	Constitution	Spending
California	1979	Constitution	Spending
Colorado	1991-92	Statute/Constitution	Spending/Revenue
Connecticut	1991-92	Statute/Constitution	Spending/Spending
Delaware	1978	Constitution	Appropriations
Florida	1994	Constitution	Revenue
Hawaii	1978	Constitution	Spending
Idaho	1980	Statute	Spending
Indiana	2002	Statute	Spending
Iowa	1992	Statute	Appropriations
Louisiana	1993	Constitution	Spending
Maine	2005	Statute	Spending
Massachusetts	1986	Statute	Revenue
Michigan	1978	Constitution	Revenue
Mississippi	1982	Statute	Appropriations
Missouri	1980/1996	Constitution	Revenue/Revenue
Montana	1981	Statute	Spending
Nevada	1979	Statute	Spending
New Jersey	1990	Statute	Spending
North Carolina	1991	Statute	Spending
Oklahoma	1985	Constitution	Spending/Appropriations
Oregon	2000-01	Constitution/Statute	Revenue/Spending
Rhode Island	1992	Constitution	Appropriations
South Carolina	1980/1984	Constitution	Spending
Tennessee	1978	Constitution	Spending
Texas	1978	Constitution	Spending
Utah	1989	Statute	Spending
Washington	1993	Statute	Spending
Wisconsin	2001	Statute	Spending

Source: National Conference of State Legislatures

<http://www.ncsl.org/programs/fiscal/telsabout.htm>

(Bails 1990; Howard 1989; Joyce and Mullins 1991; Mullins and Joyce 1996; King-Meadows and Lowery 1996; Shadbegian 1996). One of the first studies on the impact of TELs (Howard 1989) finds minor differences in state tax collections and general fund expenditures between TEL and non-TEL states. States with TELs tax at about the same percent of income as non-TEL states and although TEL states had lower general fund expenditures than non-TEL states, the differences were minor. Bails (1990) again compared TEL and non-TEL states and finds that TEL states do not experience significantly lower growth in total tax revenues, total general revenues, or total expenditures. Likewise, King-Meadows and Lowery (1996) in a six state study find little support for the hypothesis that state government in TEL

states grows at a slower pace than non-TEL states (measured by the ratio of state revenue to state personal income).

However, other research finds evidence of lower taxes and spending in TEL states (Elder 1992; Beasley and Case 2003; and Martell and Teske 2007). Elder (1992) observes from 1950-1985 that state tax revenue in states with expenditure limits was reduced. Interestingly, no such linkage was found in states with revenue limits. Therefore, Elder posits that the type of limit may determine effectiveness. Beasley and Case (2003) provide evidence that binding TELs are positively correlated with total taxes per capita while non-binding TELs that are advisory or require only a simple legislative majority to change are not significantly correlated with either taxes per capita or spending per capita. Finally, in a comparison of five western states with TELs, Martell and Teske (2007) find evidence of lower expenditures in these states with respect to the national average, with the greatest reduction in Colorado. Martell and Teske observe the greatest difference between the western TEL states and the national average when comparing general expenditures as a percent of per capita income. Therefore, TELs limit states' income-adjusted per capita expenditures. This effect is more pronounced in Colorado where the TEL is highly restrictive.

In summary, the effects of TELs are mixed with respect to reducing state revenues and expenditures. The greatest impact on state finances seems to be in those states with restrictive TELs, such as Colorado (Martel and Teske 2007). In states with less restrictive limits (methods for excluding some portion of revenues and/or expenditures from the limitation, waiver clauses to exceed the limitations, and legislative referendums that are less restrictive than citizen initiatives) TEL impact is likely modest at best. Further, TEL effectiveness might depend upon the type of limit, where expenditure limits have been found to be more effective at reducing state tax revenue than revenue limits (Elder 1992). Others argue that TELs linked to income growth are not likely to reduce the size of government in periods of high income growth (Howard 1989; Shadbegian 1996).

Supermajority Vote Requirements

Another mechanism for limiting government growth is the use of the supermajority vote requirement. Some states require a supermajority vote of the legislature to enact appropriation bills, enact new taxes, or increase existing taxes. As noted above, considerable attention has been given to tax and expenditure limitations in the scholarly literature. However, far less research exists on the supermajority vote requirement.

Generally, the enactment of legislation requires approval by a majority vote in each house of the state legislature. Some states, however, require a supermajority vote of each house of the state legislature to pass new taxes or increase existing taxes. In economic downturns, many states rely on a combination of tax increases

and service reductions to balance the budget. Supermajority vote requirements may hinder the ability of legislatures to raise taxes, thus, eliminating tax increases as a budget-balancing strategy and leaving reductions in public services as the only option for balancing the budget (Johnson 2006).

Currently, 16 states have supermajority vote requirements (see Table 2). Arkansas was the first state to enact this requirement in 1934. Following similar trends to that of TELs, nine of the sixteen states with supermajority requirements enacted those requirements in the 1990s. Unlike traditional TELs where enactments are split fairly evenly between constitutional requirements and statutory requirements, all states except Washington, place these supermajority vote requirements in the state constitution. Thus, supermajority vote requirements have the potential to be more binding than TELs enacted statutorily. In six states, the supermajority requirement was enacted via citizen initiative and the remaining states (10) used the referendum process (National Conference of State Legislatures 2006).

Table 2. Legislative Supermajority Vote Requirements

State	Year Adopted	Supermajority Vote Required	Taxes Exempted
Arizona	1992	2/3	None
Arkansas	1934	3/4	Sales & Alcohol *
California	1979	2/3	None
Colorado	1992	2/3	None
Delaware	1980	3/5	None
Florida	1971	3/5	Corporate Income
Kentucky	2000	3/5	None
Louisiana	1966	2/3	None
Michigan	1994	3/4	State Property
Mississippi	1970	3/5	None
Missouri	1996	2/3	None
Nevada	1996	2/3	None
Oklahoma	1992	3/4	None
Oregon	1996	3/5	None
South Dakota	1996	2/3	None
Washington	1993	2/3	None

Source: National Conference of State Legislatures (NCSL)

<http://www.ncsl.org/programs/fiscal/telsabout.htm>

*Note: NCSL's use of the term "alcohol" denotes Arkansas liquor taxes only. Arkansas also has a beer tax. The beer tax is not exempted from the supermajority vote requirement.

Supermajority vote requirements require a 3/5, 2/3, or 3/4 majority vote in both chambers to pass tax increases or raise new taxes. Table 2 indicates that five states have a 3/5 requirement, eight states have a 2/3 requirement, and three states have a

3/4 requirement. Most states apply the supermajority vote requirement to all taxes. However, Florida and Michigan apply it only to the corporate income tax and state property tax, respectively (National Conference of State Legislatures 2006). In Arkansas, sales and alcohol taxes are exempt from the supermajority requirement. A 1934 amendment to the Arkansas State Constitution added the supermajority vote requirement for increasing taxes existing at that time (income, property, beer, cigarette, motor fuel, and severance taxes). Therefore, the sales tax, permanently enacted in 1941, has become a popular vehicle for revenue generation in Arkansas.

The limited research on supermajority vote requirements indicates that these requirements can be effective in reducing state taxes (Beasley and Case 2003; Knight 2000). Beasley and Case (2003) find a reduction in total state taxes collected per capita in states with supermajority vote requirements, and Knight (2000) finds that the voting requirements reduce taxes as a proportion of state income.

It is posited that supermajority vote requirements limit the growth of government by forcing elected officials to reach a broader consensus through increased discipline and forced compromise. Over time, this process keeps taxes lower (McCarthy and Maag 2006; Musso, Graddy, and Grizard 2006). Further, since all but one supermajority vote requirement is mandated via the state constitution, SMVRs represent a more restrictive limitation than many TELs, as TEL enactments are split fairly evenly between constitutional requirements and statutory requirements. Therefore, SMVRs should be more effective in limiting the growth of government than less restrictive TELs. As previously discussed, the TEL literature suggests that less restrictive TELs (statutorily mandated, methods for exempting some revenues and/or expenditures from the limitation, clauses to exceed the limitations, etc.) have only a modest impact, at best, on government growth.

State Tax Structure

In addition to studying the impact of SMVRs on constraining revenue growth, this paper also assesses the impact of SMVRs on state tax structures. Any limitation on revenues has the potential to alter the state tax structure with respect to the progressivity of the tax system.

Progressivity, or the avoidance of regressive systems, is considered a principle of a high quality or effective revenue system. Progressive taxes take a larger proportion of income of higher income taxpayers. Regressive taxes take a larger proportion of income of lower income taxpayers.

State progressivity varies due to differences in the tax structure, namely the tax rates, the basis of taxation, and the reliance on certain taxes. States that are identified as having a more progressive tax system are states that rely more heavily on the income tax than the sales tax. States without income taxes are the most regressive states because of their reliance on the sales tax (McIntyre, et al. 2003). Sales taxes

are considered regressive because lower income taxpayers buying the same goods will spend a higher proportion of their income on the sales tax for that item. Therefore, lower income individuals have a smaller proportion of after tax income available for discretionary spending. Despite the trend towards more progressivity with respect to state individual income taxes, state tax systems are primarily regressive (McIntyre, et al. 2003). If supermajority vote requirements are effective at reducing one type of tax compared to another, a state's tax structure could be altered. For example, Arkansas's supermajority vote requirement does not apply to the state general sales tax, thereby making the sales tax easier to increase than other taxes. One can therefore assume that the supermajority vote requirement in Arkansas has a regressive influence on the state's tax structure.

Intrinsically, the socio-economic demographics of a jurisdiction also influence tax reliance, tax rates, and base. Some demographics found to be associated with an increased reliance on the income tax are low income, less urbanization, and smaller concentration of blacks and elderly (Bahl et al. 2002). Berch (1995) finds that the presence of Democratic governors is associated with greater progressivity over time, a finding supported by Chernick (2005) who determines that party control by Republicans is associated with a more regressive tax system. Berch (1995) also finds that economic growth is positively associated with greater progressivity as well as the strength of labor relative to business interests.

In this study, we assess whether the existence of a supermajority vote requirement acts as a constraint on revenue growth, affects the sales tax rate, and changes the structure of state tax systems. The decision to focus solely on supermajority vote requirements is based on the fact that little research exists on the impact of these voting requirements with no previous study assessing the linkage between SMVRs and the structure of state tax systems.

Methods

The primary purpose of a SMVR on tax increases is to require more legislative consensus to increase taxes; thereby constraining revenue growth. This study seeks to determine if SMVRs do indeed impact revenue growth. Previous studies on TELs may not include SMVRs. In fact, the National Conference of State Legislatures' (NCSL) listing of TEL states does not include Arkansas, which does have a SMVR. Therefore, prior TEL literature has largely focused on the impact of having limits of tax and spending increases on revenue and spending, not the voting requirements to make such increases.

The hypotheses are as follows:

H1: The SMVR negatively impacts the growth of total revenue.

- H2: The SMVR negatively impacts the growth of sales tax revenue.
- H3: The SMVR negatively impacts the growth of income tax revenue.
- H4: The SMVR negatively impacts the sales tax rate; therefore, states with the SMVR have a lower sales tax rate.
- H5: The SMVR negatively impacts the sales tax revenue as a proportion of total tax revenue.
- H6: The SMVR negatively impacts the total revenue per capita.

Dependent Variables. Since the date of enactment of SMVRs varies across states, we take a cross-sectional look at a recent moment in time using revenue data from U.S. Census' State Government Finances and tax rate data from the NCSL. We analyze the impact of SMVR on six dependent variables. Using 2006 data for 49 states,¹ we use three measures of revenue growth. The three measures of growth are the percent increase in revenue from 2000 to 2006 for total revenue, sales tax revenue, and income tax revenue. Since the SMVR specifically constrains the legislative ability to increase tax rates, we also examine the impact of the SMVR on sales tax rates. Furthermore, with revenue growth constrained, the amount of revenue (measured by total revenue per capita) and the tax mix could be impacted (measured by sales tax revenue as proportion of total revenue).

Independent Variables. The voting requirement is measured in two ways. First, "SMVR" is a dummy variable, with 1 denoting the existence of a supermajority voting requirement for tax increases². Any requirement above 51% is coded as a supermajority vote. "VOTE" is the second measurement with the percentage required for tax increases entered, instead of a dummy variable (i.e. 51%, 60%, 67%, or 75%).

Whether a state had a food tax, as well as the existence of other revenue or expenditure limits are used to control for the variations in tax structure³. Some states do not apply the sales tax on food to lessen the regressivity of the sales tax; therefore, absence of a food tax may result in a heavier reliance on the general sales tax and a higher sales tax rate because of the resulting narrowed tax base. While expenditure and revenue limits have mixed results in the literature, their intent is to constrain revenue growth; therefore, the existence of other revenue or expenditure limits is expected to be associated with less revenue, lower tax rates, and slower revenue growth. The analysis includes state unemployment rate and state income per capita to control for economic conditions across states. Lower unemployment and higher income are expected to be associated with higher revenue. The party of the

¹ Alaska is excluded because of its unique revenue structure due to its heavy reliance on revenue from the oil industry.

² The supermajority voting requirement measures SMVR and VOTE is measured by the voting requirement for increasing sales tax rate. This allows us to capture all of the states with the supermajority voting requirement because one state has the requirement for general sales taxes but not individual income taxes (see Table 2).

³ See the Appendix for details on measurement of all of the variables.

governor provides a political control variable, where as Republican governors are expected to be associated with lower tax revenue and a more regressive tax structure by relying more on sales taxes.

Results

Testing Hypotheses 1-3, the three measures of revenue growth, we find that economic and political factors played a more significant role than the voting requirement. The voting requirement for tax increase is not significant for revenue growth in total revenue, sales tax revenue, and individual income tax revenue (Table 3). Therefore, Hypotheses 1-3 are rejected. This is similar to the findings by Bails (1990). A Republican governor is positively related to total revenue growth. Unemployment rate is negatively related to the growth rate of total revenue and individual income tax revenue. State income per capita is negatively associated with sales tax revenue growth. Perhaps this could reflect higher tax rates to compensate for less consumer spending due to lower income.

Table 3. Hypotheses 1, 2, 3: The Impact of the SMVR on Revenue Growth

	Total Revenue Growth	Sales Tax Revenue Growth	Individual Income Tax Revenue Growth
	.670	.906	.720
Constant	(2.472)**	(2.261)**	(2.520)**
	.527	.271	.365
VOTE	(1.604)	(.577)	(1.037)
	.114	.042	.002
Governor	(2.857)***	(.710)	(.041)
	-.033	.032	-.011
Food Tax	(-.712)	(.492)	(-.220)
	-4.086	-3.836	-9.287
State Unemployment	(-1.953)*	(-1.243)	(-4.292)***
	-6.781E-6	-1.024E-5	-6.507E-7
State Income Per Capita	(-1.668)	(-1.746)*	(-.157)
	.066	-.015	.012
Other Limits	(1.461)	(-.227)	(.250)

T-values in parentheses.*Significant at 10%; **significant at 5%; ***significant at 1%.

Looking at the tax rate, the voting requirement has no impact on sales tax rate (Table 4). Therefore, Hypothesis 4 is also rejected. Similarly, the tax mix, as measured by sales tax as a proportion of total tax revenue, is not impacted by the voting requirement either, rejecting Hypothesis 5 (Table 5). Therefore, SMVR does not appear to be related to a more regressive tax structure either by tax rate or reliance on sales taxes. Having a Republican governor is positively related to a higher sales tax rate and a higher ratio of sales to total revenue. State unemployment

is also positively related sales tax rate. Rates are perhaps higher where unemployment is up to compensate for less consumer spending.

Table 4: Hypotheses 4: The Impact of the SMVR on the Sales Tax Rate

	Supermajority Vote	Voting Requirement
Constant	.018 (.775)	.022 (.671)
SMVR	-.007 (-1.287)	• •
VOTE	• •	-.014 (-.352)
Governor	.010 (2.031)**	.010 (1.961)*
Food Tax	.003 (.466)	.003 (.489)
State Unemployment	.598 (2.389)**	.591 (2.319)**
State Income Per Capita	-2.365E-9 (-.005)	6.934E-8 (.140)
Other Limits	.001 (.112)	.000 (-.103)

T-values in parentheses. *Significant at 10%; **significant at 5%;
***significant at 1%.

Neither measure for the supermajority voting requirement has an impact on the revenue growth or revenue structure. So, not surprisingly, the amount of revenue raised does not appear to be related to this specific form of tax limitation, rejecting Hypothesis 6 (Table 6). The existence of other limits do not influence total revenue per capita which backs up previous literature showing little effect of TELs. However, state income per capita does appear to have a positive and significant relationship with total revenue per capita under both measures for voting requirement.

Table 5. Hypothesis 5: Sales Tax as a Proportion of Total Revenue

	Supermajority Vote	Voting Requirement
Constant	.180 (2.122)**	.146 (1.242)
SMVR	.001 (.025)	• •
VOTE	• •	.059 (.411)
Governor	.044 (2.532)**	.044 (2.558)**
Food Tax	-7.861E-5 (-.004)	.000 (.006)
State Unemployment	-.572 (-.629)	-.559 (-.615)
State Income Per Capita	-1.884E-6 (-1.060)	-1.812E-6 (-1.026)
Other Limits	.026 (1.376)	.023 (1.196)

T-values in parentheses. *Significant at 10%; **significant at 5%; ***significant at 1%.

Table 6. Hypothesis 6: Total Revenue Per Capita

	Supermajority Vote	Voting Requirement
Constant	3.437 (1.888)*	3.916 (1.547)
SMVR	.007 (.016)	• •
VOTE	• •	-.820 (-.267)
Governor	-.252 (-.677)	-.258 (-.693)
Food Tax	-.062 (-.146)	-.066 (-.153)
State Unemployment	11.896 (.609)	11.715 (.600)
State Income Per Capita	.000065 (1.698)*	.000064 (1.676)*
Other Limits	-2.77 (-.680)	-.235 (-.559)

T-values in parentheses. *Significant at 10%; **significant at 5%; ***significant at 1%.

Conclusion

The supermajority voting requirement is part of the effort to constrain revenue growth by making tax increases more difficult. This study examines the impact of the SMVR on revenue growth by not only considering the existence of the requirement but the percentage required for the tax increases. The findings are consistent. The vote required to increase a tax or enact a new tax does not increase revenue growth.

The lack of impact of the SMVR on revenue growth may simply be due to the negotiation-driven, agenda setting process that already exists in the state legislature. The agenda setting literature stresses the importance of negotiation in the political process. The legislative vote takes place after legislators have had the opportunity to consider the state budget, constituencies, interest groups, other legislators, and their own re-elections. The process of negotiation exists regardless of minimum voting requirements. Therefore, states without a SMVR, are just as restricted on raising revenue as states with the SMVR due to the normal legislative policy making process.

Not only do SMVRs not slow revenue growth, they do not impact the reliance on the regressive sales tax or the sales tax rate. With the exception of Arkansas, states with the SMVR on individual income taxes also have the SMVR on sales taxes. Therefore, the regressivity of a state's tax system is not likely to be based on the existence of the SMVR.

The bottom line is that the states that require a supermajority do not seem to be either better or worse off. States without the supermajority requirement are not victims of the "tyranny" of the simple majority. Therefore, it appears that the additional constraint of a supermajority requirement is unnecessary. The lack of significance of the voting requirement variables is relevant. It brings into question the necessity of having such requirements. The findings buttress the notion that state legislatures innately have political limits within its institutions and procedures that are effective- at least on the issue of raising taxes. However, establishing such a requirement simply may be a political tool to appear more fiscally constrained.

APPENDIX**Variable Measurement**

- **Total revenue per capita (DV)** = Total revenue from State Government Finances divided by 2006 population estimate. Sources: US Census Bureau- State & County Quickfacts and State Government Finances
 - **Sales tax rate (DV)** = Source: National Conference of State Legislatures
 - **Sales tax as percent of total revenue (DV)** = Source: US Census Bureau- State Government Finances
 - **Total revenue growth (DV)** = Growth from 2000 to 2006. Source: US Census Bureau- State Government Finances
 - **Sales tax revenue growth (DV)** = Growth from 2000 to 2006. Source: US Census Bureau- State Government Finances
 - **Income tax revenue growth (DV)** = Growth from 2000 to 2006. Source: US Census Bureau- State Government Finances
 - **SMVR (IV)** = Dummy variable coded 1= supermajority, 0= simple majority. Source: National Conference of State Legislatures
 - **VOTE (IV)** = The required percent. Source: National Conference of State Legislatures
 - **Governor (CV)** = Dummy variable coded 1= Republican, 0= if otherwise
 - **Food tax (CV)** = Dummy variable coded 1= have tax on food, 0= if otherwise
 - **State unemployment rate (CV)** = US Census Bureau
 - **State income per capita (CV)** = US Census Bureau
 - **Other revenue & expenditure limits (CV)** = Source: National Conference of State Legislatures
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