



**PROSPERITY FOR US**  
FOUNDATION

# **MAKING AMERICA AFFORDABLE AGAIN**

## **A New Generation of Fiscal Rules**

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Across the nation, government and business leaders are engaged in an ongoing effort to stimulate economic recovery and growth. This should result in bringing prices down and thereby increasing the affordability of the costs of living and doing business. While the current annual inflation rate for the 12 months ending in November 2025 is down to 2.74% -- down from 3.0% in September, it is still above the 2 percent target inflation rate set by the Federal Reserve. Inflation is ubiquitous, impacting virtually all the goods and services that citizens buy, and it takes time in the face of such ubiquity to bring it down.

One of the most important “affordability” challenges that citizens face is the rising cost of housing. Home prices have increased more rapidly than inflation and homeowners now face sharply higher property taxes. The cost of home ownership has also increased due to higher costs for insurance, utilities, home maintenance, etc. President Trump promised to push hard for lower mortgage rates, but mortgage rates are still stuck above 6 percent. Inflation is simply pricing many citizens out of the housing market and for many citizens, especially younger generations, the dream of home ownership is disappearing – or at the very least delayed.

In recent decades the statutory rules and norms for fiscal and monetary policy have failed to constrain inflation. We now rely on discretionary policies, and the outcome has been increased government spending fueled by inflationary monetary expansion. We can no longer rely on discretionary fiscal and monetary policies to make America affordable again.

The tax revolt launched in the 1970s included efforts to enact new fiscal rules at all levels of government, including the federal government. The resolutions to incorporate new fiscal rules at the federal level, often referred to as balanced budget rules, were supported by a large majority of citizens. Unfortunately, the resolutions proposing a balanced budget amendment in the U.S. Constitution never achieved the two-thirds majority in Congress required to submit the proposed amendment to citizens for ratification. Citizens were more successful in enacting the new fiscal rules at the state and local level.

We have learned a great deal from the new generation of fiscal rules enacted since the tax revolt launched by Prop 13 in California in 1978. Effective fiscal rules must be incorporated in the federal and state constitutions; statutory fiscal rules are too easily circumvented or suspended. First, constitutional fiscal rules provide greater transparency and accountability. Second, elected officials who violate constitutional fiscal rules face the wrath of, and rejection by voters at the polls.

The most effective fiscal rules have been enacted through direct democracy. Constitutional fiscal rules enacted through initiative and referendum give citizens a direct voice in fiscal policy rather than relying on discretionary fiscal policy decisions by their elected officials. When constitutional fiscal rules are enacted through initiative and referendum, they are more likely to reflect the interests of taxpayers. When the rules are enacted as statutory measures through the legislature, they are more likely to reflect the influence of special interest and partisan politics.

A combination of constitutional fiscal rules is required to protect citizens from burdensome taxation at each level of government. We propose four state constitutional fiscal rules that have proven to be effective in protecting taxpayers.

Protecting individual taxpayers requires a fiscal rule similar to California's Prop 13. Prop 13 was enacted through citizen initiative in 1978 in response to inflationary increases in property taxes. Prop 13 capped the increase in assessed value of homes. The fiscal rule that we propose would fix the assessed value of homes at the purchase price for as long as a property owner retains ownership. When the home is sold, the assessed value is adjusted to the new purchase price. This fiscal rule eliminates taxation of unrealized capital gains in the home for the homeowner. If the home is inherited the heirs also benefit from a step up in the assessed value to the market value. They in turn can benefit from the fixed assessment value at this step-up value for as long as they live in the home (see appendix Amendment 1).

The second proposed rule is designed to protect citizens from government actions or inactions that cause devaluation of their property. It grants owners of real or intellectual property the right to a jury trial for just compensation when governments diminish the value of their property (see Appendix Amendment 2).

The third fiscal rule that we propose is based on Colorado's Taxpayer Bill of Rights Amendment (TABOR), a citizen initiative enacted in 1992. This rule caps the rate of growth in revenue and spending for state and local governments at the rate of population growth plus the rate of inflation up to 2.0%. If any jurisdiction wants to spend revenue in excess of the cap they must have voter approval. Voter approval is also required for any new taxes or debt or increase in existing taxes (see appendix Amendment 3).

The fourth fiscal rule that we propose is based on the Swiss debt brake. This rule caps the growth in federal spending at the rate of growth in population plus inflation up to 2%. The rule would exempt spending for Social Security Old Age and Survivor Insurance. It also exempts spending for national emergencies approved by two thirds vote of both houses of Congress and signed by the President (see Appendix Amendment 4).

This combination of fiscal rules is required to protect taxpayers from burdensome taxes and government actions that diminish the value of their property. From the perspective of individual taxpayers, it is the total tax burden imposed by all levels of government that is important. With these rules in place citizens can plan and make decisions with certainty regarding their total tax burden; and are protected from government actions that reduce the value of their property without just compensation.

Interest groups that benefit from inflationary increase in taxation and spending will oppose these rules. There is a simple answer to demands for more taxes and debt. With these rules in place all that governments must do is ask voters for approval. In Colorado, the TABOR constitutional amendment has been protecting taxpayers for decades. Citizens have voted on hundreds of ballot measures to increase taxes and debt, and to spend surplus revenue. At the local level these ballot measures are often passed, but few ballot measures to increase taxes and debt at the state level have passed.

Colorado citizens have more confidence in the ability of local governments to spend tax dollars wisely. As an overall matter and objective, TABOR has strengthened the institutions of direct democracy and federalism in Colorado.

With the proposed constitutional rules in place the institutions of direct democracy and federalism would be strengthened throughout America. The key to the success of the proposed rules is that they are constitutional rather than statutory rules. The statutory rules now in place leave too much discretion to elected officials, and it is too easy for them to circumvent or suspend statutory fiscal rules.

Enacting the proposed rules as constitutional amendments will require support from citizens and state legislators to place the measures on the ballot. We are launching a petition drive in each state to mobilize support for the proposed constitutional amendments with a goal of placing them on the ballot in every state in 2026. With these constitutional fiscal rules in place citizens rather than politicians and special interest groups would decide how much taxes they must pay.

Is there anything more demeaning than thousands of homeowners showing up at their assessor's office pleading for relief from inflationary increases in their property taxes? The proposed fiscal rules would reverse this process, any jurisdiction that wants to increase taxes or debt or spend surplus revenue would have to make their case at the ballot box and receive voter approval.

# Appendix

## State Constitutional Amendment Policy to Establish Property Tax Caps

*This proposed constitutional policy both (i) caps a home or business owner's annual property taxes at the same amount at the time of purchase and (ii) requires approval by the property owners of new or increased property rates or taxes in the district.*

### **The Need**

- The primary drivers of real property tax increases are both rising property value assessments and increased tax rates.
- Increased local government spending causes the local governments to administratively deploy property assessments to increase property tax revenues.
- The ability of local governments to increase unilaterally property tax assessments is taxing unrealized and therefore speculative gains in the value of the owner's property. This is no different than taxing the unrealized gains in one's 401K!
- The ability of local government to threaten seizure and forfeiture of a property if the increased taxes are not paid continuously dilutes the private ownership of the property.
- For those with low or fixed incomes, increasing property taxes can exceed the monthly mortgage and force the sale or forfeiture of the property and the dislocation of the owner, if the property owner is unable to pay the taxes.
- State constitutions are the most lasting vehicle by which to provide a perpetual check on what is essentially "runaway" local government taxation of property by enabling the voters to review and approve such increases in their taxes.
- In conclusion, there should be "No New Property Taxes or Fees Without Voter Approval" and that:
  - Home and business property taxable values shall be based on the valuations from the year before ratification or the actual sale price after ratification.
  - A property's taxable assessment cannot increase unless it is sold or substantially changed or improved by construction at which time the taxable value shall be the fair market value.
  - The all-county property tax and fee rate (millage rate) for the first fiscal year after ratification shall be determined by dividing the total property tax revenues plus property-related fees (e.g., impact fees) by the county's total taxable valuations from the year before ratification.

### **The Essential Components of a Strong Property Tax Limitation Constitutional Policy**

- In general, home and business property taxable values should be based on the valuations from the year before ratification or the actual sale price after ratification.

- No Increase in the Landowner's Property Tax Until Sold, Substantially Improved by Construction, or Transferred. Any increase in assessed taxable value notwithstanding, there can be no increase in the tax the landowner's property since its purchase or acquisition until the property is sold, substantially improved by construction, or transferred at which time the assessed taxable value shall be the fair market value of the property.
- Annual Adjustment of Taxable Value. Taxable value shall be changed annually on January 1st of each year; but shall not exceed the lower of the following: fair market value, the increase/decrease in the previous year's taxable value by the lesser of two (2.0%) or the annual percent change up or down in the Consumer Price Index.
- Sale Adjustment of Taxable Value. After any change of ownership, as provided by general law, the property shall have a taxable value equal to the purchase price and only applied:
  - At the time of sale or change of ownership, including the sale of parcels; or
  - When the cost of substantial structural size additions, excluding repairs or replacement of structures, are completed.
- Millage Tax Percentage Cap. Each county's property millage tax percentage is capped as of January of the year following the Amendment's approval. The county millage tax cap percentage shall include: All ad valorem property taxes levied in the previous year plus all lean enforceable fees, fines, assessments, charges, and levies unless approved by a majority vote of affected-property-owners divided by the counties total of all tangible property's taxable value.
- Tax Cap Increases Only By a Vote of the Property Owners. An increase in the county millage tax cap percentage or any sub-county property taxing district or special assessment district must be approved by a majority vote of the county, district or special assessment district property owners for up to 30 years provided the ballot states the estimated total property taxes over the assessable years.

#### **State Constitutional Amendment: Jury – Determined Compensation for Property Devaluations Caused by Regulatory Takings**

This resolution reaffirms that the U.S. Constitution—and America's Founders unequivocally recognize patents and copyrights as essential forms of property, granting inventors and authors exclusive rights to benefit from their creations. By citing James Madison, Thomas Jefferson, Alexander Hamilton, Benjamin Franklin, and Supreme Court precedents such as *James v. Campbell* and *Horne v. Department of Agriculture*, the resolution underscores the requirement that any governmental mandate to lower prices without just compensation constitutes an unconstitutional taking. Accordingly, this model policy urges all affected parties to take legal action to enforce the "takings" clauses of the US Constitution and encourages state legislatures and citizens' initiative campaigns to propose a state property rights amendment that reinforces the US Constitution's "takings" clauses by mandating jury determined compensation for federal and state actions or inactions devaluing intellectual and real private property.

**WHEREAS**, the U.S. Constitution explicitly states in Article I, Section 8, Clause 8 that Congress has the power “to promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries,” thereby establishing constitutional protection for inventions and intellectual property;

**WHEREAS**, Charles Pinckney introduced specific constitutional language advocating “to secure to literary authors their copyrights for a limited time, and to inventors their patents,” highlighting the original intent of the framers to protect and incentivize innovation.

**WHEREAS**, James Madison in Federalist No. 43 emphasized intellectual property as a rightful and necessary protection stating, “The right to useful inventions seems with equal reason to belong to the inventors,” underscoring constitutional recognition of patent property rights.

**WHEREAS**, the U.S. Constitution expressly protects property rights more generally in the following sections:

Amendment V: “...nor shall private property be taken for public use, without just compensation;”

Amendment XIV, Section 1: “...nor shall any State deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws.”

**WHEREAS**, James Madison affirmed that “Government is instituted to protect property of every sort; as well that which lies in the various rights of individuals, as that which the term particularly expresses,” underscoring intellectual property rights as foundational to individual liberty and economic growth.

**WHEREAS**, Thomas Jefferson emphasized the critical importance of patent protections stating, “Certainly an inventor ought to be allowed a right to the benefit of his invention for some certain time,” thereby recognizing patents as necessary incentives for innovation.

**WHEREAS**, Alexander Hamilton articulated clearly in his Report on Manufactures that “To cherish and stimulate the activity of the human mind... is not among the least considerable of the expedients, by which the wealth of a nation may be promoted,” highlighting the economic necessity of patent rights.

**WHEREAS**, Benjamin Franklin, himself an esteemed inventor, advocated strongly for rewarding innovation by emphasizing, “As we enjoy great advantages from the inventions of others, we should be glad of an opportunity to serve others by any invention of ours,” thus promoting intellectual generosity balanced with rightful reward.

**WHEREAS**, James Wilson, a foundational figure in American jurisprudence, stated, “Without a wise and stable government, no people can long prosper,” clearly identifying stable protection of intellectual property as essential to national prosperity and economic stability.

**WHEREAS**, in *James v. Campbell* (1881), the United States Supreme Court held that “[A patent] confers upon the patentee an exclusive property in the patented invention which cannot be appropriated or used by the government itself, without just compensation, any more than it can appropriate or use without compensation land which has been patented to a private purchaser.”

**WHEREAS**, in *Horne v. Department of Agriculture* (2015), the United States Supreme Court reiterated “[t]he Takings Clause provides: “[N]or shall private property be taken for public use, without just compensation.” U. S. Const., Amdt. 5. It protects “private property” without any distinction between different types.” The Court, in reinforcing this holding, further cited *James v. Campbell* that the government has a categorical duty to compensate property owners, including patent holders, when appropriating their property rights.

**NOW, THEREFORE, BE IT RESOLVED:**

That this legislative chamber reaffirms the foundational role of robust real and intellectual property rights as essential to fostering innovation, economic growth, and national prosperity.

That arbitrary federal state or local governmental interference with patent protections and intellectual property rights undermines constitutional principles, economic stability, and innovation incentives to invent lifesaving medicines.

That all legislative bodies and public officials are encouraged to protect and uphold real, personal, and intellectual property rights, ensuring they are safeguarded against arbitrary waiver, infringement, or price setting measures.

That legal action be taken to “require just compensation...if the government appropriates a property right, including patents” as stated clearly by the US Supreme Court in: *James v. Campbell* (1881) and *Horne v. Department of Agriculture* (2015).

That state legislatures and citizen initiative campaigns be encouraged to propose for voter approval a model Property Rights State Amendment such as:

*“Neither a person nor their business may be denied by the [State] the exclusive right to occupy, control, use, sell, license, lease or otherwise transfer real, personal, or intellectual property at fair market value, “without due process of law; nor shall private property or Authors’ and Inventors’ exclusive Rights to their respective Writings and Discoveries” “be taken for public use without just compensation” as determined by “the right of trial by jury” held within one year for monetary damages, interest, attorney’s fees and court costs caused by federal, state or local enforcement actions or inactions.*

That a copy of this resolution be transmitted to state legislatures, federal lawmakers, and executive offices, urging their continued commitment to the principles and protections of intellectual property enshrined by America's Constitutional Framers and Founding Fathers.

**State Constitutional Amendment to Oppose New State Taxes, Increased Spending, and Debt Without Voter Approval**

The total state and local government debt in the U.S. was estimated to be over \$5 trillion in 2022. The 7th edition of the [ALEC Unaccountable and Unaffordable](#) reported that unfunded public pension liabilities across the 50 states total up to nearly \$7 trillion nationwide. The Colorado constitution's Taxpayer's Bill of Rights (TABOR), approved in 1992, is, according to ALEC: "...the gold-standard of "[Tax and Expenditure Limitations](#)," a type of policy that imposes limits on the amount of money government can tax and spend. TABOR limits the growth of state revenue to a rate of population growth plus inflation. For example, [in 2023](#) the population growth in Colorado to 0.7% and inflation was 3.5%, leading to a total allowable growth rate of 4.2%. That growth rate is applied to the previous year's limit to calculate the new limit. Any money collected over the limit must be returned to taxpayers. This mechanism ensures that the growth of government does not exceed the growth of the economy." <https://alec.org/article/thank-you-tabor-colorado-owes-1-7-billion-to-taxpayers>: Oct.16, 2024)) Billions of dollars have been returned to Colorado taxpayers over the years since TABOR began. Given the alarming collective state and local debt levels – and the consequential current and future tax burden imposed on taxpayers in each state, the citizenry of each state, respectively, need a long-term assurance that spending, and taxes can and will be controlled. This can only be assured with a state constitutional amendment – a fiscal responsibility box – which sets specific standards and measurable criteria to govern spending and taxes – and which must be approved by the citizens of the state.

**WHEREAS**, States through their respective constitutional amendment processes should adopt fiscal responsibility amendments that

- (I) impose limits on the amount of money government can tax and spend,
- (II) tie the growth of state revenue to a rate of population growth plus inflation, and
- (III) require any increases above an established formula in spending and taxes are to be approved by a vote of the citizens.

**WHEREAS**, neither the State nor its political subdivisions should increase, in excess of a 4-year moving average of inflation up to [2.5%] and the change in population

- (i) total annual spending, including obligations of the treasury faster than the people's increase in after tax income,

- (ii) any new or increased tax, or
- (iii) debt of the general treasury without voter approval.

**BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF {insert state}:**

**Section 1.** The following amendment to the Constitution of the State of {insert state} is proposed and agreed to by this, the {insert name of state legislature}, and is referred to the next Legislature for reconsideration and agreement.

**Section 2. ARTICLE XX, SECTION XX OF THE CONSTITUTION OF THE STATE OF {INSERT STATE} IS AMENDED TO READ AS FOLLOWS:**

Sec. \_\_\_\_\_ State and Local Government Spending and Growth Limits

**State Fiscal Year Spending Growth Limits:** “The state’s total fiscal year maximum annual percentage change in [STATE]’s fiscal year total spending are determined by the 4-year moving average rate of inflation up to [2.5%].” (Source: U.S. Bureau of Labor Statistics Consumer Price Index) and the annual percentage change in state population during the prior calendar year.” (Source: U.S. Census Bureau Official Annual Population Estimates).

**Local District Fiscal Year Spending Growth Limit:** “Each local taxing district’s maximum annual percentage change in fiscal year total spending limit shall be changed annually by the 4-year moving average rate of inflation up to [2.5%] inflation plus the percentage change in the political subdivision’s population during the prior calendar year.” (Source: U.S. Census Bureau Official Annual Population Estimates).

**Excess Revenues:** “Excess revenues over the annual revenue limit up to [TBD]% shall be deposited in an interest-bearing Rainy-Day Fund and only used to pay for expenses up to the Spending Limit. Excess revenues above the Rainy-Day Fund Cap shall be refunded or, upon voter approval, used to repay debt.

**No New Spending, Taxes, or Increases in General Government Debt Without Voter Approval:** “Neither [STATE] nor its political subdivisions shall increase in excess of a 4-year moving average of inflation up to [2.5%] and the percentage change in population ((i) total annual spending, including obligations of the treasury faster than the people’s increase in after tax income, (ii) any new or increased tax, or (iii) debt of the general treasury without approval of the voters or those in relevant in-state region or district.”

**Whistleblower Right to Jury Trial:** “Any citizen of [STATE] is entitled to a jury trial within 12 months. If the jury finds [STATE]’s executive, judicial or legislative branches or its political subdivisions have violated the provisions of this Amendment, the Whistleblower shall be entitled to reasonable attorneys’ fees, court costs and an award not to exceed twenty times attorney’s fees and court costs.”

## **State Constitutional Policy Amendment for Primary Disqualification for Congress' Inflationary Over Spenders**

Decades of runaway spending by the Congress have resulted in the current federal national debt of \$37.4 trillion. The 2025 federal deficit is projected to be \$2 trillion. Many analysts warn that our nation's growing debt will inevitably lead to a financial and economic crisis.

While a federal constitutional Article V fiscal responsibility Amendment has been long advocated, the States and their citizens have an additional opportunity through their respective constitutions to impose responsibility and accountability for overspending by its congressional delegation in either House of Congress. In short, they are party to the inflationary overspending that penalizes the states and the citizenry – and they should be held accountable to the voters.

Under federalism, the States are the core unit of government in our republic and their delegations to the Congress must be constantly mindful of their fiduciary responsibility to the taxpayers. In this connection, Article I, Section 4 of the U.S. Constitution inherently declares the primacy of the States in determining qualifications for their primary elections for Congress.

"The Times, Places, and Manner of holding Elections for Senators and Representatives, shall be prescribed in each State by the Legislature thereof..."

To ensure accountability by Members of the state's delegation to the House and Senate and who have caused by their votes continued inflationary overspending, such members of the State's delegation should be ineligible to participate in the next general election's primary process, which is the province of each state to determine its primaries operations and eligibility.

### **The Constitutional Policy Description**

No member of the [state's] delegation to the Congress] shall be eligible for the primary ballot following a fiscal year where total federal spending, excluding Social Security and national emergencies approved by 60% of Congress, exceeds the 4-year moving average annual increase in disposable personal income as calculated by the Bureau of Economic Analysis."

The Secretary of State would be empowered to certify whether each of the state's Member of Congress has complied or if necessary, prevent primary ballot access.



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