

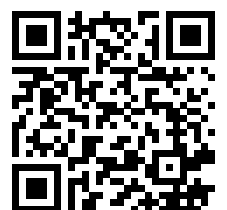
Constitutionally protecting Idaho's spending limit

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Introduction

Idaho has a long history of fiscal responsibility. Sound budgeting practices, a growing economy, and a deliberately restrained state government have helped the Gem State to maintain competitive tax rates and healthy financial reserves. Central to this record is Idaho Code Section 67-6803, the statutory Tax and Expenditure Limitation (TEL), which has been the law since 1980.¹

The TEL limits Idaho General Fund expenditures to roughly 5.33% of total state personal income (which mirrors Idaho's flat personal income tax rate of 5.3%). Although there are some adjustments for program transfers and federal funding, this ceiling has kept state government spending aligned with the Idaho economy.

In the current era, Idaho is seeing substantial political change resulting from domestic in-migration. People are moving to Idaho from the West Coast, and voting patterns are changing.² Unfortunately, the current TEL can be overridden by a simple majority vote of the legislature, and in an environment of volatile revenues and federal policy shifts, this leaves Idaho's fiscal guardrails vulnerable.

It is time to elevate the existing limitation in Idaho Code Section 67-6803 into the state constitution. This would guarantee the fiscal discipline that has served the state so well in the past and protect our future generations from potential government expansions that would overburden the state's productive economy.

The best choice would be to create constitutional limits on both expenditures (at the current 5.33%) and taxation (at the current 5.3%). Both provisions should be added to the state constitution. Enacting separate limits would buttress the protections by making it necessary to change both provisions to raise spending because Article VII, Section 11 of the Idaho State Constitution already prohibits deficit spending.³



Mountain States Policy Center's Sawtooth Leadership Academy trains tomorrow's leaders in the lessons of free markets and civility. As part of the program, each student is asked to pick a research topic of their choosing and write a paper. The contents of the Sawtooth Papers represent the work, research, views and opinions of the student authors. This paper does not constitute an endorsement by Mountain States Policy Center of the views reflected.

¹ Idaho Code Title 67, available at <https://law.justia.com/codes/idaho/title-67/chapter-68/section-67-6803/>

² "Idaho Voter Registration," Independent Voter Project, available at <https://independentvoterproject.org/voter-stats/id>

³ Constitution of the State of Idaho, available at <https://legislature.idaho.gov/statutesrules/idconst/artvii/sect11/>

KEY INFORMATION COLUMN

IDAHO'S FISCAL LIMITS

5.33%

General Fund spending limit as a share of state personal income

5.3%

Income tax rate the author proposes constitutionally protecting

Figures and proposal cited in the paper's introduction (notes 1 and 3).

Simply elevating the current limits, which are already popular in the state, would be politically easier than creating new limits. This is necessary because amending the state constitution requires a supermajority of both legislative houses as well as a popular vote.⁴

History of Idaho's Spending Limit

Idaho's General Fund expenditure limit was passed in 1980 and has served the state well for almost 50 years.⁵ The central rule of this limitation, which ties spending to a fixed percentage of statewide personal income, creates a transparent, formula-driven (and therefore apolitical) ceiling.

Adjustments to the TEL limit are allowed only in very narrow circumstances, such as program cost shifts between state and local government, or major cuts in federal support for state programs.

This approach has kept state spending well below the statutory limit in recent years.⁶ This low spending has greatly benefited Idaho's future by making room for one-time investments, tax relief, and the building of 'rainy day' reserves of state funds.⁷

The TEL has also fostered a culture of fiscal prioritization in Boise. When revenues grow, the limit reminds policymakers that permanent spending should not expand at the same pace, because in future years revenue may not continue. Having to plan for lean times in the future makes Idaho lawmakers forward-thinking and encourages them to care as much about future generations as they do about current spending.

But history shows that spending limits enacted by ordinary statute can be weakened, suspended, or repealed when political winds change. Locking the TEL in as a part of the state Constitution would protect future generations.

Review of Other States

There are presently 9 states with purely constitutional limits on state expenditures, 9 states (including Idaho) with purely statutory limits, and 2 states (Colorado and Oregon) which have both statutory and constitutional limits.

Constitutional TEL only (9 states):

- Alaska (Alaska Constitution, art IX § 16)⁸
- Arizona (Arizona Constitution, art IX, § 21)⁹
- California (California Constitution, art XIII B §§ 1-12)¹⁰
- Florida (Florida Constitution, art VII, § 1(e))¹¹

⁴ IBID.

⁵ Fiscal Rules, Idaho, available at <https://www.fiscalrules.org/state/idaho/>

⁶ Idaho Budget Report, National Association of State Budget Officers, available at <https://www.nasbo.org/mainsite/resources/proposed-enacted-budgets/idaho-budget>

⁷ "Strength of State Rainy Day Funds Declines as Budgets Tighten" Page Forest and Justin Thiel at Pew.org, March 24, 2026, available at <https://www.pew.org/en/research-and-analysis/articles/2026/03/24/strength-of-state-rainy-day-funds-declines-as-budgets-tighten>

⁸ Alaska State Constitution, available at <https://ltgov.alaska.gov/information/alaskas-constitution/>

⁹ Arizona State Constitution, available at <https://www.azleg.gov/constitution/>

¹⁰ California State Constitution, available at <https://leginfo.legislature.ca.gov/faces/codesTOCSelected.xhtml?tocCode=CONS&tocTitle=+California+Constitution+-+CONS>

¹¹ Florida State Constitution, available at <https://www.flsenate.gov/laws/constitution>

The paper compares constitutional and statutory tax and expenditure limits in other states.

Constitutional TEL only (continued)

- Hawaii (Hawaii Constitution, art VII § 6)¹²
- Michigan (Michigan Constitution, art IX §§ 26-34)¹³
- Missouri (Missouri Constitution, art X, §§ 16-24)¹⁴
- Oklahoma (Oklahoma Constitution, art X, §23)¹⁵
- Tennessee (Tennessee Constitution, art II, §24)¹⁶

Statutory TEL only (9 states):

- Connecticut (Connecticut General Statutes §2-33a)¹⁷
- Idaho (Idaho Code §67-6803)¹⁸
- Indiana (Indiana Code § 4-10-21)¹⁹
- Maine (Title 5, §1534)²⁰
- Massachusetts (Massachusetts General Laws ch. 62F)²¹
- Nevada (Nevada Revised Statutes §353.213)²²
- New Jersey (New Jersey Statutes §§ 52:9H-24 to 52:9H-31)²³
- North Carolina (North Carolina General Statutes § 143C-4-6)²⁴
- Washington (Revised Code of Washington 45.135 RCW)²⁵

Both constitutional and statutory TELs (2 states):

- Colorado (Colorado Constitution, art X § 20)²⁶
- Oregon (Oregon Constitution art IX §14)²⁷

It should be noted that Colorado is widely regarded as the state with the strongest TEL protections. The Colorado Taxpayers Bill of Rights (TABOR) was passed in 1992 and operates both constitutionally and statutorily.²⁸ The TABOR has effectively constrained Colorado state expenditures even as in-migration has led to Colorado politics moving dramatically leftward over the last 20 years.

¹² Hawaii State Constitution, available at <https://law.justia.com/constitution/hawaii/>

¹³ Michigan State Constitution, available at <https://www.legislature.mi.gov/Laws/Constitution>

¹⁴ Missouri State Constitution, available at <https://revisor.mo.gov/main/Home.aspx?constit=y>

¹⁵ Oklahoma State Constitution, available at https://www.oklegislature.gov/ok_constitution.aspx

¹⁶ Tennessee State Constitution, available at <https://sos.tn.gov/publications/services/tennessee-constitution>

¹⁷ Connecticut General Statutes, available at <https://law.justia.com/codes/connecticut/title-2/chapter-16/section-2-33a/>

¹⁸ Idaho Code, available at <https://law.justia.com/codes/idaho/title-67/chapter-68/section-67-6803/>

¹⁹ Indiana Code, available at <https://law.justia.com/codes/indiana/title-4/article-10/chapter-21/section-4-10-21-5/>

²⁰ Maine Statutes, available at <https://legislature.maine.gov/statutes/5/title5sec1534.html>

²¹ Massachusetts General Laws, available at <https://malegislature.gov/Laws/GeneralLaws/PartI/TitleIX/Chapter62F>

²² Nevada Revised Statutes, available at <https://www.fiscalrules.org/state/nevada/>

²³ New Jersey Statutes, available at <https://law.justia.com/codes/new-jersey/2009/title-52/section-52-9h/>

²⁴ North Carolina General Statutes, available at https://www.ncleg.gov/enactedlegislation/statutes/html/bysection/chapter_143c/gs_143c-4-6.html

²⁵ Washington Revised Code, available at <https://app.leg.wa.gov/rcw/default.aspx?cite=43.135&full=true>

²⁶ Colorado State Constitution, available at <https://law.justia.com/constitution/colorado/cnart10.html>

²⁷ Constitution of the State of Oregon, available at <https://codes.findlaw.com/or/oregon-constitution/or-const-art-ix-sect-14/>

²⁸ Colorado Taxpayer Bill of Rights, available at <https://tax.colorado.gov/TABOR>

The author argues that constitutional limits offer greater durability than ordinary statutes.

California is also a case worthy of extra discussion. The California ‘Gann Limit’ was passed by Constitutional Amendment in 1979. However, modifications in 1990 (also by Constitutional Amendment) effectively gutted its provisions, with a laundry list of expenditures excluded from the provision.²⁹

Washington State technically has a statutory TEL, requiring a supermajority to increase spending. However, the supermajority requirement itself can be suspended by a simple majority, and the state legislature has regularly exceeded the statutory spending limit by simply voting (by simple majority) to suspend the supermajority requirement, then voting (again by simple majority) to suspend the TEL itself, and then voting a third time (with exactly the same simple majority) to pass the new spending.³⁰ Obviously, this makes the statutory TEL completely toothless.

Nevada has a statutory TEL, but that statute is buttressed by a constitutional requirement for a 2/3 supermajority of the legislature to raise taxes (Nevada Constitution, Art 4, §18.2), so that a supermajority would be required to override the TEL.³¹

Reasons to Move to a Constitutional Model

There are five primary reasons to move from a statutory model to a constitutional model for the Idaho Expenditure Limit;

Permanence and Durability: A constitutional provision cannot be altered by ordinary legislation. No states that have had a Constitutional Expenditure Limit have ever repealed that limit. By contrast, four states with merely Statutory Expenditure Limits (Ohio³², Utah³³, Washington³⁴ and Wisconsin³⁵) have repealed them or revised them so dramatically that they are no longer effective. Changing a constitutional limit would mean a new constitutional amendment, requiring a two-thirds majority of each house followed by approval by the voters. This would protect the limit from suspension by new majorities or in response to short-term fiscal temptations.

Greater Transparency and Predictability: A clearly stated formula-based spending limit in the Constitution sends a clear signal to taxpayers, businesses, and investors that Idaho is serious about fiscal discipline in the long term. This will encourage investment and also encourage out-of-state investors to relocate to Idaho.

Stronger Protection against spending overgrowth: Linking General Fund expenditures to personal income growth ensures that the government cannot expand faster than the ability of Idahoans to pay for it. Enshrining this principle in the state Constitution makes it far more difficult for future legislators to come up with ways to circumvent it.

²⁹ “The Gann Limit Turns 25,” Michael J. New at Cato Institute, October 28, 2004, available at <https://www.cato.org/commentary/gann-limit-turns-25>

³⁰ “The Path to Real Tax Reform Requires a Spending Limit,” Ryan Frost, April 9, 2026, available at <https://www.washingtonpolicy.org/publications/detail/the-path-to-real-tax-reform-requires-a-spending-limit>

³¹ Nevada State Constitution, available at <https://codes.findlaw.com/nv/nevada-constitution/nv-const-art-4-sect-18/>

³² “A Review of Tax and Expenditure Limits and Their Impact on State and Local Government in Ohio,” Edward W. Hill, et al, Cleveland State University, March 1, 2006, available at https://engagedscholarship.csuohio.edu/cgi/viewcontent.cgi?article=1534&context=urban_facpub

³³ Fiscal Rules, Utah, available at <https://www.fiscalrules.org/state/utah/>

³⁴ “The Path to Real Tax Reform Requires a Spending Limit,” Ryan Frost, April 9, 2026, available at <https://www.washingtonpolicy.org/publications/detail/the-path-to-real-tax-reform-requires-a-spending-limit>

³⁵ “Information Paper #15; County and Municipal Expenditure and Revenue Limits,” Noga Ardon, Wisconsin Legislative Fiscal Bureau, January 2023, available at https://docs.legis.wisconsin.gov/misc/lfb/informational_papers/january_2023/0015_county_and_municipal_expenditure_and_revenue_limits_informational_paper_15.pdf

KEY INFORMATION
COLUMN

A constitutional amendment would require legislative approval and a vote of the people.

Nothing in this publication shall be construed as an attempt to aid or hinder the passage of any legislation.

Alignment with Best Practices: Research on tax and expenditure limits finds that Constitutional limits are much more effective than purely statutory ones.³⁶ They are both followed more often and eliminated less often.³⁷

Competition with other states: Having an expenditure limit enshrined in the state Constitution will make Idaho more attractive to investors than other, competing states that do not have Constitutional spending limits.

Conclusion

Idaho’s statutory Tax and Expenditure Limit (Idaho Code § 67-6803) restricts General Fund expenditures to approximately 5.33% of total state personal income. The existing limit should be elevated into the Idaho Constitution via constitutional amendment to provide for greater durability, transparency, and protection for taxpayers. A constitutional amendment is the right course of action because the current limit exists only in statute and can be repealed by a simple majority vote of the state legislature.

Moving the existing limits and formula into the Constitution would not require any changes to state expenditures, and would simply formally enshrine the current limit, which has been the law since 1980, in the state Constitution.

³⁶ “What are Tax and Expenditure Limits?” Tax Policy Center, available at <https://taxpolicycenter.org/briefing-book/what-are-tax-and-expenditure-limits>

³⁷ “Tax and Expenditure Limits,” Kim S. Rueben and Megan Randall, Urban Institute, November 27, 2017, available at <https://www.urban.org/research/publication/tax-and-expenditure-limits>



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