

May 11, 2006

S 1323. TAXPAYER PROTECT ACT. Filed 5/11/06. *TO IMPOSE CONSTITUTIONAL LIMITS ON THE GROWTH OF THE STATE BUDGET.* Requires a referendum during November 2006 general election on proposed amendment to the NC Constitution that would limit the annual growth of the state budget to a percentage equal to the sum of annual inflation and the state's annual population growth rate. Permits the General Assembly to increase fiscal year spending in excess of the limit imposed by the amendment if the increase is approved by a three-fifths majority of each house.

Creates an Emergency Reserve Fund and Budget Stabilization Fund in the Office of State Budget and Management. Provides that if state revenues exceed the fiscal year spending limit, revenues in excess of the spending limit must be (1) transferred to the Emergency Reserve Fund to the extent necessary to ensure the fund balance at the end of the fiscal year is an amount equal to 3% of the fiscal year spending limit; and (2) any remaining state revenues in excess of the fiscal year spending limit must be transferred to the Budget Stabilization Fund to the extent necessary to ensure the fund balance at the end of the fiscal year equals 18% of the fiscal year spending limit. Any funds remaining after the foregoing transfers must be refunded to the taxpayers in the form of tax rebates or temporary tax rate reductions.

Prohibits state government from imposing on local government the costs of new programs or services or any increased costs in existing programs or services without a specific state appropriation to local government in an amount sufficient to cover the increased costs. Prohibits any reduction in state revenue paid to local governments as a group below the level in effect on July 1, 2007.

Intro. by Smith.

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