

January 25, 2007

S 14. TAXPAYERS' PROTECTION ACT. Filed 1/25/07. *TO IMPOSE CONSTITUTIONAL LIMITS ON THE GROWTH OF THE STATE BUDGET.* Requires a referendum during the May 2008 primary election on the adoption of new Article V-A (Taxpayers' Protection Act) of the NC Constitution to provide that the annual percentage change in state fiscal year spending must not exceed an amount equal to the rate of inflation plus the percentage change in state population during the prior calendar year, except where the General Assembly votes to increase that limit by a three-fifths majority vote of each chamber. Creates an Emergency Reserve Fund and requires that expenditures from that fund be made only for declared emergencies and be approved by a three-fifths majority vote of each chamber. Creates a Budget Stabilization Fund and authorizes expenditures from the fund only when necessary to make up the difference between the fiscal year spending limit and total state revenues in a particular year. In any year in which total state revenues exceed the fiscal year spending limit, the article requires the transfer of excess state revenues as follows: (1) to the Emergency Reserve Fund to the extent necessary to leave a balance equal to 3% of the spending limit at the end of that fiscal year and (2) if funds remain from state revenues for that fiscal year, to the Budget Stabilization Fund to the extent necessary to leave a balance equal to 18% of the spending limit at the end of that fiscal year. Requires that remaining funds be refunded to taxpayers as tax rebates or temporary tax rate reductions. Prohibits transfers of state cash fund principal from any state cash fund to the General Fund, except transfers from the Emergency Reserve Fund or the Budget Stabilization Fund. Further prohibits the state from imposing any portion of the costs of new programs or services on any unit of local government unless an appropriation reimburses the local government, and requires that the proportion of state revenue paid to all units of local government must not be reduced below the proportion in effect on July 1, 2006. Upon voter approval, amendment becomes effective beginning with the fiscal year beginning July 1, 2008.

Intro. by Smith.

CONST