

February 5, 2009

S 87. TAXPAYERS' PROTECTION ACT. Filed 2/5/09. *TO IMPOSE CONSTITUTIONAL LIMITS ON THE GROWTH OF THE STATE BUDGET.*

Amends the North Carolina Constitution by adding new Article V-A to establish a fiscal year spending limit, capping the annual growth of the state budget at a percentage equal to the sum of inflation and the annual percentage increase in the state's population. Allows for an increase beyond the fiscal year spending limit with approval of a three-fifths majority of the members of each chamber of the General Assembly. Establishes an Emergency Reserve Fund, funds from which may only be spent during a declared emergency with the approval of a three-fifths majority of each chamber of the General Assembly, and a Budget Stabilization Fund, which may only be used when state revenues are less than the fiscal year spending limit. Requires that in any year in which state revenues exceed the fiscal year spending limit, the State Controller will transfer excess funds first to the Emergency Reserve Fund to the extent necessary to keep that fund at 3% of the fiscal year spending limit, and then to the Budget Stabilization Fund until it equals 18% of the spending limit. Excess funds beyond that must be refunded to the taxpayers. Prohibits transfers from any state cash fund (aside from the Emergency Reserve and Budget Stabilization funds) to the General Fund, and proscribes imposition of the costs of new or increased program or service costs upon any unit of local government unless a specific appropriation is made sufficient to pay the unit of local government. The proportion of state revenue paid to all units of local government may not, under the act, fall below the proportion in effect on July 1, 2008. Includes a severability clause, allowing for adjustment of the fiscal year spending limit if any expenditure category or revenue source is deemed by a court to be exempt from the Article. Sets out the manner in which the amendment will be submitted to the voters of the state for referendum in May of 2010 and provides that if a majority of votes cast are in favor, the amendment becomes effective July 1, 2010.

Intro. by Tillman.

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