# GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2015

S 2

## SENATE BILL 607 Finance Committee Substitute Adopted 8/6/15

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Short Title: Taxpayer Bill of Rights.	(Public
Sponsors:	
Referred to:	
March 30, 2015	
A BILL TO BE ENTITLED AN ACT TO AMEND THE CONSTITUTION TO PROVIDE THE RATE ON INCOMES CANNOT EXCEED FIVE PEROCONSTITUTION TO PROVIDE FOR AN EMERGENCY SETO ENSURE THAT A RESERVE OF SURPLUS REVER CASE OF REVENUE SHORTFALLS; AND TO PROTECT NORTH CAROLINA WITH CONSTITUTIONAL LIMITS STATE SPENDING.	CENT; TO AMEND THE SAVINGS RESERVE FUND NUES IS AVAILABLE IN CT THE TAXPAYERS OF
The General Assembly of North Carolina enacts:	
PART I. MAXIMUM TAX RATE ON INCOME SECTION 1.(a) Section 2 of Article V of the Constitution as rewritten: "Sec. 2. State and local taxation.	ution of North Carolina reads
(6) Income tax. The rate of tax on incomes shall not percent, and there shall be allowed personal exemptions and incomes are taxed.	•
SECTION 1.(b) The amendment set out in this section qualified voters of the State at a statewide general election to be here election shall be conducted under the laws then governing election systems, or both may be used in accordance with Chapter 163 question to be used in the voting systems and ballots shall be:  [] FOR [] AGAINST  Constitutional amendment reducing the maximum States	eld on March 15, 2016, which as in the State. Ballots, voting of the General Statutes. The
percent to five percent."  SECTION 1.(c) If a majority of the votes cast on the amendment set out in subsection (a) of this section, the State Bo the amendment to the Secretary of State. The constitutional amend upon such certification and shall apply for taxable years beginning The Secretary of State shall enroll the amendment so certified amendment office.	e question are in favor of the bard of Elections shall certify dment shall become effective g on or after January 1, 2020

# PART II. EMERGENCY SAVINGS RESERVE FUND



 **SECTION 2.(a)** Article V of the Constitution of North Carolina is amended by adding a new section to read:

## "Sec. 15. Emergency Savings Reserve Fund.

<u>The Emergency Savings Reserve Fund is established in the State Treasury. Interest on money in the Emergency Savings Reserve Fund shall remain in the Fund.</u>

The General Assembly may, in its sole discretion, provide for the expenditure of funds from the Emergency Savings Reserve Fund. An act providing for the expenditure of funds in the Emergency Savings Reserve Fund shall become law only if two-thirds of all the members of each house vote to pass the bill.

No money shall be drawn from the Emergency Savings Reserve Fund but in consequence of appropriations from the Fund made by an act passed by two-thirds of all members in each house. The constitutional powers of the Governor do not authorize (i) the expenditure of money in the Emergency Savings Reserve Fund without an appropriation by the General Assembly or (ii) the diversion for other purposes of money appropriated from Emergency Savings Reserve Fund by the General Assembly.

This section shall not be construed to prevent the General Assembly from authorizing by statute the use of money in the Emergency Savings Reserve Fund on a temporary basis to meet the cash flow needs of the State."

**SECTION 2.(b)** Article II, Section 22 of the Constitution of North Carolina is amended by adding a new subdivision to read:

"(3a) Bills providing for the expenditure of funds from the Emergency Savings Reserve Fund. Every bill providing for the expenditure of funds from the Emergency Savings Reserve Fund and containing no other matter, shall be read three times in each house before it becomes law, and shall be signed by the presiding officers of both houses."

**SECTION 2.(c)** The amendments set out in subsections (a) and (b) of this section shall be submitted to the qualified voters of the State at a statewide general election to be held on March 15, 2016, which election shall be conducted under the laws then governing elections in the State. Ballots, voting systems, or both may be used in accordance with Chapter 163 of the General Statutes. The question to be used in the voting systems and ballots shall be:

### "[] FOR [] AGAINST

Constitutional amendment establishing an Emergency Savings Reserve Fund in the State Treasury."

**SECTION 2.(d)** If a majority of votes cast on the question are in favor of the amendments set out in subsections (a) and (b) of this section, the State Board of Elections shall certify the amendments to the Secretary of State. The constitutional amendments shall become effective upon such certification and shall apply to fiscal years beginning on or after July 1, 2016. The Secretary of State shall enroll the amendments so certified among the permanent records of that office.

### PART III. LIMIT ON GROWTH OF STATE SPENDING

**SECTION 3.(a)** Article V of the Constitution of North Carolina is amended by adding a new section to read:

## "Sec. 16. Limit on Growth of State Spending.

(1) Fiscal year spending limit. The maximum annual percentage increase in State fiscal year spending shall not exceed inflation growth plus the growth in State population in the prior fiscal year. Fiscal year spending means the General Fund expenditures, excluding expenditures from General Fund receipts. Inflation growth means the percentage increase in the Consumer Price Index for All Urban Consumers (excluding Energy and Food) for the calendar year directly preceding the fiscal year. Population means the number of people residing in the State, excluding Armed Forces stationed overseas, as determined by the United States Census Bureau

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based on decennial census figures or as estimated annually by the State's Data Center and the United States Census Bureau.

(2) <u>Modification by super majority vote.</u> The General Assembly may vote to increase the spending limit established under this section for a fiscal year. An increase in the spending limit for a fiscal year must be made by an act passed by two-thirds of all members in each house."

**SECTION 3.(b)** Article II, Section 22 of the Constitution of North Carolina is amended by adding a new subdivision to read:

"(3b) Bills increasing the fiscal year spending limit established under Section 16 of Article V of this Constitution. Every bill increasing the fiscal year spending limit and containing no other matter, shall be read three times in each house before it becomes law, and shall be signed by the presiding officers of both houses."

**SECTION 3.(c)** The amendments set out in subsections (a) and (b) of this section shall be submitted to the qualified voters of the State at a statewide general election to be held on March 15, 2016, which election shall be conducted under the laws then governing elections in the State. Ballots, voting systems, or both may be used in accordance with Chapter 163 of the General Statutes. The question to be used in the voting systems and ballots shall be:

"[] FOR [] AGAINST

Constitutional amendment limiting the growth of State spending to inflation plus population growth."

**SECTION 3.(d)** If a majority of votes cast on the question are in favor of the amendments set out in subsections (a) and (b) of this section, the State Board of Elections shall certify the amendments to the Secretary of State. The constitutional amendments shall become effective upon such certification and shall apply to fiscal years beginning on or after July 1, 2017. The Secretary of State shall enroll the amendments so certified among the permanent records of that office.

#### PART IV. EFFECTIVE DATE

**SECTION 4.** Except as otherwise provided, this act is effective when it becomes law.

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