

# HOUSE BILL 809

Q7  
HB 1444/06 – W&M

CONSTITUTIONAL AMENDMENT

71r1293

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By: **Delegates Miller, Bartlett, Bates, Beitzel, Dwyer, Eckardt, Frank, George, Haddaway, Impallaria, Jennings, Kach, Kipke, McComas, McConkey, McDonough, McKee, O'Donnell, Schuh, Shank, Shewell, Smigiel, Sossi, and Wood**

Introduced and read first time: February 9, 2007

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Taxpayers' Bill of Rights**

3 FOR the purpose of proposing an amendment to the Maryland Constitution that  
4 establishes a certain Bill of Rights for individual income taxpayers in the State;  
5 requiring certain voter approval for new State or local taxes, tax rate increases,  
6 and repeal of tax exemptions; imposing certain spending limits on the State;  
7 requiring that a certain Rainy Day Fund be maintained; requiring that certain  
8 revenues received in excess of certain estimates be transferred to a certain  
9 Rainy Day Fund; prohibiting use of the Rainy Day Fund except under certain  
10 circumstances; requiring that under certain circumstances certain balances in  
11 excess of certain amounts be returned to individual income taxpayers;  
12 prohibiting certain transfers from State special funds to the State General  
13 Fund; prohibiting appropriations from State special funds that supplant  
14 General Fund appropriations or that if not made would necessitate a State  
15 General Fund appropriation; prohibiting the State from imposing certain  
16 obligations on local units of government under certain circumstances; providing  
17 for the severability of certain provisions; and submitting this amendment to the  
18 qualified voters of the State of Maryland for their adoption or rejection.

19 BY proposing an addition to the Maryland Constitution  
20 Declaration of Rights  
21 Article 15A

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
2 MARYLAND, (Three-fifths of all the members elected to each of the two Houses  
3 concurring), That it be proposed that the Maryland Constitution read as follows:

4 **Declaration of Rights**

5 **ARTICLE 15A.**

6 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE  
7 MEANINGS INDICATED.

8 (2) "FISCAL YEAR SPENDING" MEANS THE TOTAL AMOUNT OF  
9 MONEYS APPROPRIATED BY THE STATE OTHER THAN:

10 (I) APPROPRIATIONS FUNDED WITH MONEYS RECEIVED  
11 FROM THE FEDERAL GOVERNMENT;

12 (II) APPROPRIATIONS FOR THE PAYMENT OF PRINCIPAL  
13 AND INTEREST ON STATE DEBT;

14 (III) APPROPRIATIONS FUNDED BY UNEMPLOYMENT AND  
15 DISABILITY FUNDS;

16 (IV) APPROPRIATIONS FUNDED BY DISCRETIONARY USER  
17 CHARGES TO THE EXTENT THE CHARGES DO NOT EXCEED THE COST OF THE  
18 GOODS OR SERVICES PROVIDED AND THE PURCHASE BY THE USER IS  
19 DISCRETIONARY;

20 (V) APPROPRIATIONS FUNDED FROM PERMANENT  
21 ENDOWMENT, TRUST FUNDS, OR PENSION FUNDS;

22 (VI) APPROPRIATIONS FUNDED FROM THE PROCEEDS OF  
23 GIFTS OR BEQUESTS AND MADE FOR PURPOSES SPECIFIED BY THE DONOR; AND

24 (VII) MONEYS APPROPRIATED FOR TAX RELIEF.

25 (3) "STATE REVENUES" MEANS ALL MONEYS DERIVED FROM THE  
26 STATE'S OWN REVENUE SOURCES OTHER THAN REVENUES SUPPORTING  
27 APPROPRIATIONS EXCLUDED FROM FISCAL YEAR SPENDING UNDER  
28 PARAGRAPH (2) OF THIS SUBSECTION.

1           **(B) A MAJORITY OF THE QUALIFIED VOTERS OF THE STATE OR OF A**  
2 **COUNTY, THE CITY OF BALTIMORE, OR A MUNICIPAL CORPORATION, AS**  
3 **APPROPRIATE, SHALL APPROVE, IN ADVANCE, ANY NEW STATE OR LOCAL TAX,**  
4 **TAX RATE INCREASE, OR REPEAL OF A TAX EXEMPTION.**

5           **(C) (1) (I) THE MAXIMUM ANNUAL PERCENTAGE CHANGE IN**  
6 **STATE FISCAL YEAR SPENDING SHALL EQUAL INFLATION PLUS THE**  
7 **PERCENTAGE CHANGE IN STATE POPULATION IN THE PRIOR CALENDAR YEAR,**  
8 **ADJUSTED FOR REVENUE CHANGES APPROVED BY A MAJORITY OF THE**  
9 **QUALIFIED VOTERS OF THE STATE.**

10                           **(II) POPULATION SHALL BE DETERMINED BY THE U.S.**  
11 **CENSUS BUREAU.**

12                           **(III) INFLATION SHALL BE DETERMINED BY USING THE**  
13 **CONSUMER PRICE INDEX FOR THE WASHINGTON-BALTIMORE METROPOLITAN**  
14 **AREA, AS COMPUTED BY THE U.S. DEPARTMENT OF LABOR'S BUREAU OF**  
15 **LABOR STATISTICS.**

16           **(2) IF THE TOTAL STATE REVENUE FOR THE PRIOR FISCAL YEAR**  
17 **IS GREATER THAN THE TOTAL STATE REVENUE FOR THE NEXT PRECEDING**  
18 **FISCAL YEAR, THE LIMIT ON TOTAL STATE REVENUE UNDER THIS SUBSECTION**  
19 **FOR A FISCAL YEAR SHALL BE AN AMOUNT EQUAL TO THE LESSER OF THE**  
20 **TOTAL STATE REVENUE FOR THE PRIOR FISCAL YEAR OR THE LIMIT ON TOTAL**  
21 **STATE REVENUE UNDER THIS SUBSECTION FOR THE PRIOR FISCAL YEAR,**  
22 **INCREASED BY A PERCENTAGE EQUAL TO THE SUM OF INFLATION PLUS THE**  
23 **PERCENTAGE CHANGE IN STATE POPULATION IN THE PRIOR CALENDAR YEAR.**

24           **(3) IF THE TOTAL STATE REVENUE FOR THE PRIOR FISCAL YEAR**  
25 **IS LESS THAN THE TOTAL STATE REVENUE FOR THE NEXT PRECEDING FISCAL**  
26 **YEAR, THE LIMIT ON TOTAL STATE REVENUE UNDER THIS SUBSECTION FOR A**  
27 **FISCAL YEAR SHALL BE AN AMOUNT EQUAL TO THE LIMIT ON TOTAL STATE**  
28 **REVENUE UNDER THIS SUBSECTION FOR THE MOST RECENT FISCAL YEAR FOR**  
29 **WHICH THE TOTAL STATE REVENUE EXCEEDED THE TOTAL STATE REVENUE**  
30 **FOR THE PRECEDING FISCAL YEAR.**

1           **(D) (1) THE STATE SHALL MAINTAIN A RAINY DAY FUND EQUAL TO**  
2 **AT LEAST 5% OF THE ESTIMATED GENERAL FUND REVENUES FOR EACH FISCAL**  
3 **YEAR.**

4           **(2) IF THE TOTAL GENERAL FUND REVENUES RECEIVED FOR ANY**  
5 **FISCAL YEAR EXCEED THE AMOUNTS ESTIMATED TO BE RECEIVED FOR THE**  
6 **FISCAL YEAR, AS ESTIMATED AFTER ADJOURNMENT SINE DIE OF THE REGULAR**  
7 **SESSION AT WHICH THE BUDGET FOR THE FISCAL YEAR PASSED, THE TOTAL**  
8 **AMOUNT OF THAT EXCESS SHALL BE DISTRIBUTED TO THE RAINY DAY FUND.**

9           **(3) MONEYS IN THE RAINY DAY FUND MAY BE USED ONLY AS**  
10 **PROVIDED IN THIS SUBSECTION.**

11           **(4) FOR ANY FISCAL YEAR FOR WHICH THE ESTIMATED GENERAL**  
12 **FUND REVENUES FOR A FISCAL YEAR ARE LESS THAN THE GENERAL FUND**  
13 **REVENUES FOR THE PRECEDING FISCAL YEAR, AN AMOUNT SHALL BE**  
14 **TRANSFERRED FROM THE RAINY DAY FUND TO THE GENERAL FUND EQUAL TO**  
15 **THE AMOUNT BY WHICH GENERAL FUND REVENUES FOR THE PRECEDING**  
16 **FISCAL YEAR EXCEED THE ESTIMATED GENERAL FUND REVENUES FOR THE**  
17 **FISCAL YEAR.**

18           **(5) AFTER ANY AUTHORIZED TRANSFER UNDER PARAGRAPH (4)**  
19 **OF THIS SUBSECTION, IF THE BALANCE IN THE RAINY DAY FUND AT THE END**  
20 **OF ANY FISCAL YEAR EXCEEDS 7% OF THE ESTIMATED GENERAL FUND**  
21 **REVENUES FOR THE UPCOMING FISCAL YEAR, AN AMOUNT EQUAL TO THE**  
22 **DIFFERENCE BETWEEN THE BALANCE IN THE RAINY DAY FUND AND 5% OF THE**  
23 **ESTIMATED GENERAL FUND REVENUES FOR THE UPCOMING FISCAL YEAR**  
24 **SHALL BE RESERVED IN THE UPCOMING FISCAL YEAR AND RETURNED TO**  
25 **INDIVIDUAL TAXPAYERS IN THE TAXABLE YEAR THAT BEGINS DURING THE**  
26 **UPCOMING FISCAL YEAR, THROUGH A TEMPORARY INCOME TAX RATE**  
27 **REDUCTION.**

28           **(E) (1) EXCEPT FOR TRANSFERS FROM THE RAINY DAY FUND TO**  
29 **THE GENERAL FUND AS AUTHORIZED UNDER THIS ARTICLE, FUNDS MAY NOT BE**  
30 **TRANSFERRED FROM ANY STATE SPECIAL FUND TO THE GENERAL FUND.**

31           **(2) NO APPROPRIATIONS MAY BE MADE FROM STATE SPECIAL**  
32 **FUNDS THAT:**

1                   (I)    **SUPLANT STATE GENERAL FUND APPROPRIATIONS;**  
2 **OR**

3                   (II)   **IF NOT MADE, WOULD NECESSITATE A STATE GENERAL**  
4 **FUND APPROPRIATION.**

5                   (3)    **FOR PURPOSES OF THIS SUBSECTION, AN APPROPRIATION**  
6 **FUNDED BY USER CHARGES OR FEES IMPOSED ON GOODS OR SERVICES THAT DO**  
7 **NOT EXCEED THE COST OF THE GOODS OR SERVICES PROVIDED MAY NOT BE**  
8 **DEEMED TO BE AN APPROPRIATION THAT SUPPLANTS A GENERAL FUND**  
9 **APPROPRIATION.**

10                (F)    **THE STATE MAY NOT IMPOSE ON ANY LOCAL UNIT OF GOVERNMENT**  
11 **ANY PART OF THE TOTAL COSTS OF NEW PROGRAMS OR SERVICES, OR**  
12 **INCREASES IN EXISTING PROGRAMS OR SERVICES, UNLESS A SPECIFIC**  
13 **APPROPRIATION IS MADE SUFFICIENT TO PAY THE LOCAL UNIT OF**  
14 **GOVERNMENT FOR THAT PURPOSE.**

15                (G)    **IF A COURT OF COMPETENT JURISDICTION ADJUDGES IN A FINAL**  
16 **ORDER THAT ANY EXPENDITURE CATEGORY OR REVENUE SOURCE IS EXEMPT**  
17 **FROM THIS ARTICLE, THE PROCESS OF COMPUTING THE EXPENDITURE**  
18 **LIMITATION SHALL BE ADJUSTED ACCORDINGLY AND REMAINING PROVISIONS**  
19 **SHALL BE IN FULL FORCE AND EFFECT.**

20                SECTION 2. AND BE IT FURTHER ENACTED, That the General Assembly  
21 determines that the amendment to the Maryland Constitution proposed by this Act  
22 affects multiple jurisdictions and that the provisions of Article XIV, § 1 of the  
23 Maryland Constitution concerning local approval of constitutional amendments do not  
24 apply.

25                SECTION 3. AND BE IT FURTHER ENACTED, That the foregoing section  
26 proposed as an amendment to the Maryland Constitution shall be submitted to the  
27 legal and qualified voters of this State at the next general election to be held in  
28 November, 2008 for their adoption or rejection pursuant to directions contained in  
29 Article XIV of the Maryland Constitution. At that general election, the vote on this  
30 proposed amendment to the Constitution shall be by ballot, and upon each ballot there  
31 shall be printed the words "For the Constitutional Amendment" and "Against the  
32 Constitutional Amendment," as now provided by law. Immediately after the election,  
33 all returns shall be made to the Governor of the vote for and against the proposed  
34 amendment, as directed by Article XIV of the Maryland Constitution, and further  
35 proceedings had in accordance with Article XIV.