

Department of Legislative Services
2010 Session

FISCAL AND POLICY NOTE

Senate Bill 712
Budget and Taxation

(Senator Harris, *et al.*)

Maryland Taxpayer Protection Act

This proposed constitutional amendment requires that any bill increasing the rate of an existing tax or imposing a new tax be approved by at least three-fifths of each house of the General Assembly in order to become law.

Fiscal Summary

State Effect: If adopted, potential significant foregone general fund and special fund revenues. This impact would vary by year, and the result cannot be reliably estimated.

Local Effect: If adopted, potential significant foregone local revenues. This impact would vary by year, and the result cannot be reliably estimated.

Small Business Effect: Minimal.

Analysis

Current Law: The Declaration of Rights of the Maryland Constitution states that no aid, charge, tax, burthen, or fees ought to be rated or levied, under any pretense, without the consent of the legislature.

Background: According to the National Conference of State Legislatures, as of December 2008, 30 states operated under a tax or expenditure limitation. Spending limitations were the most common (23 states). Four states operated under tax limitations and three states operated under both spending and tax limitations. About one-half of these limitations are constitutional provisions with the other half statutory. Sixteen states require supermajority votes to increase some or all taxes, three states require both legislative supermajority and voter approval, and one state requires voter approval.

State Fiscal Effect: The actual effect on State revenues cannot be estimated and would vary each year depending on the restriction specified in the bill. State revenues could be impacted to the extent the bill restricts the ability to enact future tax legislation and cannot be reliably estimated.

Local Fiscal Effect: The actual effect on local revenues cannot be estimated and would vary each year depending on the restriction specified in the bill. Local revenues could be impacted to the extent the bill restricts the ability to enact future tax legislation that impacts local revenues and cannot be reliably estimated.

The Maryland Constitution requires that proposed amendments to the constitution be publicized either: (1) in at least two newspapers in each county, if available, and in at least three newspapers in Baltimore City once a week for four weeks immediately preceding the general election; or (2) by order of the Governor in a manner provided by law. State law requires local boards of elections to publicize proposed amendments to the constitution either in newspapers or on specimen ballots; local boards of elections are responsible for the costs associated with these requirements. It is anticipated that the budgets of local boards of elections will contain funding for notifying qualified voters about proposed constitutional amendments for the 2010 general election in newspapers or on specimen ballots.

Additional Information

Prior Introductions: SB 747 of 2009, SB 8 of 2008, and SB 7 of the 2007 special session received a hearing in the Senate Budget and Taxation Committee, but no further action was taken. HB 684 of 2009 received a hearing in the House Ways and Means Committee, but no further action was taken.

Cross File: None.

Information Source(s): National Conference of State Legislatures, Department of Legislative Services

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mpc/hlb

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