

Department of Legislative Services
2011 Session

FISCAL AND POLICY NOTE

Senate Bill 732
Budget and Taxation

(Senator Pipkin, *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 the members 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 Americans for Tax Reform Center for Fiscal Accountability, 16 states require a legislative supermajority in order to increase revenues. In addition, Governor Scott Walker of Wisconsin recently signed legislation requiring a two-thirds majority to increase the income, sales, or franchise tax rates.

Exhibit 1
States Requiring Supermajority for Tax Increases

State	Majority Required		
	3/5	2/3	3/4
Arizona		X	
Arkansas			X
California		X	
Colorado		X	
Delaware	X		
Florida ¹	X		
Kentucky	X		
Louisiana		X	
Michigan ²			X
Mississippi	X		
Missouri		X	
Nevada		X	
Oklahoma			X
Oregon	X		
South Dakota		X	
Washington		X	
Total	5	8	3

¹Corporate income tax only.

²Property taxes only.

Source: Americans for Tax Reform Center for Fiscal Accountability

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 2012 general election in newspapers or on specimen ballots.

Additional Information

Prior Introductions: SB 712 of 2010, 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): Americans for Tax Reform Center for Fiscal Accountability, Department of Legislative Services

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mc/hlb

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