

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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

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 THAT THE MAXIMUM TAX RATE ON INCOMES CANNOT EXCEED FIVE PERCENT; TO AMEND THE CONSTITUTION TO PROVIDE FOR AN EMERGENCY SAVINGS RESERVE FUND TO ENSURE THAT A RESERVE OF SURPLUS REVENUES IS AVAILABLE IN CASE OF REVENUE SHORTFALLS; AND TO PROTECT THE TAXPAYERS OF NORTH CAROLINA WITH CONSTITUTIONAL LIMITS ON THE GROWTH OF STATE SPENDING.

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 of North Carolina reads as rewritten:

"Sec. 2. State and local taxation.

...

(6) Income tax. The rate of tax on incomes shall not in any case exceed ~~ten~~five percent, and there shall be allowed personal exemptions and deductions so that only net incomes are taxed.

...."

SECTION 1.(b) The amendment set out in 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 reducing the maximum State income tax rate from ten percent to five percent."

SECTION 1.(c) If a majority of the votes cast on the question are in favor of the amendment set out in subsection (a) of this section, the State Board of Elections shall certify the amendment to the Secretary of State. The constitutional amendment shall become effective upon such certification and shall apply for taxable years beginning on or after January 1, 2020. The Secretary of State shall enroll the amendment so certified among the permanent records of that office.

PART II. EMERGENCY SAVINGS RESERVE FUND



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

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

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

9 "(3b) Bills increasing the fiscal year spending limit established under Section 16 of
10 Article V of this Constitution. Every bill increasing the fiscal year spending limit and
11 containing no other matter, shall be read three times in each house before it becomes law, and
12 shall be signed by the presiding officers of both houses."

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

18 FOR AGAINST

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

21 **SECTION 3.(d)** If a majority of votes cast on the question are in favor of the
22 amendments set out in subsections (a) and (b) of this section, the State Board of Elections shall
23 certify the amendments to the Secretary of State. The constitutional amendments shall become
24 effective upon such certification and shall apply to fiscal years beginning on or after July 1,
25 2017. The Secretary of State shall enroll the amendments so certified among the permanent
26 records of that office.

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28 **PART IV. EFFECTIVE DATE**

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