

HCS HJR 169 -- STATE REVENUE (Murphy)

COMMITTEE OF ORIGIN: Standing Committee on Ways and Means

Upon voter approval, this constitutional amendment establishes the "Taxpayer Protection Act".

The provisions of this amendment must be in addition to the limits, requirements, and other provisions of the Hancock Amendment. Other limits on district revenue, spending, and debt must only be modified by future voter approval.

This amendment provides further provisions related to individual or class action enforcement suits.

The amendment provides that, when annual district revenue is less than annual payments on certain general obligations, certain requirements for districts must be suspended to address the deficiency.

This amendment provides that ballot issues brought under certain requirements must be decided in a regularly scheduled state general election, general municipal or local district election, or on the first Tuesday after the first Monday in November of odd-numbered years. Any district, as defined in the amendment, may consolidate certain ballot issues and voters may approve a delay of up to four years in voting on ballot issues.

At least 30 days before a ballot issue election brought under the requirements of the amendment, the district must mail a title notice or set of notices addressed to all registered voters at each address of one or more active registered electors. Title notices must have a certain order of preference and must include certain information.

Among other requirements, the title notices must include district estimates of the maximum dollar amount of each tax increase and of the district's fiscal year spending without the increase for the first full fiscal year of each proposed tax increase. Except by later voter approval, if a tax increase or fiscal year spending exceeds any such district estimates, the tax increase must be reduced by up to 100% in proportion to the combined dollar excess, and the combined excess revenue must be refunded in the next fiscal year. This excludes emergency tax revenue.

For proposed district bonded debt, title notices must also include information related to the principal amount, the

principal balance and repayment costs. The district's bonded debt must not be issued on terms that could exceed its share of the maximum repayment costs.

Ballot titles for tax or bonded debt increases must include specified language.

With two exceptions, as specified in the amendment, a district must have voter approval in advance for any:

- 1) New tax;
- 2) Tax rate increase;
- 3) Mill levy above the rate of the prior year;
- 4) Valuation for assessment ratio increase for a property class;
- 5) Extension of an expiring tax; or
- 6) Tax policy change directly causing a net tax revenue gain to any district; and
- 7) Creation of multi-fiscal-year direct or indirect district debt or financial obligation without adequate cash reserves.

Each district must reserve a certain amount of its fiscal year spending, not including bond debt service, for fiscal year 2028, fiscal year 2029, and every fiscal year thereafter to be only used during declared emergencies.

This amendment prohibits emergency property taxes. Emergency taxes must be spent on specified conditions.

The maximum annual percentage change in state fiscal year spending, the maximum annual percentage change in each local district's fiscal year spending, and the maximum annual percentage change in each local district's property tax revenue must be calculated as specified in the amendment. The calculations for maximum annual percentage change in state fiscal year spending, local district's fiscal year spending, and local district's property tax revenue are to be adjusted by voter-approved revenue changes. The calculations for the maximum annual percentage change in a local district's fiscal year spending and local district's property tax revenue are to also be adjusted by certain reductions specified in the amendment. These calculations exclude emergency tax revenue.

If revenue exceeds these maximums for a given fiscal year, the excess must be refunded in the next fiscal year unless voters approve a revenue change as an offset.

The amendment sets the initial district bases to the current fiscal year spending and property tax collected for tax year 2025. The district bases and limitations to spending and property tax revenue are adjusted by enterprise status and changes to bonded debt. Certain changes are exceptions to and separate from any district base.

This amendment provides that additional surcharges and fees must not be implemented for the sole purpose of avoiding limits under the provisions of this amendment. If there are additional revenues from these sources, they must be included in the calculation of the spending limit.

The amendment provides that, if a local district adopts or has adopted a tax abatement, such local district must add the amount of such abatement into its revenue calculation.

This amendment prohibits new or increased transfer tax rates on real property, new state real property taxes, and new local district income taxes. The amendment provides that neither an income tax rate increase nor a new state definition of taxable income can be applied before the next tax year.

This amendment requires valuation notices to be mailed annually and allows such valuations to be appealed annually. Additionally, property tax bills and valuation notices must include the actual value, as specified in the amendment.

The amendment provides that, with exceptions as specified in the amendment, a local district is allowed to reduce or end its subsidy to any program delegated to it by the General Assembly for administration.

The General Assembly may enact laws to implement the provisions of this amendment.