The Taxpayer Bill of Rights (TABOR) limits annual growth in spending (or expenditures) limits and revenue (or revenue increase) limits for all levels of government in Maine. TABOR is based on a citizen-initiated amendment to Colorado’s constitution, and therefore, like the Paleto Initiative, would not accomplish all that it suggests. For example, the 2/3 supermajority requirements for the Legislature to override the expenditure or revenue limits would not be legally enforceable.

**State Limit**

The Maine Taxpayer Relief Act (aka Chamber Plan) is designed to apply a spending limitation, rather than a tax cap, on all levels of government in Maine as a relatively uniform manner. The uniformity is designed to apply both with respect to the spending limitation itself, as well as the various systems to override the limitation for emergency and non-emergency circumstances. With respect to municipalities, the “spending” limitation is actually a limit on the growth of property tax commitment from one year to the next; that is, neither total appropriations nor non-property tax revenues are included in the calculation. With respect to school districts, the current 10-year average real growth in total personal income (base limit) in 2011 is 5.4%, therefore, the Chamber Plan was the law today. The base growth limit would increase 2.54%, rather than 2.75%, which is the maximum. The current maximum average growth rate in total personal income (unadjusted for inflation) is 5%. Surplus revenues. The initiative creates the Maine Tax Relief Fund at the state level to accept revenues that may occur to the state beyond the state spending limitation. Base growth allowance in context. The current 10-year average real growth in Total Personal Income in 2012 is 2.54%. As noted in the previous section, the base limit is equal to the product of: (1) the 10-year average growth in Total Personal Income (see explanation under “State Growth Allowance”). State Override. The Legislature may increase the statutory limitation to satisfy a court decree or in an “act-of-God” emergency by a 2/3 supermajority vote. The current 10-year average growth rate in Total Personal Income is 5.4%.

**State Growth Allowance**

Population growth allowance in context. If TABOR had been the law for the most recent year for which statewide population growth data was available (2002), the state’s population growth allowance would have been 1.5%, for a combined growth allowance of 2.18%. Over the last five years, year-to-year growth in General Fund appropriations has ranged from 14% to –3%.

**Local Limits**

Expenditure limits for municipalities/county government. The expenditure limitation for municipal government (including municipal school systems) is the lower of: (a) the amount of revenue for the local unit for the previous year adjusted by the change in the assessed value of taxable property, or (b) 1 plus the state’s growth factor plus the local “property growth factor”. The local property growth factor is current year’s annually constructed development value as a percentage of total municipal value. After the first fiscal year for which this system takes effect, the spending limit would be the previous year’s levy limit (rather than actual commitment) multiplied by 1 plus the state’s growth factor plus the local “property growth factor”. After calculating the gross spending allowance, the municipal limit must be adjusted downward to the extent the state provides “net new funding” for any program funded with state funds (e.g., school subsidy for municipal school systems, local road assistance, etc.). “Net new funding” is any increase in state funding that exceeds the previous year’s state funding level as adjusted by the same base-growth rate plus the local “property growth factor”. The current 10-year average real growth rate in Total Personal Income in 2012 is 2.54%.

**State Growth Allowance**

An increase in revenue must be approved by a 2/3 vote of State Legislature. “Increases in revenue” is broadly defined to include new taxes, new fees, increased tax rates, increased fee rates, increased tax bases, reductions in BEIT reimbursement, repaid or reduced tax exemptions, credits or refunds, etc. After the legislative approval, a majority vote by referendum is also required to authorize any “revenue increase”. In order to hold a referendum vote to increase revenues at either the state or local level, notice of the referendum, fiscal impact, and anti-sweepout statements, etc. must be mailed to all registered voters. Note: Neither the 2/3 Legisla- tive override nor the required referendum process is legally enforceable.

**State Override**

The amount of revenue for the local unit multiplied by 1 plus the state’s growth factor plus the local “property growth factor”. The local property growth factor is current year’s annually constructed development value as a percentage of total municipal value. After the first fiscal year for which this system takes effect, the spending limit would be the previous year’s levy limit (rather than actual commitment) multiplied by 1 plus the state’s growth factor plus the local “property growth factor”. After calculating the gross spending allowance, the municipal limit must be adjusted downward to the extent the state provides “net new funding” for any program funded with state funds (e.g., school subsidy for municipal school systems, local road assistance, etc.). “Net new funding” is any increase in state funding that exceeds the previous year’s state funding level as adjusted by the same base-growth rate plus the local “property growth factor”. The current 10-year average real growth rate in Total Personal Income in 2012 is 2.54%.

**Local Growth Allowance**

**Municipal population growth allowance.** In the context of the Chamber Plan, the law for the most recent year for which municipal population growth data was available (2002), based on a random sampling of municipalities, the municipal population growth allowance would have ranged from -13.6% (Chester) to 17.26% (Burlington), and the CPI allowance would have been 1.54%, for a combined growth allowance range running from -12.02% to 18.84%.

**School district student population growth allowance in context.** If TABOR had been the law for the most recent year for which school district population growth data was available (2003), the school districts’ student population growth allowance would have ranged from -14.9% to 14.12%, and the CPI allowance would have been 2.28%, for a combined growth allowance range running from -12.6% to 16.4%.