

1 AN ACT proposing to create a new section of the Constitution of Kentucky relating
2 to limits on government spending and taxation.

3 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

4 ➔Section 1. Are you in favor of restricting government expenditures and
5 requiring voter approval prior to any new tax or fee, rate increase, or extension of an
6 expiring tax or fee taking effect?

7 ➔SECTION 2. IT IS PROPOSED THAT A NEW SECTION BE ADDED TO
8 THE CONSTITUTION OF KENTUCKY TO READ AS FOLLOWS:

9 **(1) All forms of government, including the state, counties, consolidated local**
10 **governments, urban-county governments, unified local governments, charter counties,**
11 **special purpose districts, and municipal utilities, shall have voter approval, through a**
12 **ballot question, in advance of any new tax or fee creation, rate increase, or an**
13 **extension of an expiring tax or fee.**

14 **(2) (a) Voter approval shall be sought through a ballot question in the next**
15 **general election.**

16 **(b) A ballot question seeking voter approval under this section shall provide the**
17 **following information:**

18 **1. A short summary of the new tax, tax rate increase, fee, or extension of an**
19 **expiring tax;**

20 **2. A description of what the tax or fee is imposed upon;**

21 **3. The rate at which the tax is assessed;**

22 **4. The median cost to the taxpayer per year;**

23 **5. Where the proceeds of the tax or fee will go; and**

24 **6. Two short statements, one in support and one in opposition to the ballot**
25 **question, that are nonpartisan.**

26 **(3) All existing fees at the time this amendment is ratified are only allowed to be**
27 **adjusted proportionally to:**

1 (a) The Consumer Price Index, published by the United States Department of
2 Labor, Bureau of Labor Statistics, or a successor agency; and

3 (b) Population change.

4 (4) At the time of ratification, the following spending limits shall be applied:

5 (a) The maximum annual percentage change in state fiscal year spending
6 equals inflation plus the percentage change in state population in the immediately
7 preceding calendar year;

8 (b) The maximum annual percentage change in each unit of local government,
9 including counties, consolidated local governments, urban-county governments,
10 unified local governments, charter counties, special purpose districts, and municipal
11 utilities, spending equals inflation in the immediately preceding calendar year plus the
12 percentage change in population which constitutes the local entity; and

13 (c) If revenue from taxation or other sources exceeds these spending limits, the
14 excess shall be refunded pro rata to the taxpayers at the beginning of the following
15 fiscal year unless voters approve a revenue change as an offset.

16 (5) Each unit of government is required to maintain an emergency reserve of
17 three percent or more of its fiscal year spending, excluding bonded debt service.
18 Unused reserves apply to the next year's reserve.

19 (6) (a) In the event of a fiscal emergency, emergency taxes or tax increases
20 may be implemented by a two-thirds majority of the members of each House of the
21 General Assembly declaring the emergency and imposing the tax by separate, recorded
22 roll call votes.

23 (b) Emergency tax revenue shall be spent only after emergency reserves are
24 depleted and shall be refunded pro rata to the effected taxpayers within one hundred
25 and eighty days after the emergency ends if not spent on the emergency.

26 (c) An emergency tax or tax increase not approved on the next election date
27 sixty days or more after the declaration of the tax shall end once the election is

1 *certified. All emergency tax revenue that was received prior to the voter's decision shall*
2 *be refunded pro rata to the effected taxpayers within ninety days if not spent on the*
3 *emergency.*

4 ➔Section 3. This amendment shall be submitted to the voters of the
5 Commonwealth for their ratification or rejection at the time and in the manner provided
6 for under Sections 256 and 257 of the Constitution, KRS 118.415, and under Sections 4
7 and 5 of this Act.

8 ➔Section 4. Notwithstanding any provision of KRS 118.415 to the contrary, the
9 Secretary of State shall cause the question in Section 1 of this Act and the entirety of the
10 proposed amendment to the Constitution of Kentucky contained in Section 2 of this Act
11 to be published at least one time in a newspaper of general circulation published in this
12 state, and shall also cause to be published at the same time and in the same manner the
13 fact that the amendment will be submitted to the voters for their acceptance or rejection at
14 the next regular election at which members of the General Assembly are to be voted for.
15 The publication required by this section and KRS 118.415 shall be made no later than the
16 first Tuesday in August preceding the election at which the amendment is to be voted on.

17 ➔Section 5. Notwithstanding any provision of KRS 118.415 to the contrary, not
18 later than the second Monday after the second Tuesday in August preceding the next
19 regular election at which members of the General Assembly are to be chosen in a year in
20 which there is not an election for President and Vice President of the United States, or not
21 later than the Thursday after the first Tuesday in September preceding a regular election
22 in a year in which there is an election for President and Vice President of the United
23 States, the Secretary of State shall certify the complete text of Section 1 of this Act and
24 the entirety of the proposed amendment to the Constitution of Kentucky contained in
25 Section 2 of this Act to the county clerk of each county, and the county clerk shall have
26 the entirety of the text and the amendment, as so certified, indicated on the ballots
27 provided to the voters in paper or electronic form as applicable to the voting machines in

1 use in each county or precinct.