	Tax Cap or Spending Cap	State Limit	State Growth Allowance	State Override	Local Limits	Local Growth Allowance	Local Override
TABOR	The Taxpayer Bill of Rights (TABOR) establishes both spending (or expenditure) 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 Palesky 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.	The system of limiting expenditures is controlled by a formula that determines allowed spending growth from one year to the next. The formula is the previous year's spending multiplied by 1-*plus*-an inflation factor (CPI)-*plus*-"population growth allowance". This formula is calculated separately for the General Fund, Highway Fund, and Special Revenue Accounts. The state's population growth allowance is to be calculated annually by SPO. The revenue limits in TABOR are constrained by a governance system rather than a formula. All increases in revenue from one year to the next must be adopted by a two-tiered approval system that includes a 2/3 vote by both houses of the State Legislature and a statewide referendum vote. **Use of surplus funds.** The initiative creates a special "Tax Relief Reserve Fund" and "Highway Fund Reserve Fund" to accept revenues that may accrue to the state beyond the expenditure limitation. Various systems are created to use those funds to reduce the individual income tax and motor fuels tax with those reserve funds.	**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 .6% and the CPI allowance would have been 1.58%, 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%.	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new taxes, new fees, increased tax rates, increased fee rates, increased tax bases, reductions in BETR reimbursement, repealed or reduced tax exemptions, credits or refunds, etc.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 impacts, for-and-against summary statements, etc. must be mailed to all registered voters. [*Note:* Neither the 2/3 Legislative override nor the required referendum process is legally enforceable].	**Expenditure limits for municipal/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" (it is unclear how that adjustment would be calculated), or b. The amount of revenue for the local unit multiplied by 1-plus-CPI-plus local population growth factor. The local population growth factor must be based on federal census estimates and could be either positive or negative. **Expenditure limits for school districts**. Previous year's spending multiplied by 1-plus-CPI-plus-student population change; either positive or negative. **Exclusions.** Direct taxpayer refunds, federal revenues, revenue collected for another level of government, pension contributions and payments, grants/gifts for specific purposes, court awards, reserve fund expenditures are excluded from the limitation. **Use of surplus funds.** Local districts are required to use excess funds to reduce property taxes.	**Municipal population growth allowance in context.** If TABOR had been 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 1.58%, 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 -14.8% 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%.	An increase in revenue must be first approved by a 2/3 vote of municipal/county/school legislative body. "Increases in revenue" is broadly defined to include new taxes, new fees, increased tax rates, increased fee rates, increased tax bases, etc. After the legislative approval, a majority vote by referendum is also required to authorize any "revenue increase", a term which includes any expansion of the tax base, which to some degree occurs annually at the municipal level. In order to hold a referendum vote to increase revenues at either the state or local level, notice of the referendum, fiscal impacts, for-and-against summary statements, etc. must be mailed to all registered voters.
CHAMBER PLAN	The Maine Taxpayer Relief Act (aka, Chamber Plan) is designed to apply a spending limitation, rather than tax cap, on all levels of government in Maine in 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 in both 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 and county government, the limitation is on the growth in total assessments against their participating municipalities from one year to the next. With respect to state government, the spending limit is on General Fund appropriations.	**State limit**. For state government, for the foreseeable future, the limit is the previous year's appropriation from the General Fund multiplied by 1-plus-average *real growth* in total personal income, capped at 2.75%. If and when Maine ranks 17th or lower among all states with respect to state and local tax burden, the limit would be the previous year's appropriation from the General Fund multiplied by 1-plus-average *annual growth* in Total Personal Income (see explanation under "State Growth Allowance).	**Base growth allowance in context.** The current 10-year average *real growth* in Total Personal Income is 2.54%; therefore, if the Chamber Plan was the law today, the base growth allowance would be 2.54% rather than 2.75%, which is the maximum. The current average *annual growth* 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 accrue to the state beyond the spending limitation.	**State override**. The Legislature may increase the statutory limitation to satisfy a court decree or in "act-of-God" emergencies by simple majority vote. Otherwise, it may increase the statutory limitation by a 2/3 supermajority vote in both chambers. [*Note:* the 2/3 override requirement is not legally enforceable on the Legislature.] Also, the spending limitations do not apply to the extent the Legislature acts to comply with the 55% school funding requirements of Question 1A.	**Municipal limit**. For the municipalities (including their municipal school systems) the spending limit for the first year out is the previous year's property tax commitment multiplied by 1-plus-the state's growth factor-plus-the local "property growth factor". The local property growth factor is each year's newly 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 a combination of state and local funds (for example, 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-local-property-growth-factor index. (Note: In the event of reduced state support, the maximum municipal limit is not adjusted upwards in a corresponding manner.) **School district/county limit**. For the school districts and counties, the assessment limit for the first year out is the previous year's total assessment as levied against the participating municipalities multiplied by 1-plus-the state's growth factor-plus-the aggregate local property growth factor. 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 assessment) multiplied by 1-plus-the state's growth factor-plus-the aggregate local "property growth factor". As is the case with the municipal limit, the school district limit must be adjusted to the extent the state provides "net new funding" for any program funded with a combination of state and local funds. The limit-adjustment system for school districts, however, is somewhat complicated. The counties are treated like the municipalities and unlike the school districts. Similar to the municipal limit adjustment mechanism, the county spending limits can be adjusted only in a downward direction to the extent the state provides the counties with "net new funds" (e.g., increased support for jails).	**Local growth allowance in context.** Based on a preliminary and somewhat random survey of municipalities for their new growth data, if this local "property growth factor" had been part of Maine's tax code in 2003, the range of local property growth factors would run from .16% (Chester) to 3.62% (Scarborough), creating a range of total spending allowance (base allowance-plus-local property growth factor) from 2.7% (for Chester) to 6.16% (for Scarborough). **Surplus revenues.** Municipalities, schools and counties are required to set aside excess revenues for property tax relief purposes. This provision creates a conflict of authority between the administrative authority (i.e., the municipal officers) and the legislative body that appropriated those revenues for certain purposes.	**Municipal override**. A municipality may increase the statutory limitation for "act-of-God" emergencies by a 2/3 vote of its legislative body. In non-emergency situations, a municipality may increase the statutory limitation by a majority vote of its voters at a specially-called "election". For municipalities where the council is the legislative body, an election is clearly a referendum. An "election" is arguably either a local referendum or a town meeting for the direct-government municipalities, and since the Chamber Plan specifically discriminates between an "election" process and a "referendum" process, a legal review suggests that an "election" in this context could be construed as a "town meeting" process, wherever town meeting government exists. **County override**. The county commissioners can increase the statutory limitation by a 2/3 vote in "act-of-God" emergencies. In order to override the spending limit in non-emergency situations, the commissioners must call a county-wide referendum. **School district override.** A school district by a 2/3 vote of its "governing body", which is presumably its legislative body, can increase the statutory limitation for "act-of-God" emergencies, but must go to a district-wide referendum if the referendum process is "available by law" to override the limitation otherwise. Since the referendum process is "available by law" to all school systems and all municipalities, the applicability of that standard is unclear. **Override warrant article.** All elections, referendum or otherwise, called to increase the statutory limitation must contain a specifically-worded question asking the voters if they are in favor of raising the levy limit for a specific spending purpose.