

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 7

Session of
2007

INTRODUCED BY REGOLA, FOLMER, SCARNATI, PILEGGI, ARMSTRONG,
BAKER, BOSCOLA, BROWNE, BRUBAKER, CORMAN, EARLL,
EICHELBERGER, ERICKSON, GORDNER, MADIGAN, MCILHINNEY, ORIE,
PICCOLA, PIPPY, PUNT, RAFFERTY, RHOADES, ROBBINS, VANCE,
WAUGH, D. WHITE, M. WHITE AND WONDERLING, APRIL 2, 2007

REFERRED TO FINANCE, APRIL 2, 2007

A JOINT RESOLUTION

1 Proposing an amendment to the Constitution of the Commonwealth
2 of Pennsylvania, providing for spending limitations on the
3 State and for disposition of surplus funds; and establishing
4 the Taxpayer Protection Fund.

5 The General Assembly of the Commonwealth of Pennsylvania
6 hereby resolves as follows:

7 Section 1. The following amendment to the Constitution of
8 Pennsylvania is proposed in accordance with Article XI:

9 That Article VIII be amended by adding a section to read:

10 § 18. Spending limitations.

11 (a) Total spending by the Commonwealth in any fiscal year
12 shall not exceed the spending appropriation limit as set forth
13 in this section.

14 (b) The appropriation limit of the Commonwealth may be
15 exceeded in any fiscal year for the following:

16 (1) To respond to a presidential or gubernatorial
17 declaration of emergency if the General Assembly approves by

1 two-thirds affirmative vote of the members elected to each
2 house of the General Assembly. In no case shall the excess
3 spending authorized by exceeding the appropriation limit in
4 this manner be included in the computation base of the
5 appropriation limit for any subsequent fiscal year.

6 (2) In other situations if the Governor so requests, in
7 the manner determined by law, and the General Assembly
8 subsequently approves by an affirmative vote of two-thirds of
9 the members elected to each house of the General Assembly.

10 (c) (1) Except as provided under paragraph (2), for any
11 fiscal year in which the Governor certifies that a surplus
12 exists, 25% of that surplus shall be deposited by the end of
13 the next succeeding quarter into the Budget Stabilization
14 Reserve Fund established in section 1701-A of the act of
15 April 9, 1929 (P.L.343, No.176), known as The Fiscal Code,
16 and 75% of that surplus shall be deposited by the end of the
17 next succeeding quarter into the Taxpayer Protection Fund
18 which is hereby established in the State Treasury.

19 (2) For any fiscal year in which the State Treasurer
20 certifies that the balance in the Budget Stabilization
21 Reserve Fund equals or exceeds 5% of the total of all General
22 Fund appropriations, 100% of the surplus certified by the
23 Governor under paragraph (1) shall be deposited into the
24 Taxpayer Protection Fund.

25 (d) (1) Subject to the provisions of subsection (e), the
26 moneys in the Taxpayer Protection Fund shall be distributed
27 to taxpayers who have liability for the tax imposed under
28 Article III of the act of March 4, 1971 (P.L.6, No.2), known
29 as the Tax Reform Code of 1971, through a reduction in the
30 rate of such tax, which reduction shall be established by an

1 act of the General Assembly to be effective for January 1
2 through December 31 of the subsequent calendar year.

3 (2) The Secretary of the Budget, in conjunction with the
4 Secretary of Revenue, shall certify the rate reduction for
5 the tax imposed under Article III of the Tax Reform Code of
6 1971, for the upcoming calendar year no later than September
7 30. The new rate shall be published in the Pennsylvania
8 Bulletin, posted on the State's publicly accessible Internet
9 website and reported to the chairman and minority chairman of
10 the Appropriations Committee of the Senate and the chairman
11 and minority chairman of the Appropriations Committee of the
12 House of Representatives.

13 (e) No moneys shall be distributed from the Taxpayer
14 Protection Fund pursuant to subsection (d) until such time as
15 the Secretary of the Budget certifies that the moneys deposited
16 therein are sufficient to provide a reduction of at least 0.01%
17 in the rate of taxation for the tax imposed under Article III of
18 the Tax Reform Code of 1971.

19 (f) The General Assembly may at any time provide additional
20 amounts from any funds available to the Commonwealth as an
21 appropriation to the Budget Stabilization Reserve Fund.

22 (g) For purposes of this section:

23 "Appropriation limit" means the total of the amounts approved
24 as executive authorizations by the Governor plus the total
25 amounts of preferred and nonpreferred appropriations made by the
26 General Assembly from the General Fund during the fiscal year
27 immediately prior to the budget year under consideration,
28 adjusted by the lesser of:

29 (1) the average percentage change in personal income in
30 this Commonwealth for the three preceding calendar years as

1 reported by the Federal Government or as determined pursuant
2 to an act of the General Assembly; or

3 (2) the average percentage change in inflation for the
4 three preceding calendar years plus the average percentage
5 change in the State population for the three preceding years
6 as reported by the annual Federal census estimates, such
7 number being adjusted every decade to match the official
8 Federal census.

9 "Average percentage change in inflation" means the average of
10 the percentage change for each of the three calendar years, from
11 October to October, immediately preceding the calendar year in
12 which a given executive budget is submitted by the Governor, in
13 the Consumer Price Index for All Urban Consumers (CPI-U), not
14 seasonally adjusted, all items index or its successor index, as
15 officially reported by the United States Department of Labor,
16 Bureau of Labor Statistics.

17 "Average percentage change in personal income" means the
18 average of the percentage change in personal income estimates
19 for this Commonwealth, from second calendar quarter to second
20 calendar quarter, for each of the three calendar years
21 immediately preceding the calendar year in which a given
22 executive budget is submitted by the Governor, as reported by
23 the United States Department of Commerce, Bureau of Economic
24 Analysis, SO4 quarterly income summary for this Commonwealth or
25 its successor index or as determined pursuant to an act of the
26 General Assembly.

27 "Average percentage change in State population" means the
28 average of the percentage change in State population for each of
29 the three most recent years immediately preceding the calendar
30 year in which a given executive budget is submitted by the

1 Governor, as reported by the United States Census Bureau for
2 July 1 of each year.

3 "Total spending by the Commonwealth" means all General Fund
4 appropriations made by the General Assembly and all
5 appropriations from a constitutionally or statutorily
6 established fund created after the effective date of this
7 section.

8 Section 2. (a) Upon the first passage by the General
9 Assembly of this proposed constitutional amendment, the
10 Secretary of the Commonwealth shall proceed immediately to
11 comply with the advertising requirements of section 1 of Article
12 XI of the Constitution of Pennsylvania and shall transmit the
13 required advertisements to two newspapers in every county in
14 which such newspapers are published in sufficient time after
15 passage of this proposed constitutional amendment.

16 (b) Upon the second passage by the General Assembly of this
17 proposed constitutional amendment, the Secretary of the
18 Commonwealth shall proceed immediately to comply with the
19 advertising requirements of section 1 of Article XI of the
20 Constitution of Pennsylvania and shall transmit the required
21 advertisements to two newspapers in every county in which such
22 newspapers are published in sufficient time after passage of
23 this proposed constitutional amendment. The Secretary of the
24 Commonwealth shall submit this proposed constitutional amendment
25 to the qualified electors of this Commonwealth at the first
26 primary, general or municipal election which meets the
27 requirements of and is in conformance with section 1 of Article
28 XI of the Constitution of Pennsylvania and which occurs at least
29 three months after the proposed constitutional amendment is
30 passed by the General Assembly.