

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1485 Session of
1993

INTRODUCED BY FAIRCHILD, PITTS, GAMBLE, MURPHY, BUNT, LEH,
ALLEN, SEMMEL, FARMER, RAYMOND, BUSH, COLAIZZO, CAWLEY,
SCRIMENTI, SAURMAN, PHILLIPS, GRUPPO, SCHEETZ, M. N. WRIGHT,
FAJT, BARLEY, MICOZZIE, GERLACH, GEIST, DEMPSEY,
D. W. SNYDER, JADLOWIEC, HERSHEY, MERRY, FARGO, CLARK,
BIRMELIN, TOMLINSON, ARMSTRONG, HASAY, DeLUCA, TULLI,
S. H. SMITH, PERZEL, TANGRETTI, ADOLPH, E. Z. TAYLOR,
GODSHALL, CAPPABIANCA, KENNEY, HESS, SERAFINI, VANCE,
GLADECK, BROWN, NYCE, NAILOR, MAYERNIK, LAWLESS, FLICK, TRUE,
FICHTER, PETTIT, MELIO, MARSICO, BAKER, HENNESSEY, LYNCH,
ZUG, MILLER, PLATTS, SATHER, KING, SAYLOR, STERN AND EGOLF,
MAY 3, 1993

REFERRED TO COMMITTEE ON STATE GOVERNMENT, MAY 3, 1993

A JOINT RESOLUTION

1 Proposing an amendment to the Constitution of the Commonwealth
2 of Pennsylvania, providing for spending limitations on the
3 Commonwealth and its political subdivisions.

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

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

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

9 § 18. Spending limitations.

10 (a) Total spending by the Commonwealth shall not exceed the
11 spending limit in any fiscal year. The spending limit for any
12 fiscal year shall be equal to the spending during the
13 immediately prior fiscal year, adjusted by 80% of the compound

annual rate of change for the two preceding years of the Personal Income by Place of Residence for Pennsylvania as defined and officially reported by the United States Department of Commerce. The percentage of the rate of change used in any fiscal year to adjust the limit may be increased for that year, but not to a percentage in excess of 100%, by the affirmative vote of two-thirds of the members elected to each House of the General Assembly.

(b) The General Assembly shall enact legislation requiring each municipality and school district to restrict the annual growth in spending by binding ordinance or resolution. This limit may not exceed the compound annual rate of change for the two preceding years of the Personal Income by Place of Residence for Pennsylvania as defined and officially reported by the United States Department of Commerce. Spending in excess of this limit may be changed by a majority vote of the electorate of the municipality or school district.

(c) If the duty of paying any cost or any portion thereof is transferred from one level or unit of government to another, the cost so transferred shall be deducted from the spending limit of the transferor and shall be added to the spending limit of the transferee.

(d) The Commonwealth shall not impose upon any unit of local government new programs or increase levels of service under existing programs unless the necessary cost thereof shall be fully funded by the Commonwealth.

(e) The Commonwealth's spending limit as provided in subsection (a) may be changed by the procedure outlined in section 1(a) of Article XI.

(f) The spending limit of the Commonwealth may be exceeded

1 in any fiscal year for a presidentially declared emergency or
2 major disaster. The spending limit may also be exceeded for
3 other declared emergencies if the Governor so requests and the
4 General Assembly approves by the affirmative vote of two-thirds
5 of the members elected to each House of the General Assembly.
6 The excess spending authorized by exceeding the limit in this
7 manner shall not be included in the computation base of the
8 spending limit for any subsequent fiscal year.

9 (g) Future liabilities resulting from the adoption of or
10 contracting for new or improved deferred compensation or
11 benefits or pensions on or after the effective date of this
12 amendment shall be fully funded each year in accordance with an
13 accepted advance funding actuarial method using actuarial
14 assumptions and asset valuation methods.

15 (h) Total spending by the Commonwealth means all
16 appropriations and authorizations from the General Fund, Motor
17 License Fund and funds created after the effective date of this
18 amendment and shall exclude refunds, servicing of bonded
19 indebtedness incurred prior to the effective date of this
20 amendment and of voter-approved bonded indebtedness,
21 expenditures for funding the unfunded pension liabilities
22 existing on the effective date of this amendment and the
23 spending of Federal funds, gifts or receipts restricted by laws
24 in effect as of January 1, 1991. This section shall not be
25 circumvented by creating additional spending programs in or
26 transferring spending from the General Fund or Motor License
27 Fund to existing special funds or restricted receipt accounts.

28 (i) The Commonwealth shall not impose taxes or spend
29 revenues in excess of those imposed or spent during the fiscal
30 year next following the date on which this amendment is adopted

1 until the legislation required by subsection (b) has been
2 enacted.

3 Section 2. The addition of section 18(a) of Article VIII of
4 the Constitution of Pennsylvania shall become effective
5 beginning with the first fiscal year commencing more than six
6 months following approval of section 18 by the electorate.