

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

# HOUSE BILL

## No. 2275

Session of  
1993

INTRODUCED BY ARMSTRONG, KASUNIC, BUNT, HASAY, FARGO, GEIST,  
PLATTS, GANNON, LEH, SATHER, M. N. WRIGHT, MILLER, GODSHALL,  
SAURMAN, EGOLF, LAUB, RAYMOND, MERRY AND CIVERA,  
NOVEMBER 24, 1993

REFERRED TO COMMITTEE ON STATE GOVERNMENT, NOVEMBER 24, 1993

## A JOINT RESOLUTION

1 Proposing an amendment to the Constitution of the Commonwealth  
2 of Pennsylvania, imposing spending limitations on the  
3 Commonwealth, counties, municipalities and school districts.

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 sections to read:

9 § 18. Spending limit for the Commonwealth.

10 (a) Except as provided in subsections (c) and (d), total  
11 spending by the Commonwealth shall not exceed the spending limit  
12 in any fiscal year.

13 (b) The spending limit for any fiscal year shall be equal to  
14 the Commonwealth's total spending during the immediately  
15 preceding fiscal year, increased by the percentage change in the  
16 Consumer Price Index, as computed and reported by the United  
17 States Bureau of Labor Statistics, for the 12 months prior to

1 the adoption of the budget.

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

12 (d) Any spending increase in excess of the Commonwealth's  
13 spending limit shall require approval by a two-thirds vote in  
14 each House of the General Assembly.

15 (e) The Commonwealth shall not impose upon any unit of local  
16 government new programs or require increased levels of service  
17 under existing programs unless the necessary cost of the new  
18 programs or increase in the level of service shall be fully  
19 funded by the Commonwealth.

20 (f) Future liabilities resulting from the adoption of or  
21 contracting for new or improved deferred compensation, benefits  
22 or pensions on or after the effective date of this section shall  
23 in each instance be fully funded in accordance with an accepted,  
24 advance-funding actuarial method using actuarial assumptions and  
25 asset valuation methods.

26 (g) Total spending by the Commonwealth means all  
27 appropriations and authorizations from all current funds and  
28 funds created after the effective date of this section, but  
29 shall not include refunds, servicing of bonded indebtedness  
30 incurred prior to the effective date of this section, voter-

1 approved bonded indebtedness, expenditures for funding unfunded  
2 pension liabilities existing on the effective date of this  
3 section and the spending of revenues received by the  
4 Pennsylvania Lottery. This section shall apply to all general  
5 funds, all special revenue funds, all debt service funds, all  
6 capital project funds, all internal service funds, all  
7 enterprise funds, excluding the State Workmen's Insurance Fund,  
8 and all agency funds, excluding the Deferred Compensation Fund,  
9 the Deferred Compensation Short-term Portfolio Fund and the  
10 Medical Professional Liability Catastrophe Loss Fund. This  
11 section shall not be circumvented by creating new funds which  
12 are not included in the spending limits delineated in subsection  
13 (a) or by transferring spending between funds. There shall be no  
14 allocations or transfers of funds from the State Workmen's  
15 Insurance Fund, the Deferred Compensation Short-term Portfolio  
16 Fund, the Medical Professional Liability Catastrophe Loss Fund  
17 or any Commonwealth trust funds or Commonwealth pension trust  
18 funds to any other Commonwealth fund.

19 (h) Individual or class action suits may be filed to enforce  
20 the provisions of this section and shall have the highest civil  
21 priority of resolution. Successful plaintiffs shall be allowed  
22 costs and reasonable attorney fees, but the Commonwealth shall  
23 not, unless a suit against it be ruled frivolous. Revenue  
24 collected, kept or spent unlawfully during the four full fiscal  
25 years before a suit is filed shall be refunded with 10% annual  
26 simple interest from the initial unlawful expenditure. Subject  
27 to judicial review, the Commonwealth may use any reasonable  
28 method to provide for refunds under this section, including  
29 temporary tax credits or rate reductions.

30 (i) If revenue from sources not excluded from fiscal year

spending exceeds the limits in dollars prescribed by this section for a fiscal year, the excess shall be refunded in the next fiscal year, unless voters approve a revenue change as an offset.

§ 19. Spending limit for counties and municipalities.

(a) Except as provided in subsections (c) and (d), total spending by counties and municipalities shall not exceed the spending limit in any fiscal year.

(b) The spending limit for any fiscal year shall be equal to the county or municipality's total spending during the immediately preceding fiscal year, increased by the percentage change in the Consumer Price Index, as computed and reported by the United States Bureau of Labor Statistics, for the 12 months prior to the adoption of the budget.

(c) Any spending increase in excess of the county or municipality's spending limit shall require voter approval as provided by law.

(d) The spending limit of counties and municipalities may be exceeded in any fiscal year for expenditures required by emergencies or disasters declared by the President of the United States or the Governor. The excess spending authorized by exceeding the limit in this manner shall not be included in the computation base of the spending limit for any subsequent fiscal year.

(e) Future liabilities resulting from the adoption of or contracting for new or improved deferred compensation, benefits or pensions on or after the effective date of this section shall in each instance be fully funded in accordance with an accepted, advance-funding actuarial method using actuarial assumptions and asset valuation methods.

1     (f) Total spending by a county or municipality means all  
2 appropriations and authorizations from all current funds and  
3 funds created after the effective date of this section, but  
4 shall not include refunds, servicing of bonded indebtedness  
5 incurred prior to the effective date of this section, voter-  
6 approved bonded indebtedness and expenditures for funding  
7 unfunded pension liabilities existing on the effective date of  
8 this section.

9     (g) Individual or class action suits may be filed to enforce  
10 the provisions of this section and shall have the highest civil  
11 priority of resolution. Successful plaintiffs shall be allowed  
12 costs and reasonable attorney fees, but the counties and  
13 municipalities shall not, unless a suit against a county or a  
14 municipality be ruled frivolous. Revenue collected, kept or  
15 spent unlawfully during the four full fiscal years before a suit  
16 is filed shall be refunded with 10% annual simple interest from  
17 the initial unlawful expenditure. Subject to judicial review,  
18 the counties and municipalities may use any reasonable method to  
19 provide for refunds under this section, including temporary tax  
20 credits or rate reductions.

21     (h) If revenue from sources not excluded from fiscal year  
22 spending exceeds the limits in dollars prescribed by this  
23 section for a fiscal year, the excess shall be refunded in the  
24 next fiscal year unless voters approved a revenue change as an  
25 offset.

26     § 20. Spending limit for school districts.

27     (a) Except as provided in subsection (c), total spending by  
28 school districts shall not exceed the spending limit in any  
29 fiscal year.

30     (b) The spending limit for any fiscal year shall be equal to

1 the school district's total spending during the immediately  
2 preceding fiscal year, increased by the percentage change in the  
3 Consumer Price Index, as computed and reported by the United  
4 States Bureau of Labor Statistics, for the 12 months prior to  
5 the adoption of the budget.

6 (c) Any spending increase in excess of the school district's  
7 spending limit shall require voter approval as provided by law.

8 (d) The spending limit of school districts may be exceeded  
9 in any fiscal year for expenditures required by emergencies or  
10 disasters declared by the President of the United States or the  
11 Governor. The excess spending authorized by exceeding the limit  
12 in this manner shall not be included in the computation base of  
13 the spending limit for any subsequent fiscal year.

14 (e) Future liabilities resulting from the adoption of or  
15 contracting for new or improved deferred compensation, benefits  
16 or pensions on or after the effective date of this section shall  
17 in each instance be fully funded in accordance with an accepted,  
18 advance-funding actuarial method using actuarial assumptions and  
19 asset valuation methods.

20 (f) Total spending by a school district means all  
21 appropriations and authorizations from all current funds and  
22 funds created after the effective date of this section, but  
23 shall not include refunds, servicing of bonded indebtedness  
24 incurred prior to the effective date of this section, voter-  
25 approved bonded indebtedness and expenditures for funding  
26 unfunded pension liabilities existing on the effective date of  
27 this section.

28 (g) Individual or class action suits may be filed to enforce  
29 the provisions of this section and shall have the highest civil  
30 priority of resolution. Successful plaintiffs shall be allowed

1 costs and reasonable attorney fees, but the school district  
2 shall not, unless a suit against it be ruled frivolous. Revenue  
3 collected, kept or spent unlawfully during the four full fiscal  
4 years before a suit is filed shall be refunded with 10% annual  
5 simple interest from the initial unlawful expenditure. Subject  
6 to judicial review, the school district may use any reasonable  
7 method to provide for refunds under this section, including  
8 temporary tax credits or rate reductions.

9 (h) If revenue from sources not excluded from fiscal year  
10 spending exceeds the limits in dollars prescribed for a fiscal  
11 year, the excess shall be refunded in the next fiscal year  
12 unless voters approve a revenue change as an offset.

13 Section 2. The addition of sections 18, 19 and 20 of Article  
14 VIII of the Constitution of Pennsylvania shall apply beginning  
15 with the first fiscal year commencing more than six months  
16 following approval by the electorate.