

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

SENATOR BROWNE, FINANCE, AS AMENDED, JUNE 6, 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 STATE'S LIMIT UNDER SUBSECTION (A) SHALL BE REDUCED <—
15 BY THE AMOUNT OF ANY REDUCTION IN STATE APPROPRIATIONS TO A
16 POLITICAL SUBDIVISION FOR ADMINISTRATION OF A MANDATED SERVICE,
17 WITHOUT AN EQUAL OR GREATER REDUCTION IN STATE-MANDATED EXPENSES

1 FOR THE LOCAL GOVERNMENT OR A REPEAL OF THE MANDATE TO PROVIDE
2 PROGRAM OR SERVICE.

3 ~~(b)~~ (C) The appropriation limit of the Commonwealth may be <—
4 exceeded in any fiscal year for the following:

5 (1) To respond to a presidential or gubernatorial
6 declaration of emergency if the General Assembly approves by
7 two-thirds affirmative vote of the members elected to each
8 house of the General Assembly. In no case shall the excess
9 spending authorized by exceeding the appropriation limit in
10 this manner be included in the computation base of the
11 appropriation limit for any subsequent fiscal year.

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

16 ~~(e)~~ (D) (1) Except as provided under paragraph (2), for any <—
17 fiscal year in which the Governor certifies that a surplus
18 exists, 25% of that surplus shall be deposited by the end of
19 the next succeeding quarter into the Budget Stabilization
20 Reserve Fund established in section 1701-A of the act of
21 April 9, 1929 (P.L.343, No.176), known as The Fiscal Code,
22 and 75% of that surplus shall be deposited by the end of the
23 next succeeding quarter into the Taxpayer Protection Fund
24 which is hereby established in the State Treasury.

25 (2) For any fiscal year in which the State Treasurer
26 certifies that the balance in the Budget Stabilization
27 Reserve Fund equals or exceeds 5% of the total of all General
28 Fund appropriations, 100% of the surplus certified by the
29 Governor under paragraph (1) shall be deposited into the
30 Taxpayer Protection Fund.

~~(d)~~ (E) (1) Subject to the provisions of subsection ~~(e)~~
(F), the moneys in the Taxpayer Protection Fund shall be
distributed to taxpayers who have liability for the tax
imposed under Article III of the act of March 4, 1971 (P.L.6,
No.2), known as the Tax Reform Code of 1971, through a
reduction in the rate of such tax, which reduction shall be
established by an act of the General Assembly to be effective
for January 1 through December 31 of the subsequent calendar
year.

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

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

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

~~(g)~~ (H) For purposes of this section:

"Appropriation limit" means the total of the amounts approved

as executive authorizations by the Governor plus the total amounts of preferred and nonpreferred appropriations made by the General Assembly from the General Fund during the fiscal year immediately prior to the budget year under consideration, adjusted by the lesser of:

(1) the average percentage change in personal income in this Commonwealth for the three preceding calendar years as reported by the Federal Government or as determined pursuant to an act of the General Assembly; or

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

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

"Average percentage change in personal income" means the average of the percentage change in personal income estimates for this Commonwealth, from second calendar quarter to second calendar quarter, for each of the three calendar years immediately preceding the calendar year in which a given executive budget is submitted by the Governor, as reported by the United States Department of Commerce, Bureau of Economic

1 Analysis, SO4 quarterly income summary for this Commonwealth or
2 its successor index or as determined pursuant to an act of the
3 General Assembly.

4 "Average percentage change in State population" means the
5 average of the percentage change in State population for each of
6 the three most recent years immediately preceding the calendar
7 year in which a given executive budget is submitted by the
8 Governor, as reported by the United States Census Bureau for
9 July 1 of each year.

10 "MANDATED SERVICE." ANY PROGRAM OR SERVICE ADMINISTERED BY A <—
11 POLITICAL SUBDIVISION OF THE COMMONWEALTH AS A RESULT OF BEING
12 REQUIRED TO PROVIDE THAT PROGRAM OR SERVICE BY STATE LAW.

13 "Total spending by the Commonwealth" means all General Fund
14 appropriations made by the General Assembly and all
15 appropriations from a constitutionally or statutorily
16 established fund created after the effective date of this
17 section.

18 Section 2. (a) Upon the first passage by the General
19 Assembly of this proposed constitutional amendment, the
20 Secretary of the Commonwealth shall proceed immediately to
21 comply with the advertising requirements of section 1 of Article
22 XI of the Constitution of Pennsylvania and shall transmit the
23 required advertisements to two newspapers in every county in
24 which such newspapers are published in sufficient time after
25 passage of this proposed constitutional amendment.

26 (b) Upon the second passage by the General Assembly of this
27 proposed constitutional amendment, the Secretary of the
28 Commonwealth shall proceed immediately to comply with the
29 advertising requirements of section 1 of Article XI of the
30 Constitution of Pennsylvania and shall transmit the required

1 advertisements to two newspapers in every county in which such
2 newspapers are published in sufficient time after passage of
3 this proposed constitutional amendment. The Secretary of the
4 Commonwealth shall submit this proposed constitutional amendment
5 to the qualified electors of this Commonwealth at the first
6 primary, general or municipal election which meets the
7 requirements of and is in conformance with section 1 of Article
8 XI of the Constitution of Pennsylvania and which occurs at least
9 three months after the proposed constitutional amendment is
10 passed by the General Assembly.