A JOINT RESOLUTION

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

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

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

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

10 § 18. Spending limitations.

11 (a) Beginning the first full fiscal year after the adoption of this amendment, the rate of growth of total spending by the Commonwealth shall not exceed the average rate of growth of Gross Commonwealth Product in the preceding three calendar years.
(b) Total combined spending of all municipalities and school
districts of the Commonwealth, except as increased by referendum
as provided in subsection (f), for their respective calendar
years or fiscal years beginning therein, commencing more than
one year after the date of the approval of this section, shall
not increase at a rate in excess of the average rate of growth
of the Gross Commonwealth Product in the preceding three
calendar years.

(c) The General Assembly shall enact legislation restricting
the rate of growth of spending in each class of municipality and
school district in a manner which will limit the growth of total
spending to the amount specified in subsection (b). The General
Assembly shall provide uniform limitation formulas for each
class of municipality and school district. Until the General
Assembly enacts spending limitation formulas for each class of
municipality and school district, each such political
subdivision shall individually limit the growth of its spending
to the spending ceiling rate applicable to Commonwealth
spending.

(d) If responsibility for funding programs is transferred
from one unit or level of government to another, the respective
spending limits shall be adjusted to reflect such change,
provided that the total spending authorized by the Commonwealth
and its municipalities and school districts does not exceed that
amount which would have been authorized by the Commonwealth and
its municipalities and school districts without change. The
Commonwealth shall not impose upon any municipality or school
district new programs or increased levels of service under
existing programs unless the cost thereof shall be adequately
funded by the State, except as provided by law prior to the
adoption of this amendment, unless local government spending
ceilings are appropriately adjusted.

(e) (1) The basis of the Commonwealth's spending limitation
as provided in subsection (a) may be changed only by
Constitutional amendment: Provided, however, That the procedure
outlined in Article XI, section 1(a), otherwise reserved for
situations where a major emergency threatens the Commonwealth,
may be used.

(2) The spending limitations of each municipality and school
district may be changed if such change is approved by a majority
of those voting at a referendum placed on the ballot by the
appropriate legislative body at a regularly scheduled general or
municipal election.

(f) The spending limit of the Commonwealth or of any
municipality or school district may be exceeded in a natural
disaster or other such emergency if:

(1) with respect to the Commonwealth, the Governor requests
and each House of the General Assembly approves by a two-thirds
vote; and

(2) with respect to municipalities and school districts, the
mayor or chief legislative officer, where one exists, requests
and the legislative body by a two-thirds vote approves, the
designation of the nature of the emergency, the dollar amount of
spending authorized for the emergency, the method by which the
emergency will be funded, and provides a limited duration of not
more than three years for emergency spending. Any emergency so
declared shall be rescinded by the affirmative vote a majority
of those voting on such question at a referendum placed on the
ballot at a regularly scheduled municipal or general election by
petition of 5% of the voters registered in such political
subdivision at the immediately preceding primary election.

(g) No spending limitations shall be circumvented by underfunding or understating future liabilities for increased deferred compensation or benefits contracted for on or after January 1, 1980. Liabilities for deferred compensation or benefits shall be determined in accordance with generally accepted actuarial and accounting principles.

(h) Nothing in this section shall impair the full faith and credit obligation of the Commonwealth to pay its debt.

(i) Except as provided in subsection (f) revenues in excess of the applicable spending limits shall be used only:

(1) to establish a stabilization fund, for use only in a fiscal year when revenues do not rise to spending growth limits: Provided, That such fund shall not exceed 5% of the revenues for the current fiscal year;

(2) for reduction of taxes;

(3) for credit against the next year's spending limit; or

(4) to finance emergencies declared in accordance with subsection (f).

(j) Any taxpayer of the Commonwealth shall have standing as authorized by the General Assembly to bring suit in the Commonwealth Court to enforce the provisions of this act.

(k) Spending shall include all general and special fund appropriations and authorizations, excluding any funds derived from the Federal Government, the appropriation or authorization of restricted receipts, refunds and amounts received from the public for discretionary services benefiting the person charged. The Commonwealth spending ceiling shall exclude spending of the State Lottery Fund, Nonpublic Elementary and Secondary Education Fund, Sire Stakes Fund, State Horse Racing Fund, Highway

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Beautification Fund, Pennsylvania Fair Fund, State Harness Racing Fund, Game Fund, Fish Fund, Banking Department Fund, Milk Marketing Fund, State Farm Products Show Fund, and the Boating Fund. The General Assembly shall enact legislation defining, in conformity with the provisions of subsection (b), the definition of spending for municipalities and school districts. Gross Commonwealth Product means the total market value of all final goods and services produced in the Commonwealth in one year.