

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1

Session of
1979

INTRODUCED BY TADDONIO, SWEET, VROON, KOLTER, S. E. HAYES, JR.,
KOWALYSHYN, HOEFFEL, FISHER, POLITE, GEIST, PYLES, PETRARCA,
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KUKOVICH, PICCOLA, ZELLER, ZORD, GOEBEL, McVERRY, REED,
SIEMINSKI, CESSAR, PUNT, DORR, BURD, DeVERTER, MADIGAN,
W. W. FOSTER, PITTS, STEWART, McCLATCHY, KLINGAMAN,
E. R. LYNCH, SIRIANNI, LEVI AND FREIND, JANUARY 23, 1979

REFERRED TO COMMITTEE ON FINANCE, JANUARY 23, 1979

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 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 the Commonwealth of Pennsylvania is proposed in accordance with
8 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
12 of this amendment, the rate of growth of total spending by the
13 Commonwealth shall not exceed the average rate of growth of
14 Gross Commonwealth Product in the preceding three calendar
15 years.

1 (b) Total combined spending of all municipalities and school
2 districts of the Commonwealth, except as increased by referendum
3 as provided in subsection (f), for their respective calendar
4 years or fiscal years beginning therein, commencing more than
5 one year after the date of the approval of this section, shall
6 not increase at a rate in excess of the average rate of growth
7 of the Gross Commonwealth Product in the preceding three
8 calendar years.

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

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

1 adoption of this amendment, unless local government spending
2 ceilings are appropriately adjusted.

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

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

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

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

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

1 subdivision at the immediately preceding primary election.

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

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

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

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

16 (2) for reduction of taxes;

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

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

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

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

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