
AS AMENDED ON THIRD CONSIDERATION, HOUSE OF REPRESENTATIVES, DECEMBER 4, 1979

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.

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

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

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

5 § 18. Spending limitations.

6 (a) Total spending by the Commonwealth shall not exceed the spending limit in any fiscal year. The spending limit for any fiscal year shall be equal to the spending during the immediately prior fiscal year, adjusted by 80% of the compound
annual rate of change for the two preceding years of the
Personal Income of Pennsylvania as defined and officially
reported by the Federal Government. 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 restricting
the annual growth in expenditures SPENDING of each municipality
AND school district or any other similar general purpose unit of
government hereinafter created, to an appropriate economic index
adjusted for population fluctuation and GROWTH AND SHALL provide
for changing the expenditure SUCH SPENDING limit by a majority
vote of the electorate OF SAID MUNICIPALITY OR SCHOOL DISTRICT.

(c) If the duty of paying any cost or any portion thereof
shall be 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
adequately FULLY funded by the State COMMONWEALTH.

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

(f) The spending limit of the Commonwealth may be exceeded
in any fiscal year for a declared emergency PRESIDENTIALLY
DECLARED EMERGENCY OR MAJOR DISASTER. THE SPENDING LIMIT MAY ALSO BE EXCEEDED FOR OTHER DECLARED EMERGENCIES if the Governor so requests and the General Assembly approves by the affirmative vote of two-thirds of the members elected to each House. 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.

(g) Future liabilities resulting from the adoption of or contracting of a new or improved Employee Benefit Pension Plan DEFERRED COMPENSATION OR BENEFITS OR PENSIONS on or after the effective date of this amendment, shall be FULLY funded for EACH YEAR in accordance with an acceptable advance funding actuarial method using actuarial assumptions and asset valuation methods.

(h) Commonwealth spending TOTAL SPENDING BY THE COMMONWEALTH means all appropriations and authorizations from the General Fund, and Motor License Fund and funds created after the effective date of this amendment, and shall exclude refunds, servicing of bonded indebtedness incurred prior to the effective date of this amendment and of voter approved bonded indebtedness, expenditures for funding the unfunded pension liabilities existing on the effective date of this amendment, and the spending of Federal funds, gifts or receipts restricted by laws in effect as of January 1, 1980. This section shall not be circumvented by creating additional spending programs in, or transferring spending from the General Fund or Motor License Fund to, existing special funds or other restricted receipt accounts.

(i) The Commonwealth and each municipality, school district, or any other similar general purpose unit of government
hereinafter created, shall not impose taxes or spend revenues in excess of those imposed or expended during the fiscal year next following the date on which this amendment is adopted until the legislation required by subsection (b) has been enacted.

SCHEDULE

Section 18(a) OF ARTICLE VIII shall be effective for the BEGINNING WITH THE FIRST fiscal year or period commencing six months after voter approval, COMMENCING MORE THAN SIX MONTHS FOLLOWING APPROVAL OF SECTION 18 BY THE ELECTORATE.