

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL**No. 1**Session of
1979

INTRODUCED BY MESSRS. TADDONIO, SWEET, VROON, KOLTER, S. E. HAYES, KOWALYSHYN, HOEFFEL, D. M. FISHER, POLITE, GEIST, PYLES, PETRARCA, E. G. JOHNSON, WENGER, KNEPPER, MRS. KERNICK MESSRS. NOYE, A. C. FOSTER, LASHINGER, STAIRS, TRELLO, GRUPPO, PICCOLA, ZELLER, ZORD, GOEBEL, McVERRY, REED, SIEMINSKI, CESSAR, PUNT, DORR, BURD, DeVERTER, MADIGAN, W. W. FOSTER, PITTS, STEWART, McCLATCHY, KLINGAMAN, E. R. LYNCH, MISS SIRIANNI, MESSRS. LEVI, FREIND, MRS. ARTY, MESSRS. R. R. FISCHER, SWIFT, BOWSER, POTT, ZWIKL, WILSON, GLADECK, CIMINI, MOWERY, PERZEL AND DIETZ, JANUARY 23, 1979

AS AMENDED ON THIRD CONSIDERATION, HOUSE OF REPRESENTATIVES,
DECEMBER 4, 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) Total spending by the Commonwealth shall not exceed the
12 spending limit in any fiscal year. The spending limit for any
13 fiscal year shall be equal to the spending during the
14 immediately prior fiscal year, adjusted by 80% of the compound

1 annual rate of change for the two preceding years of the
2 Personal Income of Pennsylvania as defined and officially <—
3 reported by the Federal Government. PERSONAL INCOME BY PLACE OF <—
4 RESIDENCE FOR PENNSYLVANIA AS DEFINED AND OFFICIALLY REPORTED BY
5 THE UNITED STATES DEPARTMENT OF COMMERCE. The percentage of the
6 rate of change used in any fiscal year to adjust the limit may
7 be increased for that year, but not to a percentage in excess of
8 100%, by the affirmative vote of two-thirds of the members
9 elected to each House of the General Assembly.

10 (b) The General Assembly shall enact legislation restricting
11 the annual growth in expenditures SPENDING of each municipality <—
12 AND school district or any other similar general purpose unit of <—
13 government hereinafter created, to an appropriate economic index
14 adjusted for population fluctuation and GROWTH AND SHALL provide <—
15 for changing the expenditure SUCH SPENDING limit by a majority <—
16 vote of the electorate OF SAID MUNICIPALITY OR SCHOOL DISTRICT. <—

17 (c) If the duty of paying any cost or any portion thereof
18 shall be transferred from one level or unit of government to
19 another the cost so transferred shall be deducted from the
20 spending limit of the transferor and shall be added to the
21 spending limit of the transferee.

22 (d) The Commonwealth shall not impose upon any unit of local
23 government new programs or increase levels of service under
24 existing programs unless the necessary cost thereof shall be
25 adequately FULLY funded by the State COMMONWEALTH. <—

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

29 (f) The spending limit of the Commonwealth may be exceeded
30 in any fiscal year for a declared emergency PRESIDENTIALLY <—

1 DECLARED EMERGENCY OR MAJOR DISASTER. THE SPENDING LIMIT MAY
2 ALSO BE EXCEEDED FOR OTHER DECLARED EMERGENCIES if the Governor
3 so requests and the General Assembly approves by the affirmative
4 vote of two-thirds of the members elected to each House. The
5 excess spending authorized by exceeding the limit in this manner
6 shall not be included in the computation base of the spending
7 limit for any subsequent fiscal year.

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

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

29 (i) The Commonwealth and ~~each municipality, school district,~~ <—
30 or any other similar general purpose unit of government

1 ~~hereinafter created,~~ shall not impose taxes or spend revenues in
2 ~~excess of those imposed or expended~~ SPENT during the fiscal year <—
3 ~~next following the date on which this amendment is adopted until~~
4 ~~the legislation required by subsection (b) has been enacted.~~

5 SCHEDULE

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