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 PROPOSING AN AMENDMENT TO THE CONSTITUTION OF THE COMMONWEALTH OF PENNSYLVANIA, AUTHORIZING SPECIAL TAX PROVISIONS FOR TAXPAYERS IN CERTAIN AREAS.

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

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

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 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 spending of each municipality and school district to an appropriate economic index adjusted for population growth and shall provide for changing 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 fully funded by the Commonwealth.

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

(f) The spending limit of the Commonwealth may be exceeded in any fiscal year for a 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 for new or improved deferred compensation or
benefits or pensions on or after the effective date of this
amendment, shall be fully funded each year in accordance with an
accepted advance funding actuarial method using actuarial
assumptions and asset valuation methods.

(h) 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 restricted receipt accounts.

(i) The Commonwealth shall not impose taxes or spend
revenues in excess of those imposed or spent 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 beginning with the first fiscal year commencing more than six months following approval of section 18 by the electorate.

SECTION 1. THE FOLLOWING AMENDMENT TO THE CONSTITUTION OF THE COMMONWEALTH OF PENNSYLVANIA IS PROPOSED IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE XI THEREOF:

THAT SUBSECTION (B) OF SECTION 2 OF ARTICLE VIII BE AMENDED BY ADDING A CLAUSE TO READ:

§ 2. EXEMPTIONS AND SPECIAL PROVISIONS.

* * *

(B) THE GENERAL ASSEMBLY MAY, BY LAW:

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(V) ESTABLISH STANDARDS AND QUALIFICATIONS BY WHICH LOCAL TAXING AUTHORITIES IN COUNTIES OF THE FIRST AND SECOND CLASS MAY MAKE UNIFORM SPECIAL REAL PROPERTY TAX PROVISIONS APPLICABLE TO TAXPAYERS WHO ARE LONGTIME OWNER-OCCUPANTS AS SHALL BE DEFINED BY THE GENERAL ASSEMBLY OF RESIDENCES IN AREAS WHERE REAL PROPERTY VALUES HAVE RISEN MARKEDLY AS A CONSEQUENCE OF THE REFURBISHING OR RENOVATING OF OTHER DETERIORATING RESIDENCES OR THE CONSTRUCTION OF NEW RESIDENCES.

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