

HOUSE BILL 850

Introduced by Thomas, et al.

2/14	Introduced
2/14	Referred to Taxation
2/15	First Reading
3/15	Hearing
3/19	Tabled in Committee

CONSTITUTIONAL AMENDMENT

1 *House* BILL NO. *850*
 2 INTRODUCED BY *Thomas O'Connell* *Major William Gaston* *Beard*
 3 *Ellison* *Hayne* *Keller* *Conitt* *Stacy*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO SUBMIT TO THE
 5 QUALIFIED ELECTORS OF MONTANA AN AMENDMENT TO ARTICLE VIII *Lobby*
 6 OF THE CONSTITUTION OF THE STATE OF MONTANA TO PLACE A LIMIT *Knox*
 7 ON GOVERNMENTAL SPENDING AND TAX COLLECTIONS. *Clark* *Robinson* *Wicks* *Chapman* *Offman*
 8 *Bob Brown* *Tanell* *HARP* *Off* *T. Carl* *Devlin*
 9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 **Section 1.** Article VIII of The Constitution of the
 11 State of Montana is amended by adding a new section 15 that
 12 reads:

13 **Section 15. State and political subdivision limits. (1)**
 14 There is a revenue limit and a spending limit for
 15 governmental units in this state.

16 (2) For the purposes of this section, the following
 17 definitions apply:

18 (a) "Fiscal period" means the two-year appropriations
 19 period for state government enacted corresponding with
 20 biennial legislative sessions and a one-year appropriations
 21 period for state government with annual legislative sessions
 22 and for all other governmental units.

23 (b) "Governmental unit" includes state government, any
 24 subdivision of state government, any local government
 25 established under the authority of Article XI, and all

1 school districts.
 2 (c) "Limited revenues" means revenues received by a
 3 governmental unit from all sources except:
 4 (i) money refunded to the governmental unit;
 5 (ii) gifts from nongovernmental sources;
 6 (iii) funds received from the federal government;
 7 (iv) all receipts from a government enterprise that is
 8 not tax-supported;
 9 (v) borrowed funds;
 10 (vi) tax income that must be applied to pay principal
 11 and interest on bonds that were approved by a vote of the
 12 electors or on bonds outstanding on January 1, 1993;
 13 (vii) assessments or other nontax proceeds that must be
 14 used to service or retire bonds; and
 15 (viii) funds carried over from the preceding fiscal
 16 year.
 17 (3) A governmental unit may not raise more limited
 18 revenues during a fiscal period than it did in the prior
 19 fiscal period. The revenue limits may be adjusted for
 20 changes in the consumer price level or population of the
 21 governmental unit. State government may exceed revenue
 22 limits as provided in a law approved by a two-thirds vote of
 23 each house of the legislature. A governmental unit other
 24 than the state government may exceed its revenue limit if
 25 approved by the electors of the governmental unit voting on



1 the question. The law or voter-approved measure authorizing
2 a governmental unit to exceed revenue limits may be
3 effective for a period not to exceed two fiscal periods.

4 (a) The state revenue limit excludes and the
5 appropriate other governmental unit revenue limit includes
6 state revenue transferred to another governmental unit and
7 money applied as tax credits by state government against
8 taxes of other governmental units.

9 (b) (i) When a new governmental unit is created, the
10 state shall establish its initial revenue limit and shall
11 reduce by that amount the revenue limits of the state and
12 other governmental units as appropriate.

13 (ii) When two or more governmental units are combined,
14 their revenue limits shall be combined.

15 (iii) When a governmental responsibility, service, or
16 program is transferred by law between governmental units,
17 the revenue limits of the governmental units shall be
18 proportionally adjusted as provided by law, with no increase
19 in the combined revenue limits.

20 (iv) If state law or rule imposes a duty on another
21 governmental unit that causes net increase in expenses to
22 that governmental unit, the revenue limit of the
23 governmental unit shall be increased by the amount of the
24 increase and the state's revenue limit shall be decreased by
25 the same amount.

1 (c) If a governmental unit's revenues exceeds its
2 revenue limit, the excess shall be refunded to taxpayers
3 pursuant to law.

4 (4) (a) A governmental unit, during a fiscal period,
5 may not expend more than the sum of:

6 (i) the revenue limit and additional revenues approved
7 pursuant to subsection (3); and

8 (ii) revenues excluded from the definition of limited
9 revenues in subsection (2)(c).

10 (5) Any taxpayer may sue to enforce this section and
11 the laws implementing it. If successful, the taxpayer shall
12 be reimbursed for all necessary costs of litigation.

13 (6) The legislature shall implement this section and
14 may adopt further restrictions and limits. The legislature
15 shall require consistent accounting practices by all
16 governmental units in accordance with generally accepted
17 accounting principles.

18 (7) If this amendment is approved by the electorate,
19 any tax, user fee, or increase in the rate or base of an
20 existing tax or user fee enacted or effective during the
21 period of January 1, 1990, through June 30, 1993, is void.

22 **NEW SECTION. Section 2. Severability.** If a part of
23 [section 1] is invalid, all valid parts that are severable
24 from the invalid part remain in effect. If a part of
25 [section 1] is invalid in one or more of its applications,

1 the part remains in effect in all valid applications that
2 are severable from the invalid applications.

3 NEW SECTION. **Section 3. Submission to electorate.** This
4 amendment shall be submitted to the qualified electors of
5 Montana at the general election to be held in November 1992
6 by printing on the ballot the full title of this act and the
7 following:

8 FOR limiting governmental spending and tax
9 collections.

10 AGAINST limiting governmental spending and tax
11 collections.

-End-