

SENATE BILL 3

Introduced by Hammond

6/19	Introduced
6/19	Referred to Education & Cultural Resources
6/20	Rereferred to Taxation
6/21	Hearing
	Died in Committee

CONSTITUTIONAL AMENDMENT

1 SENATE BILL NO. 3
2 INTRODUCED BY HAMMOND
3 BY REQUEST OF THE GOVERNOR

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT TO SUBMIT TO THE
6 QUALIFIED ELECTORS OF MONTANA AN AMENDMENT TO ARTICLE VIII OF
7 THE MONTANA CONSTITUTION TO PLACE A LIMIT ON THE GROWTH RATE
8 OF TOTAL STATE EXPENDITURES; AND PROVIDING AN EFFECTIVE
9 DATE."

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11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12 NEW SECTION. **Section 1.** Article VIII of The
13 Constitution of the State of Montana is amended by adding new
14 sections 15 through 18 that read:

15 **Section 15. Expenditure limitation.** (1) A limit on the
16 total expenditures by the state in each fiscal period is
17 established.

18 (2) The total state expenditures for a fiscal period
19 may not exceed the total expenditures for the prior fiscal
20 period, except for adjustments based on changes in the cost
21 of living, population, and the real income of Montana
22 residents. The legislature shall provide by law the method
23 for determining both the fiscal periods used for total state
24 expenditures and the maximum change allowed in total
25 expenditures, but except for the emergency provisions of

1 section 16, the allowed percentage change in total
2 expenditures shall not exceed the percentage change in the
3 total personal income of Montana residents.

4 **Section 16. Emergency -- exception to expenditure**
5 limitation. The expenditure limitation imposed by section 15
6 may be exceeded upon the declaration of an emergency by a
7 two-thirds vote of the legislature. The legislature shall by
8 law set forth the amount required to fund the emergency and
9 the method by which the costs of the emergency must be
10 defrayed. The limitation may be exceeded only for the year
11 or years in which the emergency is declared. The emergency
12 expenditures shall not be included in the computation of the
13 limitation imposed by section 15 for any other year.

14 **Section 17. Severability.** If any expenditure category
15 is adjudged exempt from the provisions of sections 15 and 16
16 by a court of competent jurisdiction in a final order, the
17 process of computing the expenditure limitation must be
18 adjusted accordingly and all remaining provisions continue
19 in full force and effect.

20 **Section 18. Definitions.** As used in sections 15 and
21 16, the following definitions apply:

22 (1) "Emergency" means an extraordinary event or
23 occurrence that could not have been reasonably foreseen and
24 that requires immediate expenditure to preserve the health
25 and safety of the people of this state.



1 (2) "Fiscal period" means any accounting period used
2 for appropriations.

3 (3) "Personal income" means the total income received
4 by residents of the state of Montana from all sources,
5 including transfer payments, as defined and officially
6 reported by the United States department of commerce, for a
7 12-month period.

8 (4) "Total state expenditures" means the total amount
9 appropriated by the state, local governments, public
10 schools, and other political subdivisions, except:

11 (a) money received from the federal government;

12 (b) principal and interest on bonded indebtedness;

13 (c) appropriations funded by unemployment and
14 disability insurance funds;

15 (d) appropriations funded by discretionary user
16 charges to the extent that such charges do not exceed the
17 cost of goods or services and that the purchase of the goods
18 or services by the user is discretionary;

19 (e) appropriations funded from a permanent endowment,
20 trust fund, or pension fund;

21 (f) proceeds of gifts and bequests for purposes
22 specified by the donor; and

23 (g) appropriations of money between the state and any
24 political subdivisions or between political subdivisions.

25 NEW SECTION. Section 2. Effective date. If approved

1 by the electorate, this amendment is effective January 1,
2 1991.

3 NEW SECTION. Section 3. Coordination. If this
4 amendment and the amendment contained in Bill No. [LC
5 12] are both approved by the electorate, sections 15 through
6 18 in this act are renumbered as sections 16 through 19.

7 NEW SECTION. Section 4. Submission to electorate.
8 This amendment shall be submitted to the qualified electors
9 of Montana at the general election to be held November 7,
10 1989, by printing on the ballot the full title of this act
11 and the following:

12 FOR limiting the growth rate of total state
13 expenditures.

14 AGAINST limiting the growth rate of total state
15 expenditures.

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