ASSEMBLY CONCURRENT RESOLUTION No. 35

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:
Assemblyman ROBERT AUTH
District 39 (Bergen and Passaic)

SYNOPSIS

Proposes constitutional amendment to establish revenue responsibility through annual State appropriations cap limiting spending growth to one percent per year over six years and a permanent revenue responsibility fund reserved for reducing State pension benefit liabilities.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.

A CONCURRENT RESOLUTION proposing to amend Article VIII, Section II of the Constitution of the State of New Jersey.

BE IT RESOLVED *by the General Assembly of the State of New Jersey (the Senate concurring):*

1. The following proposed amendments to the Constitution of the State of New Jersey are agreed to:

PROPOSED AMENDMENTS

Amend Article VIII, Section II, paragraph 2 to read as follows:

2. a. No money shall be drawn from the State treasury but for appropriations made by law. All moneys for the support of the State government and for all other State purposes as far as can be ascertained or reasonably foreseen, shall be provided for in one general appropriation law covering one and the same fiscal year; except that when a change in the fiscal year is made, necessary provision may be made to effect the transition. Any law appropriating money from State funds for any State purpose shall display all appropriations as line-item appropriations designating a specific amount of money expressed as a specific numerical figure for a particular purpose and not by means of general language committing funds in an unspecified, conditional, or contingent amount for any purpose. No annual general appropriation law or other law appropriating money for any State purpose shall be enacted if the **[**appropriation**]** appropriations contained therein, together with all prior appropriations made for the same fiscal period, shall exceed the total amount of revenue on hand and anticipated which will be available to meet such appropriations during such fiscal period, as certified by the Governor.

b. (1) For each of the next six fiscal years commencing after approval of this amendment by the voters, no annual appropriation law or supplemental appropriation law or other law appropriating money from any source of State funds for any State purpose for the same fiscal year shall be enacted if the appropriation or appropriations contained therein, together with all prior appropriations made for the same fiscal year, shall exceed the amount of total appropriations enacted for the prior fiscal year by more than one percent.

(2) The fiscal year appropriation limit established by this subparagraph shall not be construed as requiring the enactment of appropriations for a fiscal year of an amount equal to the limit and shall not apply to appropriations of federal funds.

(3) The fiscal year appropriation limit for the first fiscal year

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

commencing after approval of the amendment adding subparagraphs b. and c. of this paragraph shall be determined based upon the amount of all appropriations of State funds enacted in the prior fiscal year, converting all appropriations that were made from State funds during that prior fiscal year by means of general language committing funds in an unspecified, conditional, or contingent amount to specific amounts of money expressed as specific numerical figures.

c. (1) Provided further, that in each fiscal year commencing after approval of this amendment by the voters, the amount of revenue on hand at the beginning of that fiscal year in excess of two percent of the total amount of State revenue anticipated to be collected during that fiscal year, as certified by the Governor, shall be credited to a Revenue Responsibility Fund established as a special reserve fund in the State Treasury.

(2) (a) Balances in the Revenue Responsibility Fund may be appropriated by the Legislature only to pay for the State's accrued, unfunded liabilities for public employee pension benefits. The fiscal year appropriation limit established by subparagraph b. of this paragraph shall not apply to appropriations of money in the Revenue Responsibility Fund.

(b) Only if no State accrued, unfunded liabilities for public employee pension benefits exist, may balances in the Revenue Responsibility Fund be appropriated by law as an emergency measure if a bill that proposes to enact such an appropriation is passed by the Legislature by the affirmative vote of two-thirds of the authorized membership of each house of the Legislature, notwithstanding the provisions of Article IV, Section IV, paragraph 6 of this Constitution to the contrary. A bill that proposes to enact such an appropriation shall describe the nature of the emergency and the intended use of the funds in meeting the emergency. As used in this paragraph "emergency" means any condition or occurrence which requires an urgent response in the protection of the life, safety, or well-being of the residents of this State, or in the protection or restoration of property endangered, damaged, or destroyed as a result of the condition or occurrence.

Provided further, that notwithstanding the provisions of this subparagraph to the contrary, only if no State accrued, unfunded liabilities for public employee pension benefits exist, may balances in the Revenue Responsibility Fund in excess of an amount equal to five percent of the amount determined and certified as available to meet annual appropriations during a fiscal year pursuant to subparagraph b. be appropriated to reduce or offset real property taxes, if the appropriation does not take the place of appropriations of State funds made for such purposes during the previous fiscal year.

(cf: Art.VIII, Section II, par.2, January 1, 1948)

2. When this proposed amendment to the Constitution is finally agreed to pursuant to Article IX, paragraph 1 of the Constitution, it shall be submitted to the people at the next general election occurring more than three months after the final agreement and shall be published at least once in at least one newspaper of each county designated by the President of the Senate, the Speaker of the General Assembly, and the Secretary of State, not less than three months prior to the general election.

3. This proposed amendment to the Constitution shall be submitted to the people at that election in the following manner and form:

There shall be printed on each official ballot to be used at the general election, the following:

a. In every municipality in which voting machines are not used, a legend which shall immediately precede the question as follows:

If you favor the proposition printed below make a cross (X), plus (+), or check (✔) in the square opposite the word "Yes." If you are opposed thereto make a cross (X), plus (+), or check (✔) in the square opposite the word "No."

b. In every municipality the following question:

	YES	CONSTITUTIONAL AMENDMENT TO ESTABLISH AN ANNUAL STATE APPROPRIATIONS CAP AND LIMIT USE OF CERTAIN SURPLUS REVENUE Do you approve amending the Constitution to adopt an annual appropriations cap on State funds for the next six years? The State would be limited to spending one percent over the prior year's appropriations. All appropriations would be line-items made in fixed dollar amounts. The amendment also creates a permanent Revenue Responsibility Fund. The money placed in the fund will equal any surplus money greater than two percent of the estimated total revenue for the fiscal year, as certified by the Governor. Money in the fund would be used to pay down the State's unfunded public employee pension liability and for other purposes.

	NO	INTERPRETIVE STATEMENT This amendment caps the amount of State funds that can be spent in each of the next six fiscal years to one percent above the amount appropriated in the prior year. Appropriations made by the Legislature are permission for the State to spend money. All appropriations of State funds must be line-items made in fixed dollar amounts. The amendment also creates a Revenue Responsibility Fund. Any surplus funds available at the beginning of the fiscal year that are more than two percent of the total estimated revenue certified by the Governor to be collected for the fiscal year will be put in the fund. Money in the fund can only be used to pay down the State's unfunded public employee pension liability. If no unfunded liability exists, the money can be used in the event of an emergency. This would require a two-thirds vote in each house of the Legislature. Finally, in the event that there is no unfunded public employee retirement liability, the money can be used for property tax relief if the amount in the fund does not drop below five percent of estimated certified revenues for the fiscal year.

SCHEDULE

This Constitutional amendment shall first apply to the annual appropriation act and supplemental appropriations or other laws appropriating money enacted for the fiscal year commencing after approval of this amendment by the voters.

STATEMENT

This concurrent resolution amends the State Constitution to establish an effective annual State appropriations cap and a surplus revenue fund that will receive a portion of any annual budget surplus and is required to be available only to address funding for public employees pension liabilities. The State spending cap on State funds is set for each of the next six fiscal years to one percent above the amount appropriated in the prior year. This will establish

a responsible approach to establishing State spending. The State always is to end and start a fiscal year with an anticipated balance.

Also under this amendment, all State government appropriations are required to be made as line-items in fixed dollar amounts so that all operating costs will be counted under this limit. This will require the full disclosure through line-item display of all "off-budget" expenditures that are typically authorized by the several hundred language provisions in the annual appropriations act.

Additionally, a permanent Revenue Responsibility Fund is created to reserve a portion of surplus funds at the beginning of a fiscal year. Surplus revenue on hand at the beginning of a fiscal year that is over two percent of the total amount of State revenue certified by the Governor for that year is reserved only for appropriations to pay the State's accrued, unfunded liabilities for public employee pension benefits. Only if all such long-term liabilities are eliminated, may the reserved surplus revenue be used in meeting an emergency if a bill describing the nature of the emergency and the intended use of the funds in meeting the emergency is approved by the Legislature by a two-thirds majority vote. Also, if that liability is paid off, and if the balance in the Fund grows above five percent of certified available annual revenue for a fiscal year, the amount above that level may be spent for additional property tax relief.