

**ASSEMBLY CONCURRENT
RESOLUTION No. 72**

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Assemblyman ERIK PETERSON

District 23 (Hunterdon, Somerset and Warren)

SYNOPSIS

Amends State Constitution to prohibit State from using bonds to balance State budget.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 **A CONCURRENT RESOLUTION** proposing to amend Article VIII,
2 Section II of the Constitution of the State of New Jersey by
3 amending paragraph 2 thereof.

4
5 **BE IT RESOLVED** *by the General Assembly of the State of New*
6 *Jersey (the Senate concurring):*

7
8 1. The following proposed amendment to the Constitution of
9 the State of New Jersey is agreed to:

10
11 PROPOSED AMENDMENT

12
13 Amend Article VIII, Section II, paragraph 2 to read as follows:

14 2. No money shall be drawn from the State treasury but for
15 appropriations made by law. All moneys for the support of the State
16 government and for all other State purposes as far as can be
17 ascertained or reasonably foreseen, shall be provided for in one
18 general appropriation law covering one and the same fiscal year;
19 except that when a change in the fiscal year is made, necessary
20 provision may be made to effect the transition. No general
21 appropriation law or other law appropriating money for any State
22 purpose shall be enacted if the appropriation contained therein,
23 together with all prior appropriations made for the same fiscal
24 period, shall exceed the total amount of revenue on hand and
25 anticipated which will be available to meet such appropriations
26 during such fiscal period, as certified by the Governor. For the
27 purpose of this paragraph, revenue shall not include funds made
28 available to the State government through the sale of bonds or the
29 creation of a debt or liability of the State government or of any
30 State governmental entity unless the funds are appropriated by the
31 State government for paying the cost of capital projects not
32 previously authorized by law. Neither the State or any State
33 governmental entity shall, in any fiscal year, sell bonds or issue any
34 debt or liability to provide funds for any object previously provided
35 for through an item of appropriation in any general appropriation
36 law covering the same or any previous fiscal year or provided for in
37 any other law making an appropriation supplementing a general
38 appropriation law.

39 (cf: Article VIII, Section II, paragraph 2, January 1, 1948)

40
41 2. When this proposed amendment to the Constitution is finally
42 agreed to pursuant to Article IX, paragraph 1 of the Constitution, it
43 shall be submitted to the people at the next general election
44 occurring more than three months after the final agreement and
45 shall be published at least once in at least one newspaper of each

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.

1 county designated by the President of the Senate, the Speaker of the
2 General Assembly and the Attorney General, not less than three
3 months prior to the general election.

4

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

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

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

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

16 b. In every municipality the following question:

		PROHIBITS BALANCING STATE BUDGET THROUGH BONDING
	YES	Do you approve the amendment to the New Jersey Constitution, agreed to by the Legislature, that provides that revenue considered available to meet appropriations for a balanced annual State budget shall not include funds made available to the State government through the sale of bonds or the creation of a debt or liability of the State government or of any State governmental entity unless the funds are appropriated by the State government for paying the cost of capital projects not previously authorized by law, and providing further that neither the State or any State governmental entity shall, in any fiscal year, sell bonds or issue any debt or liability to provide funds for any object previously provided for through an item of appropriation in any general appropriation law covering the same or any previous fiscal year or provided for in any other law making an appropriation supplementing a general appropriation law?

		INTERPRETIVE STATEMENT
	NO	This constitutional amendment prohibits the State from using borrowed funds to balance the State budget. It prohibits proceeds from the sale of bonds from being used as revenue to pay for State budget appropriations, except for new capital projects not previously enacted. It also prohibits bonds from being sold to fund any project previously paid for in an annual State budget or through any previous appropriation supplementing the State budget.

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SCHEDULE

This constitutional amendment shall apply to the State fiscal year beginning July 1 next following its approval by the people pursuant to Article IX, paragraph 1 of the Constitution, and each fiscal year thereafter.

STATEMENT

This concurrent resolution proposes a constitutional amendment that prohibits the State from using borrowed funds to balance the State budget. It prohibits proceeds from the sale of bonds from being used as revenue to pay for State budget appropriations, except for new capital projects not previously enacted. It also prohibits bonds from being sold to fund any project previously paid for in an annual State budget or through any previous appropriation supplementing the State budget.

The balanced budget provision of the State Constitution has been severely weakened if not effectively repealed by the use of long-term bonded indebtedness to produce enormous short-term revenue sources to balance current, single-year State spending. In Fiscal Years 2003 and 2004 the State caused various State authorities to issue bonds totaling more than \$3.5 billion and to turn over virtually all of the funds to the State as revenue to support the ordinary operating expenses of the State government. The Governor's budget recommendations for Fiscal Year 2005 again propose that \$1.5 billion of bonds be sold by an authority and that virtually all of the funds be turned over to the State as revenue to pay for ordinary operating expenses. The result of this proposed action would be to effectively borrow to pay operating costs and enact a budget that is not balanced in any meaningful sense.

This proposed constitutional amendment will end the practice of the State's borrowing to meet ordinary operating expenses and reestablish a balanced budget requirement.