



## 2007 ASSEMBLY JOINT RESOLUTION 27

March 12, 2007 - Introduced by Representatives WOOD, F. LASEE, MOULTON, GOTTLIEB, HONADEL, STRACHOTA, LOTHIAN, JESKEWITZ, ALBERS, BIES, MURSAU, PRIDEMORE, LEMAHIEU, VAN ROY and TOWNSEND, cosponsored by Senators LAZICH, DARLING, LEIBHAM and SCHULTZ. Referred to Committee on Ways and Means.

- 1     **To create** section 11 of article VIII of the constitution; **relating to:** prohibiting the
- 2             state from using bonds to pay for operating costs, reimbursing the reasonable
- 3             costs of imposing state mandates, and prohibiting the use of segregated funds
- 4             for other purposes (first consideration).

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### *Analysis by the Legislative Reference Bureau*

This proposed constitutional amendment, proposed to the 2007 legislature on first consideration, provides that no state revenue designated on or after January 1, 2001, for use through a segregated fund may be used for any other purpose. The proposed amendment also prohibits using segregated fund revenue to replace or supplement funding for programs that are supported by the state general fund on or after January 1, 2001.

Under the proposed amendment, a state law or administrative rule that increases a local governmental unit's expenditures for delivery of services may not be enacted or adopted unless the state pays the reasonable costs incurred by the local governmental unit to comply with the law or rule.

Finally, the proposed amendment, generally, prohibits the state from borrowing money for any purpose other than to improve property for a public purpose or to make funds available for housing loans for veterans, except that the state may borrow money for cash flow purposes, if the debt is paid in full in the same fiscal year in which it is incurred.

A proposed constitutional amendment requires adoption by two successive legislatures, and ratification by the people, before it can become effective.

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1           ***Resolved by the assembly, the senate concurring, That:***

2           **SECTION 1.** Section 11 of article VIII of the constitution is created to read:

3           [Article VIII] Section 11 (1) No state revenues designated on or after January  
4           1, 2001, for use through a segregated fund may be used for any other purpose. No  
5           segregated fund revenue may be used to replace or supplement funding for programs  
6           supported by the general fund on or after January 1, 2001.

7           (2) A state law or administrative rule that increases a local governmental unit's  
8           expenditures for delivery of services may not be enacted or adopted on or after the  
9           ratification of this subsection unless the state pays the reasonable costs incurred by  
10          the entity to comply with the law or rule. This subsection does not apply to any law  
11          or rule that is enacted or adopted in order to comply with a requirement of federal  
12          law, including a requirement related to receiving federal aid.

13          (3) All moneys received by the state, or by another person on behalf of the state,  
14          from any type of borrowing may only be used for a purpose specified in section 7 (2)  
15          (a) of article VIII, except that the state may borrow moneys for cash flow purposes  
16          if the moneys are fully repaid in the same fiscal year in which they are borrowed.  
17          The state may not refund any type of borrowing if that refunding would increase the  
18          state's debt service obligation in any fiscal year. The state may not enter into an  
19          agreement or arrangement relating to any type of borrowing unless the financial  
20          benefits from that agreement or arrangement accrue proportionately over the life of  
21          the agreement or arrangement.

22          **SECTION 2. Numbering of new provision.** The new section 11 of article VIII  
23          of the constitution created in this joint resolution shall be designated by the next

1 higher open whole section number in that article if, before the ratification by the  
2 people of the amendment proposed in this joint resolution, any other ratified  
3 amendment has created a section 11 of article VIII of the constitution of this state.  
4 If one or more joint resolutions create a section 11 of article VIII simultaneously with  
5 the ratification by the people of the amendment proposed in this joint resolution, the  
6 sections created shall be numbered and placed in a sequence so that the sections  
7 created by the joint resolution having the lowest enrolled joint resolution number  
8 have the numbers designated in that joint resolution and the sections created by the  
9 other joint resolutions have numbers that are in the same ascending order as are the  
10 numbers of the enrolled joint resolutions creating the sections.

11 ***Be it further resolved, That*** this proposed amendment be referred to the  
12 legislature to be chosen at the next general election and that it be published for 3  
13 months previous to the time of holding such election.

14 (END)