February 6, 2020 - Introduced by Senator MARKLEIN, cosponsored by Representative KATSMA. Referred to Committee on Agriculture, Revenue and Financial Institutions.

To amend section 5 of article VIII of the constitution; relating to: accounting and expenditure of state funds and reduction of deficit (first consideration).

Analysis by the Legislative Reference Bureau

This constitutional amendment, proposed to the 2019 legislature on first consideration, requires the state to account for and report all funds it receives or expends in accordance with generally accepted accounting principles (GAAP).

The amendment further authorizes the legislature to establish the budgetary basis of accounting, requires that any deficit of a state fund affected by a budget bill be reduced annually by 10 percent of any projected increase in tax revenues in that fund, and requires that, once the deficit is eliminated, the legislature may not pass any bill that would result in a projected deficit.

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

Resolved by the senate, the assembly concurring, That:

SECTION 1. Section 5 of article VIII of the constitution is amended to read:

[Article VIII] Section 5. The legislature shall provide for an annual tax sufficient to defray the estimated expenses of the state for each year; and whenever the expenses of any year shall exceed the income, the legislature shall provide for
levying a tax for the ensuing year, sufficient, with other sources of income, to pay the
deficiency as well as the estimated expenses of such ensuing year. The legislature
may establish the basis of accounting to be used for budget purposes. In addition to
the statutory basis of accounting, the state shall account for and report all funds it
receives or spends including, but not limited to, component units in accordance with
generally accepted accounting principles. The legislature may not pass any bill that
would cause an increase in the projected deficit in any state fund under generally
accepted accounting principles. The legislature shall pass an annual or biennial
budget bill that is projected to reduce any existing deficit in any state fund that is
affected by the budget bill reported under generally accepted accounting principles
by at least one-tenth of any projected annual increase of tax revenues deposited in
that state fund in each fiscal year. Once any deficit in a state fund under generally
accepted accounting principles is eliminated, the legislature may not pass any bill
affecting that fund that would result in a projected deficit in that state fund under
generally accepted accounting principles.

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

(END)