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BILL ANALYSIS

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Senate Bill 306 (as reported without amendment)
Sponsor: Senator Mike Green
Committee: Elections and Government Reform

CONTENT

The bill would enact the "Compact for a Balanced Budget", which would do the following:

-- Resolve that the legislature of each Member State apply to Congress to call a convention on the ratification of the Balanced Budget Amendment (BBA), when at least three-fourths of the states became members of the Compact.
-- Petition Congress to refer the BBA to the states for ratification by three-fourths of their legislatures, when at least three-fourths of the states became Member States.
-- Provide that each Member State would adopt and ratify the Balanced Budget Amendment, after Congress referred the BBA to the states for ratification under Article V of the U.S. Constitution.
-- Provide that the agenda of the convention would be exclusively limited to introducing, debating, voting on, and rejecting or proposing for ratification the BBA.
-- Establish rules of the convention.
-- Provide that Member States would be represented at the convention by appointed delegates, and each state represented would have one vote.
-- Require the convention to permanently adjourn upon the earlier of 24 hours after commencing proceedings or the completion of the business on the agenda.
-- Provide that, once at least three-fourths of the states became members, no member could withdraw before the Compact terminated without the unanimous consent of all members.
-- Provide that the Compact would be terminated if the U.S. Constitution were not amended by the BBA within seven years after the first state passed legislation enacting the Compact.

As defined in the Compact, the Balanced Budget Amendment would contain the following language:

> Article ____
> Section 1. Total outlays of the government of the United States shall not exceed total receipts of the government of the United States at any point in time unless the excess of outlays over receipts is financed exclusively by debt issued in strict conformity with this article.
> Section 2. Outstanding debt shall not exceed authorized debt, which initially shall be an amount equal to 105 percent of the outstanding debt on the effective date of this article. Authorized debt shall not be increased above its aforesaid initial amount unless such increase is first approved by the legislatures of the several states as provided in Section 3.
> Section 3. From time to time, Congress may increase authorized debt to an amount in excess of its initial amount set by Section 2 only if it first publicly refers to the legislature of the several states an unconditional, single object measure proposing the amount of such increase…and the measure is thereafter publicly and unconditionally approved by a simple majority of the legislatures of the several states…; provided that no inducement requiring an expenditure or tax levy

shall be demanded, offered or accepted as a quid pro quo or such approval. If such approval is not obtained within 60 calendar days after referral then the measure shall be deemed disapproved and the authorized debt shall thereby remain unchanged.

Section 4. Whenever the outstanding debt exceeds 98 percent of the debt limit set by Section 2, the President shall enforce said limit by publicly designating specific expenditures for impoundment in an amount sufficient to ensure outstanding debt shall not exceed the authorized limit…The failure of the President to designate or enforce the required impoundment is an impeachable misdemeanor. Any purported issuance or incurrence of any debt in excess of the debt limit set by Section 2 is void.

Section 5. No bill that provides for a new or increased general revenue tax shall become law unless approved by a two-thirds roll call of the whole number of each House of Congress. However, this requirement shall not apply to any bill that provides for a new end user sales tax which would completely replace every existing income tax levied by the government of the United States; or for the reduction or elimination of an exemption, deduction, or credit allowed under an existing general revenue tax.

(Under Article 5 of the U.S. Constitution, Congress must call a convention to propose amendments to the Constitution if required by a two-thirds majority of both the U.S. Senate and the U.S. House of Representatives, or upon the application of two-thirds of the state legislatures. Any proposed amendment then must be ratified by the legislatures of three-fourths of the states or at conventions in three-fourths of the states.)

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill could have a minimal fiscal impact on the State. A delegate appointed to the Commission would be entitled to reimbursement from the State for reasonable expenses for attending the national convention. The amount of the reimbursements would depend on the costs associated with attendance at the convention at the time it took place. The expected costs should be minimal and should be absorbable within State appropriations at that time.

Date Completed: 6-30-15 Fiscal Analyst: Joe Carrasco

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