

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1006

Bill Subtitle: TO ADOPT THE COMPACT FOR A BALANCED BUDGET.

Basic Change :

Sponsor: Rep. Bell

The proposal would provide for Arkansas' participation in the "Compact for a Balanced Budget". The Balanced Budget concept would assure that total outlays of the United States government do not exceed total receipts of the federal government at any point in time unless the excess of outlays over receipts is financed exclusively by debt issued in strict conformity with this article. If the proposal is adopted, Arkansas would become a member of the compact.

Revenue Impact :

None.

Taxpayer Impact :

None

Resources Required :

None.

Time Required :

None

Procedural Changes :

None.

Other Comments :

None.

Legal Analysis :

HB1006 provides that the State of Arkansas will join an interstate compact to adopt a Balanced Budget Amendment to the US Constitution. The Balanced Budget Amendment would allow the United States Congress to borrow up to 105% of the outstanding debt on the effective date of the amendment and require that all federal tax increases be approved by a two-thirds roll-call vote of the whole number of both houses of the U.S. Congress. The two-thirds vote requirement does not apply to votes to establish an end-user sales tax that replaces the current federal income tax or votes to eliminate an existing tax exemption, deduction, or credit. The debt limit may only be increased if approved by a simple majority of the state legislatures within sixty (60) days after the question is referred to the states. Whenever the outstanding debt exceeds 98% of the established debt limit, the US President must publicly designate those amounts that have been appropriated but will not be paid and this designation will become effective after thirty (30) days if not altered by the U.S. Congress. The failure of the US President to perform this designation is an impeachable offense.

Commission Members are required to join in a petition to the US Congress for a constitutional convention that is solely limited to consideration of a Balanced Budget Amendment, are required to join in a petition to the US Congress that the Balanced Budget Amendment be referred to the state legislatures for ratification and inclusion in the US Constitution.