

SB 433 -- COMPACT FOR A BALANCED BUDGET

SPONSOR: Dixon (Burlison)

COMMITTEE ACTIONS: Voted "Do Pass" by the Standing Committee on Government Efficiency by a vote of 7 to 3. Voted "Do Pass" by the Select Committee on General Laws by a vote of 7 to 3.

This bill adopts the Compact for a Balanced Budget in Missouri. The goal of the compact is the adoption of the Balanced Budget Amendment to the United States Constitution. Once three-fourths of the state have adopted the compact, the legislatures of the member states will be deemed to have called for a convention under Article V of the United States Constitution to propose amendments. Delegates to the convention will be appointed as follows: one by the Speaker of the House of Representatives, one by the President Pro Tem of the Senate, and one jointly by the Minority Floor Leader of the House of Representatives and the Senate. Delegates are limited in their authority to only debating and ratifying the Balanced Budget Amendment.

After the constitutional convention has adopted the Balanced Budget Amendment and Congress has referred the amendment to the state legislatures for ratification, each member state to the compact will be deemed to have ratified the amendment.

The Balanced Budget Amendment limits federal spending to revenue received by the federal government plus amounts borrowed under the debt limit. A debt limit is established which will be equal to 105% of the federal debt at the time of ratification of the amendment. The debt limit may be increased, but only for specific line items which must be approved by a majority of the state legislatures. When outstanding debt exceeds 98% of the debt limit, the President must impound expenditures in an amount to keep debt below the limit. Congress may override an impoundment by designating a different impoundment.

The Balanced Budget Amendment would prohibit any new or increased taxes from being passed by Congress unless approved by two-thirds of the entire body of each chamber of Congress. This prohibition would not apply to a replacement of the income tax with a new sales tax or to a limitation on any tax exemption, deduction, or credit.

The bill contains an emergency clause.

PROPONENTS: Supporters say that the national debt has increased 17 times since President Reagan called for a balanced budget amendment. The states have a right and a duty to fix this through a constitutional convention. Moreover, the federal government

misuses its power with its borrowing and the states need to take action against this. The bill will add Missouri to the lists of states which are to impose fiscal discipline on the federal government.

Testifying for the bill were Senator Dixon and Nick Dranias, Compact For A Balanced Budget Commission/Compact Administration.

OPPONENTS: Those who oppose the bill say that an Article 5 convection is the wrong vehicle to accomplish this goal. The scope of an Article 5 convention cannot be limited, therefore who knows what might come out of such a convention. Finally the bill itself, while temporary at first, will become permanent once a certain number of states sign up, thus limiting Missouri's autonomy.

Testifying against the bill were Janet Engelbach, Missouri Eagle Forum and Bev Ehlen.