See Center for Media and Democracy' quick summary at bottom

American Legislative Exchange Council ALEC

Exposed

By the Center for Media and Democracy www.prwatch.org

ALEC EXPOSED

"ALEC" has long been a secretive collaboration between Big Business and "conservative" politicians. Behind closed doors, they ghostwrite "model" bills to be introduced in state capitols across the country. This agenda–underwritten by global corporations–includes major tax loopholes for big industries and the super rich, proposals to offshore U.S. jobs and gut minimum wage, and efforts to weaken public health, safety, and environmental protections. Although many of these bills have become law, until now, their origin has been largely unknown. With **ALEC EXPOSED**, the Center for Media and Democracy hopes more Americans will study the bills to understand the depth and breadth of how big corporations are changing the legal rules and undermining democracy across the nation.

ALEC's Corporate Board --in recent past or present

- AT&T Services, Inc.
- centerpoint360
- UPS
- Bayer Corporation
- GlaxoSmithKline
- Energy Future Holdings
- Johnson & Johnson
- Coca-Cola Company
- PhRMA
- Kraft Foods, Inc.
- Coca-Cola Co.
- Pfizer Inc.
- Reed Elsevier, Inc.
- DIAGEO
- Peabody Energy
- Intuit, Inc.
- Koch Industries, Inc.
- ExxonMobil
- Verizon
- Reynolds American Inc.
- Wal-Mart Stores, Inc.
- Salt River Project
- Altria Client Services, Inc.
- American Bail Coalition
- State Farm Insurance

For more on these corporations, search at www.SourceWatch.org.

DID YOU KNOW? Corporations VOTED to adopt this. Through ALEC, global companies work as "equals" in "unison" with politicians to write laws to govern your life. Big Business has "a VOICE and a VOTE," according to newly exposed documents. **DO YOU?**

Did you know that the Evergreen Freedom Foundation--which is connected to the Kochs--was the corporate co-chair in 2011?

Tax and Expenditure Limitation Act

Summary

The Tax and Expenditure Limitation Act recognizes the important tradeoff between constraints on the growth of state and local government, and the provision of adequate reserves to meet emergencies and to stabilize budgets over the business cycle. The Act is a constitutional provision designed to accomplish these objectives. The Act links a tax and spending limit to an emergency reserve fund and a budget stabilization fund. The Act also provides for temporary reductions in tax rates and/or tax rebates when surplus revenue accumulates above the tax and spending limit, and the cap on the emergency reserve fund and the budget stabilization reserve fund.

Model Legislation

{Title, enacting clause, etc.}

Section 1. {Election Provisions} For any fiscal year that commences on or after ____ state and local government districts must have voter approval in advance for any new tax rate increase, mill levy above that for the prior year, valuation for assessment ratio increase for a property class, or extension of an expiring tax, any markup on products sold through state-controlled enterprises, or a tax policy change directly causing a net tax revenue gain to any district. Voter approval is also required for creation of any multi-fiscal year direct or indirect district debt or other financial obligation without adequate present cash reserves pledged irrevocably and held for payments in all future years, except for refinancing district bonded debt at a lower interest rate or adding new employees to existing district pension plans. Voter approval is also required for suspension of the spending limits imposed by this Act.

Section 2. {Definitions}

(A) "Inflation" means the Consumer Price Index (all items) for the United States of America, or any comparable index, as computed by the Bureau of Labor Statistics.

(B) "Population" means the number of people residing in the state, excluding armed forces stationed overseas, as determined by the United States Bureau of Census.

(C) "Fiscal year spending" means the total amount of monies appropriated by the state or local government district except:

(1) appropriations funded monies received from the federal government;

(2) principal and interest on bonded indebtedness;

(3) appropriations funded by unemployment and disability insurance funds;

(4) appropriations funded by discretionary user charges to the extent that such charges do not exceed the cost of the goods or services and its purchase by the user is discretionary;

(5) appropriations funded from permanent endowment, trust funds, or pension funds;

(6) proceeds of gifts or bequests made for purposes specified by the donor; or

(7) monies appropriated for tax relief.

(D) "Fiscal year" means any accounting period consisting of 12 consecutive months.

(E) "Per capita expenditures" mean the quotient derived from dividing expenditures of the state for a fiscal year by its population on the first day of that fiscal year.

(F) "Emergency" means an extraordinary event or occurrence that could not have been reasonably foreseen or prevented and that requires immediate expenditure to preserve the health, safety, and general welfare of the people.

(G) “Total state revenues” means all monies derived from the state’s own revenue sources (as defined by individual states).

(H) “Local government district” means any local governmental jurisdiction, including cities, municipalities, counties, school districts, and special districts.

(I) “Local growth” for a non-school district means a net percentage change in actual value of all real property in a district from construction of taxable real property improvements, minus destruction of similar improvements, and additions to, minus deletions from, taxable real property. For a school district, it means the percentage change in student enrollment.

(J) “Bonds means any form of multi-fiscal year indebtedness, including non-recourse, limited tax general obligation bonds, or limited liability bonds.

(K) Voter approval means approval by a majority of eligible voters participating in an election.

Section 3. {Spending Limits}

(A) For any fiscal year that commences on or after ____ the maximum annual percentage change in state fiscal year spending equals inflation plus the percentage change in state population in the prior calendar year, adjusted for revenue changes approved by voters as required in section 1 of this Act. Population shall be determined by annual federal census estimates and such number shall be adjusted every decade to match the federal census.

(B) The maximum annual percentage change in each local government district’s fiscal year spending equals inflation in the prior calendar year plus annual “ local growth”.

Section 4. (Revenue Limits)

(A) If the amount of total state revenue for the prior fiscal year exceeds the amount of total state revenue for the next preceding fiscal year, the maximum amount of total state revenues shall be the lesser of the amount of total state revenue for the prior state fiscal year or the amount of total state revenues limit for the prior fiscal year plus the product of the applicable amount and the sum of inflation and the percentage change in state population in the prior calendar year.

(B) If the amount of total state revenues for the prior fiscal year is less than the amount of total state revenues for the next preceding fiscal year, the maximum amount of the total state revenues shall be the amount of total state revenues limit for the most recent year for which the amount of total state revenues exceeded the amount of total state revenues for the preceding fiscal year.

(C) The maximum annual percentage change in each local government district's property tax revenue equals inflation in the prior calendar year plus annual "local growth," adjusted for property tax revenue changes approved by voters.

Section 5. {Emergency Reserve Fund}

(A) For any state fiscal year that commences on or after ____ and before making any transfers to the budget stabilization fund or any refunds as required by section 6 of this Act, the state treasurer shall transfer revenues in excess of the total state revenues limit determined pursuant to section 4. of this Act, to the emergency reserve cash fund, which fund is hereby created, to the extent necessary to ensure that the balance of the fund at the end of the fiscal year is an amount equal to ___ percent of the total state revenue limit. The state shall not be required to transfer any moneys other than revenue in excess of the total state revenues limit to the fund. Unused revenues apply to the next state fiscal year's emergency reserve fund. The emergency reserve cash fund shall be in addition to, and shall not be used to meet, any other reserve requirement of this constitution or of law.

(B) Monies in the state emergency reserve cash fund may be expended for declared emergencies only. 'Emergency' means an extraordinary event or occurrence that could not have been reasonably for-seen or prevented and that requires immediate expenditures to preserve the health, safety, and general welfare of the people. 'Emergency' does not mean a revenue shortfall or budget shortfall. Appropriation from the fund can only occur upon a two thirds vote of all elected members of each house of the Legislature concurring therein. Interest or other income earned on the emergency reserve fund shall accrue to the fund.

(C) Each local government district shall transfer revenue in excess of the spending limit in an emergency reserve cash fund, which fund is hereby created, to the extent necessary to ensure the balance in the fund at the end of the year is an amount equal to ____ percent of the spending limit. The emergency reserve cash fund can only be used for declared emergencies as defined in this Act. Unused emergency funds apply to the next years emergency cash reserve fund. Any excess reserves that remain after the local government district has made transfers to the emergency cash reserve fund shall be refunded during the next fiscal year through temporary property or sales tax rate reductions.

Section 6. {Budget Stabilization Fund}

(A) For any state fiscal year that commences on or after ____, if revenue from sources not excluded from total state revenues exceeds the limit on total state revenue calculated in accordance with section 3, for that fiscal year the excess shall be reserved or refunded as follows:

(B) The state treasurer shall first transfer the excess to the emergency reserve cash fund to the extent necessary to ensure that the balance of the fund at the end of the fiscal year is an amount equal to ___ percent of the total state revenues limit for the fiscal year as required by section 3 of this Act. The state treasurer shall transfer additional excess to the budget stabilization fund which fund is hereby created, to the extent necessary to ensure that the balance of the fund at the end of the fiscal year is an amount equal to ___ percent of the total state revenue limit for the fiscal year. The state treasurer shall not transfer any monies other than the revenues in excess of the total state revenues limit to the fund. Interest or other income earned on the budget stabilization fund shall accrue to the fund.

(D) For any state fiscal year that commences on or after ____ if the amount of the total state revenues is less than the amount of total state revenues for the prior fiscal year, the state treasurer shall transfer money from the budget stabilization fund to the general fund in an amount equal to the difference between the amount of total state revenues for the prior fiscal year and the amount of total state revenues for the fiscal year. Under no other circumstances shall the state treasurer transfer moneys from the budget stabilization fund.

(E) Any excess that remains after the state treasurer has made the transfers required by paragraph (B) of this section shall be reserved in the current fiscal year and refunded during the next fiscal year through temporary income or sales tax rate reductions.

(F) On or after ____ transfers of state cash fund principal from any state cash fund to the general fund, other than transfers from the emergency reserve fund or the budget stabilization fund to the general fund are prohibited. On or after ____ state cash fund appropriations that either supplant any state general fund appropriation, or that, if not made would necessitate a state general fund appropriation are prohibited. For purposes of this paragraph, a state cash fund appropriation that is funded by user charges or fees imposed on goods or services that do not exceed the cost of the goods or services provided shall not be deemed to be an appropriation that supplants any general fund appropriation.

Section 7. {Mandated and Shifted Costs} The state shall not impose upon any local unit of government any part of the total costs of new programs or services, or increases in existing programs or services, unless a specific appropriation is made sufficient to pay the local unit of government for that purpose. The proportion of state revenue paid to all local units of government, taken as a group, shall not be reduced below that proportion in effect at the adoption of this article. Where costs are transferred from one unit of government to another unit of government, either by law or court order, the limitation imposed by Section 3 shall be adjusted and transferred accordingly so that total costs are not increased as a result of such transfer.

Section 8. {Severability Clause} If any expenditure category, or revenue source, shall, by a court of competent jurisdiction in a final order, be adjudged exempt from this Article, the process of computing the expenditure limitation shall be adjusted accordingly and remaining provisions shall be in full force and effect.

Section 9. {Implementation} The legislature shall enact legislation that may be necessary to implement and enforce the provisions of this Article.

Section 10. {Conclusion} Whereas the said proposed amendment was adopted by two-thirds of all members elected to each House of the Legislature.

Now, therefore:

Be it enacted by the legislature of the state (two-thirds of all members elected to each House thereof concurring therein):

The said proposed amendment is hereby concurred in and adopted, and shall forthwith become a part of the Constitution of the state.

Section11. {Repealer Clause}

Were *your* laws repealed?

Section12. {Effective Date}

Originally Adopted by the Tax and Fiscal Policy Task Force in 2004. Ammended at the Spring Task Force Summit, May 17, 2008. Approved by the ALEC Board of Directors June 2008.

Center for Media and Democracy's quick summary

This act would amend the state constitution to set revenue and spending limits, and to require that revenue increases above the limit be transferred into an Emergency Reserve Fund and/or a Budget Stabilization Fund. (This bears some resemblance to the budget stabilization fund amendment approved this spring by the Wisconsin Assembly.)

This act severely constrains the growth of government expenditures. In any given year, a cap on total expenditures is established by inflating the current year's expenditures to account only for population growth and inflation. When funds in excess of what is needed--given that cap-- come into the state, the state puts excess money in funds (rainy day and budget stabilization). Making a hard cap on expenditures, this act would give any state very little room to move to respond to extreme price increases (i.e. double digit health insurance cost increases, which are regularly posted). Over time, the cap would ratchet the state and services down.
Similar legislation was introduced in Idaho in 2003.