



# HOUSE BILL 366: Compact/Balanced Budget

2015-2016 General Assembly

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<b>Committee:</b>	House Serial Referral To Appropriations Added	<b>Date:</b>	August 4, 2015
<b>Introduced by:</b>	Rep. Millis	<b>Prepared by:</b>	R. Erika Churchill
<b>Analysis of:</b>	First Edition		Committee Counsel

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**SUMMARY:** *House Bill 366 would adopt the "Compact for a Balanced Budget," making North Carolina a Member State of the compact requesting a constitutional convention to adopt a balanced budget amendment to the United States Constitution.*

**CURRENT LAW:** Article V of the Constitution of the United States provides that:

The Congress, whenever two thirds of both houses shall deem it necessary, shall propose amendments to this Constitution, or, on the application of the legislatures of two thirds of the several states, shall call a convention for proposing amendments, which, in either case, shall be valid to all intents and purposes, as part of this Constitution, when ratified by the legislatures of three fourths of the several states, or by conventions in three fourths thereof, as the one or the other mode of ratification may be proposed by the Congress; provided that no amendment which may be made prior to the year one thousand eight hundred and eight shall in any manner affect the first and fourth clauses in the ninth section of the first article; and that no state, without its consent, shall be deprived of its equal suffrage in the Senate.

This provision allows for two alternative methods for proposing amendments to the United States Constitution before the legislatures of the states for ratification:

- 2/3 vote of both the U.S. Senate and the U.S. House of Representatives call for a change to be made.
- Application of the legislatures of 2/3 of the states for a national constitutional convention.

**BILL ANALYSIS:** House Bill 366 would enact a new Article 80, Compact for a Balanced Budget, within Chapter 143 of the General Statutes, calling for a constitutional convention on a balanced federal budget.

With respect to the federal constitutional amendment, the Compact for a Balanced Budget, as set out in the new Article 80, ("Compact") would do all of the following:

- Prohibit total outlays of the U.S. government from exceeding total receipts at any point in time unless the excess of outlays over receipts is financed exclusively by debt issued in strict conformity with the Compact.
- Prohibit outstanding debt from exceeding authorized debt, and set forth the procedure under which Congress may increase authorized debt.

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- Require the President to enforce the debt limit whenever the outstanding debt exceeds 98% of the debt limit, with enforcement mechanisms set forth in the Compact.
- Prohibits a Congressional bill providing for a new or increased general revenue tax from becoming law unless approved by a two-thirds roll call vote.

The Compact would also address administrative matters, such as membership and withdrawal from the compact, establishment of a Compact Commission and Compact Administrator, and appointing delegates to the constitutional convention, and sets out constitutional convention rules.

**EFFECTIVE DATE:** Effective when it becomes law.

**BACKGROUND:** According the website '[compactforamerica.org](http://compactforamerica.org)' there are currently four Member States: Alaska, Georgia, Mississippi, and North Dakota.