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FISCAL IMPACT REPORT

SPONSOR Youngberg DATE TYPED 2/4/04 HB HJR 11

SHORT TITLE State Spending Limits SB _____

ANALYST Wilson

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
			See Narrative		

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From
Department of Labor (DOL)

SUMMARY

Synopsis of Bill

House Joint Resolution 11 proposes to amend the Constitution of New Mexico by adding a limit on State spending. The resolution will require the maximum annual percentage change in the general appropriation act to not exceed inflation plus the percentage change in state population in the prior calendar year.

Inflation shall be determined by the annual percent change in the United States city average for all items of the consumer price index for all urban consumers as reported by the United States Bureau of Labor Statistics. Population shall be determined by annual federal census estimates and shall be adjusted every decade to match the federal decennial census. If revenue exceeds these limits, the excess shall be refunded in the next fiscal year.

The amendment proposed by this resolution shall be submitted to the people for their approval or rejection at the November general election.

Significant Issues

There is considerable debate over placing a limit on State spending. One side believes it is prudent to place limitations on the State Legislature. Others believe constraints should not be placed and spending problems should be left to our publicly elected officials.

FISCAL IMPLICATIONS

This amendment to the New Mexico Constitution could potentially slow down the rate of growth for New Mexico State government.

DW/lg