

The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

**GOVERNMENT SPENDING LIMITS. INITIATIVE CONSTITUTIONAL**

**AMENDMENT.** Resets state spending limit to fiscal year 2010-11 level. Requires state and local governments spend tax revenue exceeding limit to repay debt when debt is 5% or more of their spending limit. When state debt is less than 5% of state spending limit, splits excess revenue between schools and budget reserves or taxpayer refunds, depending on amount. When local government debt is less than 5% of applicable spending limit, returns excess revenue to taxpayers. Requires constitutional amendment to change terms. Forecloses Legislature's imposition, authorization, or submission to voters of tax increase absent two-thirds vote.

Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: **For state government, a much greater likelihood that spending will be constrained by the constitutional spending limit. Consequently, state spending for ongoing programs—such as schools, community colleges, universities, health and social services, and corrections—may have to be reduced in certain years, potentially by billions of dollars. In addition, the measure could result in more state funding for reduction of bond debt, particularly in the near term, and in the future, more one-time funding for schools and community colleges, budget reserves, and taxpayer refunds. (12-0007)**