

SCOMM

150:15

Table 1. State Constitutional Limitations on Guaranteed Long-Term Debt, FY 1990

State	Referendum Approval	Super-majority	Prohibition	Revenue-based	No Limitation
Alabama			X		
Alaska	X				
Arizona			X		
Arkansas	X				
California	X	X			
Colorado			X		
Connecticut					X
Delaware		X			
Florida	X				
Georgia				X	
Hawaii				X	
Idaho	X				
Illinois	X	X			
Indiana			X		
Iowa	X				
Kansas	X				
Kentucky	X				
Louisiana		X			
Maine	X	X			
Maryland					X
Massachusetts		X			
Michigan	X	X			
Minnesota		X			
Mississippi				X	
Missouri	X				
Montana		X			
Nebraska			X		
Nevada				X	
New Hampshire					X
New Jersey	X				
New Mexico	X			X	
New York	X				
North Carolina	X			X	
North Dakota			X		
Ohio			X		
Oklahoma	X				
Oregon				X	
Pennsylvania	X			X	
Rhode Island	X				
South Carolina				X	
South Dakota		X		X	
Tennessee					X
Texas			X		
Utah				X	
Vermont					X
Virginia	X	X		X	
Washington		X		X	
West Virginia			X		
Wisconsin				X	
Wyoming	X			X	

failure to do so will abrogate a political agreement. An example of this practice is the fisheries enhancement tax levied under AS 43.76.010. This is a tax on salmon fishermen intended to support salmon hatcheries. The tax receipts are deposited to the general fund, and "the legislature may make appropriations to the Department of Community and Economic Development for the purpose of providing financing to qualified [regional aquaculture] associations" (AS 43.76.025).

Enterprise funds are also examples of de facto dedication of revenues, such as the Marine Highway System Fund, which directs receipts from the sale of tickets on the ferry system to the support of that system. The constitutionality of this fund was challenged in court and upheld because the language of its authorizing statutes is permissive and does not restrict the authority of the legislature to appropriate money from the fund (although parts of the act creating this fund that restricted the authority of the executive branch to request appropriations from the fund were found to violate the prohibition of this section; see *Sonneman v. Hickel*, 836 P.2d 936, 1992).

#### **Section 8. State Debt**

**No state debt shall be contracted unless authorized by law for capital improvements or unless authorized by law for housing loans for veterans, and ratified by a majority of the qualified voters of the State who vote on the question. The State may, as provided by law and without ratification, contract debt for the purpose of repelling invasion, suppressing insurrection, defending the State in war, meeting natural disasters, or redeeming indebtedness outstanding at the time this constitution becomes effective.**

Limitations on the ability of states to incur debt are a common feature of fiscal articles of state constitutions. They are the consequence of well-publicized defaults by some of the older states on bonds issued for overly ambitious public works projects and of scandals arising from corrupt public construction and financing schemes. Some constitutional limitations restrict general debt to specific purposes (only road construction, for example); some limit the amount of debt that may be issued by establishing a ceiling on total allowable annual debt payments (usually expressed as maximum percentage of general fund revenue); some require a supermajority vote of the legislature to contract debt; and others require a referendum for the electorate to approve state indebtedness. The Territorial Organic Act of 1912 originally prohibited the territory of Alaska and its municipalities from acquiring any kind of debt without congressional approval, but this stricture was removed in 1935.

In 1982 a constitutional amendment was ratified that inserted "or unless authorized by law for housing loans for veterans." This allowed the state to incur tax-exempt general obligation debt for veterans' housing loans. The amendment was a response to a 1980 federal law that prevented states or public corporations such as the Alaska Housing Finance Corporation from selling housing bonds in the tax-exempt market, but allowed an exception for general obligation bonds for veterans' housing.

The term "capital improvements" used in this section and Section 9 has been construed by the Alaska Supreme Court to mean assets in the form of real or personal property with a permanent character, such as streets, sewers, schools, libraries and public utilities. Thus, the municipality of Juneau could not borrow money through the sale of general obligation bonds to acquire land for the expansion of state government offices, as land is not a public works or capital improvement within the traditional meaning of these terms (*City of Juneau v. Hixson*, 373 P.2d 743, 1962). [See AS 37.07.120(4).]

Revenue bonds issued by an instrumentality of the state are explicitly exempt from the requirement for voter approval of this section (see Section 11, below). The supreme court has said that lease-purchase agreements are also exempt, because these contractual agreements do not legally commit the legislature to make the lease payments. The contracts say that the lease payments are subject to annual appropriation by the legislature. "Where a lease-purchase agreement does not require a future legislature to appropriate funds, the agreement is not a long-term binding obligation to repay borrowed money pursuant to article IX, section 8, and is not 'debt' as defined by the Alaska Supreme Court" (*Carr-Gottstein Properties v. State*, 899 P.2d 136, 1995). The court defined debt for purposes of this section in *Chefornak v. Hooper Bay Construction Company*, 758 P.2d 1266, 1988, as "borrowed money, usually evidenced by bonds but possibly created by the issuance of paper bearing a different label." In this case, a village sought unsuccessfully to repudiate an obligation to a construction company which was the result of an out-of-court settlement of a lawsuit, by claiming it was a "debt" incurred in violation of Section 9, below.

The large majority of general obligation bond propositions to go before the voters have been approved.

#### Section 9. Local Debts

**No debt shall be contracted by any political subdivision of the State, unless authorized for capital improvements by its governing body and ratified by a majority vote of those qualified to vote and voting on the question.**

This section limits the general borrowing power of local governments as Section 8 limits the general borrowing power of the state government: debt secured by the general credit of the government may be acquired only for capital improvements, and only after an affirmative vote of the electorate. Its purpose is also the same: to safeguard the fiscal integrity of the government. (See commentary under Section 8 for definitions of "debt" and "capital improvements.")

Alaska's constitution does not impose a ceiling on local debt, but the constitutions of many states do so. For example, some restrict local debt to a percentage of the local assessed valuation of the taxing jurisdiction. The Alaska legislature has restricted the taxing powers of local governments by limiting

Table 1. State Constitutional Limitations on Guaranteed Long-Term Debt, FY 1990

State	Referendum Approval	Super-majority	Prohibition	Revenue-based	No Limitation
Alabama			X		
Alaska	X				
Arizona			X		
Arkansas	X				
California	X	X			
Colorado			X		
Connecticut					X
Delaware		X			
Florida	X				
Georgia				X	
Hawaii				X	
Idaho	X				
Illinois	X	X			
Indiana			X		
Iowa	X				
Kansas	X				
Kentucky	X				
Louisiana		X			
Maine	X	X			
Maryland					X
Massachusetts		X			
Michigan	X	X			
Minnesota		X			
Mississippi				X	
Missouri	X				
Montana		X			
Nebraska			X		
Nevada				X	
New Hampshire					X
New Jersey	X				
New Mexico	X			X	
New York	X				
North Carolina	X			X	
North Dakota			X		
Ohio			X		
Oklahoma	X				
Oregon				X	
Pennsylvania	X			X	
Rhode Island	X				
South Carolina				X	
South Dakota		X		X	
Tennessee					X
Texas			X		
Utah				X	
Vermont					X
Virginia	X	X		X	
Washington		X		X	
West Virginia			X		
Wisconsin				X	
Wyoming	X			X	



## 25<sup>th</sup> Alaska State Legislature

### House Special Committee on Ways & Means

#### House Joint Resolution 35 Sponsor Statement

#### Short Title: Constitutional Amendment: State Debt

House Joint Resolution 35, if passed by the legislature and ratified by the voters, would amend our Constitution to remove language that limits the type of debt that can be contracted by the state. Currently, the Constitution prohibits state debt except for capital improvements and housing for veterans. This prohibition precludes the state from taking advantage of financing options that could save money in the long-term. State debt would still have to be authorized by statute.

#### **Chair:**

Rep. Mike Hawker  
Capitol Room 502  
465-4949

#### **Vice-Chair:**

Rep. Anna Fairclough  
Capitol Room 411  
465-3777

#### **Members:**

Rep. Bob Roses  
Capitol Room 416  
465-4939

Rep. Paul Seaton  
Capitol Room 102  
465-2689

Rep. Peggy Wilson  
Capitol Room 403  
465-3824

Rep. Sharon Cissna  
Capitol Room 420  
465-3875

Rep. Max Gruenberg  
Capitol Room 110  
465-4940

#### **Committee Aide:**

Juli Lucky  
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# FISCAL NOTE

**STATE OF ALASKA**  
**2008 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HJR35  
 ( ) Publish Date: \_\_\_\_\_

Identifier (file name): HJR035-OCG-DOE-2-19-08  
 Title: Constitutional amendment relating to state debt  
 Dept. Affected: OOG  
 RDU: Elections  
 Component: Elections  
 Sponsor: House Ways and Means Committee  
 Requester: House Ways and Means Committee  
 Component Number: 21

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Contractual	1.5							
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
<b>TOTAL OPERATING</b>	<b>1.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>								
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<b>CHANGE IN REVENUES ( )</b>								
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**FUND SOURCE** (Thousands of Dollars)

	FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
1002 Federal Receipts							
1003 GF Match							
1004 GF	1.5						
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
<b>TOTAL</b>	<b>1.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2008) cost: \_\_\_\_\_

**POSITIONS**

Full-time							
Part-time							
Temporary							

**ANALYSIS:** (Attach a separate page if necessary)

The passage of this resolution would require the constitutional amendment to appear on the 2008 general election ballot. The cost of providing information about the constitutional amendment in the Official election Pamphlet, as required by AS 15.58 is \$1.5. Should the addition of this question require printing an 8-1/2 by 18 inch ballot, the cost will increase to \$22.0.

Prepared by: Gail Fenumiai, Director Phone 465-2644  
 Division: Division of Elections Date/Time 2/19/2008, 11:08am  
 Approved by: Linda Perez, Administrative Director Date 2/19/2008  
Office of the Governor

# FISCAL NOTE

**STATE OF ALASKA**  
**2008 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HJR 35  
 ( ) Publish Date: \_\_\_\_\_

Identifier (file name): HJR35-DOR-TRE-2-19-08 Dept. Affected: Revenue  
 Title: Constitutional Amendment Relating to State Debt RDU: Tax and Treasury  
 Component: Treasury  
 Sponsor: Special Committee on Ways and Means  
 Requester: Ways and Means 121

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
<b>TOTAL OPERATING</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>								
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<b>CHANGE IN REVENUES ( )</b>								
-------------------------------	--	--	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
<b>TOTAL</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2008) cost: \_\_\_\_\_

**POSITIONS**

Full-time								
Part-time								
Temporary								

**ANALYSIS:** (Attach a separate page if necessary)

The resolution expands the allowed use of state general obligation debt. The resolution eliminates the current requirement that general obligation bonds be issued only when there is a capital improvement or for housing loans for veterans. The bill does not change that process of authorizing general obligation debt, and any new authorization would still need to be approved by the Legislature, approved by the Governor, and then ratified by the Alaskan electorate.

Long term tax-exempt bonds may only be issued to complete a project (or fund mortgages in certain instances) per the Internal Revenue Service Code. This broader authority, if used for operating costs, or other uses where there isn't a capital project, would result in the bonds issued being taxable.

Prepared by: Deven Mitchell Phone 465-3750  
 Division: Treasury Date/Time 2/19/08 12:00 AM  
 Approved by: Jerry Burnett Date 2/19/2008  
Department of Revenue

**Alaska State Legislature**  
**House of Representatives**



**Representative Max F. Gruenberg, Jr.**  
**House District 20**

**Anchorage (Mountain View, Russian Jack, East Anchorage)**  
**House Minority Assistant Floor Leader**

*Member*

*Standing Committees:*  
Judiciary  
State Affairs

*House Special Committee:*  
Ways & Means

*Finance Subcommittees:*  
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*Email:*

rep.max.gruenberg@legis.state.ak.us

**Memorandum**

TO: Ways and Means Committee Members

FROM: Lisa A. Mariotti, Legislative Aide

DATE: February 19, 2008

RE: HJR 35 – Constitutional Amendment – State Debt

The attached memorandum and report was prepared by Legislative Research Services to provide background information on other state constitutional provisions regarding state debt. Also attached is a copy of amendments made to the Arkansas Constitution as recent as 2007.

Please note that the memorandum references Attachments A through F which are not included in this packet for copyright reasons. If anyone would like to obtain a copy of these background articles please let me know and I will have Legislative Research Services provide you with a copy directly.

Thank you for your attention to this matter.

# Legislative Research Services

Alaska State Legislature  
Legislative Affairs Agency  
Division of Legal and Research Services

State Capitol, Juneau, AK 99801  
Phone: 907-465-3991  
Fax: 907-465-3908

June 25, 2007

## Memorandum

TO: Representative Max Gruenberg

FROM: Patricia Young  
Manager

RE: State Constitutional Provisions on Debt

You asked for information about state constitutional provisions on debt. You were particularly interested in the wording in various state constitutions and in changes that have occurred over the past thirty years.

The attached table includes the primary provisions we identified through a LEXIS search of each state's constitution. As you will see, the detail and strictness of criteria for state indebtedness varies considerably among states. As you will also see, the information on amendments available through LEXIS is generally not detailed. Searching for information on changes to constitutional provisions on debt, we found several articles that may be useful to you. Please note that most of these articles are copyright protected and we provide them for your personal and individual use only.

- Attachment A: "Debt Management Practices in the States" (Washington, D.C.: National Association of State Budget Officers, April 1994). This article provides useful descriptive commentary for several individual states on debt affordability and debt limits, linkages between capital budgeting and debt management, types and structures of debt issued, consolidating and reporting on total debt, policies on using bonds or cash, and coordinating debt management. Table 2, on page 32, provides information on state debt limits in brief tabular form.
- Attachment B: Government Finance Officers Association (GFOA) "Recommended Practice" on Debt Management Policy, updated and approved in 2003.
- Attachment C: D. Roderick Kiewiet and Kristin Szakaly, "Constitutional Limitations on Borrowing: An Analysis of State Bonded Indebtedness," *Journal of Law, Economics and Organization* (Oxford, UK: Oxford University Press, 1996). Dr. Kiewiet is the dean of graduate studies and professor of political science at the California Institute of Technology. This article categorizes state constitutional provisions into four basic groups: those requiring referendum approval (the most common); those requiring a supermajority vote of the legislature; those establishing a revenue-based ceiling; and those prohibiting the issue of guaranteed debt entirely. The article also contains a discussion of the ways state constitutional debt limitations are "readily and routinely circumvented."
- Attachment D: William J. Shultz, "Limitations on State and Local Borrowing Powers," *Annals of the American Academy of Political and Social Science*, Vol. 181, *The State Constitution of the Future* (Sep., 1935), pp. 118-124. We include this document for its historical background.
- Attachment E: Dale Bails and Margie A. Tieslau, "The Impact of Fiscal Constitutions on State and Local Expenditures," *Cato Journal*, Vol. 20, No. 2 (Fall 2000), pp. 255-277. Appendix Table 1, beginning on page 273, shows the absence or presence of various budget rules in place, by state, from 1969 through 1994.

# Legislative Research Services

State Capitol, Juneau, AK 99801  
June 25, 2007

- Attachment F: Dwight V. Denison, Merl Hackbart, and Michael Moody, "Evolving Role of Debt Limit Policies," [Draft] paper prepared for presentation at the National Conference of the Association for Budgeting and Financial Management, Washington, D.C., November 2005.

## Memorandum

TO: Representative Max Griesberg

FROM: Patricia Young  
Manager

I hope this information is helpful. Please let us know if you have questions or need additional information.

RE: State Constitutional Provisions on Debt

You asked for information about state constitutional provisions on debt. You were particular, interested in the wording of various state constitutions and in changes that have occurred over the past thirty years. The attached table includes the primary provisions we located through a LEIS search of each state's constitution. As you will see, the detail and strictness of criteria for state indebtedness varies considerably among states. As you will also see, the common or amendments available through LEIS is generally not detailed. Searching for information on changes to constitutional provisions on debt, we found several articles that may be useful to you. Please note that most of these articles are copyright protected and we provide them for your personal and internal use only.

- Attachment A: "Debt Management Practices in the States" (Washington, D.C.: National Association of State Budget Officers, April 1994). This article provides useful descriptive commentary for several individual states on debt authority and debt limits. It includes detailed budgeting and debt management types and structures of debt issued, consolidated and reporting on total debt policies on each bond or cost, and coordinating debt management. Table 2 on page 82 provides information on state debt limits in brief tabular form.
- Attachment B: Government Finance Officers Association (GFOA) Recommended Practice on Debt Management Policy updated and approved in 2002.
- Attachment C: D. Robson Kiewit and Kristin Gaskin, "Constitutional Limitations on Borrowing: An Analysis of State Bonded Indebtedness," *Journal of Law, Economics and Organization* (Oxford, UK: Oxford University Press, 1998). Dr. Kiewit is the dean of graduate studies and professor of political science at the California Institute of Technology. This article categorizes state constitutional provisions into four basic groups: those requiring referendum approval (the most common), those requiring a supermajority vote of the legislature, those establishing a revenue-based ceiling, and those providing the issue of guaranteed debt service. The article also contains a discussion of the ways state constitutional debt limitations are: rarely and routinely overcome.
- Attachment D: William J. Stultz, "Limitations on State and Local Borrowing Powers," *Annals of the American Academy of Political and Social Science*, Vol. 181, *The State Constitutions of the Future* (Sept. 1935), pp. 118-124. We include this document for its historical background.
- Attachment E: Dale Bale and Margie A. Talar, "The Impact of Fiscal Constitutions on State and Local Expenditures," *State Journal*, Vol. 39, No. 2 (Fall 2000), pp. 255-277. Appendix Table 1, beginning on page 273, shows the presence or absence of various budget rules in place by state from 1999 through 1994.

State	Provision	Amendments
Alabama Art. XI, Sec. 213	<p><b>Sec. 213. Creation of state debt after ratification of Constitution; temporary loans; refunding bonds for existing indebtedness; payment of interest on certain outstanding and unpaid state warrants; sinking fund for payment of floating indebtedness; warrants not to be drawn on state treasury unless money available for payment; unpaid appropriations for which money unavailable at end of fiscal year.</b></p> <p>After the ratification of this Constitution, no new debt shall be created against, or incurred by the state, or its authority except to repel invasion or suppress insurrection, and then only by a concurrence of two-thirds of the members of each house of the legislature, and the vote shall be taken by yeas and nays and entered on the journals; provided, the governor may be authorized to negotiate temporary loans, never to exceed three hundred thousand dollars, to meet the deficiencies in the treasury, and until the same is paid no new loan shall be negotiated; (provided, further, that this section shall not be so construed as to prevent the issuance of bonds for the purpose of refunding the existing bonded indebtedness of the state. Provided, further, that this section shall not be construed as to prevent the governor from paying interest at the rate of not exceeding 5% per annum payable semi-annually from July 1, 1933, on the floating indebtedness of the state at the close of business on September 30, 1932, as shown by outstanding and unpaid warrants drawn on the treasury, as provided by law, amounting in the aggregate to \$16,943,357.12 and items enumerated in an act of the legislature number 294, being senate bill 272, approved November 9, 1932 [Acts 1932, Ex. Sess., p. 298], all of which are hereby ratified and confirmed.) All warrants and/or instruments issued or to be issued representing such indebtedness shall be a direct obligation of the state, and for the prompt and faithful payment of the principal and interest thereon, the full faith and credit of the state is hereby irrevocably pledged, and such warrants and/or instruments shall be exempt forever from all taxes of every kind. Any act creating or incurring any new debt against the state, except as herein provided for, shall be absolutely void. To create a sinking fund for the prompt and faithful payment of the floating indebtedness of the state, and interest thereon, the net proceeds of any income tax which may be levied by the legislature pursuant to law is hereby pledged. To prevent further deficits in the state treasury, it shall be unlawful from and after the adoption of this amendment for the state comptroller of the state of Alabama to draw any warrant or other order for the payment of money belonging to, or administered by, the state of Alabama upon the state treasurer, unless there is in the hand of such treasurer money appropriated and available for the full payment of the same. In case there is, at the end of any fiscal year, insufficient money in the state treasury for the payment of all proper claims presented to the state comptroller for the issuance of warrants, the comptroller shall issue warrants for that proportion of each such claim which the money available for the payment of all said claims bears to the whole, and such warrants for such prorated sums shall thereupon be paid by the state treasurer. At the end of each fiscal year all unpaid appropriations which exceed the amount of money in the state treasury subject to the payment of the same after the proration above provided for, shall thereupon become null and void to the extent of such excess. Any person violating any of the provisions of this amendment shall, on conviction, be punished by a fine of not exceeding five thousand dollars, or by imprisonment in the penitentiary for not more than two years, one or both, at the discretion of the jury trying the same, and the violation of any provisions of this amendment shall also be ground for impeachment.</p>	No amendments since 1933.
Alaska Art. IX, § 8	<p><b>Section 8. State Debt</b></p> <p>No state debt shall be contracted unless authorized by law for capital improvements or unless authorized by law for housing loans for veterans, and ratified by a majority of the qualified voters of the State who vote on the question. The State may, as provided by law and without ratification, contract debt for the purpose of repelling invasion, suppressing insurrection, defending the State in war, meeting natural disasters, or redeeming indebtedness outstanding at the time this constitution becomes effective.</p>	Amendment effective December 24, 1982, inserted "or unless authorized by law for housing loans for veterans" in the first sentence.
Arizona Art. IX, § 5	<p><b>Section 5.</b></p> <p>The State may contract debts to supply the casual deficits or failures in revenues, or to meet expenses not otherwise provided for; but the aggregate amount of such debts, direct and contingent, whether contracted by virtue of one or more laws, or at different periods of time, shall never exceed the sum of three hundred and fifty thousand dollars; and the money arising from the creation of such debts shall be applied to the purpose for which it was obtained or to repay the debts so contracted, and to no other purpose.</p> <p>In addition to the above limited power to contract debts the State may borrow money to repel invasion, suppress insurrection, or defend the State in time of war; but the money thus raised shall be applied exclusively to the object for which the loan shall have been authorized or to the repayment of the debt thereby created. No money shall be paid out of the State treasury, except in the manner provided by law.</p>	
Arkansas Art. 16, § 1 Amendments 20, 62 and 65	See attached provision and notes to amendments.	

<p>California Art. XVI § 1</p>	<p><b>§ 1. Debt limitation; Legislative and elective approval</b>  The Legislature shall not, in any manner create any debt or debts, liability or liabilities, which shall, singly or in the aggregate with any previous debts or liabilities, exceed the sum of three hundred thousand dollars (\$300,000), except in case of war to repel invasion or suppress insurrection, unless the same shall be authorized by law for some single object or work to be distinctly specified therein which law shall provide ways and means, exclusive of loans, for the payment of the interest of such debt or liability as it falls due, and also to pay and discharge the principal of such debt or liability within 50 years of the time of the contracting thereof, and shall be irrevocable until the principal and interest thereon shall be paid and discharged, and such law may make provision for a sinking fund to pay the principal of such debt or liability to commence at a time after the incurring of such debt or liability of not more than a period of one-fourth of the time of maturity of such debt or liability; but no such law shall take effect unless it has been passed by a two-thirds vote of all the members elected to each house of the Legislature and until, at a general election or at a direct primary, it shall have been submitted to the people and shall have received a majority of all the votes cast for and against it at such election; and all moneys raised by authority of such law shall be applied only to the specific object therein stated or to the payment of the debt thereby created. Full publicity as to matters to be voted upon by the people is afforded by the setting out of the complete text of the proposed laws, together with the arguments for and against them, in the ballot pamphlet mailed to each elector preceding the election at which they are submitted, and the only requirement for publication of such law shall be that it be set out at length in ballot pamphlets which the Secretary of State shall cause to be printed. The Legislature may, at any time after the approval of such law by the people, reduce the amount of the indebtedness authorized by the law to an amount not less than the amount contracted at the time of the reduction, or it may repeal the law if no debt shall have been contracted in pursuance thereof.</p> <p>Notwithstanding any other provision of this Constitution, Members of the Legislature who are required to meet with the State Allocation Board shall have equal right and duties with the nonlegislative members to vote and act upon matters pending or coming before such board for the allocation and apportionment of funds to school districts for school construction purposes or purposes related thereto.</p> <p>Notwithstanding any other provision of this constitution, or of any bond act to the contrary, if any general obligation bonds of the state heretofore or hereafter authorized by vote of the people have been offered for sale and not sold, the Legislature may raise the maximum rate of interest payable on all general obligation bonds authorized but not sold, whether or not such bonds have been offered for sale, by a statute passed by a two-thirds vote of all members elected to each house thereof.</p> <p>The provisions of Senate Bill No. 763 of the 1969 Regular Session, which authorize an increase of the state general obligation bond maximum interest rate from 5 percent to an amount not in excess of 7 percent and eliminate the maximum rate of interest payable on notes given in anticipation of the sale of such bonds, are hereby ratified.</p>	<p>Last amended, 1970.</p>
<p>Colorado Art. XI, Section 3 Art. XI, Section 4 Art. XI, Section 5</p>	<p><b>Section 3. Public debt of state - limitations</b>  The state shall not contract any debt by loan in any form, except to provide for casual deficiencies of revenue, erect public buildings for the use of the state, suppress insurrection, defend the state, or, in time of war, assist in defending the United States; and the amount of debt contracted in any one year to provide for deficiencies of revenue shall not exceed one-fourth of a mill on each dollar of valuation of taxable property within the state, and the aggregate amount of such debt shall not at any time exceed three-fourths of a mill on each dollar of said valuation, until the valuation shall equal one hundred millions of dollars, and thereafter such debt shall not exceed one hundred thousand dollars; and the debt incurred in any one year for erection of public buildings shall not exceed one-half mill on each dollar of said valuation; and the aggregate amount of such debt shall never at any time exceed the sum of fifty thousand dollars (except as provided in section 5 of this article), and in all cases the valuation in this section mentioned shall be that of the assessment last preceding the creation of said debt.</p> <p><b>Section 4. Law creating debt</b>  In no case shall any debt above mentioned in this article be created except by a law which shall be irrevocable, until the indebtedness therein provided for shall have been fully paid or discharged; such law shall specify the purposes to which the funds so raised shall be applied, and provide for the levy of a tax sufficient to pay the interest on and extinguish the principal of such debt within the time limited by such law for the payment thereof, which in the case of debts contracted for the erection of public buildings and supplying deficiencies of revenue shall not be less than ten nor more than fifteen years, and the funds arising from the collection of any such tax shall not be applied to any other purpose than that provided in the law levying the same, and when the debt thereby created shall be paid or discharged, such tax shall cease and the balance, if any, to the credit of the fund shall immediately be placed to the credit of the general fund of the state.</p> <p><b>Section 5. Debt for public buildings - how created</b>  A debt for the purpose of erecting public buildings may be created by law as provided for in section four of this article, not exceeding in the aggregate three mills on each dollar of said valuation; provided, that before going into effect, such law shall be ratified by the vote of a majority of such qualified electors of the state as shall vote thereon at a general election under such regulations as the general assembly may prescribe.</p>	<p>HISTORY: Source: Entire article added, effective August 1, 1876, see L.1877, p. 61. L.1887: Entire section [3] amended, p. 26. L.09: Entire section amended, p. 317. L.20: Entire section amended, effective December 4, 1920, see L. 21, p. 181. Initiated 22: Entire section amended, see L.23, p. 234, effective December 21, 1922. L.92: Entire section amended, p. 2317, effective upon proclamation of the Governor, L.93: p. 2163, January 14, 1993.</p> <p>No amendments to sections 4 &amp; 5.</p>

Connecticut	No specific provision identified.	
Delaware Art. VIII, § 3 Art. VIII, § 4	<p><b>Section 3.</b> No money shall be borrowed or debt created by or on behalf of the State but pursuant to an Act of the General Assembly, passed with the concurrence of three fourths of all the members elected to each House, except to supply casual deficiencies of revenue, repel invasion, suppress insurrection, defend the State in war, or pay existing debts; and any law authorizing the borrowing of money by or on behalf of the State shall specify the purpose for which the money is to be borrowed, and the money so borrowed shall be used exclusively for such purpose; but should the money so borrowed or any part thereof be left after the abandonment of such purpose or the accomplishment thereof, such money, or the surplus thereof, may be disposed of according to law.</p> <p><b>§ 4. Restrictions on loan of public money or bonds and credit of State</b> Section 4. No appropriation of the public money shall be made to, nor the bonds of this State be issued or loaned to any county, municipality or corporation, nor shall the credit of the State, by the guarantee or the endorsement of the bonds or other undertakings of any county, municipality or corporation, be pledged otherwise than pursuant to an Act of the General Assembly, passed with the concurrence of three fourths of all the members elected to each House.</p>	
Florida Art. VII, § 11	<p><b>§ 11. State bonds; revenue bonds</b> (a) State bonds pledging the full faith and credit of the state may be issued only to finance or refinance the cost of state fixed capital outlay projects authorized by law, and purposes incidental thereto, upon approval by a vote of the electors; provided state bonds issued pursuant to this subsection may be refunded without a vote of the electors at a lower net average interest cost rate. The total outstanding principal of state bonds issued pursuant to this subsection shall never exceed fifty percent of the total tax revenues of the state for the two preceding fiscal years, excluding any tax revenues held in trust under the provisions of this constitution. (b) Moneys sufficient to pay debt service on state bonds as the same becomes due shall be appropriated by law. (c) Any state bonds pledging the full faith and credit of the state issued under this section or any other section of this constitution may be combined for the purposes of sale. (d) Revenue bonds may be issued by the state or its agencies without a vote of the electors to finance or refinance the cost of state fixed capital outlay projects authorized by law, and purposes incidental thereto, and shall be payable solely from funds derived directly from sources other than state tax revenues. (e) Bonds pledging all or part of a dedicated state tax revenue may be issued by the state in the manner provided by general law to finance or refinance the acquisition and improvement of land, water areas, and related property interests and resources for the purposes of conservation, outdoor recreation, water resource development, restoration of natural systems, and historic preservation. (f) Each project, building, or facility to be financed or refinanced with revenue bonds issued under this section shall first be approved by the Legislature by an act relating to appropriations or by general law.</p>	Section 11: Am. C.S. for C.S. for S.J.R. 612, 1984; adopted 1984; Am. proposed by Constitution Revision Commission, Revision No. 5, 1998, filed with the Secretary of State May 5, 1998; adopted 1998.
Georgia Art. VII, § IV, Para. 1	<p><b>PARAGRAPH I.</b> Purposes for which debt may be incurred The state may incur:</p> <p>(a) Public debt without limit to repel invasion, suppress insurrection, and defend the state in time of war.</p> <p>(b) Public debt to supply a temporary deficit in the state treasury in any fiscal year created by a delay in collecting the taxes of that year. Such debt shall not exceed, in the aggregate, 5 percent of the total revenue receipts, less refunds, of the state treasury in the fiscal year immediately preceding the year in which such debt is incurred. The debt incurred shall be repaid on or before the last day of the fiscal year in which it is incurred out of taxes levied for that fiscal year. No such debt may be incurred in any fiscal year under the provisions of this subparagraph (b) if there is then outstanding unpaid debt from any previous fiscal year which was incurred to supply a temporary deficit in the state treasury.</p> <p>(c) General obligation debt to acquire, construct, develop, extend, enlarge, or improve land, waters, property, highways, buildings, structures, equipment, or facilities of the state, its agencies, departments, institutions, and of those state authorities which were created and activated prior to November 8, 1960.</p> <p>(d) General obligation debt to provide educational facilities for county and independent school systems and to provide public library facilities for county and independent school systems, counties, municipalities, and boards of trustees of public libraries or boards of trustees of public library systems, and, when the construction of such educational or library facilities has been completed, the title to such facilities shall be vested in the respective local boards of education, counties, municipalities, or public library boards of trustees for which such facilities were constructed.</p> <p>(e) General obligation debt in order to make loans to counties, municipal corporations, political subdivisions, local authorities, and other local government entities for water or sewerage facilities or systems or for regional or multijurisdictional solid waste recycling or solid waste facilities or systems. It shall not be necessary for the state or a state authority to hold title to or otherwise be the owner of such</p>	The constitutional amendment (Ga. L. 1984, p. 1713, § 1) which revised subparagraph (d) by inserting "and to provide public library facilities...of public library systems," inserting "or library" preceding "facilities has been completed," and inserting "counties, municipalities, or...boards of trustees" preceding "for which such facilities," and deleting "educational" preceding "facilities shall be vested," was approved by a majority of the qualified voters voting at the general election held on November 6, 1984. The constitutional amendment (Ga. L. 1986, p. 1612, § 1) which redesignated

	<p>facilities or systems. General obligation debt for these purposes may be authorized and incurred for administration and disbursement by a state authority created and activated before, on, or after November 8, 1960.</p> <p>(f) Guaranteed revenue debt by guaranteeing the payment of revenue obligations issued by an instrumentality of the state if such revenue obligations are issued to finance:</p> <ol style="list-style-type: none"> <li>(1) Toll bridges or toll roads.</li> <li>(2) Land public transportation facilities or systems.</li> <li>(3) Water facilities or systems.</li> <li>(4) Sewage facilities or systems.</li> <li>(5) Loans to, and loan programs for, citizens of the state for educational purposes.</li> <li>(6) Regional or multijurisdictional solid waste recycling or solid waste facilities or systems.</li> </ol>	<p>former subparagraph (e) as subparagraph (f) and which added present subparagraph (e) was approved by a majority of the qualified voters voting at the general election held on November 4, 1986.</p> <p>The constitutional amendment (Ga. L. 1992, p. 3329, §§ 1, 2) which revised subparagraphs (e) and (f) to add provisions as to regional or multi-jurisdictional solid waste recycling or solid waste facilities or systems was approved by a majority of the qualified voters voting at the general election held on November 3, 1992.</p>
<p><b>Hawaii</b> Art. VII, § 13</p>	<p><b>Section 13. DEBT LIMIT; EXCLUSIONS.</b></p> <p>General obligation bonds may be issued by the State; provided that such bonds at the time of issuance would not cause the total amount of principal and interest payable in the current or any future fiscal year, whichever is higher, on such bonds and on all outstanding general obligation bonds to exceed: a sum equal to twenty percent of the average of the general fund revenues of the State in the three fiscal years immediately preceding such issuance until June 30, 1982; and thereafter, a sum equal to eighteen and one-half percent of the average of the general fund revenues of the State in the three fiscal years immediately preceding such issuance. Effective July 1, 1980, the legislature shall include a declaration of findings in every general law authorizing the issuance of general obligation bonds that the total amount of principal and interest, estimated for such bonds and for all bonds authorized and unissued and calculated for all bonds issued and outstanding, will not cause the debt limit to be exceeded at the time of issuance. Any bond issue by or on behalf of the State may exceed the debt limit if an emergency condition is declared to exist by the governor and concurred to by a two-thirds vote of the members to which each house of the legislature is entitled. For the purpose of this paragraph, general fund revenues of the State shall not include moneys received as grants from the federal government and receipts in reimbursement of any reimbursable general obligation bonds which are excluded as permitted by this section.</p> <p>A sum equal to fifteen percent of the total of the assessed values for tax rate purposes of real property in each political subdivision, as determined by the last tax assessment rolls pursuant to law, is established as the limit of the funded debt of such political subdivision that is outstanding and unpaid at any time.</p> <p>All general obligation bonds for a term exceeding two years shall be in serial form maturing in substantially equal installments of principal, or maturing in substantially equal installments of both principal and interest. The first installment of principal of general obligation bonds and of reimbursable general obligation bonds shall mature not later than five years from the date of issue of such series. The last installment on general obligation bonds shall mature not later than twenty-five years from the date of such issue and the last installment on general obligation bonds sold to the federal government, on reimbursable general obligation bonds and on bonds constituting instruments of indebtedness under which the State or a political subdivision incurs a contingent liability as a guarantor shall mature not later than thirty-five years from the date of such issue. The interest and principal payments of general obligation bonds shall be a first charge on the general fund of the State or political subdivision, as the case may be.</p> <p>In determining the power of the State to issue general obligation bonds or the funded debt of any political subdivision under section 12, the following shall be excluded:</p> <ol style="list-style-type: none"> <li>1. Bonds that have matured, or that mature in the then current fiscal year, or that have been irrevocably called for redemption and the redemption date has occurred or will occur in the then fiscal year, or for the full payment of which moneys or securities have been irrevocably set aside.</li> <li>2. Revenue bonds, if the issuer thereof is obligated by law to impose rates, rentals and charges for the use and services of the public undertaking, improvement or system or the benefits of a loan program or a loan thereunder or to impose a user tax, or to impose a combination of rates, rentals and charges and user tax, as the case may be, sufficient to pay the cost of operation, maintenance and</li> </ol>	<p>Ren. and am. Const Con 1978 and election Nov 7, 1978.</p>

repair, if any, of the public undertaking, improvement or system or the cost of maintaining a loan program or a loan thereunder and the required payments of the principal of and interest on all revenue bonds issued for the public undertaking, improvement or system or loan program, and if the issuer is obligated to deposit such revenues or tax or a combination of both into a special fund and to apply the same to such payments in the amount necessary therefor.

3. Special purpose revenue bonds, if the issuer thereof is required by law to contract with a person obligating such person to make rental or other payments to the issuer in an amount at least sufficient to make the required payment of the principal of and interest on such special purpose revenue bonds.

4. Bonds issued under special improvement statutes when the only security for such bonds is the properties benefited or improved or the assessments thereon.

5. General obligation bonds issued for assessable improvements, but only to the extent that reimbursements to the general fund for the principal and interest on such bonds are in fact made from assessment collections available therefor.

6. Reimbursable general obligation bonds issued for a public undertaking, improvement or system but only to the extent that reimbursements to the general fund are in fact made from the net revenue, or net user tax receipts, or combination of both, as determined for the immediately preceding fiscal year.

7. Reimbursable general obligation bonds issued by the State for any political subdivision, whether issued before or after the effective date of this section, but only for as long as reimbursement by the political subdivision to the State for the payment of principal and interest on such bonds is required by law; provided that in the case of bonds issued after the effective date of this section, the consent of the governing body of the political subdivision has first been obtained; and provided further that during the period that such bonds are excluded by the State, the principal amount then outstanding shall be included within the funded debt of such political subdivision.

8. Bonds constituting instruments of indebtedness under which the State or any political subdivision incurs a contingent liability as a guarantor, but only to the extent the principal amount of such bonds does not exceed seven percent of the principal amount of outstanding general obligation bonds not otherwise excluded under this section; provided that the State or political subdivision shall establish and maintain a reserve in an amount in reasonable proportion to the outstanding loans guaranteed by the State or political subdivision as provided by law.

9. Bonds issued by or on behalf of the State or by any political subdivision to meet appropriations for any fiscal period in anticipation of the collection of revenues for such period or to meet casual deficits or failures of revenue, if required to be paid within one year, and bonds issued by or on behalf of the State to suppress insurrection, to repel invasion, to defend the State in war or to meet emergencies caused by disaster or act of God.

The total outstanding indebtedness of the State or funded debt of any political subdivision and the exclusions therefrom permitted by this section shall be made annually and certified by law or as provided by law. For the purposes of section 12 and this section, amounts received from on-street parking may be considered and treated as revenues of a parking undertaking.

Nothing in section 12 or in this section shall prevent the refunding of any bond at any time.

**Idaho**  
**Art. VIII, § 1**

**§ 1. Limitation on public indebtedness**

The legislature shall not in any manner create any debt or debts, liability or liabilities, except in case of war, to repel an invasion, or suppress an insurrection, unless the same shall be authorized by law, for some single object or work, to be distinctly specified therein, which law shall provide ways and means, exclusive of loans, for the payment of the interest on such debt or liability as it falls due, and also for the payment and discharge of the principal of such debt or liability within twenty years of the time of the contracting thereof, and shall be irrevocable until the principal and interest thereon shall be paid and discharged. But no such law shall take effect until at a general election it shall have been submitted to the people, and shall have received a majority of all the votes cast for or against it at such election, and all moneys raised by the authority of such laws shall be applied only to specified objects therein stated or to the payment of the debt thereby created, and such law shall be published prior to the general election at which it is submitted to the people, in the same manner as amendments to this constitution are published. The legislature may at any time after the approval of such law, by the people, if no debts shall have been contracted in pursuance thereof, repeal the same.

This section shall not apply to liabilities incurred for ordinary operating expenses, nor shall it apply to debts or liabilities that are repaid by the end of the fiscal year. The debts or liabilities of independent public bodies corporate and politic created by law and which have no power to levy taxes or obligate the general fund of the state are not debts or liabilities of the state of Idaho. The provisions of this section shall not make illegal those types of financial transactions that were legal on or before November 3, 1998.

This section was ratified at the general election in November, 1912, to read as follows:

" § 1. *Limitation on public indebtedness.* -- The legislature shall not in any manner create any debt or debts, liability or liabilities, which shall singly or in the aggregate, exclusive of the debt of the territory at the date of its admission as a state, and exclusive of debts or liabilities incurred subsequent to January 1, 1911, for the purpose of completing the construction and furnishing of the state capitol at Boise, Idaho, and exclusive of debt or debts, liability or liabilities incurred by the eleventh session of the legislature of the

state of Idaho, exceed in the aggregate the sum of two million dollars (\$2,000,000), except in case of war, to repel an invasion, or suppress an insurrection, unless the same shall be authorized by law, for some single object or work, to be distinctly specified therein, which law shall provide ways and means, exclusive of loans, for the payment of the interest on such debt or liability as it falls due, and also for the payment and discharge of the principal of such debt or liability within twenty (20) years of the time of the contracting thereof, and shall be irrevocable until the principal and interest thereon shall be paid and discharged. But no such law shall take effect until at a general election it shall have been submitted to the people, and shall have received a majority of all the votes cast for or against it at such election, and all moneys raised by the authority of such laws shall be applied only to specified objects therein stated or to the payment of the debt thereby created, and such law shall be published in at least one newspaper in each county or city, and county, if one be published therein, throughout the state for three (3) months next preceding the election at which it is submitted to the people. The legislature may at any time after the approval of such law, by the people, if no debts shall have been contracted in pursuance thereof, repeal the same."

This section was amended in 1998, to read as it now appears.

<p><b>Illinois</b> Art. IX, § 9</p>	<p><b>SECTION 9. State Debt</b> (a) No State debt shall be incurred except as provided in this Section. For the purpose of this Section, "State debt" means bonds or other evidences of indebtedness which are secured by the full faith and</p>	
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	<p>credit of the State or are required to be repaid, directly or indirectly, from tax revenue and which are incurred by the State, any department, authority, public corporation or quasi-public corporation of the State, any State college or university, or any other public agency created by the State, but not by units of local government, or school districts.</p> <p>(b) State debt for specific purposes may be incurred or the payment of State or other debt guaranteed in such amounts as may be provided either in a law passed by the vote of three-fifths of the members elected to each house of the General Assembly or in a law approved by a majority of the electors voting on the question at the next general election following passage. Any law providing for the incurring or guaranteeing of debt shall set forth the specific purposes and the manner of repayment.</p> <p>(c) State debt in anticipation of revenues to be collected in a fiscal year may be incurred by law in an amount not exceeding 5% of the State's appropriations for that fiscal year. Such debt shall be retired from the revenues realized in that fiscal year.</p> <p>(d) State debt may be incurred by law in an amount not exceeding 15% of the State's appropriations for that fiscal year to meet deficits caused by emergencies or failures of revenue. Such law shall provide that the debt be repaid within one year of the date it is incurred.</p> <p>(e) State debt may be incurred by law to refund outstanding State debt if the refunding debt matures within the term of the outstanding State debt.</p> <p>(f) The State, departments, authorities, public corporations and quasi-public corporations of the State, the State colleges and universities and other public agencies created by the State, may issue bonds or other evidences of indebtedness which are not secured by the full faith and credit or tax revenue of the State nor required to be repaid, directly or indirectly, from tax revenue, for such purposes and in such amounts as may be authorized by law.</p>	
<p>Indiana Art. 10, § 5</p>	<p><b>§ 5. State debt prohibited - Exceptions.</b> No law shall authorize any debt to be contracted, on behalf of the State, except in the following cases: To meet casual deficits in the revenue; to pay the interest on the State Debt; to repel invasion, suppress insurrection, or, if hostilities be threatened, provide for the public defense.</p>	
<p>Iowa Art. VII § 5</p>	<p><b>Sec. 5. Contracting debt -- submission to the people</b> Except the debts herein before specified in this article, no debt shall be hereafter contracted by, or on behalf of this state, unless such debt shall be authorized by some law for some single work or object, to be distinctly specified therein; and such law shall impose and provide for the collection of a direct annual tax, sufficient to pay the interest on such debt, as it falls due, and also to pay and discharge the principal of such debt, within twenty years from the time of the contracting thereof; but no such law shall take effect until at a general election it shall have been submitted to the people, and have received a majority of all the votes cast for and against it at such election; and all money raised by authority of such law, shall be applied only to the specific object therein stated, or to the payment of the debt created thereby; and such law shall be published in at least one newspaper in each county, if one is published therein, throughout the state, for three months preceding the election at which it is submitted to the people.</p>	
<p>Kansas Art. 11, § 6</p>	<p><b>6. State debts; annual tax; proceeds.</b> For the purpose of defraying extraordinary expenses and making public improvements, the state may contract public debts; but such debts shall never, in the aggregate, exceed one million dollars, except as hereinafter provided. Every such debt shall be authorized by law for some purpose specified therein, and the vote of a majority of all the members elected to each house, to be taken by the yeas and nays, shall be necessary to the passage of such law; and every such law shall provide for levying an annual tax sufficient to pay the annual interest of such debt, and the principal thereof, when it shall become due; and shall specifically appropriate the proceeds of such taxes to the payment of such principal and interest; and such appropriation shall not be repealed nor the taxes postponed or diminished, until the interest and principal of such debt shall have been wholly paid.</p>	<p>Originally adopted by convention as 5, July 29, 1859; ratified by electors, Oct. 4, 1859; L. 1861, p. 62; renumbered as 6, L. 1931, ch. 300, 2; Nov. 8, 1932.</p>
<p>Kentucky § 49 § 50</p>	<p><b>§ 49. Power to contract debts - Limit.</b> The General Assembly may contract debts to meet casual deficits or failures in the revenue; but such debts, direct or contingent, singly or in the aggregate, shall not at any time exceed five hundred thousand dollars, and the moneys arising from loans creating such debts shall be applied only to the purpose or purposes for which they were obtained, or to repay such debts: Provided, The General Assembly may contract debts to repel invasion, suppress insurrection, or, if hostilities are threatened, provide for the public defense.</p> <p><b>§ 50. Purposes for which debt may be contracted - Tax to discharge - Public vote.</b> No act of the General Assembly shall authorize any debt to be contracted on behalf of the Commonwealth except for the purposes mentioned in Section 49, unless provision be made therein to levy and collect an annual tax sufficient to pay the interest stipulated, and to discharge the debt within thirty years; nor shall such act take effect until it shall have been submitted to the people at a general election, and shall have received a majority of all the votes cast for and against it: Provided, The General Assembly may contract debts by borrowing money to pay any part of the debt of the State, without submission to the people, and without making provision in the act authorizing the same for a tax to discharge the debt so contracted, or the interest thereon.</p>	

Louisiana  
Art. VII, § 6

**§ 6. State debt; full faith and credit obligations**

A. *Authorization.* --Unless otherwise authorized by this constitution, the state shall have no power, directly or indirectly, or through any state board, agency, commission, or otherwise, to incur debt or issue bonds except by law enacted by two-thirds of the elected members of each house of the legislature. The debt may be incurred or the bonds issued only if the funds are to be used to repel invasion; suppress insurrection; provide relief from natural catastrophes; refund outstanding indebtedness at the same or a lower effective interest rate; or make capital improvements, but only in accordance with a comprehensive capital budget, which the legislature shall adopt.

B. (1) *Capital Improvements.* --If the purpose is to make capital improvements, the nature and location and, if more than one project, the amount allocated to each and the order of priority shall be stated in the comprehensive capital budget which the legislature adopts.

(2) The estimated amount of debt service to be paid for capital improvements for the next fiscal year shall be stated as a separate item and by budget unit in the budget estimate required to be submitted by the governor in accordance with Section 11 of this Article.

C. *Full Faith and Credit.* --The full faith and credit of the state shall be pledged to the repayment of all bonds or other evidences of indebtedness issued by the state directly or through any state board, agency, or commission pursuant to the provisions of Paragraphs (A) and (B) hereof. The full faith and credit of the state is not hereby pledged to the repayment of bonds of a levee district, political subdivision, or local public agency. In addition, any state board, agency, or commission authorized by law to issue bonds, in the manner so authorized and with the approval of the State Bond Commission or its successor, may issue bonds which are payable from fees, rates, rentals, tolls, charges, grants, or other receipts or income derived by or in connection with an undertaking, facility, project, or any combination thereof, without a pledge of the full faith and credit of the state. Such revenue bonds may, but are not required to, be issued in accordance with the provisions of Paragraphs (A) and (B) hereof. If issued other than as provided in Paragraphs (A) and (B), such revenue bonds shall not carry the pledge of the full faith and credit of the state and the issuance of the bonds shall not constitute the incurring of state debt under this constitution. The rights granted to deep-water port commissions or deep-water port, harbor, and terminal districts under this constitution shall not be impaired by this Section.

D. *Referendum.* --The legislature, by law enacted by two-thirds of the elected members of each house, may propose a statewide public referendum to authorize incurrence of debt for any purpose for which the legislature is not herein authorized to incur debt.

E. *Exception.* --Nothing in this Section shall apply to any levee district, political subdivision, or local public agency unless the full faith and credit of the state is pledged to the payment of the bonds of the levee district, political subdivision, or local public agency.

F. (1) *Limitation.* --The legislature shall provide for the determination of a limit to the amount of net state tax supported debt which may be issued by the state in any fiscal year. Net state tax supported debt shall be defined by law. When enacted, such definition shall not be changed except by specific legislative instrument which receives a favorable vote of two-thirds of the elected members of each house of the legislature. The limitation shall be established so that by Fiscal Year 2003-2004 and thereafter the amount necessary to service outstanding net state tax supported debt shall not exceed six percent of the estimate of money to be received by the state general fund and dedicated funds contained in the official forecast adopted by the Revenue Estimating Conference at its first meeting after the beginning of each fiscal year and any other money required to be included in the estimate by this Paragraph. In making such estimate, the conference shall include all amounts which are to be used to service net state tax supported debt. For purposes of this Paragraph, servicing outstanding net state tax supported debt includes payments of principal, interest, and sinking fund requirements. The limitation established pursuant to this Paragraph shall not be construed to prevent the payment of debt service on net state tax supported debt.

(2) The limitation established pursuant to this Paragraph may be changed by passage of a specific legislative instrument by a favorable vote of two-thirds of the elected members of each house of the legislature. The limitation may be exceeded by passage of a specific legislative instrument for a project or related projects by a favorable vote of two-thirds of the elected members of each house of the legislature, provided that any debt service payment required for such projects shall, once bonds have been issued in connection therewith, not be impaired in any future year by application of this limitation. The limitation established pursuant to this Subparagraph shall be deemed to be increased as necessary to accommodate any projects approved to exceed this limit if approved as provided in this Paragraph, but only as long as there are bonds outstanding for the projects.

(3) Except as provided in Subparagraph (2) of this Paragraph, the State Bond Commission shall not approve the issuance of any net state tax supported debt, the debt service requirement of which would cause the limit herein established to be exceeded.

Amended in 1993:  
Article VII, Section 6(B)  
amended relative to  
debt; to provide relative  
to the reporting of  
amounts spent on debt  
service; and to specify  
an election for  
submission of the  
proposition to electors  
and provide a ballot  
proposition.

Also in 1993, added  
Section F.

Maine  
Art. V, Pt. 3, § 5  
Art. VIII, Pt. 1, §  
2  
Art. IX, § 14  
Art. IX, § 14-B  
Art. IX, § 14-D

**§ 5. Bonding regulations; prohibiting use of proceeds from sale of bonds to fund current expenditures**

Section 5. The Legislature shall enact general law prohibiting the use of proceeds from the sale of bonds to fund current expenditures and shall provide by appropriation for the payment of interest upon and installments of principal of all bonded debt created on behalf of the State as the same shall become due and payable. If at any time the Legislature shall fail to make any such appropriation, the Treasurer of State shall set apart from the first General Fund revenues thereafter received a sum sufficient to pay such interest or installments of principal and shall so apply the moneys thus set apart. The Treasurer of State may be required to set apart and apply such revenues at the suit of any holder of such bonds. The prohibition on use of proceeds from the sale of bonds to fund current expenditures shall only apply

to those bonds authorized on or after July 1, 1977.

**§ 2. Authority to pledge the credit of the State and to issue bonds for loans to Maine students in higher education and their parents**

Section 2. For the purpose of assisting the youth of Maine to achieve the required levels of learning and to develop their intellectual and mental capacities, the Legislature, by proper enactment, may authorize the credit of the State to be loaned to secure funds for loans to Maine students attending institutions of higher education, wherever situated, and to parents of these students. Funds shall be obtained by the issuance of state bonds, when authorized by the Governor, but the amount of bonds issued and outstanding shall not at one time exceed in the aggregate \$ 4,000,000. Funds loaned shall be on such terms and conditions as the Legislature shall authorize.

**§ 14. Authority and procedure for issuance of bonds**

Section 14. The credit of the State shall not be directly or indirectly loaned in any case, except as provided in sections 14-A, 14-B, 14-C and 14-D. The Legislature shall not create any debt or debts, liability or liabilities, on behalf of the State, which shall singly, or in the aggregate, with previous debts and liabilities hereafter incurred at any one time, exceed \$ 2,000,000, except to suppress insurrection, to repel invasion, or for purposes of war, and except for temporary loans to be paid out of money raised by taxation during the fiscal year in which they are made, and except for loans to be repaid within 12 months with federal transportation funds in amounts not to exceed 50% of transportation funds appropriated by the Federal Government in the prior federal fiscal year; and excepting also that whenever 2/3 of both Houses shall deem it necessary, by proper enactment ratified by a majority of the electors voting thereon at a general or special election, the Legislature may authorize the issuance of bonds on behalf of the State at such times and in such amounts and for such purposes as approved by such action; but this shall not be construed to refer to any money that has been, or may be deposited with this State by the Government of the United States, or to any fund which the State shall hold in trust for any Indian tribe. Whenever ratification by the electors is essential to the validity of bonds to be issued on behalf of the State, the question submitted to the electors shall be accompanied by a statement setting forth the total amount of bonds of the State outstanding and unpaid, the total amount of bonds of the State authorized and unissued, and the total amount of bonds of the State contemplated to be issued if the enactment submitted to the electors be ratified. For any bond authorization requiring ratification of the electors pursuant to this section, if any bonds have not been issued within 5 years of the date of ratification, then those bonds may not be issued after that date. Within 2 years after expiration of that 5-year period, the Legislature may extend, by a majority vote, the 5-year period for an additional 5 years or may deauthorize the bonds. If the Legislature fails to take action within those 2 years, the bond issue shall be considered to be deauthorized and no further bonds may be issued. For any bond authorization in existence on November 6, 1984, and for which the 5-year period following ratification has expired, no further bonds may be issued unless the Legislature, by November 6, 1986, reauthorizes those bonds, by a majority vote, for an additional 5-year period, failing which all bonds unissued under those authorizations shall be considered to be deauthorized. Temporary loans to be paid out of moneys raised by taxation during any fiscal year shall not exceed in the aggregate during the fiscal year in question an amount greater than 10% of all the moneys appropriated, authorized and allocated by the Legislature from undedicated revenues to the General Fund and dedicated revenues to the Highway Fund for that fiscal year, exclusive of proceeds or expenditures from the sale of bonds, or greater than 1% of the total valuation of the State of Maine, whichever is the lesser.

**§ 14-B. Authority to insure revenue bonds of the Maine School Building Authority**

Section 14-B. In order to encourage and assist in the provision and construction of public school buildings in the State, the Legislature by proper enactment may insure the payment of revenue bonds of the Maine School Building Authority on school projects within the State not exceeding in the aggregate \$ 6,000,000 in amount at any one time and may also appropriate moneys and authorize the issuance of bonds on behalf of the State at such times and in such amounts as it may determine to make payments insured as aforesaid.

**§ 14-D. Authority to insure Maine veterans' mortgage loans, and to appropriate moneys and issue bonds for the payment of same**

Section 14-D. For the purposes of recognizing the services and sacrifices of Maine's men and women who have served their state and country through honorable service in the Armed Forces of the United States in time of war or national emergency; enlarging the opportunities for employment of Maine's veterans; insuring the preservation and betterment of the economy of the State of Maine; and stimulating the flow of private investment funds to Maine's veterans, the Legislature by proper enactment may insure the payment of any mortgage loan to resident Maine veterans of the Armed Forces of the United States, including a business organization owned in whole or in part by a resident Maine veteran, when such loans are made in connection with such legitimate purposes and under such terms and conditions as the Legislature may determine, not exceeding in the aggregate \$ 4,000,000 in amount at any one time and may also appropriate moneys and authorize the issuance of bonds on behalf of the State at such times and in such amounts as it may determine to make payments insured as aforesaid.

<p><b>Maryland</b> Art. VI, § 3</p>	<p><b>Section 3. Powers and duties of Treasurer and deputies; signature of bonds, etc., of State; transfer of evidences of debt of State</b>  The Treasurer shall receive the moneys of the State, and, until otherwise prescribed by law, deposit them, as soon as received, to the credit of the State, in such bank or banks as he may, from time to time, with the approval of the Governor, select (the said bank or banks giving security, satisfactory to the Governor, for the safekeeping and forthcoming, when required of said deposits), and he or such of his deputies as may be authorized to do so by the Legislature shall disburse the same for the purposes of the State according to law, upon warrants drawn by the Comptroller, or his duly authorized deputy, and on checks countersigned by the Comptroller, or his duly authorized deputy. The Legislature may prescribe, by law, for the Treasurer to disburse the moneys of the State by a system other than by the use of checks. The Treasurer or such of his deputies as may be authorized to do so by the Legislature shall take receipts for all moneys paid from the Treasury Department; and receipt for moneys received by him shall be endorsed upon warrants signed, by the Comptroller, or such deputy as may be authorized to do so by law, without which warrants, so signed, no acknowledgment of money received into the Treasury shall be valid; and upon warrants issued by the Comptroller, or his duly authorized deputy, the Treasurer shall make arrangements for the payment of the interest of the public debt, and for the purchase thereof, on account of the sinking fund. Every bond, certificate, or other evidence of the debt of the State shall be signed by the Treasurer, Chief Deputy Treasurer, or a Deputy Treasurer, and countersigned by the Comptroller, Chief Deputy Comptroller, or a Deputy Comptroller; and no new certificate or other evidence intended to replace another shall be issued until the old one shall be delivered to the Treasurer, and authority executed in due form for the transfer of the same filed in his office, and the transfer accordingly made on the books thereof, and the certificate or other evidence cancelled; but the Legislature may make provisions for the loss of certificates, or other evidences of the debt; and may prescribe, by law, the manner in which the Treasurer shall receive and keep the moneys of the State.</p>	<p>No changes since 1974.</p>
<p><b>Massachusetts</b> Art. LXII, § 1</p>	<p><b>Section 1. Giving, Lending, etc., of Commonwealth's Credit; Prohibition as to Aiding Private Enterprises.</b>  The commonwealth may give, loan or pledge its credit only by a vote, taken by the yeas and nays, of two-thirds of each house of the General Court present and voting thereon. The credit of the commonwealth shall not in any manner be given or loaned to or in aid of any individual, or of any private association, or of any corporation which is privately owned and managed.</p>	<p>Not amended since 1964.</p>
<p><b>Michigan</b> Art. IX, § 25</p>	<p><b>§ 25. Increase in taxes and spending, prohibition; direct voter approval; emergency conditions; repayment of voter approved bonded indebtedness guaranteed; implementation.</b>  Sec. 25. Property taxes and other local taxes and state taxation and spending may not be increased above the limitations specified herein without direct voter approval. The state is prohibited from requiring any new or expanded activities by local governments without full state financing, from reducing the proportion of state spending in the form of aid to local governments, or from shifting the tax burden to local government. A provision for emergency [sic] conditions is established and the repayment of voter approved bonded indebtedness is guaranteed. Implementation of this section is specified in Sections 26 through 34, inclusive, of this Article.</p>	
<p><b>Minnesota</b> Art. XI, § 4 Art. XI, § 5 Art. XI, § 6 Art. XI, § 7</p>	<p><b>Sec. 4. Power to contract public debt; public debt defined</b>  The state may contract public debts for which its full faith, credit and taxing powers may be pledged at the times and in the manner authorized by law, but only for the purposes and subject to the conditions stated in section 5. Public debt includes any obligation payable directly in whole or in part from a tax of state wide application on any class of property, income, transaction or privilege, but does not include any obligation which is payable from revenues other than taxes.</p> <p><b>Sec. 5. Public debt and works of internal improvement; purposes</b>  Public debt may be contracted and works of internal improvements carried on for the following purposes:  (a) to acquire and to better public land and buildings and other public improvements of a capital nature and to provide money to be appropriated or loaned to any agency or political subdivision of the state for such purposes if the law authorizing the debt is adopted by the vote of at least three-fifths of the members of each house of the legislature;  (b) to repel invasion or suppress insurrection;  (c) to borrow temporarily as authorized in section 6;  (d) to refund outstanding bonds of the state or any of its agencies whether or not the full faith and credit of the state has been pledged for the payment of the bonds;  (e) to establish and maintain highways subject to the limitations of article XIV;  (f) to promote forestation and prevent and abate forest fires, including the compulsory clearing and improving of wild lands whether public or private;  (g) to construct, improve and operate airports and other air navigation facilities;  (h) to develop the state's agricultural resources by extending credit on real estate security in the manner and on the terms and conditions prescribed by law;  (i) to improve and rehabilitate railroad rights-of-way and other rail facilities whether public or private, provided that bonds issued and unpaid shall not at any time exceed \$200,000,000 par value; and  (j) as otherwise authorized in this constitution.</p>	

	<p>As authorized by law political subdivisions may engage in the works permitted by (f), (g), and (i) and contract debt therefor. [Amended, November 2, 1982]</p> <p><b>Sec. 6. Certificates of indebtedness</b>  As authorized by law certificates of indebtedness may be issued during a biennium, commencing on July 1 in each odd-numbered year and ending on and including June 30 in the next odd-numbered year, in anticipation of the collection of taxes levied for and other revenues appropriated to any fund of the state for expenditure during that biennium.  No certificates shall be issued in an amount which with interest thereon to maturity, added to the then outstanding certificates against a fund and interest thereon to maturity, will exceed the then unexpended balance of all money which will be credited to that fund during the biennium under existing laws. The maturities of certificates may be extended by refunding to a date not later than December 1 of the first full calendar year following the biennium in which the certificates were issued. If money on hand in any fund is not sufficient to pay all non-refunding certificates of indebtedness issued on a fund during any biennium and all certificates refunding the same, plus interest thereon, which are outstanding on December 1 immediately following the close of the biennium, the state auditor shall levy upon all taxable property in the state a tax collectible in the ensuing year sufficient to pay the same on or before December 1 of the ensuing year with interest to the date or dates of payment.</p> <p><b>Sec. 7. Bonds</b>  Public debt other than certificates of indebtedness authorized in section 6 shall be evidenced by the issuance of bonds of the state. All bonds issued under the provisions of this section shall mature not more than 20 years from their respective dates of issue and each law authorizing the issuance of bonds shall distinctly specify the purposes thereof and the maximum amount of the proceeds authorized to be expended for each purpose. A separate and special state bond fund shall be maintained on the official books and records. When the full faith and credit of the state has been pledged for the payment of bonds, the state auditor shall levy each year on all taxable property within the state a tax sufficient with the balance then on hand in the fund to pay all principal and interest on bonds issued under this section due and to become due within the ensuing year and to and including July 1 in the second ensuing year. The legislature by law may appropriate funds from any source to the state bond fund. The amount of money actually received and on hand pursuant to appropriations prior to the levy of the tax in any year shall be used to reduce the amount of tax otherwise required to be levied. [Amended, November 3, 1998]</p>	
Mississippi Art. 4, § 115	<p><b>§ 115. Fiscal year; report of transactions; bonded indebtedness limitation</b>  The fiscal year of the State of Mississippi shall commence on the first day of July and end on the thirtieth day of June of each year; and the Auditor of Public Accounts and the Treasurer of the State shall compile, and have published, a full and complete report, showing the transactions of their respective offices on or before the thirty-first day of December of each year for the preceding fiscal year.  Neither the State nor any of its direct agencies, excluding the political subdivisions and other local districts, shall incur a bonded indebtedness in excess of one and one half (1 1/2) times the sum of all the revenue collected by it for all purposes during any one of the preceding four fiscal years, whichever year might be higher.</p>	Not amended since 1960.
Missouri Art. III, § 37	<p><b>§ 37. Limitation on state debts and bond issues</b>  The general assembly shall have no power to contract or authorize the contracting of any liability of the state, or to issue bonds therefor, except (1) to refund outstanding bonds, the refunding bonds to mature not more than twenty-five years from date, (2) on the recommendation of the governor, for a temporary liability to be incurred by reason of unforeseen emergency or casual deficiency in revenue, in a sum not to exceed one million dollars for any one year and to be paid in not more than five years from its creation, and (3) when the liability exceeds one million dollars, the general assembly as on constitutional amendments, or the people by the initiative, may also submit a measure containing the amount, purpose and terms of the liability, and if the measure is approved by a majority of the qualified electors of the state voting thereon at the election, the liability may be incurred, and the bonds issued therefor must be retired serially and by installments within a period not exceeding twenty-five years from their date. Before any bonds are issued under this section the general assembly shall make adequate provision for the payment of the principal and interest, and may provide an annual tax on all taxable property in an amount sufficient for the purpose.</p>	
Montana Art. VIII § 8	<p><b>§ 8. State debt.</b>  No state debt shall be created unless authorized by a two-thirds vote of the members of each house of the legislature or a majority of the electors voting thereon. No state debt shall be created to cover deficits incurred because appropriations exceeded anticipated revenue.</p>	
Nebraska Art. XIII, § 1	<p><b>§ 1. State may contract debts; limitation; exceptions</b>  The state may, to meet casual deficits, or failures in the revenue, contract debts never to exceed in the aggregate one hundred thousand dollars, and no greater indebtedness shall be incurred except for the purpose of repelling invasion, suppressing insurrection, or defending the state in war, and provision shall be made for the payment of the interest annually, as it shall accrue, by a tax levied for the</p>	

	<p>purpose, or from other sources of revenue, which law providing for the payment of such interest by such tax shall be irrevocable until such debt is paid; <i>Provided</i>, that if the Legislature determines by a three-fifths vote of the members elected thereto that (1) the need for construction of highways in this state requires such action, it may authorize the issuance of bonds for such construction, and for the payment of the interest and the retirement of such bonds it may pledge any tolls to be received from such highways or it may irrevocably pledge for the term of the bonds all or a part of any state revenue closely related to the use of such highways, such as motor vehicle fuel taxes or motor vehicle license fees and (2) the construction of water retention and impoundment structures for the purposes of water conservation and management will promote the general welfare of the state, it may authorize the issuance of revenue bonds for such construction, and for the payment of the interest and the retirement of such bonds it may pledge all or any part of any state revenue derived from the use of such structures; and <i>provided further</i>, that the Board of Regents of the University of Nebraska, the Board of Trustees of the Nebraska State Colleges, and the State Board of Education may issue revenue bonds to construct, purchase, or otherwise acquire, extend, add to, remodel, repair, furnish, and equip dormitories, residence halls, single or multiple dwelling units, or other facilities for the housing and boarding of students, single or married, and faculty or other employees, buildings and structures for athletic purposes, student unions or centers, and for the medical care and physical development and activities of students, and buildings or other facilities for parking, which bonds shall be payable solely out of revenue, fees, and other payments derived from the use of the buildings and facilities constructed or acquired, including buildings and facilities heretofore or hereafter constructed or acquired, and paid for out of the proceeds of other issues of revenue bonds, and the revenue, fees, and payments so pledged need not be appropriated by the Legislature, and any such revenue bonds heretofore issued by either of such boards are hereby authorized, ratified, and validated. Bonds for new construction shall be first approved as the Legislature shall provide.</p>	
<p>Nevada Art. 9, § 3</p>	<p><b>3. State indebtedness: Limitations and exceptions.</b> The state may contract public debts; but such debts shall never, in the aggregate, exclusive of interest, exceed the sum of two per cent of the assessed valuation of the state, as shown by the reports of the county assessors to the state controller, except for the purpose of defraying extraordinary expenses, as hereinafter mentioned. Every such debt shall be authorized by law for some purpose or purposes, to be distinctly specified therein; and every such law shall provide for levying an annual tax sufficient to pay the interest semiannually, and the principal within twenty years from the passage of such law, and shall specially appropriate the proceeds of said taxes to the payment of said principal and interest; and such appropriation shall not be repealed nor the taxes postponed or diminished until the principal and interest of said debts shall have been wholly paid. Every contract of indebtedness entered into or assumed by or on behalf of the state, when all its debts and liabilities amount to said sum before mentioned, shall be void and of no effect, except in cases of money borrowed to repel invasion, suppress insurrection, defend the state in time of war, or, if hostilities be threatened, provide for the public defense. The state, notwithstanding the foregoing limitations, may, pursuant to authority of the legislature, make and enter into any and all contracts necessary, expedient or advisable for the protection and preservation of any of its property or natural resources, or for the purposes of obtaining the benefits thereof, however arising and whether arising by or through any undertaking or project of the United States or by or through any treaty or compact between the states, or otherwise. The legislature may from time to time make such appropriations as may be necessary to carry out the obligations of the state under such contracts, and shall levy such tax as may be necessary to pay the same or carry them into effect.</p>	<p>Amended in 1916, 1934, and 1989.</p>
<p>New Hampshire</p>	<p>No specific provision identified.</p>	
<p>New Jersey Art. VIII, Sec. II, Para. 3</p>	<p><b>Paragraph 3. Finance; limitations on indebtedness</b> 3. The Legislature shall not, in any manner, create in any fiscal year a debt or debts, liability or liabilities of the State, which together with any previous debts or liabilities shall exceed at any time one per centum of the total amount appropriated by the general appropriation law for that fiscal year, unless the same shall be authorized by a law for some single object or work distinctly specified therein. Regardless of any limitation relating to taxation in this Constitution, such law shall provide the ways and means, exclusive of loans, to pay the interest of such debt or liability as it falls due, and also to pay and discharge the principal thereof within thirty-five years from the time it is contracted; and the law shall not be repealed until such debt or liability and the interest thereon are fully paid and discharged. Except as hereinafter provided, no such law shall take effect until it shall have been submitted to the people at a general election and approved by a majority of the legally qualified voters of the State voting thereon. No voter approval shall be required for any such law authorizing the creation of a debt or debts in a specified amount or an amount to be determined in accordance with such law for the refinancing of all or a portion of any outstanding debts or liabilities of the State heretofore or hereafter created, so long as such law shall require that the refinancing provide a debt service savings determined in a manner to be provided in such law and that the proceeds of such debt or debts and any investment income therefrom shall be applied to the payment of the principal of, any redemption premium on, and interest due and to become due on such debts or liabilities being refinanced on or prior to the redemption date or maturity date thereof, together with the costs associated with such refinancing. All money to be raised by the authority of such law shall be applied only to the specific object stated therein, and to the payment of</p>	<p>Amended Nov. 8, 1983, effective Dec. 8, 1983.</p>

	<p>the debt thereby created. This paragraph shall not be construed to refer to any money that has been or may be deposited with this State by the government of the United States. Nor shall anything in this paragraph contained apply to the creation of any debts or liabilities for purposes of war, or to repel invasion, or to suppress insurrection or to meet an emergency caused by disaster or act of God.</p>	
<p><b>New Mexico</b> Art. IX, § 8</p>	<p><b>Section 8. [State indebtedness; restrictions.]</b>  A. No debt other than those specified in the preceding section shall be contracted by or on behalf of this state, unless authorized by law for some specified work or object; which law shall provide for an annual tax levy sufficient to pay the interest and to provide a sinking fund to pay the principal of such debt within fifty years from the time of the contracting thereof. No such law shall take effect until it shall have been submitted to the qualified electors of the state and have received a majority of all the votes cast thereon at a general election; such law shall be published in full in at least one newspaper in each county of the state, if one be published therein, once each week, for four successive weeks next preceding such election. No debt shall be so created if the total indebtedness of the state, exclusive of the debts of the territory, and the several counties thereof, assumed by the state, would thereby be made to exceed one percent of the assessed valuation of all the property subject to taxation in the state as shown by the preceding general assessment.  B. For the purposes of this section and Article 4, Section 29 of the constitution of New Mexico, a financing agreement entered into by the state for the leasing of a building or other real property with an option to purchase for a price that is reduced according to the payments made by the state pursuant to the financing agreement is not a debt if:  (1) there is no legal obligation for the state to continue the lease from year to year or to purchase the real property; and  (2) the agreement provides that the lease shall be terminated if sufficient appropriations are not available to meet the current lease payments. (As amended November 7, 2006.)</p>	
<p><b>New York</b> Art VII, § 9 Art VII, § 10 Art VII, § 11 Art VII, § 13 Art VII, § 16 Art VII, § 19</p>	<p><b>§ 9. [Short term state debts in anticipation of taxes, revenues and proceeds of sale of authorized bonds]</b>  The state may contract debts in anticipation of the receipt of taxes and revenues, direct or indirect, for the purposes and within the amounts of appropriations theretofore made. Notes or other obligations for the moneys so borrowed shall be issued as may be provided by law, and shall with the interest thereon be paid from such taxes and revenues within one year from the date of issue.  The state may also contract debts in anticipation of the receipt of the proceeds of the sale of bonds theretofore authorized, for the purpose and within the amounts of the bonds so authorized. Notes or obligations for the money so borrowed shall be issued as may be provided by law, and shall with the interest thereon be paid from the proceeds of the sale of such bonds within two years from the date of issue, except as to bonds issued or to be issued for any of the purposes authorized by article eighteen of this constitution, in which event the notes or obligations shall with the interest thereon be paid from the proceeds of the sale of such bonds within five years from the date of issue.</p> <p><b>§ 10. [State debts on account of invasion, insurrection, war and forest fires]</b>  In addition to the above limited power to contract debts, the state may contract debts to repel invasion, suppress insurrection, or defend the state in war, or to suppress forest fires; but the money arising from the contracting of such debts shall be applied for the purpose for which it was raised, or to repay such debts, and to no other purpose whatever.</p> <p><b>§ 11. [State debts generally; manner of contracting; referendum]</b>  Except the debts or refunding debts specified in sections 9 [fig 1], 10 and 13 of this article, no debt shall be hereafter contracted by or in behalf of the state, unless such debt shall be authorized by law, for some single work or purpose, to be distinctly specified therein. No such law shall take effect until it shall, at a general election, have been submitted to the people, and have received a majority of all the votes cast for and against it at such election nor shall it be submitted to be voted on within three months after its passage nor at any general election when any other law or any bill shall be submitted to be voted for or against.  The legislature may, at any time after the approval of such law by the people, if no debt shall have been contracted in pursuance thereof, repeal the same; and may at any time, by law, forbid the contracting of any further debt or liability under such law.</p> <p><b>§ 13. [Refund of state debts]</b>  The legislature may provide means and authority whereby any state debt or debts, or any portion or combination thereof, may be refunded [fig 1] in accordance with the following provisions:  1. State debts may be refunded at any time after they are incurred provided that the state will achieve a debt service savings on a present value basis as a result of the refunding transaction, and further provided that no maturity shall be called for redemption unless the privilege to pay prior to the maturity date was reserved to the state. The legislature may provide for the method of computation of present value for such purpose.  2. In no event shall refunding obligations be issued in an amount exceeding that necessary to provide sufficient funds to accomplish the refunding of the obligations to be refunded including paying all costs and expenses related to the refunding transaction and, in no event, shall the proceeds of refunding obligations be applied to any purpose other than accomplishing the refunding of the debt to be refunded</p>	<p>Section 11 amended in 1993 as follows:  The 1993 amendment deleted at fig 1 "and"</p> <p>Section 13:  Opening par, formerly entire section, so designated opening par and amd, 1993.  The 1993 act deleted at fig 1 "if, when it was contracted, the privilege to pay prior to the date payable was reserved to the state and provided that the debt as thus refunded shall be paid in equal annual installments which shall be not less in amount that the required annual investments of the debt so refunded." Subs 1-8, add, 1993.</p> <p>Section 16: First undesignated par, formerly entire section, so designated and amd, 1993.  The 1993 amendment deleted at fig 1 "heretofore" Second undesignated par, add, 1993.</p>

and paying costs and expenses related to the refunding.

3. Proceeds of refunding obligations shall be deposited in escrow funds which shall be maintained and managed by the state comptroller or by an agent or trustee designated by the state comptroller and no legislative appropriation shall be required for disbursement of money, or income earned thereon, from such escrow funds for the purposes enumerated in this section.

4. Refunding obligations may be refunded pursuant to this section.

5. Refunding obligations shall either be paid in annual installments or annual contributions shall be made to a sinking fund in amounts sufficient to retire the refunding obligations at their maturity. No annual installments or contributions of principal need be made with respect to all or any portion of an issue of refunding obligations in years when debt service on such refunding obligations or portion thereof is paid or contributed entirely from an escrow fund created pursuant to subdivision 3 of this section or in years when no installments or contributions would have been due on the obligations to be refunded. So long as any of the refunding obligations remain outstanding, installments or contributions shall be made in any years that installments or contributions would have been due on the obligations to be refunded.

6. In no event shall the last annual installment or contribution on any portion of refunding debt, including refunding obligations issued to refund other refunding obligations, be made after the termination of the period of probable life of the projects financed with the proceeds of the relevant portion of the debt to be refunded, or any debt previously refunded with the refunding obligations to be refunded, determined as of the date of issuance of the original obligations pursuant to section 12 of this article to finance such projects, or forty years from such date, if earlier; provided, however, that in lieu of the foregoing, an entire refunding issue or portion thereof may be structured to mature over the remaining weighted average useful life of all projects financed with the obligations being refunded.

7. Subject to the provisions of subdivision 5 of this section, each annual installment or contribution of principal of refunding obligations shall be equal to the amount that would be required by subdivision 1 of section 12 of this article if such installments or contributions were required to be made from the year that the next installment or contribution would have been due on the obligations to be refunded, if they had not been refunded, until the final maturity of the refunding obligations but excluding any year in which no installment or contribution would have been due on the obligations to be refunded or, in the alternative, the total payments of principal and interest on the refunding bonds shall be less in each year to their final maturity than the total payments of principal and interest on the bonds to be refunded in each such year.

8. The provisions of subdivision 3 and subdivisions 7 through 9 of section 12 of this article shall apply to sinking funds created pursuant to this section for the payment at maturity of refunding obligations.

**§ 16. [Payment of state debts; when comptroller to pay without appropriation]**

The legislature shall annually provide by appropriation for the payment of the interest upon and installments of principal of all debts or refunding debts created on behalf of the state except those contracted under section 9 of this article, as the same shall fall due, and for the contribution to all of the sinking funds [fig 1] created by law, of the amounts annually to be contributed under the provisions of section 12, 13 or 15 of this article. If at any time the legislature shall fail to make any such appropriation, the comptroller shall set apart from the first revenues thereafter received, applicable to the general fund of the state, a sum sufficient to pay such interest, installments of principal, or contributions to such sinking fund, as the case may be, and shall so apply the moneys thus set apart. The comptroller may be required to set aside and apply such revenues as aforesaid, at the suit of any holder of such bonds.

Notwithstanding the foregoing provisions of this section, the comptroller may covenant with the purchasers of any state obligations that they shall have no further rights against the state for payment of such obligations or any interest thereon after an amount or amounts determined in accordance with the provisions of such covenant is deposited in a described fund or with a named or described agency or trustee. In such case, this section shall have no further application with respect to payment of such obligations or any interest thereon after the comptroller has complied with the prescribed conditions of such covenant.

**§ 19. [State debt for expansion and development of higher education program]**

The legislature may authorize by law the creation of a debt or debts of the state, not exceeding in the aggregate two hundred fifty million dollars, to provide moneys for the construction, reconstruction, rehabilitation, improvement and equipment of facilities for the expansion and development of the program of higher education provided and to be provided at institutions now or hereafter comprised within the state university, for acquisition of real property therefor, and for payment of the state's share of the capital costs of locally sponsored institutions of higher education approved and regulated by the state university trustees. The provisions of this article, not inconsistent with this section, relating to the issuance of bonds for a debt or debts of the state and the maturity and payment thereof, shall apply to a state debt or debts created pursuant to this section; except that the law authorizing the contracting of such debt or debts shall take effect without submission to the people pursuant to section eleven of this article.

North Carolina  
Art. V, § 3

**Sec. 3. Limitations upon the increase of State debt**

(1) *Authorized purposes; two-thirds limitation.* The General Assembly shall have no power to contract debts secured by a pledge of the faith and credit of the State, unless approved by a majority of the

HISTORY: 1969, c. 1200, s. 1.

	<p>the debt thereby created. This paragraph shall not be construed to refer to any money that has been or may be deposited with this State by the government of the United States. Nor shall anything in this paragraph contained apply to the creation of any debts or liabilities for purposes of war, or to repel invasion, or to suppress insurrection or to meet an emergency caused by disaster or act of God.</p>	
<p><b>New Mexico</b> Art. IX, § 8</p>	<p><b>Section 8. [State indebtedness; restrictions.]</b>  A. No debt other than those specified in the preceding section shall be contracted by or on behalf of this state, unless authorized by law for some specified work or object, which law shall provide for an annual tax levy sufficient to pay the interest and to provide a sinking fund to pay the principal of such debt within fifty years from the time of the contracting thereof. No such law shall take effect until it shall have been submitted to the qualified electors of the state and have received a majority of all the votes cast thereon at a general election; such law shall be published in full in at least one newspaper in each county of the state, if one be published therein, once each week, for four successive weeks next preceding such election. No debt shall be so created if the total indebtedness of the state, exclusive of the debts of the territory, and the several counties thereof, assumed by the state, would thereby be made to exceed one percent of the assessed valuation of all the property subject to taxation in the state as shown by the preceding general assessment.  B. For the purposes of this section and Article 4, Section 29 of the constitution of New Mexico, a financing agreement entered into by the state for the leasing of a building or other real property with an option to purchase for a price that is reduced according to the payments made by the state pursuant to the financing agreement is not a debt if:  (1) there is no legal obligation for the state to continue the lease from year to year or to purchase the real property; and  (2) the agreement provides that the lease shall be terminated if sufficient appropriations are not available to meet the current lease payments. (As amended November 7, 2006.)</p>	
<p><b>New York</b> Art VII, § 9 Art VII, § 10 Art VII, § 11 Art VII, § 13 Art VII, § 16 Art VII, § 19</p>	<p><b>§ 9. [Short term state debts in anticipation of taxes, revenues and proceeds of sale of authorized bonds]</b>  The state may contract debts in anticipation of the receipt of taxes and revenues, direct or indirect, for the purposes and within the amounts of appropriations theretofore made. Notes or other obligations for the moneys so borrowed shall be issued as may be provided by law, and shall with the interest thereon be paid from such taxes and revenues within one year from the date of issue.  The state may also contract debts in anticipation of the receipt of the proceeds of the sale of bonds theretofore authorized, for the purpose and within the amounts of the bonds so authorized. Notes or obligations for the money so borrowed shall be issued as may be provided by law, and shall with the interest thereon be paid from the proceeds of the sale of such bonds within two years from the date of issue, except as to bonds issued or to be issued for any of the purposes authorized by article eighteen of this constitution, in which event the notes or obligations shall with the interest thereon be paid from the proceeds of the sale of such bonds within five years from the date of issue.</p> <p><b>§ 10. [State debts on account of invasion, insurrection, war and forest fires]</b>  In addition to the above limited power to contract debts, the state may contract debts to repel invasion, suppress insurrection, or defend the state in war, or to suppress forest fires; but the money arising from the contracting of such debts shall be applied for the purpose for which it was raised, or to repay such debts, and to no other purpose whatever.</p> <p><b>§ 11. [State debts generally; manner of contracting; referendum]</b>  Except the debts or refunding debts specified in sections 9 [fig 1], 10 and 13 of this article, no debt shall be hereafter contracted by or in behalf of the state, unless such debt shall be authorized by law, for some single work or purpose, to be distinctly specified therein. No such law shall take effect until it shall, at a general election, have been submitted to the people, and have received a majority of all the votes cast for and against it at such election nor shall it be submitted to be voted on within three months after its passage nor at any general election when any other law or any bill shall be submitted to be voted for or against.  The legislature may, at any time after the approval of such law by the people, if no debt shall have been contracted in pursuance thereof, repeal the same; and may at any time, by law, forbid the contracting of any further debt or liability under such law.</p> <p><b>§ 13. [Refund of state debts]</b>  The legislature may provide means and authority whereby any state debt or debts, or any portion or combination thereof, may be refunded [fig 1] in accordance with the following provisions:  1. State debts may be refunded at any time after they are incurred provided that the state will achieve a debt service savings on a present value basis as a result of the refunding transaction, and further provided that no maturity shall be called for redemption unless the privilege to pay prior to the maturity date was reserved to the state. The legislature may provide for the method of computation of present value for such purpose.  2. In no event shall refunding obligations be issued in an amount exceeding that necessary to provide sufficient funds to accomplish the refunding of the obligations to be refunded including paying all costs and expenses related to the refunding transaction and, in no event, shall the proceeds of refunding obligations be applied to any purpose other than accomplishing the refunding of the debt to be refunded</p>	<p>Section 11 amended in 1993 as follows:  The 1993 amendment deleted at fig 1 "and"</p> <p>Section 13:  Opening par, formerly entire section, so designated opening par and amd, 1993.  The 1993 act deleted at fig 1 "if, when it was contracted, the privilege to pay prior to the date payable was reserved to the state and provided that the debt as thus refunded shall be paid in equal annual installments which shall be not less in amount that the required annual investments of the debt so refunded." Subs 1-8, add, 1993.</p> <p>Section 16: First undesignated par, formerly entire section, so designated and amd, 1993.  The 1993 amendment deleted at fig 1 "heretofore" Second undesignated par, add, 1993.</p>

	<p>qualified voters of the State who vote thereon, except for the following purposes:</p> <p>(a) to fund or refund a valid existing debt;</p> <p>(b) to supply an unforeseen deficiency in the revenue;</p> <p>(c) to borrow in anticipation of the collection of taxes due and payable within the current fiscal year to an amount not exceeding 50 per cent of such taxes;</p> <p>(d) to suppress riots or insurrections, or to repel invasions;</p> <p>(e) to meet emergencies immediately threatening the public health or safety, as conclusively determined in writing by the Governor;</p> <p>(f) for any other lawful purpose, to the extent of two-thirds of the amount by which the State's outstanding indebtedness shall have been reduced during the next preceding biennium.</p> <p>(2) <i>Gift or loan of credit regulated.</i> The General Assembly shall have no power to give or lend the credit of the State in aid of any person, association, or corporation, except a corporation in which the State has a controlling interest, unless the subject is submitted to a direct vote of the people of the State, and is approved by a majority of the qualified voters who vote thereon.</p> <p>(3) <i>Definitions.</i> A debt is incurred within the meaning of this Section when the State borrows money. A pledge of the faith and credit within the meaning of this Section is a pledge of the taxing power. A loan of credit within the meaning of this Section occurs when the State exchanges its obligations with or in any way guarantees the debts of an individual, association, or private corporation.</p> <p>(4) <i>Certain debts barred.</i> The General Assembly shall never assume or pay any debt or obligation, express or implied, incurred in aid of insurrection or rebellion against the United States. Neither shall the General Assembly assume or pay any debt or bond incurred or issued by authority of the Convention of 1868, the special session of the General Assembly of 1868, or the General Assembly of 1868-69 and 1869-70, unless the subject is submitted to the people of the State and is approved by a majority of all the qualified voters at a referendum held for that sole purpose.</p> <p>(5) <i>Outstanding debt.</i> Except as provided in subsection (4), nothing in this Section shall be construed to invalidate or impair the obligation of any bond, note, or other evidence of indebtedness outstanding or authorized for issue as of July 1, 1973.</p>	
<p>North Dakota Art. X, § 13</p>	<p><b>Section 13. [State debt]</b></p> <p>The state may issue or guarantee the payment of bonds, provided that all bonds in excess of two million dollars shall be secured by first mortgage upon real estate in amounts not to exceed sixty-five percent of its value; or upon real and personal property of state-owned utilities, enterprises, or industries, in amounts not exceeding its value, and provided further, that the state shall not issue or guarantee bonds upon property of state-owned utilities, enterprises, or industries in excess of ten million dollars.</p> <p>No further indebtedness shall be incurred by the state unless evidenced by a bond issue, which shall be authorized by law for certain purposes, to be clearly defined. Every law authorizing a bond issue shall provide for levying an annual tax, or make other provision, sufficient to pay the interest semiannually, and the principal within thirty years from the date of the issue of such bonds and shall specially appropriate the proceeds of such tax, or of such other provisions to the payment of said principal and interest, and such appropriation shall not be repealed nor the tax or other provisions discontinued until such debt, both principal and interest, shall have been paid. No debt in excess of the limit named herein shall be incurred except for the purpose of repelling invasion, suppressing insurrection, defending the state in time of war or to provide for the public defense in case of threatened hostilities.</p>	<p>HISTORY: Const. 1889, Art. XII, § 182, as amended by art. amd. 31, approved Nov. 5, 1918 (S.L. 1919, ch. 85); art. amd. 42, approved Mar. 18, 1924 (S.L. 1923, ch. 178; 1925, p. 329); S.L. 1979, ch. 708, § 1, approved Nov. 4, 1980 (S.L. 1981, ch. 656).</p>
<p>Ohio Art. VIII, § 1 Art. VIII, § 2 Art. VIII, § 3</p>	<p><b>§ 1. Public debt</b></p> <p>The state may contract debts to supply casual deficits or failures in revenues, or to meet expenses not otherwise provided for; but the aggregate amount of such debts, direct and contingent, whether contracted by virtue of one or more acts of the general assembly, or at different periods of time, shall never exceed seven hundred and fifty thousand dollars; and the money, arising from the creation of such debts, shall be applied to the purpose for which it was obtained, or to repay the debts so contracted, and to no other purpose whatever.</p> <p><b>§ 2. Additional, and for what purposes</b></p> <p>In addition to the above limited power, the state may contract debts to repel invasion, suppress insurrection, defend the state in war, or to redeem the present outstanding indebtedness of the state; but the money, arising from the contracting of such debts, shall be applied to the purpose for which it was raised, or to repay such debts, and to no other purpose whatever; and all debts, incurred to redeem the present outstanding indebtedness of the state, shall be so contracted as to be payable by the sinking fund, hereinafter provided for, as the same shall accumulate.</p> <p><b>§ 3. The state to create no other debt</b></p> <p>Except the debts above specified in sections one and two of this article, no debt whatever shall hereafter be created by or on behalf of the state.</p>	
<p>Oklahoma Art. X, § 4 Art. X, § 16 Art. X § 23 Art. X, § 24</p>	<p><b>§ 4. Levy to pay state debt</b></p> <p>For the purpose of paying the State debt, if any, the Legislature shall provide for levying a tax, annually, sufficient to pay the annual interest and principal of such debt within twenty-five years from the final passage of the law creating the debt.</p>	

**§ 16. Borrowing money--Specification of purpose--Use**

All laws authorizing the borrowing of money by and on behalf of the State, county, or other political subdivision of the State, shall specify the purpose for which the money is to be used, and the money so borrowed shall be used for no other purpose.

**§ 23. Balanced budget--Procedures**

The state shall never create or authorize the creation of any debt or obligation, or fund or pay any deficit, against the state, or any department, institution or agency thereof, regardless of its form or the source of money from which it is to be paid, except as may be provided in this section and in Sections 24 and 25 of Article X of the Constitution of the State of Oklahoma.

To ensure a balanced annual budget, pursuant to the limitations contained in the foregoing, procedures are herewith established as follows:

1. Not more than forty-five (45) days or less than thirty-five (35) days prior to the convening of each regular session of the Legislature, the State Board of Equalization shall certify the total amount of revenue which accrued during the last preceding fiscal year to the General Revenue Fund and to each Special Revenue Fund appropriated directly by the Legislature, and shall further certify amounts available for appropriation which shall be based on a determination, in accordance with the procedure hereinafter provided, of the revenues to be received by the state under the laws in effect at the time such determination is made, for the next ensuing fiscal year, showing separately the revenues to accrue to the credit of each such fund of the state appropriated directly by the Legislature.

Amounts certified as available for appropriation from each fund, as hereinbefore provided, shall be ninety-five percent (95%) of an itemized estimate made by the State Board of Equalization, which shall include all sources of revenue to each fund for the next ensuing fiscal year; provided, however, appropriated federal funds shall be certified for the full amount of the estimate. Said estimate shall consider any increase or decline in revenues that would result from predictable changes in the economy.

Legislative appropriations for any fiscal year, except for special appropriations provided for in paragraph 6, 7 or 8 shall be limited to a sum not to exceed the total amount appropriated from all funds in the preceding fiscal year, plus twelve percent (12%), adjusted for inflation for the previous calendar year. Said limit shall be adjusted for funds not previously appropriated. The limit on the growth of appropriations shall be certified to by the State Board of Equalization.

2. Such certification shall be filed with the Governor, the President and President Pro Tempore of the Senate, and the Speaker of the House of Representatives. The Legislature shall not pass or enact any bill, act or measure making an appropriation of money for any purpose until such certification is made and filed, unless the State Board of Equalization has failed to file said certification at the time of convening of said Legislature. In such event, it shall be the duty of the Legislature to make such certification pursuant to the provisions of this section. All appropriations made in excess of such certification shall be null and void; provided, however, that the Legislature may at any regular session or special session, called for that purpose, enact laws to provide for additional revenues or a reduction in revenues, other than ad valorem taxes, or transferring the existing revenues or unappropriated cash on hand from one fund to another, or making provisions for appropriating funds not previously appropriated directly by the Legislature. Whereupon, it shall be the duty of the State Board of Equalization to make a determination of the revenues that will accrue under such laws and ninety-five percent (95%) of the amount of any increase or decrease resulting, for any reason, from such changes in laws shall be added to or deducted from the amount previously certified available for appropriation from each respective fund, as the case may be. The State Board of Equalization shall file the amount of such adjusted certification, or additional certification for funds not previously appropriated directly by the Legislature, with the Governor, with the President and President Pro Tempore of the Senate, and the Speaker of the House of Representatives, and such adjusted amount shall be the maximum amount which can be appropriated for all purposes from any such fund for the fiscal year being certified.

3. The State Board of Equalization shall meet within five (5) days after the monthly apportionment in February of each year, and at that time may adjust the certification, based upon the most current information available, and determine the amount of funds available for appropriation for that legislative session. At said meeting the Board shall determine the limit on the growth of appropriations as provided for in this section.

4. Surplus funds or monies shall be any amount accruing to the General Revenue Fund of the State of Oklahoma over and above the itemized estimate made by the State Board of Equalization.

5. Beginning July 1, 1985, all such surplus funds or monies accruing after said date shall be placed in a Constitutional Reserve Fund by the State Treasurer until such time that the amount of said Fund equals ten percent (10%) of the General Revenue Fund certification for the preceding fiscal year. Appropriations made from said Fund shall be considered special appropriations.

6. Up to three-eighths (3/8) of the balance at the beginning of the current fiscal year in the Constitutional Reserve Fund may be appropriated for the forthcoming fiscal year, when the certification by the State Board of Equalization for said forthcoming fiscal year General Revenue Fund is less than that of the current fiscal year certification. In no event shall the amount of monies appropriated from the Constitutional Reserve Fund be in excess of the difference between the two said certifications.

7. Up to three-eighths (3/8) of the balance at the beginning of the current fiscal year in the Constitutional Reserve Fund may be appropriated for the current fiscal year if the State Board of Equalization determines that a revenue failure has occurred with respect to the General Revenue Fund of the State Treasury. In no event shall the amount of monies appropriated from the Constitutional

Reserve Fund pursuant to this paragraph be in excess of the amount of the projected revenue failure in the General Revenue Fund, which total amount shall be computed by the State Board of Equalization, for the entire fiscal year. Monies appropriated to any state governmental entity from the Constitutional Reserve Fund pursuant to this paragraph may only be made in order to ensure that the monies actually received by the entity for the then current fiscal year are equal to or less than, but not in excess of, the total appropriation amount for such entity in effect at the beginning of the then current fiscal year.

8. Up to one-quarter ( 1/4 ) of the balance at the beginning of the current fiscal year in the Constitutional Reserve Fund may be appropriated, upon a declaration by the Governor that emergency conditions exist, with concurrence of the Legislature by a two-thirds ( 2/3 ) vote of the House of Representatives and Senate for the appropriation; or said one-quarter ( 1/4 ) could be appropriated upon a joint declaration of emergency conditions by the Speaker of the House of Representatives and the President Pro Tempore of the Senate, with a concurrence of a three-fourths ( 3/4 ) vote of the House of Representatives and Senate.

9. That portion of every appropriation, at the end of each fiscal year, in excess of actual revenues collected and allocated thereto, as hereinafter provided, shall be null and void. Revenues deposited in the State Treasury to the credit of the General Revenue Fund or of any special fund (which derives its revenue in whole or in part from state taxes or fees) shall, except as to principal and interest on the public debt, be allocated monthly to each department, institution, board, commission or special appropriation on a percentage basis, in that ratio that the total appropriation for such department, institution, board, commission or special appropriation from each fund for that fiscal year bears to the total of all appropriations from each fund for that fiscal year, and no warrant shall be issued in excess of said allocation. Any department, institution or agency of the state operating on revenues derived from any law or laws which allocate the revenues thereof to such department, institution or agency shall not incur obligations in excess of the unencumbered balance of cash on hand. Nothing in this section shall prevent, under such conditions and limitations as shall be prescribed by law, the governing board of an institution of higher education within The Oklahoma State System of Higher Education from contracting with a president of such institution of higher education for periods extending more than one (1) year, but not to exceed three (3) years beyond the fiscal year in which the contract is signed.

10. The Legislature shall provide a method whereby appropriations shall be divided and set up on a monthly, quarterly or semiannual basis within each fiscal year to prevent obligations being incurred in excess of the revenue to be collected, and notwithstanding other provisions of this Constitution, the Legislature shall provide that all appropriations shall be reduced to bring them within revenues actually collected, but all such reductions shall apply to each department, institution, board, commission or special appropriation made by the State Legislature in the ratio that its total appropriation for that fiscal year bears to the total of all appropriations from that fund for that fiscal year; provided, however, that the Governor may in his discretion issue deficiency certificates to the State Treasurer for the benefit of any department, institution or agency of the state, if the amount of such deficiency certificates be within the limit of the current appropriation for that department, institution or agency, whereupon the State Treasurer shall issue warrants to the extent of such certificates for the payment of such claims as may be authorized by the Governor, and such warrants shall become a part of the public debt and shall be paid out of any money appropriated by the Legislature and made lawfully available therefor; provided further, that in no event shall said deficiency certificates exceed in the aggregate the sum of Five Hundred Thousand Dollars (\$ 500,000.00) in any fiscal year.

**§ 24. Debts in case of invasion, insurrection, or war**

In addition to the above limited power to contract debts, the State may contract debts to repel invasion, suppress insurrection or to defend the State in war; but the money arising from the contracting of such debts shall be applied to the purpose for which it was raised, or to repay such debts, and to no other purpose whatever.

**§ 25. Authorization of debt--Annual tax--Submission to voters--Final passage**

Except the debts specified in sections twenty-three and twenty-four of this article, no debts shall be hereafter contracted by or on behalf of this State, unless such debt shall be authorized by law for some work or object, to be distinctly specified therein; and such law shall impose and provide for the collection of a direct annual tax to pay, and sufficient to pay, the interest on such debt as it falls due, and also to pay and discharge the principal of such debt within twenty-five years from the time of the contracting thereof. No such law shall take effect until it shall, at a general election, have been submitted to the people and have received a majority of all the votes cast for and against it at such election. On the final passage of such bill in either House of the Legislature, the question shall be taken by yeas and nays, to be duly entered on the journals thereof, and shall be: "Shall this bill pass, and ought the same to receive the sanction of the people?"

Oregon  
Art. XI, § 7

The Legislative Assembly shall not lend the credit of the state nor in any manner create any debt or liabilities which shall singly or in the aggregate with previous debts or liabilities exceed the sum of fifty thousand dollars, except in case of war or to repel invasion or suppress insurrection or to build and maintain permanent roads; and the Legislative Assembly shall not lend the credit of the state nor in any manner create any debts or liabilities to build and maintain permanent roads which shall singly or in the aggregate with previous debts or liabilities incurred for that purpose exceed one percent of the true cash value of all the property of the state taxed on an ad valorem basis; and every contract of indebtedness entered into or assumed by or on behalf of the state in violation of the provisions of this

HISTORY: Last  
amended, 1964.

	<p>section shall be void and of no effect. This section does not apply to any agreement entered into pursuant to law by the state or any agency thereof for the lease of real property to the state or agency for any period not exceeding 20 years and for a public purpose.</p>
<p>Pennsylvania Art. 8, § 7 and Art. 8, § 3</p>	<p><b>§ 7. Commonwealth indebtedness</b></p> <p>(a) No debt shall be incurred by or on behalf of the Commonwealth except by law and in accordance with the provisions of this section.</p> <p>(1) Debt may be incurred without limit to suppress insurrection, rehabilitate areas affected by man-made or natural disaster, or to implement unissued authority approved by the electors prior to the adoption of this article.</p> <p>(2) The Governor, State Treasurer and Auditor General, acting jointly, may (i) issue tax anticipation notes having a maturity within the fiscal year of issue and payable exclusively from revenues received in the same fiscal year, and (ii) incur debt for the purpose of refunding other debt, if such refunding debt matures within the term of the original debt.</p> <p>(3) Debt may be incurred without limit for purposes specifically itemized in the law authorizing such debt, if the question whether the debt shall be incurred has been submitted to the electors and approved by a majority of those voting on the question.</p> <p>(4) Debt may be incurred without the approval of the electors for capital projects specifically itemized in a capital budget if such debt will not cause the amount of all net debt outstanding to exceed one and three-quarters times the average of the annual tax revenues deposited in the previous five fiscal years as certified by the Auditor General. For the purposes of this subsection, debt outstanding shall not include debt incurred under clauses (1) and (2)(i), or debt incurred under clause (2)(ii) if the original debt would not be so considered, or debt incurred under subsection (3) unless the General Assembly shall so provide in the law authorizing such debt.</p> <p>(b) All debt incurred for capital projects shall mature within a period not to exceed the estimated useful life of the projects as stated in the authorizing law, and when so stated shall be conclusive. All debt, except indebtedness permitted by clause (2)(i), shall be amortized in substantial and regular amounts, the first of which shall be due prior to the expiration of a period equal to one-tenth the term of the debt.</p> <p>(c) As used in this section, debt shall mean the issued and outstanding obligations of the Commonwealth and shall include obligations of its agencies or authorities to the extent they are to be repaid from lease rentals or other charges payable directly or indirectly from revenues of the Commonwealth. Debts shall not include either (1) that portion of obligations to be repaid from charges made to the public for the use of the capital projects financed, as determined by the Auditor General, or (2) obligations to be repaid from lease rentals or other charges payable by a school district or other local taxing authority, or (3) obligations to be repaid by agencies or authorities created for the joint benefit of the Commonwealth and one or more other State governments.</p> <p>(d) If sufficient funds are not appropriated for the timely payment of the interest upon and installments of principal of all debt, the State Treasurer shall set apart from the first revenues thereafter received applicable to the appropriate fund a sum sufficient to pay such interest and installments of principal, and shall so apply the money so set apart. The State Treasurer may be required to set aside and apply such revenues at the suit of any holder of Commonwealth obligations.</p> <p><b>§ 8. Commonwealth credit not to be pledged</b></p> <p>The credit of the Commonwealth shall not be pledged or loaned to any individual, company, corporation or association nor shall the Commonwealth become a joint owner or stockholder in any company, corporation or association.</p>
<p>Rhode Island VI, § 16</p>	<p><b>§ 16. Borrowing power of general assembly</b></p> <p>The general assembly shall have no powers, without the express consent of the people, to incur state debts to an amount exceeding fifty thousand dollars, except in time of war, or in case of insurrection or invasion; nor shall it in any case, without such consent, pledge the faith of the state for the payment of the obligations of others. This section shall not be construed to refer to any money that may be deposited with the state by the government of the United States.</p>
<p>South Carolina Art. X, § 13</p>	<p><b>§ 13. Bonded indebtedness of State.</b></p> <p>(1) Subject to the conditions and limitations in this section, the State shall have power to incur indebtedness in the following categories and in no others: (a) general obligation debt; and (b) indebtedness payable only from a revenue-producing project or from a special source as provided in subsection (9) hereof.</p> <p>(2) "General obligation debt" shall mean any indebtedness of the State which shall be secured in whole or in part by a pledge of the full faith, credit and taxing power of the State.</p> <p>(3) General obligation debt may not be incurred except for a public purpose and all general obligation debt shall mature not later than thirty years from the time such indebtedness shall be incurred.</p> <p>(4) In each act authorizing the incurring of general obligation debt the General Assembly shall allocate on an annual basis sufficient tax revenues to provide for the punctual payment of the principal of and interest on such general obligation debt. If at any time any payment due as the principal of or interest on any general obligation debt shall not be paid as and when the same become due and payable, the State Comptroller General shall forthwith levy and the State Treasurer shall collect an ad valorem tax without limit as to rate or amount upon all taxable property in the State sufficient to meet the payment of</p>

the principal and interest of such general obligation debt then due.

(5) If general obligation debt be authorized by (a) two-thirds of the members of each House of the General Assembly; or (b) by a majority vote of the qualified electors of the State voting in a referendum called by the General Assembly there shall be no conditions or restrictions limiting the incurring of such indebtedness except (i) those restrictions and limitations imposed in the authorization to incur such indebtedness, and (ii) the provisions of subsection (3) hereof.

(6) General obligation debt may be also incurred on such terms and conditions as the General Assembly may by law prescribe under the following limitations:

(a) General obligation bonds for highway purposes (highway bonds) may be issued if such bonds shall be additionally secured by a pledge of the revenues derived from the "sources of revenue" as such term is defined in this subsection; provided, that the maximum annual debt service on all highway bonds so additionally secured which shall thereafter be outstanding shall not exceed fifteen percent of the proceeds received from the sources of revenue for the fiscal year next preceding.

For the purpose of this subsection, the term "sources of revenue" shall mean so much of the revenues as may be made applicable by the General Assembly for state highway purposes from any and all taxes or licenses imposed upon individuals or vehicles for the privilege of using the public highways of the State.

(b) General obligation bonds for any state institution of higher learning designated by the General Assembly (state institution bonds) may be issued, if such bonds shall be additionally secured by a pledge of the revenues derived from the tuition fees received by the particular institution of higher learning for which such state institution bonds are issued; provided, that the maximum annual debt service on all state institution bonds so additionally secured issued for such state institution thereafter to be outstanding shall not exceed ninety percent of the sums received by such state institution of higher learning from tuition fees for the fiscal year next preceding.

(c) General obligation bonds for any public purpose including those purposes set forth in (a) and (b) may be issued; provided, that the maximum annual debt service on all general obligation bonds of the State thereafter to be outstanding (excluding highway bonds, state institution bonds, tax anticipation notes, and bond anticipation notes) must not exceed five percent of the general revenues of the State for the fiscal year next preceding (excluding revenues which are authorized to be pledged for state highway bonds and state institution bonds).

Upon implementation of the provisions of this item by law, the percentage rate of general revenues may be reduced to four or increased to seven percent by legislative enactment passed by a two-thirds vote of the total membership of the Senate and a two-thirds vote of the total membership of the House of Representatives.

During the regular session of the General Assembly in 1990 and during every fifth annual regular session thereafter, the General Assembly shall conduct and complete a review of the law implementing this item. Unless during such session that review results in an amendment to or repeal of the law implementing this item, which must be accomplished by legislative enactment passed by a two-thirds vote of the total membership of the Senate and a two-thirds vote of the total membership of the House of Representatives. (1985 Act 10, § 4, eff February 26, 1985.)

(7) General obligation indebtedness may be incurred in anticipation of state tax collections (tax anticipation notes) under such terms and conditions as the General Assembly may prescribe by law. Such tax anticipation notes shall be secured by a pledge of such taxes and by a pledge of the full faith, credit and taxing power of the State. All tax anticipation notes shall be expressed to mature not later than ninety days from the end of the fiscal year in which such notes are issued.

(8) General obligation notes may be issued in anticipation of the proceeds of general obligation bonds which may be lawfully issued (bond anticipation notes) under terms and conditions which the General Assembly may prescribe by law. Such bond anticipation notes shall be secured by a pledge of the proceeds of the bonds in anticipation of which such bond anticipation notes are issued and by a pledge of the full faith, credit and taxing power of the State.

Bond anticipation notes shall be expressed to mature not later than one year following the date of issuance, but if the General Assembly shall so authorize by law, bond anticipation notes may be refunded or renewed.

(9) The General Assembly may authorize the State or any of its agencies, authorities or institutions to incur indebtedness for any public purpose payable solely from a revenue-producing project or from a special source, which source does not involve revenues from any tax but may include fees paid for the use of any toll bridge, toll road or tunnel. Such indebtedness may be incurred upon such terms and conditions as the General Assembly may prescribe by law. All indebtedness incurred pursuant to the provisions of this subsection shall contain a statement on the face thereof specifying the sources from which payment is to be made. (1976 (59) 2217; 1977 (60) 90.)

South Dakota  
XIII, § 2

§ 2.  
For the purpose of defraying extraordinary expenses and making public improvements, or to meet casual deficits or failure in revenue, the state may contract debts never to exceed with previous debts in the aggregate one hundred thousand dollars, and no greater indebtedness shall be incurred except for the purpose of repelling invasion, suppressing insurrection, or defending the state or the United States in war and provision shall be made by law for the payment of the interest annually, and the principal when due, by tax levied for the purpose or from other sources of revenue; which law providing for the payment of such interest and principal by such tax or otherwise shall be irrevocable until such debt is paid; provided, however, the state of South Dakota shall have the power to refund the territorial debt

	assumed by the state of South Dakota, by bonds of the state of South Dakota.	
Tennessee	No specific provision identified.	
Texas Art. III, § 49 Art. III, § 49-j	<p><b>§ 49. State Debts</b></p> <p>(a) No debt shall be created by or on behalf of the State, except:</p> <p>(1) to supply casual deficiencies of revenue, not to exceed in the aggregate at any one time two hundred thousand dollars;</p> <p>(2) to repel invasion, suppress insurrection, or defend the State in war;</p> <p>(3) as otherwise authorized by this constitution; or</p> <p>(4) as authorized by Subsections (b) through (f) of this section.</p> <p>(b) The legislature, by joint resolution approved by at least two-thirds of the members of each house, may from time to time call an election and submit to the eligible voters of this State one or more propositions that, if approved by a majority of those voting on the question, authorize the legislature to create State debt for the purposes and subject to the limitations stated in the applicable proposition. Each election and proposition must conform to the requirements of Subsections (c) and (d) of this section.</p> <p>(c) The legislature may call an election during any regular session of the legislature or during any special session of the legislature in which the subject of the election is designated in the governor's proclamation for that special session. The election may be held on any date, and notice of the election shall be given for the period and in the manner required for amending this constitution. The election shall be held in each county in the manner provided by law for other statewide elections.</p> <p>(d) A proposition must clearly describe the amount and purpose for which debt is to be created and must describe the source of payment for the debt. Except as provided by law under Subsection (f) of this section, the amount of debt stated in the proposition may not be exceeded and may not be renewed after the debt has been created unless the right to exceed or renew is stated in the proposition.</p> <p>(e) The legislature may enact all laws necessary or appropriate to implement the authority granted by a proposition that is approved as provided by Subsection (b) of this section. A law enacted in anticipation of the election is valid if, by its terms, it is subject to the approval of the related proposition.</p> <p>(f) State debt that is created or issued as provided by Subsection (b) of this section may be refunded in the manner and amount and subject to the conditions provided by law.</p> <p>(g) State debt that is created or issued as provided by Subsections (b) through (f) of this section and that is approved by the attorney general in accordance with applicable law is incontestable for any reason.</p> <p><b>§ 49-j. Limit on State Debt Payable From General Revenue Fund</b></p> <p>(a) The legislature may not authorize additional state debt if the resulting annual debt service exceeds the limitation imposed by this section. The maximum annual debt service in any fiscal year on state debt payable from the general revenue fund may not exceed five percent of an amount equal to the average of the amount of general revenue fund revenues, excluding revenues constitutionally dedicated for purposes other than payment of state debt, for the three preceding fiscal years.</p> <p>(b) For purposes of this section, "state debt payable from the general revenue fund" means general obligation and revenue bonds, including authorized but unissued bonds, and lease-purchase agreements in an amount greater than \$ 250,000, which bonds or lease purchase agreements are designed to be repaid with the general revenues of the state. The term does not include bonds that, although backed by the full faith or credit of the state, are reasonably expected to be paid from other revenue sources and that are not expected to create a general revenue draw. Bonds or lease purchase agreements that pledge the full faith and credit of the state are considered to be reasonably expected to be paid from other revenue sources if they are designed to receive revenues other than state general revenues sufficient to cover their debt service over the life of the bonds or agreement. If those bonds or agreements, or any portion of the bonds or agreements, subsequently requires use of the state's general revenue for payment, the bonds or agreements, or portion of the bonds or agreements, is considered to be a "state debt payable from the general revenue fund" under this section, until:</p> <p>(1) the bonds or agreements are backed by insurance or another form of guarantee that ensures payment from a source other than general revenue; or</p> <p>(2) the issuer demonstrates to the satisfaction of the Bond Review Board or its successor designated by law that the bonds no longer require payment from general revenue, and the Bond Review Board so certifies to the Legislative Budget Board or its successor designated by law.</p>	Art. III, § 49-j: Amendment proposed by 1997 75th Leg. Sess. H.J.R. No. 59, approved by electorate at the November 4, 1997 election.
Utah Art. XIV, § 1 XIV, § 2	<p><b>§ 1. [Fixing the limit of the state indebtedness -- Exceptions.]</b></p> <p>To meet casual deficits or failures in revenue, and for necessary expenditures for public purposes, including the erection of public buildings, and for the payment of all Territorial indebtedness assumed by the State, the State may contract debts, not exceeding in the aggregate at any one time, an amount equal to one and one-half per centum of the value of the taxable property of the State, as shown by the last assessment for State purposes, previous to the incurring of such indebtedness. But the State shall never contract any indebtedness, except as provided in Article XIV, Section 2, in excess of such amount, and all monies arising from loans herein authorized, shall be applied solely to the purposes for which they were obtained.</p>	1996 amendment substituted "except as provided in Article XIV, Section 2" for "except as in the next Section provided" in the second sentence. Effective January 1, 1997.

	<p><b>§ 2. [Debts for public defense.]</b> The State may contract debts to repel invasion, suppress insurrection, or to defend the State in war, but the money arising from the contracting of such debts shall be applied solely to the purpose for which it was obtained.</p>	
Vermont	No specific provision identified.	
Virginia Art. X, § 9	<p><b>§ 9. State debt</b> No debt shall be contracted by or in behalf of the Commonwealth except as provided herein.</p> <p>(a) Debts to meet emergencies and redeem previous debt obligations. The General Assembly may (1) contract debts to suppress insurrection, repel invasion, or defend the Commonwealth in time of war; (2) contract debts, or may authorize the Governor to contract debts, to meet casual deficits in the revenue or in anticipation of the collection of revenues of the Commonwealth for the then current fiscal year within the amount of authorized appropriations, provided that the total of such indebtedness shall not exceed thirty per centum of an amount equal to 1.15 times the average annual tax revenues of the Commonwealth derived from taxes on income and retail sales, as certified by the Auditor of Public Accounts, for the preceding fiscal year and that each such debt shall mature within twelve months from the date such debt is incurred; and (3) contract debts to redeem a previous debt obligation of the Commonwealth.</p> <p>The full faith and credit of the Commonwealth shall be pledged to any debt created under this subsection. The amount of such debt shall not be included in the limitations on debt hereinafter established, except that the amount of debt incurred pursuant to clause (3) above shall be included in determining the limitation on the aggregate amount of general obligation debt for capital projects permitted elsewhere in this Article unless the debt so incurred pursuant to clause (3) above is secured by a pledge of net revenues from capital projects of institutions or agencies administered solely by the executive department of the Commonwealth or of institutions of higher learning of the Commonwealth, which net revenues the Governor shall certify are anticipated to be sufficient to pay the principal of and interest on such debt and to provide such reserves as the law authorizing the same may require, in which event the amount thereof shall be included in determining the limitation on the aggregate amount of debt contained in the provision of this Article which authorizes general obligation debt for certain revenue-producing capital projects.</p> <p>(b) General obligation debt for capital projects and sinking fund. The General Assembly may, upon the affirmative vote of a majority of the members elected to each house, authorize the creation of debt to which the full faith and credit of the Commonwealth is pledged, for capital projects to be distinctly specified in the law authorizing the same; provided that any such law shall specify capital projects constituting a single purpose and shall not take effect until it shall have been submitted to the people at an election and a majority of those voting on the question shall have approved such debt. No such debt shall be authorized by the General Assembly if the amount thereof when added to amounts approved by the people, or authorized by the General Assembly and not yet submitted to the people for approval, under this subsection during the three fiscal years immediately preceding the authorization by the General Assembly of such debt and the fiscal year in which such debt is authorized shall exceed twenty-five per centum of an amount equal to 1.15 times the average annual tax revenues of the Commonwealth derived from taxes on income and retail sales, as certified by the Auditor of Public Accounts, for the three fiscal years immediately preceding the authorization of such debt by the General Assembly.</p> <p>No debt shall be incurred under this subsection if the amount thereof when added to the aggregate amount of all outstanding debt to which the full faith and credit of the Commonwealth is pledged other than that excluded from this limitation by the provisions of this Article authorizing the contracting of debts to redeem a previous debt obligation of the Commonwealth and for certain revenue-producing capital projects, less any amounts set aside in sinking funds for the repayment of such outstanding debt, shall exceed an amount equal to 1.15 times the average annual tax revenues of the Commonwealth derived from taxes on income and retail sales, as certified by the Auditor of Public Accounts, for the three fiscal years immediately preceding the incurring of such debt.</p> <p>All debt incurred under this subsection shall mature within a period not to exceed the estimated useful life of the projects as stated in the authorizing law, which statement shall be conclusive, or a period of thirty years, whichever is shorter; and all debt incurred to redeem a previous debt obligation of the Commonwealth, except that which is secured by net revenues anticipated to be sufficient to pay the same and provide reserves therefor, shall mature within a period not to exceed thirty years. Such debt shall be amortized, by payment into a sinking fund or otherwise, in annual installments of principal to begin not later than one tenth of the term of the bonds, and any such sinking fund shall not be appropriated for any other purpose; if such debt be for public road purposes, such payment shall be first made from revenues segregated by law for the construction and maintenance of State highways. No such installment shall exceed the smallest previous installment by more than one hundred per centum. If sufficient funds are not appropriated in the budget for any fiscal year for the timely payment of the interest upon and installments of principal of such debt, there shall be set apart by direction of the Governor, from the first general fund revenues received during such fiscal year and thereafter, a sum</p>	<p>AMENDMENTS RATIFIED NOV. 3, 1970. --The amendment adding subdivision (b) to this section was proposed and agreed to by the General Assembly at the 1969 extra session (Acts 1969, Ex. Sess., c. 30) and again at the 1970 Session (Acts 1970, cc. 763, 787), and was ratified by the people on Nov. 3, 1970, along with the general revision of the Constitution. A further amendment, proposed and agreed to in same sessions (Acts 1969, Ex. Sess., c. 31; Acts 1970, cc. 763, 788) and ratified by the people at the same election, added subdivision (c) of this section.</p> <p>DEFEAT OF PROPOSED AMENDMENT. --An amendment to this section proposed and agreed to by Acts 1989, c. 671, and Acts 1990, cc. 735 and 882, and submitted to the people Nov. 6, 1990, was defeated.</p>

	<p>sufficient to pay such interest and installments of principal.</p> <p>(c) Debt for certain revenue-producing capital projects. The General Assembly may authorize the creation of debt secured by a pledge of net revenues derived from rates, fees, or other charges and the full faith and credit of the Commonwealth, and such debt shall not be included in determining the limitation on general obligation debt for capital projects as permitted elsewhere in this Article, provided that</p> <ol style="list-style-type: none"> <li>(1) the creation of such debt is authorized by the affirmative vote of two thirds of the members elected to each house of the General Assembly; and</li> <li>(2) such debt is created for specific revenue-producing capital projects (including the enlargement or improvement thereof), which shall be distinctly specified in the law authorizing the same, of institutions and agencies administered solely by the executive department of the Commonwealth or of institutions of higher learning of the Commonwealth.</li> </ol> <p>Before any such debt shall be authorized by the General Assembly, and again before it shall be incurred, the Governor shall certify in writing, filed with the Auditor of Public Accounts, his opinion, based upon responsible engineering and economic estimates, that the anticipated net revenues to be pledged to the payment of principal of and interest on such debt will be sufficient to meet such payments as the same become due and to provide such reserves as the law authorizing such debt may require, and that the projects otherwise comply with the requirements of this subsection, which certifications shall be conclusive.</p> <p>No debt shall be incurred under this subsection if the amount thereof when added to the aggregate amount of all outstanding debt authorized by this subsection and the amount of all outstanding debt incurred to redeem a previous debt obligation of the Commonwealth which is to be included in the limitation of this subsection by virtue of the provisions of this Article authorizing the contracting of debts to redeem a previous debt obligation of the Commonwealth, less any amounts set aside in sinking funds or the payment of such debt, shall exceed an amount equal to 1.15 times the average annual tax revenues of the Commonwealth derived from taxes on income and retail sales, as certified by the Auditor of Public Accounts, for the three fiscal years immediately preceding the incurring of such debt.</p> <p>This subsection shall not be construed to pledge the full faith and credit of the Commonwealth to the payment of any obligation of the Commonwealth, or any institution, agency, or authority thereof, or to any refinancing or reissuance of such obligation which was incurred prior to the effective date of this subsection.</p> <p>(d) Obligations to which section not applicable. The restrictions of this section shall not apply to any obligation incurred by the Commonwealth or any institution, agency, or authority thereof if the full faith and credit of the Commonwealth is not pledged or committed to the payment of such obligation.</p>	
<p>Washington Art. VIII, § 1</p>	<p><b>§ 1. State debt</b></p> <p>(a) The state may contract debt, the principal of which shall be paid and discharged within thirty years from the time of contracting thereof, in the manner set forth herein.</p> <p>(b) The aggregate debt contracted by the state shall not exceed that amount for which payments of principal and interest in any fiscal year would require the state to expend more than nine percent of the arithmetic mean of its general state revenues for the three immediately preceding fiscal years as certified by the treasurer. The term "fiscal year" means that period of time commencing July 1 of any year and ending on June 30 of the following year.</p> <p>(c) The term "general state revenues" when used in this section, shall include all state money received in the treasury from each and every source whatsoever except: (1) Fees and revenues derived from the ownership or operation of any undertaking, facility, or project; (2) Moneys received as gifts, grants, donations, aid, or assistance or otherwise from the United States or any department, bureau, or corporation thereof, or any person, firm, or corporation, public or private, when the terms and conditions of such gift, grant, donation, aid, or assistance require the application and disbursement of such moneys otherwise than for the general purposes of the state of Washington; (3) Moneys to be paid into and received from retirement system funds, and performance bonds and deposits; (4) Moneys to be paid into and received from trust funds including but not limited to moneys received from taxes levied for specific purposes and the several permanent and irreducible funds of the state and the moneys derived therefrom but excluding bond redemption funds; (5) Proceeds received from the sale of bonds or other evidences of indebtedness.</p> <p>(d) In computing the amount required for payment of principal and interest on outstanding debt under this section, debt shall be construed to mean borrowed money represented by bonds, notes, or other evidences of indebtedness which are secured by the full faith and credit of the state or are required to be repaid, directly or indirectly, from general state revenues and which are incurred by the state, any department, authority, public corporation, or quasi public corporation of the state, any state university or college, or any other public agency created by the state but not by counties, cities, towns, school districts, or other municipal corporations, but shall not include obligations for the payment of current expenses of state government, nor shall it include debt hereafter incurred pursuant to section 3 of this article, obligations guaranteed as provided for in subsection (g) of this section, principal of bond</p>	<p>Senate Joint Resolution 8206, approved November 2, 1999, added present (e) and redesignated the subsequent paragraphs accordingly.</p> <p>ORIGINAL TEXT -- ART. 8 § 1 LIMITATION OF STATE DEBT -- -- The state may to meet casual deficits or failure in revenues, or for expenses not provided for, contract debts, but such debts, direct and contingent, singly or in the aggregate, shall not at any time exceed four hundred thousand dollars (\$400,000), and the moneys arising from the loans creating such debts shall be applied to the purpose for which they were</p>

	<p>anticipation notes or obligations issued to fund or refund the indebtedness of the Washington state building authority.</p> <p>(e) The state may pledge the full faith, credit, and taxing power of the state to guarantee the voter approved general obligation debt of school districts in the manner authorized by the legislature. Any such guarantee does not remove the debt obligation of the school district and is not state debt.</p> <p>(f) The state may, without limitation, fund or refund, at or prior to maturity, the whole or any part of any existing debt or of any debt hereafter contracted pursuant to section 1, section 2, or section 3 of this article, including any premium payable with respect thereto and interest thereon, or fund or refund, at or prior to maturity, the whole or any part of any indebtedness incurred or authorized prior to the effective date of this amendment by any entity of the type described in subsection (h) of this section, including any premium payable with respect thereto and any interest thereon. Such funding or refunding shall not be deemed to be contracting debt by the state.</p> <p>(g) Notwithstanding the limitation contained in subsection (b) of this section, the state may pledge its full faith, credit, and taxing power to guarantee the payment of any obligation payable from revenues received from any of the following sources: (1) Fees collected by the state as license fees for motor vehicles; (2) Excise taxes collected by the state on the sale, distribution or use of motor vehicle fuel; and (3) Interest on the permanent common school fund: <i>Provided</i>, That the legislature shall, at all times, provide sufficient revenues from such sources to pay the principal and interest due on all obligations for which said source of revenue is pledged.</p> <p>(h) No money shall be paid from funds in custody of the treasurer with respect to any debt contracted after the effective date of this amendment by the Washington state building authority, the capitol committee, or any similar entity existing or operating for similar purposes pursuant to which such entity undertakes to finance or provide a facility for use or occupancy by the state or any agency, department, or instrumentality thereof.</p> <p>(i) The legislature shall prescribe all matters relating to the contracting, funding or refunding of debt pursuant to this section, including: The purposes for which debt may be contracted; by a favorable vote of three-fifths of the members elected to each house, the amount of debt which may be contracted for any class of such purposes; the kinds of notes, bonds, or other evidences of debt which may be issued by the state; and the manner by which the treasurer shall determine and advise the legislature, any appropriate agency, officer, or instrumentality of the state as to the available debt capacity within the limitation set forth in this section. The legislature may delegate to any state officer, agency, or instrumentality any of its powers relating to the contracting, funding or refunding of debt pursuant to this section except its power to determine the amount and purposes for which debt may be contracted.</p> <p>(j) The full faith, credit, and taxing power of the state of Washington are pledged to the payment of the debt created on behalf of the state pursuant to this section and the legislature shall provide by appropriation for the payment of the interest upon and installments of principal of all such debt as the same falls due, but in any event, any court of record may compel such payment.</p> <p>(k) Notwithstanding the limitations contained in subsection (b) of this section, the state may issue certificates of indebtedness in such sum or sums as may be necessary to meet temporary deficiencies of the treasury, to preserve the best interests of the state in the conduct of the various state institutions, departments, bureaus, and agencies during each fiscal year; such certificates may be issued only to provide for appropriations already made by the legislature and such certificates must be retired and the debt discharged other than by refunding within twelve months after the date of incurrence.</p> <p>(l) Bonds, notes, or other obligations issued and sold by the state of Washington pursuant to and in conformity with this article shall not be invalid for any irregularity or defect in the proceedings of the issuance or sale thereof and shall be incontestable in the hands of a bona fide purchaser or holder thereof.</p>	<p><i>obtained or to repay the debts so contracted, and to no other purpose whatever.</i></p>
<p>West Virginia Art. X, § 4</p>	<p><b>§ 4. Limitation on Contracting of State Debt</b> No debt shall be contracted by this State, except to meet casual deficits in the revenue, to redeem a previous liability of the State, to suppress insurrection, repel invasion or defend the State in time of war; but the payment of any liability other than that for the ordinary expenses of the State, shall be equally distributed over a period of at least twenty years.</p>	
<p>Wisconsin Art. VIII, § 4 Art. VIII, § 6 Art. VIII, § 7 Art. VIII, § 9</p>	<p><b>Section 4. Contracting state debts.</b> The state shall never contract any public debt except in the cases and manner herein provided.</p> <p><b>Section 6. Public debt for extraordinary expense; taxation.</b> For the purpose of defraying extraordinary expenditures the state may contract public debts (but such debts shall never in the aggregate exceed one hundred thousand dollars). Every such debt shall be authorized by law, for some purpose or purposes to be distinctly specified therein; and the vote of a majority of all the members elected to each house, to be taken by yeas and nays, shall be necessary to the passage of such law; and every such law shall provide for levying an annual tax sufficient to pay the annual interest of such debt and the principal within five years from the passage of such law, and shall specially appropriate the proceeds of such taxes to the payment of such principal and interest; and such appropriation shall not be repealed, nor the taxes be postponed or diminished, until the principal and interest of such debt shall have been wholly paid.</p> <p><b>Section 7. Public debt for public defense; bonding for public purposes.</b> [As amended April 1969, April 1975 and April 1992] (1) The legislature may also borrow money to repel</p>	<p>See internal amendment notes, Section 7.</p>

invasion, suppress insurrection, or defend the state in time of war; but the money thus raised shall be applied exclusively to the object for which the loan was authorized, or to the repayment of the debt thereby created.

(2) Any other provision of this constitution to the contrary notwithstanding:

(a) The state may contract public debt and pledges to the payment thereof its full faith, credit and taxing power:

1. To acquire, construct, develop, extend, enlarge or improve land, waters, property, highways, railways, buildings, equipment or facilities for public purposes.
2. To make funds available for veterans housing loans.

(b) The aggregate public debt contracted by the state in any calendar year pursuant to paragraph (a) shall not exceed an amount equal to the lesser of:

1. Three-fourths of one per centum of the aggregate value of all taxable property in the state; or
2. Five per centum of the aggregate value of all taxable property in the state less the sum of: a. the aggregate public debt of the state contracted pursuant to this section outstanding as of January 1 of such calendar year after subtracting therefrom the amount of sinking funds on hand on January 1 of such calendar year which are applicable exclusively to repayment of such outstanding public debt and, b. the outstanding indebtedness as of January 1 of such calendar year of any entity of the type described in paragraph (d) to the extent that such indebtedness is supported by or payable from payments out of the treasury of the state.

(c) The state may contract public debt, without limit, to fund or refund the whole or any part of any public debt contracted pursuant to paragraph (a), including any premium payable with respect thereto and any interest to accrue thereon, or to fund or refund the whole or any part of any indebtedness incurred prior to January 1, 1972, by any entity of the type described in paragraph (d), including any premium payable with respect thereto and any interest to accrue thereon.

(d) No money shall be paid out of the treasury, with respect to any lease, sublease or other agreement entered into after January 1, 1971, to the Wisconsin State Agencies Building Corporation, Wisconsin State Colleges Building Corporation, Wisconsin State Public Building Corporation, Wisconsin University Building Corporation or any similar entity existing or operating for similar purposes pursuant to which such nonprofit corporation or such other entity undertakes to finance or provide a facility for use or occupancy by the state or an agency, department or instrumentality thereof.

(e) The legislature shall prescribe all matters relating to the contracting of public debt pursuant to paragraph (a), including: the public purposes for which public debt may be contracted; by vote of a majority of the members elected to each of the 2 houses of the legislature, the amount of public debt which may be contracted for any class of such purposes; the public debt or other indebtedness which may be funded or refunded; the kinds of notes, bonds or other evidence of public debt which may be issued by the state; and the manner in which the aggregate value of all taxable property in the state shall be determined.

(f) The full faith, credit and taxing power of the state are pledged to the payment of all public debt created on behalf of the state pursuant to this section and the legislature shall provide by appropriation for the payment of the interest upon and installments of principal of all such public debt as the same falls due, but, in any event, suit may be brought against the state to compel such payment.

(g) At any time after January 1, 1972, by vote of a majority of the members elected to each of the 2 houses of the legislature, the legislature may declare that an emergency exists and submit to the people a proposal to authorize the state to contract a specific amount of public debt for a purpose specified in such proposal, without regard to the limit provided in paragraph (b). Any such authorization shall be effective if approved by a majority of the electors voting thereon. Public debt contracted pursuant to such authorization shall thereafter be deemed to have been contracted pursuant to paragraph (a), but neither such public debt nor any public debt contracted to fund or refund such public debt shall be considered in computing the debt limit provided in paragraph (b). Not more than one such authorization shall be thus made in any 2-year period. [1967 J.R. 58, 1969 J.R. 3, vote April 1969; 1973 J.R. 38, 1975 J.R. 3, vote April 1975; J.R. 9, vote April 1992]

#### Section 9. Evidences of public debt.

No scrip, certificate, or other evidence of state debt, whatsoever, shall be issued, except for such debts as are authorized by the sixth and seventh sections of this article.

Wyoming  
Art. 16, § 1  
Art. 16, § 2

#### § 1. Limitation on state debt.

The State of Wyoming shall not, in any manner, create any indebtedness exceeding one per centum on the assessed value of the taxable property in the state, as shown by the last general assessment for taxation, preceding; except to suppress insurrection or to provide for the public defense.

#### § 2. Creation of state debt in excess of taxes for current year.

No debt in excess of the taxes for the current year, shall in any manner be created in the State of Wyoming, unless the proposition to create such debt shall have been submitted to a vote of the people and by them approved; except to suppress insurrection or to provide for the public defense.

**Notes and Sources:** We include all formation on amendments within the past 30 years that is available through LEXIS, our source.

Constitution of the State of Arkansas of 1874  
AMENDMENTS TO THE CONSTITUTION OF ARKANSAS OF 1874

Ark. Const. Amendment 20 (2007)

**AMEND. 20. STATE BONDS**

**Bonds prohibited except when approved by majority vote of electors.** - Except for the purpose of refunding the existing outstanding indebtedness of the State and for assuming and refunding valid outstanding road improvement district bonds, the State of Arkansas shall issue no bonds or other evidence of indebtedness pledging the faith and credit of the State or any of its revenues for any purpose whatsoever, except by and with the consent of the majority of the qualified electors of the State voting on the question at a general election or at a special election called for that purpose.

**NOTES:**

**Publisher's Notes.**

This amendment may be superseded by Ark. Const. Amend. 65.

This amendment was proposed by the General Assembly at the 1933 regular session (see Acts 1933, p. 879). It was approved at the general election Nov. 6, 1934, by a vote of 97,344 for and 26,299 against.

This Amendment to the Constitution of Arkansas shall be self-executing and require no enabling act, but shall take and have full force and effect immediately upon its adoption by the electors of the State.

AMEND. 62. LOCAL CAPITAL IMPROVEMENT BONDS

GO TO THE ARKANSAS CODE ARCHIVE DIRECTORY

Ark. Const. Amendment 62 Note (2007)

**Ark. Const. Amend., AMEND. 62. Note**

**NOTES:**

**Publisher's Notes.**

With respect to the requirement for approval of bond issues, this amendment may be superseded by Ark. Const. Amend. 65.

This amendment was proposed by H.J.R. No. 1 (See Acts 1983, p. 2305) and filed in the office of the Secretary of State on Mar. 29, 1983. It was approved at the general election on Nov. 6, 1984, by a vote of 395,336 for and 342,404 against.

Ark. Const. Amend. 62, § 11, repealed Ark. Const. Amends. 13, 17, 25, and 49.

**§ 1. Local capital improvement bonds authorized - Election - Taxes - Limit on indebtedness - Suspension of tax levy.**

(a) The legislative body of a municipality or county, with the consent of a majority of the qualified electors voting on the question at an election called for that purpose, may authorize the issuance of bonds, to bear interest at a rate not to exceed two percent (2%) per annum above the Federal Reserve Rate at the time of the election authorizing the bonds, for capital improvements of a public nature, as defined by the General Assembly, in amounts approved by a majority of those voting on the question either at an election called for that purpose or at a general election. The General Assembly shall prescribe a uniform method of calling and holding such elections and the terms upon which the bonds may be issued. If more than one purpose is proposed, each shall be stated separately on the ballot. The election shall be held no earlier than thirty (30) days after it is called by the legislative body. The tax to retire the bonds may be an ad valorem tax on real and personal property. Other taxes may be authorized by the General Assembly or the legislative body to retire the bonds.

(b) The limit of the principal amount of bonded indebtedness of the municipality or county which may be outstanding and unpaid at the time of issuance of any bonds secured by a tax on real or personal property, except for bonds issued for industrial development purposes pursuant to Section 2 hereof, shall be a sum equal to ten percent (10%) for a county or twenty percent (20%) for a municipality of the total assessed value for tax purposes of real and personal property in the county or municipality, as determined by the last tax assessment.

(c) The municipality or county may from time to time, suspend the collection of a levy, when not required for the payment of its bonds, subject to the covenants with the bondholders.

Ark. Const. Amendment 62, § 2 (2007)

**§ 2. Issuance of bonds to secure and develop industry - Levy of tax - Suspension of collection - Limit on tax levy.**

(a) In addition to the authority for bonded indebtedness set forth in Section 1, any municipality or county may, with the consent of the majority of the voters voting on the question at an election held for that purpose, issue bonds in sums approved by such majority at that election for the purpose of financing facilities for the securing and developing of industry within or near the county or municipality holding the election.

(b) To provide for payment of principal and interest of the bonds issued pursuant to the section, as they mature, the municipality or county may levy a special tax, not to exceed five (5) mills on the dollar of the taxable real and personal property therein. However, the municipality or county may, from time to time, suspend the collection of such annual levy when not required for the payment of its bonds. In no event shall any parcel of real and personal taxable property be subject to a special tax levied under the authority of this Section in excess of five (5) mills for bonds issued under this Section.

Ark. Const. Amendment 62, § 3 (2007)

**§ 3. Sale of bonds - Procedure.**

The bonds described in Section 2 hereof shall be sold only at public sale after twenty (20) days advertisement in a newspaper having a bona fide circulation in the municipality or county issuing such bonds; provided, however, that the municipality or county may exchange such bonds for bonds of like amount, rate or interest, and length of issue.

Ark. Const. Amendment 62, § 4 (2007)

**§ 4. Maximum rate of tax stated on ballot - Borrowing prior to issuance of bonds.**

The maximum rate of any special tax to pay bonded indebtedness as authorized in Sections 1 and 2 hereof shall be stated on the ballot. After such bond issue has been approved by the electorate, the municipality or county may, prior to the issuance of the bonds, borrow funds on an interim basis, not to exceed three (3) years, and pledge to the payment thereof the tax approved by the voters.

Ark. Const. Amendment 62, § 5 (2007)

**§ 5. Special tax constitutes special fund - Disbursement of surplus.**

The special tax for payment of bonded indebtedness authorized in Sections 1 and 2 hereof shall constitute a special fund pledged as security for the payment of such indebtedness. The special tax shall never be extended for any other purpose, nor collected for any greater length of time than necessary to retire such bonded indebtedness, except that tax receipts in excess of the amount required to retire the debt according to its terms may, subject to covenants entered into with the holders of the bonds, be pledged as security for the issuance of additional bonds if authorized by the voters. The tax for such additional bonds shall terminate within the time provided for the tax originally imposed. Upon retirement of the bonded indebtedness, any surplus tax collections which may have accumulated shall be transferred to the general funds of the municipality or county.

Ark. Const. Amendment 62, § 6 (2007)

**§ 6. Conduct of elections.**

The General Assembly may enact laws governing the conduct of elections authorized by this Amendment. Absent the enactment of such laws, such elections shall be held, called and conducted in accordance with the laws governing elections generally. The results of such election shall be published in a newspaper of general circulation in the county or municipality (as the case may be) and any contest of such election or the tabulation of the votes therein shall be brought within thirty (30) days after such publication or shall be forever barred.

Ark. Const. Amendment 62, § 7 (2007)

**§ 7. Provisions self-executing.**

The provisions of this Amendment shall be self-executing.

Ark. Const. Amendment 62, § 8 (2007)

## § 8. Taxes levied and bonds authorized prior to amendment.

Taxes levied prior to the effective date of this Amendment shall continue in force until abolished, reduced, or increased as provided by law. All bonds and other evidences of indebtedness authorized prior to the effective date of this Amendment shall be governed by the Constitutional provision and laws in effect at the time of authorization.

Ark. Const. Amendment 62, § 9 (2007)

## § 9. Joint project of various governing bodies - Compact agreement elections.

Whenever two or more cities of the First or Second Class, or incorporated towns, and/or one or more counties and the school districts therein, desire to join together in a combined effort to secure and develop industries within one or more of such cities, towns, counties, and share in the increased revenues estimated to be received by the city, town, or county, or school district, in which the industry or industries are to be located, they may, upon adoption by the governing bodies of each such city, town, school district, or county, enter into a compact setting forth the terms by which each of the participating cities, towns, school districts, and counties is to share in the revenues to be derived from the location of an industrial plant within the compact area through the combined efforts of the various participating cities, towns, school districts, and counties. Upon adoption of such compact by the governing bodies of the participating cities, towns, school districts, and/or counties, the county court of each of the counties involved shall cause a special election to be called within not more than forty-five (45) days from the date of the filing of such compact with the county court. At such special election, the qualified electors of each of the cities, towns, school districts, and counties shall vote on whether to approve the compact and the method of sharing in increased revenues to be derived by the city, school district, and/or county in which the proposed industry is to be located among the various participating cities, towns, counties, and school districts. The ballot at such election shall be in substantially the following form:

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Said election shall be conducted in accordance with the election laws of this State, and the results thereof tabulated and certified to the County Clerk in the manner now provided by law. If a majority of the qualified electors voting on the question vote in favor of the creation of the compact, and the sharing of revenues to be derived from new industries located in the compact area, the said compact shall be implemented in accordance with the terms thereof. If a majority of the qualified electors voting on said issue vote against issue at said special election, no additional election on said issue may be held within one (1) year from the date of said election. The results of said election shall be proclaimed by the county court of each of the counties in which the county and/or cities and towns, or school districts, are located. The results of said election shall be conclusive unless attacked in the courts within thirty (30) days.

## AMEND. 65. REVENUE BONDS

Ark. Const. Amendment 65 Note (2007)

Ark. Const. Amend., AMEND. 65. Note

### NOTES:

#### Publisher's Notes.

This amendment was proposed by initiative petition filed in the office of the Secretary of State on July 4, 1986. It was adopted at the general election on Nov. 4, 1986, by a vote of 318,894 for and 275,877 against.

Ark. Const. Amend. 65, § 6, provided, in part, that the provisions of the amendment are self-executing.

This amendment may supersede Ark. Const., Art. 16, § 1, with respect to prohibitions against bond issuance and Ark. Const. Amends. 20 and 62, with respect to requirements for electoral approval.

**Effective Dates.**

Ark. Const. Amend. 65, § 6: effective on adoption.

Ark. Const. Amendment 65, § 1 (2007)

**§ 1. Issuance - Terms and conditions.**

Subject to the provisions of Section 2 hereof, any governmental unit, pursuant to laws heretofore or hereafter adopted by the General Assembly, may issue revenue bonds for the purpose of financing all or a portion of the costs of capital improvements of a public nature, facilities for the securing and developing of industry or agriculture, and for such other public purposes as may be authorized by the General Assembly. Such bonds may bear such terms, be issued in such manner, and be subject to such conditions, all as may be authorized by the General Assembly; and the General Assembly may, but shall not be required to, condition the issuance of such bonds upon an election.

Ark. Const. Amendment 65, § 2 (2007)

**§ 2. Purpose of issuance.**

(a) No revenue bonds shall be issued by or on behalf of any governmental unit if the primary purpose of the bonds is to loan the proceeds of the bonds, or to lease or sell the facilities financed with the proceeds of the bonds, to one or more private business users for shopping centers or other establishments engaged in the sale of food or goods at retail.

(b) No revenue bonds shall be issued by or on behalf of any governmental unit without the consent of a majority of the qualified electors voting on the question at an election held in accordance with state law if the primary purpose of the bonds is to loan the proceeds of the bonds, or to lease or sell the facilities financed with the proceeds of the bonds, to one or more private business users for hotels or motels, rental or professional office buildings, or facilities for recreation or entertainment.

Ark. Const. Amendment 65, § 3 (2007)

**§ 3. Definitions.**

(a) The term "revenue bonds" as used herein shall mean all bonds, notes, certificates or other instruments or evidences of indebtedness the repayment of which is secured by rents, user fees, charges, or other revenues (other than assessments for local improvements and taxes) derived from the project or improvements financed in whole or in part by such bonds, notes, certificates or other instruments or evidences of indebtedness, from the operations of any governmental unit, or from any other special fund or source other than assessments for local improvements and taxes.

(b) The term "governmental unit" as used herein shall mean the State of Arkansas; any county, municipality, or other political subdivision of the State of Arkansas; any special assessment or taxing district established under the laws of the State of Arkansas; and any agency, board, commission, or instrumentality of any of the foregoing.

Ark. Const. Amend. 65, § 4 (2007)

**§ 4. Authority exclusive - Interest - Initiative and referendum.**

This amendment shall be the sole authority required for the authorization, issuance, sale, execution and delivery of revenue bonds authorized hereby; provided, however, that the rate of interest on revenue bonds shall not exceed the maximum authorized by Amendment No. 60 to the Constitution of the State of Arkansas or any similar provision hereafter adopted. Nothing herein shall be construed to impair the initiative and referendum powers reserved to the people under Amendment No. 7 to the Constitution of the State of Arkansas.

(a) No revenue bonds shall be issued by or on behalf of any governmental unit for the primary purpose of the bonds is to loan the proceeds of the bonds, or to lease or sell the facilities financed with the proceeds of the bonds, to one or more private business users for shopping centers or other establishments engaged in the sale of food or goods at retail.

(b) No revenue bonds shall be issued by or on behalf of any governmental unit without the consent of a majority of the qualified electors voting on the question at an election held in accordance with state law if the primary purpose of the bonds is to loan the proceeds of the bonds, or to lease or sell the facilities financed with the proceeds of the bonds, to one or more private business users for hotels or motels, resorts, professional office buildings, or facilities for recreation or entertainment.

(a) The term "revenue bonds" as used herein shall mean all bonds, notes, debentures or other instruments or evidences of indebtedness the repayment of which is secured by rents, user fees, charges, or other revenues (other than assessments for local improvements and taxes) derived from the project or improvements financed in whole or in part by such bonds, notes, debentures or other instruments or evidences of indebtedness, from the operations of any governmental unit, or from any other special fund or source other than assessments for local improvements and taxes.

(b) The term "governmental unit" as used herein shall mean the State of Arkansas, any county, municipality, or other political subdivision of the State of Arkansas; any special assessment or taxing district established under the laws of the State of Arkansas; and any agency, board, commission, or authority of any of the foregoing.