



Spending Limit Amendment

“Our government has no power except that granted it by the people. It is time to check and reverse the growth of government, which shows signs of having grown beyond the consent of the governed.”

-President Ronald Reagan, First Inaugural Address

The federal government is growing at a pace that is unsustainable. In order to balance the federal budget in 2040, federal taxes would have to double. The Spending Limit Amendment is a proposed amendment to the U.S. Constitution aimed at limiting the growth of federal spending by preventing it from growing faster than American families' budgets.

SUMMARY

- ***A Lid on Federal Spending.*** The limit would prohibit federal spending from growing faster than nominal GDP, using 2007 as the baseline. Consequently, federal spending would be capped at 20.0 percent of GDP.
- ***Requires the President's Budget to Comply with Spending Limit.*** The spending limit would require the President's annual budget submission to have an overall spending total that complies with the spending limit.
- ***Gives Congress Authority to Enforce Amendment.*** As with the Balanced Budget Amendment, the Spending Limit Amendment would give Congress the authority to “enforce and implement this article by appropriate legislation.”
- ***Prevents Gimmicks to Get Around Cap.*** The spending limit specifically defines what constitutes federal outlays (defined as all outlays of the U.S. government except for repayment of debt), which prevents Congress from creating a new accounting system that disregards some spending to get around the cap.
- ***Exception for Declaration of War.*** The spending limit requirement is waived for any year that a declaration of war is in effect.
- ***Exception for Two-Thirds Vote of Congress.*** The Congress may suspend the limit for any reason with a two-thirds vote of both Houses.
- ***Effective Date.*** The amendment would take effect the second fiscal year after ratification. For example, if the amendment were ratified prior to September 30, 2008, it would be effective for FY 2010.

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