



Compact for a Balanced Budget Legislative One-Page Overview

The Balanced Budget Amendment – the amendment “Payload” in Article II of the Compact

- Section 1 - balances federal budget by limiting spending to taxes except for borrowing under a constitutional debt limit.
- Section 2 – establishes a constitutional debt limit equal to 105% of outstanding debt at time of ratification
- Section 3 – requires approval of a majority of the state legislatures if Congress desires to increase the debt limit
- Section 4 – requires the President to protect the constitutional debt limit through impoundments Congress can override
- Section 5 – encourages spending and tax loophole reductions to bridge deficits, as opposed to general tax increases
- Section 6 – provides necessary definitions
- Section 7 – provides for self-enforcement of the amendment

The Compact for a Balanced Budget - the “Delivery Vehicle” for the BBA

- Purpose – to greatly simplify the amendment process by combining all the steps required of the state legislature to safely, efficiently, and effectively propose and ratify the Balanced Budget Amendment
- Article I – describes purpose of organizing the states to originate the Balanced Budget Amendment using a compact
- Article II – provides the necessary definitions, **including the actual text of the proposed Balanced Budget Amendment**
- Article III – sets compact membership and withdrawal requirements
- Article IV – establishes the Compact Commission – when 2 states join
- Article V – **applies to Congress for Balanced Budget Amendment Article V convention** – effective when 38 states join
- Article VI – appoints and instructs delegate(s) who will attend the Balanced Budget Amendment Article V convention
- Article VII – details the **convention agenda and rules**, allows first member state to designate Convention Chair
- Article VIII – prohibits participation in convention before Congress consents to Compact; prohibits runaway convention and ratification of runaway proposals by member states
- Article IX – **resolution ratifying the balanced Budget Amendment** – effective when convention proposes amendment and Congress refers amendment to the state legislatures for ratification
- Article X – provides enforcement by state attorney generals, central venue, severability and termination provisions

The Congressional Resolution – the “blessing” of the compact by Congress

- Title 1 – **resolution calling the required convention** in accordance with the terms and provisions of the Compact for a Balanced Budget – effective when 38 states join the Compact
- Title 2 – **resolution referring the Balanced Budget Amendment to the state legislatures for ratification** – effective when convention proposes amendment