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**ACA-13 Public finance: Balanced Budget Accountability Act of 2025.** (2025-2026)

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CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

**ASSEMBLY  
AMENDMENT**

**CONSTITUTIONAL**

**NO. 13**

Introduced by Assembly Member DeMaio

April 22, 2025

A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by amending Section 12 of Article IV thereof, by adding Section 3.5 to Article XIII A thereof, by adding Section 12 to Article XVI thereof, and by adding Article XXIII thereof, relating to public finance.

**LEGISLATIVE COUNSEL'S DIGEST**

ACA 13, as introduced, DeMaio. Public finance: Balanced Budget Accountability Act of 2025.

(1) The California Constitution generally requires appropriations from the General Fund to be enacted in a bill passed by a  $\frac{2}{3}$  vote in each house of the Legislature. Notwithstanding that requirement, the California Constitution authorizes the budget bill, other bills providing for appropriations related to the budget bill, and bills that make General Fund appropriations for the public schools, to be passed by a majority vote.

The California Constitution also generally requires a statute enacted at a regular session to go into effect on the January 1 next following a 90-day period from the date of enactment, except that the budget bill and other bills providing for appropriations related to the budget bill take effect immediately upon being signed by the Governor or upon a date specified in the legislation.

This measure would repeal the exceptions to the requirement that a bill making General Fund appropriations must be passed by a  $\frac{2}{3}$  vote, thereby requiring any bill that makes General Fund appropriations to be passed by a  $\frac{2}{3}$  vote. The measure would also repeal the exception authorizing the budget bill and other bills providing for appropriations related to the budget bill to take effect immediately upon being signed by the Governor or upon a date specified in the legislation.

(2) The California Constitution requires any change in state statute that results in any taxpayer paying a higher tax to be enacted in a bill passed by a  $\frac{2}{3}$  vote in each house of the Legislature.

This measure would also prohibit any action by a state agency that would impose a new charge, or that would increase an existing charge, on any person from taking effect unless the action is ratified by a bill passed by a  $\frac{2}{3}$  vote in each house of the

Legislature.

(3) The California Constitution includes every officer and employee of the State within the state civil service, except as provided. The state judiciary has construed this civil service mandate to prohibit the state from contracting with private entities for the performance of governmental functions, except under specified circumstances. Notwithstanding the prohibition on contracting with private entities, the California Constitution authorizes the state and local governments to contract with qualified private entities for architectural and engineering services for public works of improvement.

This measure would expressly authorize the State of California and local governmental entities to contract with private entities for the performance of governmental services. The measure would require every state agency to annually subject at least 10% of its program activities, as measured by total budgetary expenditures for that state agency, to fair and open competitive bidding and would make each program activity executed by a state agency subject to competitive bidding at least once every 7 years. The measure would exclude state or local governmental services performed by sworn law enforcement personnel from these provisions.

The measure, beginning in the 2028–29 fiscal year, would prohibit total state employment costs from exceeding 95% of total state employment costs in the 2024–25 fiscal year, as provided. Beginning in the 2029–30 fiscal year, the measure would prohibit total state employment costs from exceeding total state employment costs in the immediately preceding fiscal year, as adjusted by the annual percentage change nationally in average wages as determined by the federal Bureau of Labor Statistics. The measure would require the California State Auditor to certify compliance with these requirements.

Vote: 2/3 Appropriation: no Fiscal Committee: yes Local Program: no

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Resolved by the Assembly, the Senate concurring, That the Legislature of the State of California at its 2025–26 Regular Session commencing on the second day of December 2024, two-thirds of the membership of each house concurring, hereby proposes to the people of the State of California that the Constitution of the State be amended as follows:

**First**— This measure shall be known, and may be cited, as the Balanced Budget Accountability Act of 2025.

**Second**— That Section 12 of Article IV thereof is amended to read:

**SEC. 12.** (a) Within the first 10 days of each calendar year, the Governor shall submit to the Legislature, with an explanatory message, a budget for the ensuing fiscal year containing itemized statements for recommended state expenditures and estimated state revenues. If recommended expenditures exceed estimated revenues, the Governor shall recommend the sources from which the additional revenues should be provided.

(b) The Governor and the Governor-elect may require a state agency, officer or employee to furnish whatever information is deemed necessary to prepare the budget.

(c) (1) The budget shall be accompanied by a budget bill itemizing recommended expenditures.

(2) The budget bill shall be introduced immediately in each house by the persons chairing the committees that consider the budget.

(3) The Legislature shall pass the budget bill by midnight on June 15 of each year.

(4) Until the budget bill has been enacted, the Legislature shall not send to the Governor for consideration any bill appropriating funds for expenditure during the fiscal year for which the budget bill is to be enacted, except emergency bills recommended by the Governor or appropriations for the salaries and expenses of the Legislature.

(d) No bill except the budget bill may contain more than one item of appropriation, and that for one certain, expressed purpose. Appropriations from the General Fund of the ~~State, except appropriations for the public schools and appropriations in the budget bill and in other bills providing for appropriations related to the budget bill,~~ **State** are void unless passed in each house by rollcall vote entered in the journal, two-thirds of the membership concurring.

~~(e)(1) Notwithstanding any other provision of law or of this Constitution, the budget bill and other bills providing for appropriations related to the budget bill may be passed in each house by rollcall vote entered in the journal, a majority of the membership concurring, to take effect immediately upon being signed by the Governor or upon a date specified in the legislation. Nothing in this subdivision shall affect the vote requirement for appropriations for the public schools contained in subdivision (d) of this section and in subdivision (b) of Section 8 of this article.~~

~~(2) For purposes of this section, "other bills providing for appropriations related to the budget bill" shall consist only of bills identified as related to the budget in the budget bill passed by the Legislature.~~

~~(f)~~

(e) The Legislature may control the submission, approval, and enforcement of budgets and the filing of claims for all state agencies.

~~(g)~~

(f) For the 2004–05 fiscal year, or any subsequent fiscal year, the Legislature may not send to the Governor for consideration, nor may the Governor sign into law, a budget bill that would appropriate from the General Fund, for that fiscal year, a total amount that, when combined with all appropriations from the General Fund for that fiscal year made as of the date of the budget bill's passage, and the amount of any General Fund moneys transferred to the Budget Stabilization Account for that fiscal year pursuant to Section 20 of Article XVI, exceeds General Fund revenues for that fiscal year estimated as of the date of the budget bill's passage. That estimate of General Fund revenues shall be set forth in the budget bill passed by the Legislature.

~~(h)~~

(g) Notwithstanding any other provision of law or of this Constitution, including subdivision (c) of this section, Section 4 of this article, and Sections 4 and 8 of Article III, in any year in which the budget bill is not passed by the Legislature by midnight on June 15, there shall be no appropriation from the current budget or future budget to pay any salary or reimbursement for travel or living expenses for Members of the Legislature during any regular or special session for the period from midnight on June 15 until the day that the budget bill is presented to the Governor. No salary or reimbursement for travel or living expenses forfeited pursuant to this subdivision shall be paid retroactively.

**Third—** That Section 3.5 is added to Article XIII A thereof, to read:

**SEC. 3.5.** (a) Any action by a state agency that would impose a new charge, or that would increase an existing charge, on a person in this State shall not take effect unless ratified by a bill passed in each house of the Legislature by rollcall vote entered in the journal, two-thirds of the membership concurring.

(b) For purposes of this section, "person" means any individual or association, or any business entity, including, but not limited to, a partnership, corporation, or limited liability company.

**Fourth—** That Section 12 is added to Article XVI thereof, to read:

**SEC. 12.** (a) (1) Beginning in the 2028–29 fiscal year, total state employment costs shall not exceed 95 percent of total state employment costs in the 2024–25 fiscal year.

(2) For purposes of this subdivision, "total state employment costs for the 2024–25 fiscal year" means the total amount appropriated for state employment costs in the Budget Act of 2024, as originally enacted on June 26, 2024.

(b) Beginning in the 2029–30 fiscal year, total state employment costs shall not exceed total state employment costs in the immediately preceding fiscal year, as adjusted by the annual percentage change nationally in average wages as determined by the federal Bureau of Labor Statistics or its successor agency.

(c) The California State Auditor shall certify compliance with the requirements of this section.

**Fifth—** That Article XXIII is added thereto, to read:

#### **Article XXIII OUTSOURCING GOVERNMENTAL SERVICES**

**SECTION 1.** Notwithstanding any other provision of this constitution, the State of California and local governmental entities may contract with private entities for the performance of governmental services.

**SEC. 2.** (a) Every state agency shall annually subject at least 10 percent of its program activities, as measured by total budgetary expenditures of all activities for that state agency, to fair and open competitive bidding.

(b) Each program activity executed by a state agency shall be subject to competitive bidding at least once every seven years.

**SEC. 3.** This article does not apply to any state or local governmental service performed by sworn law enforcement personnel.