

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0932-01
Bill No.: HJR 12
Subject: Appropriations; Constitutional Amendments; General Assembly
Type: Original
Date: March 14, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	\$0	(\$116,010)	\$0
Total Estimated Net Effect on General Revenue Fund	\$0	(\$116,010)	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTIONS

Officials from the **Office of the Governor**, the **Office of the State Treasurer**, and the **Office of Administration, Division of Accounting**, assume this proposal would have no impact on their organizations.

Officials from the **Office of Administration, Division of Budget and Planning (BAP)**, assume the proposal would have no fiscal impact on their organization. BAP officials note that separating the existing fund into two funds could create cash flow problems for the General Revenue Fund as well as other funds. The proposed cap of five percent on the Cash Operating Reserve Fund would not have been adequate in Fiscal Year 2003 when the General Revenue Fund had to borrow \$320 million for cash flow purposes.

Officials from the **Office of the Secretary of State (SOS)** noted that statewide newspaper publication would cost approximately \$3,867 per column inch based on an estimate provided by the Missouri Press Service. Three printings would be required. SOS estimated the total number of inches for this amendment to be 30 inches including title header and certification paragraph. (\$3,867 x 30 = \$116,010)

ASSUMPTIONS (continued)

Officials from the **Department of Revenue** (DOR) noted that the proposal contains provisions for refunds of General Revenue Fund collections which exceed the appropriation limit. DOR would be required to place a check box on the tax return for the taxpayers to indicate if they want the refund to offset future tax liabilities. This check box would be necessary after the enactment of the proposal, since DOR would not know when the excess would be triggered.

MINITS and COINS would need to be modified to allow for the tracking of the check box. It is estimated that 692 hours on MINITS and 692 hours on COINS would be needed to add this box. The estimated cost of programming would be \$46,170. Personal Tax would need 2 Tax Season Temporaries to handle the additional key entry or field skip of this check box on all paper returns.

DOR would make the refunds in the same manner as section 18, article X refunds. If refunds are made, the Department would have costs for checks, envelopes and \$600,000 for postage to issue about two million refunds. A line would need to be added to the return for those that would apply the refund amount to their tax liability. MINITS and COINS would need to be modified to allow for the new line and the calculation. It is estimated that it would take 5 programmers 2 months on each system to handle the modification, tracking and reporting. Estimated time on the MINITS and COINS system is 3,460 hours for a cost of \$115,426.

Personal Tax would need 1 Tax Processing Tech I to handle the volume of returned refund checks and the re-issuance of checks that are returned to DOR for non delivery. Corporate Tax would need 1 Tax Processing Tech I to handle the volume of returned refund checks and the re-issuance of checks that are returned for non-delivery. Customer Assistance would need 1 Tax Collection Tech for every 15,000 calls a year to the income tax inquiry line regarding designation of refund and 1 Tax Processing Tech 1 for every additional 5,200 calls to the filed offices inquiring about the refunds.

Oversight assumes that voter approval of such a constitutional amendment would result in unknown costs to the Department of Revenue in excess of \$100,000 to implement the proposal and unknown costs in excess of \$100,000 for each year in which revenues exceeded the appropriation growth limit. Such costs would result from the voter approval and would not be a direct result of this proposal. Oversight has not included those costs in this fiscal note.

ASSUMPTIONS (continued)

Officials from the **Office of Administration, Office of the Deputy Commissioner**, stated that the most recent statewide ballot other than the presidential primary was Proposition B in April of 1999. Estimated costs for a special election to be held for the purpose of a vote on the Constitutional Amendment, would be based on the cost of that presidential primary. The potential estimated cost of a special election in FY 2007 would be \$1,292,423 assuming 3% annual inflation.

Unless a special election is called by the Governor to amend the Constitution, there would be no costs incurred by the Commissioner's Office. The assumption is made that any vote on the proposed adoption of the amendment would be done at a general election.

Oversight assumes the proposal would be submitted to the voters at the November 2006 general election.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
GENERAL REVENUE FUND			
<u>Cost - Secretary of State</u>			
Publication	<u>\$0</u>	<u>(\$116,010)</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND *	<u>\$0</u>	<u>(\$116,010)</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

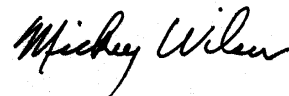
This proposal would establish a limit on the growth of general revenue appropriations. It provides for emergency circumstances in which the growth limit could be exceeded. The proposal also provides the disposition of general revenue collections which exceed the appropriation limit.

The proposal would also create a Cash Operating Reserve Fund which would be used by the Commissioner of Administration to meet cash requirements of the state. The proposal creates a new Budget Reserve Fund, which would only be used to restore reductions the Governor made to appropriations. The existing Budget Reserve Fund is used for both functions.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Governor
Office of the Secretary of State
Office of the State Auditor
Office of Administration
 Office of the Deputy Commissioner
 Division of Accounting
 Division of Budget and Planning
Department of Revenue



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Director
March 14, 2005