

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0418-01
Bill No.: HJR 7
Subject: Constitutional Amendments; Appropriations
Type: Original
Date: January 21, 2009

Bill Summary: This proposes a constitutional amendment establishing the Missouri Savings Account.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	\$0	\$0	\$0 or (\$130,000,000 to Unknown)
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0 or (\$130,000,000 to Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
MO Savings Account	\$0	\$0	\$0 or \$130,000,000 to Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0 or \$130,000,000 to Unknown

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Budget and Planning** assume this proposal would not result in additional costs or savings to BAP.

BAP estimated what would have happened in this fund if this proposal would have been adopted prior to 2002. The following amounts would have been withheld from General Revenue and placed in this new Missouri Savings Account (MSAF).

FY 2002 = \$158,969,307
FY 2003 = \$156,897,652
FY 2004 = \$132,539,854
FY 2005 = \$140,312,817
FY 2006 = \$140,282,738
FY 2007 = \$152,346,962
FY 2008 = \$161,965,960

This proposal allows two different provisions in which the money could be withdrawn from the MSAF and used for appropriation. The first is based on the net general revenue collections. Based on the above projections only in FY 2003 could money have been removed from MSAF. The second provision allows MSAF withdraws when the Governor withholds money from the agencies below their appropriations. In FY 2002, FY 2003 and FY 2004 the Governor withheld money from state agencies. However, before each of those fiscal years was over the money that was withheld was released.

Oversight assumes this proposal is a constitutional amendment and will not have an effect on the state unless the amendment passes. However, Oversight assumes that if this proposal is passed then \$130,000,000 to Unknown would be transferred each year from General Revenue to the MSAF. Oversight has shown the loss to General Revenue and gain to the MSAF beginning in FY 2012 per the proposal.

Officials at the **Office of the State Treasurer** assume that there is no fiscal impact from this proposal.

Officials at the **Office of the Secretary of State (SOS)** assume many joint resolutions are considered by the General Assembly that would require the SOS to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative

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ASSUMPTION (continued)

session. Funding for this item is adjusted each year depending upon the election cycle with \$1.6 million historically appropriated in even numbered fiscal years and \$100,000 appropriated in odd numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2009 in the November election there were 5 statewide Constitutional Amendments or ballot propositions that cost \$1.35 million to publish (an average of \$270,000 per issue). Therefore, the SOS assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. However, because these requirements are mandatory, we reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly change the amount or eliminate the estimated nature of our appropriation.

Oversight assumes the SOS could absorb the costs of advertising the statewide ballot measure related to this proposal within their current appropriation level. If multiple bills pass or if multiple ballot initiatives are validated which require similar advertising at substantial costs, the SOS could request funding through the appropriation process.

Oversight assumes this proposal will be voted on at the next regularly scheduled general election rather than at a special election.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
GENERAL REVENUE			
<u>Transfer Out</u> - General Revenue			
Withholding to MO Savings Account Fund	<u>\$0</u>	<u>\$0</u>	<u>\$0 or (\$130,000,000 to Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	<u>\$0</u>	<u>\$0 or (\$130,000,000 to Unknown)</u>
MO SAVINGS ACCOUNT FUND			
<u>Transfer In</u> - MO Savings Account Fund			
Transfer from General Revenue	<u>\$0</u>	<u>\$0</u>	<u>\$0 or \$130,000,000 to Unknown</u>
ESTIMATED NET EFFECT ON MO SAVINGS ACCOUNT FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0 or \$130,000,000 to Unknown</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2010 (10 Mo.)	 FY 2011	 FY 2012
	<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.

FISCAL DESCRIPTION

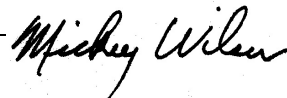
Upon voter approval, this proposed constitutional amendment creates the Missouri Savings Account Fund. Beginning with Fiscal Year 2012, the state must make annual deposits into the fund at a rate of 2% of the general revenue appropriations for that year, excluding debt service, appropriations from the fund, and supplemental appropriations. If general revenue collections do not increase by 3% or more from the prior fiscal year, the moneys deposited into the fund that year will lapse and be available for appropriation by the General Assembly in the next or any following fiscal year.

In any year in which there is a budget shortfall or when the consensus revenue estimate forecasts a decrease in revenue for the upcoming year, the General Assembly may use one-third of the moneys in the fund for budgetary purposes. If the balance in the fund exceeds one-third of the general revenue collections for any fiscal year, the excess will lapse to the General Revenue Fund.

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 Secretary of State
Office of the State Treasurer
Budget and Planning



Mickey Wilson, CPA
Director
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