

HCS HJR 23 -- LIMITS ON STATE APPROPRIATIONS (Icet)

COMMITTEE OF ORIGIN: Committee on Budget

Upon voter approval, this proposed constitutional amendment prohibits appropriations in any fiscal year from exceeding the total state general revenue appropriations from the previous year by more than the appropriations growth limit. The appropriations growth limit will be the greater of zero or the sum of the annual rate of inflation and the annual Missouri population growth.

In any fiscal year when the net general revenue collections are in excess of 1% of the authorized net general revenue appropriations allowed, 67% of the excess is to be transferred to the Cash Operating Reserve Fund and 33% to the Budget Reserve Fund, which are created by the resolution. Any revenue in excess of the specified limits of the funds will be transferred to the Taxpayer Protection Stabilization Fund, created by the resolution, and used to temporarily reduce the individual income tax rate when the Commissioner of the Office of Administration determines that sufficient amounts exist in the fund for at least a .25% reduction. The resolution authorizes the General Assembly, by a two-thirds majority vote, to appropriate money from the Taxpayer Protection Stabilization Fund if the commissioner determines that total state general revenue appropriations will exceed projected state revenues.

Total state general revenue appropriations may exceed the appropriations limit only if the Governor declares an emergency and the General Assembly, by a two-thirds majority, approves appropriation bills to meet the emergency. The funds appropriated to meet the emergency will not increase the appropriation limit for the succeeding fiscal year.

New or increased tax revenues or fees receiving voter approval will be exempt from the calculation of the appropriations growth limit for the year in which they are passed.

Sixty-seven percent of the balance in the Budget Reserve Fund on July 1 of each year is to be transferred to the Cash Operating Reserve Fund. If the balance in the Cash Operating Reserve Fund exceeds 5% of the net general revenue collected in the previous fiscal year, the excess amount will be transferred to the Taxpayer Protection Stabilization Fund.

In any fiscal year in which the Governor reduces expenditures below amounts appropriated, the Governor may request an emergency appropriation from the Budget Reserve Fund. If the request is approved by the General Assembly, funds may be restored to any expenditure authorized by existing appropriations. If the

balance in the Budget Reserve Fund at the end of a fiscal year exceeds 7% of the net general revenue collections for the previous fiscal year, the excess funds will be transferred to the Taxpayer Protection Stabilization Fund. If the balance is less than 7%, the difference will be transferred from the General Revenue Fund within five years.

The provisions of the resolution will expire five years from the effective date.

FISCAL NOTE: Estimated Cost on General Revenue Fund of \$0 in FY 2010, \$0 in FY 2011, and \$64,448,584 in FY 2012. Estimated Income on Other State Funds of \$0 in FY 2010, \$0 in FY 2011, and \$64,448,584 in FY 2012.