

HCS HJR 43 -- LIMITS ON STATE APPROPRIATIONS (Burlison)

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 when the total state general revenue appropriations for the current fiscal year exceeds the level for Fiscal Year 2008. The appropriations growth limit is the percentage that is the greater of zero or the sum of the annual rate of inflation, the annual percentage change in Missouri's population, and 1.5% of the previous fiscal year total state general revenue collections.

In any fiscal year when the net general revenue collections are more than 1.5% but less than 2.5% of the total state general revenue appropriations allowed, the excess moneys must be appropriated solely for state general obligation debt reduction. In any fiscal year when the net general revenue collections are in excess of 2.5% of the total state general revenue appropriations allowed, 33% of the excess is to be transferred to the Cash Operating Reserve Fund and 67% to the newly created Taxpayer Protection Stabilization Fund. Any revenue in excess of the specified limits of the funds will be transferred to the Taxpayer Protection Stabilization Fund 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 simple majority vote, to appropriate moneys from the Taxpayer Protection Stabilization Fund as it deems necessary if the commissioner determines that total state general revenue appropriations will exceed projected state revenues.

Total state general revenue appropriations for any fiscal year may exceed the appropriations limit if they are used to fund the foundation formula or if the Governor declares an emergency and the General Assembly, by a simple majority, approves an appropriation bill to meet the emergency. These appropriated funds cannot be included in the total appropriation limit for the next 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 must be transferred to the Cash Operating Reserve Fund. If the balance in the Cash Operating Reserve Fund

at the close of any fiscal year exceeds 5% of the net general revenue collected in the previous fiscal year, the commissioner must transfer the excess amount 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 a two-thirds majority in each house of 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 commissioner must transfer the excess funds to the Taxpayer Protection Stabilization Fund. If the balance is less than 7%, the difference will be transferred from the General Revenue Fund to that fund within five years.

The provisions of the resolution will become effective when total state general revenue appropriations for any fiscal year exceed the Fiscal Year 2008 total state general revenue appropriations and will expire five years after the effective date.

FISCAL NOTE: Estimated Net Effect on General Revenue Fund of an income of \$0 or a cost of More than \$7,000,000 in FY 2013, an income of \$0 or a cost of Less than \$61,151,038 in FY 2014, and an income of \$0 or a cost of Less than \$61,151,038 in FY 2015. Estimated Net Income on Other State Funds of \$0 in FY 2013, \$0 or Less than \$61,151,038 in FY 2014, and \$0 or Less than \$61,151,038 in FY 2015.