

HCS#2 HJR 14 -- FIFTH STATE BUILDING FUND

SPONSOR: Kelly (45)

COMMITTEE ACTION: Voted "Do Pass" by the Committee on Budget by a vote of 17 to 6.

Upon voter approval, this proposed constitutional amendment authorizes the General Assembly to issue up to \$1.2 billion in bonds. Funds from the bonds are to be used as follows:

(1) No more than \$600 million may be allocated for the construction, renovation, and rebuilding of buildings of institutions of higher education including no less than 20% of the proceeds to be allocated to public community colleges; providing additions or additional buildings where necessary; for land acquisition; for construction or purchase of buildings; and for planning, furnishing, equipping and landscaping the improvements and buildings. No proceeds can be allocated to higher education institutions or for any non-state project unless the institution or project matches at least 15% of the allocated amount;

(2) No more than \$100 million may be allocated for the Missouri State Capitol Building project;

(3) No less than \$40 million may be allocated for the maintenance of state parks and park facilities;

(4) No more than \$200 million can be deposited into the newly created Mental Health Facilities Capital Improvement Fund for the purpose of constructing a new mental health facility in Callaway County;

(5) No more than \$20 million can be deposited into the newly created Public Elementary and Secondary Education Revolving Fund to be used solely for public elementary and secondary education capital costs. A school that receives moneys from the fund must repay the funds used plus administrative costs over a set period of time or through an offset of the school's foundation formula or Proposition C payment; and

(6) The excess balance of bond funds collected will be deposited into the newly created State Building and Infrastructure Revolving Fund and, upon appropriation, used solely for the construction of state buildings, facilities, projects for rural water consortia, State Historical Society, existing surface lake projects, utilities infrastructure, and projects for purposes other than for higher education.

No moneys in the fund can be used for any purpose relating or pertaining to the construction and maintenance of the state highway system.

The bonds must be issued from time to time by the State Board of Fund Commissioners within the Office of Administration in an amount as determined by the General Assembly and must mature within 25 years from the date of issuance.

The resolution creates the Fifth State Building Fund for the payment of the bonds and any interest earned. The state board will determine the amount required for paying interest and principal and notify the Commissioner of the Office of Administration so that at least a monthly transfer can be made from the General Revenue Fund to the building fund. If there are insufficient funds available to pay the principal and interest maturing and accruing on the bonds during the next fiscal year, a direct tax must be levied upon all taxable tangible property in the state for the payments. Funds paid into the building fund must be appropriated without legislative action to pay the principal and interest of the bonds.

The resolution establishes the five-member Taxpayer Protection Commission appointed by the Governor, President Pro Tem of the Senate, and Speaker of the House of Representatives to oversee and approve funds appropriated from the bond and interest fund and the projects undertaken as a result of the appropriation. The commission may hire an executive director and employees as necessary. The commission must submit an annual report to the Governor, Attorney General, State Auditor, and General Assembly assessing, reviewing, and analyzing each project financed with any bonds issued and any other topic related to funds expended under these provisions as the commission or the General Assembly deems necessary. The report must contain any recommendations that the commission deems necessary to ensure that funds are expended and projects are managed prudently. Once all funds have been appropriated and all projects undertaken have been completed, the commission will be dissolved.

PROPOSERS: Supporters say that the bill is a capital improvement bond issue that allows for the construction of state buildings and facilities. The state's AAA bond rating, current low interest rates and construction costs, and the need for jobs make this an excellent time to invest in Missouri's future with a bond issue. This will create thousands of jobs. The Fulton State Hospital is in dire need of improvements for the safety of everyone. Missouri has regularly used bonds to fund capital improvements for state buildings, parks, and other state facilities. Missouri state park projects will provide jobs for local construction companies statewide. The capital improvement needs are almost \$400 million

for vital repairs and to upgrade and improve Missouri state parks. No major federal matching funds have been available. A bond issue will allow the state to start construction or improvements on state buildings, parks, higher education, and other needs.

Testifying for the bill were Representative Kelly (24); Department of Mental Health; Council on Public Higher Education; Missouri Parks Association; and Missouri Chamber of Commerce and Industry.

OPPONENTS: There was no opposition voiced to the committee.