

HCS HJR 75 -- STATE APPROPRIATIONS

SPONSOR: Burlison

COMMITTEE ACTION: Voted "Do Pass" by the Committee on Budget by a vote of 14 to 6.

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 is the percentage that is the greater of zero or the sum of the annual rate of inflation and the annual percentage change in Missouri's population.

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 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, 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 amendment. Any revenue in excess of the specified limits of the funds will be transferred to the newly created 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 amendment 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 only if the Governor declares an emergency and the General Assembly, by a simple majority, enacts and the Governor approves an appropriation bill to meet the emergency. These appropriated funds cannot be included in the total appropriations amount for purposes of complying with the 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 the 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 must be transferred from the General Revenue Fund to that fund within five years.

The provisions of the amendment will expire five years after the effective date.

PROPOSERS: Supporters say that the proposed constitutional amendment will limit the growth of government spending, provide long-term fiscal planning and rainy day funds, help balance the economic highs and lows, protect programs and funding, reduce income tax rates, and create a better business environment.

Testifying for the bill were Representative Burlison; Associated Industries of Missouri; and Americans for Prosperity-Missouri.

OPPOSERS: Those who oppose the bill say that there are too many uncertainties in the bill and it is a feast or famine approach. Missouri already has the Hancock limit, and the bill is inflexible to the budget in relation to rising health care and mental health care costs.

Testifying against the bill were Civic Council of Greater Kansas City; Missouri Association of Social Welfare; and Missouri Hospital Association.