

HCS HJR 34 -- STATE APPROPRIATIONS

SPONSOR: Burlison

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on Ways and Means by a vote of 7 to 1. Voted "Do Pass with HCS" by the Select Committee on Financial Institutions and Taxation by a vote of 7 to 3.

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% of the total state general revenue appropriations allowed, the excess moneys must be transferred to the Budget Reserve Fund and the newly created Cash Operating Reserve Fund. Any excess must be tracked by the Commissioner of the Office of Administration and immediately applied to the permanent reduction of the individual and corporation income tax rates rounded to the nearest .25% reduction.

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 two-thirds 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 General Revenue 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 General Revenue Fund. If the balance is less than 7%, the difference must be transferred from the General Revenue Fund to the Budget Reserve Fund by the fifteenth day of the succeeding fiscal year except that if the actual balance of the Budget Reserve Fund is less than 7% of net revenue collections for the fiscal year prior to the adoption of these provisions, the commissioner must transfer amounts necessary to reach 7% of the previous year's net general revenue collection no later than five years from July 1 following the adoption. The full amount of any funds appropriated and expended from the Budget Reserve Fund for specified emergency appropriations must be paid back within five years from the date of the original transfer.

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; Taxpayers Research Institute Of Missouri; and Americans For Prosperity.

OPPONENTS: 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 and the need for education funding. Missouri already has a tax cut bill.

Testifying against the bill were Kansas City Civic Council; Missouri Coalition Of Community Mental Health Centers; Missouri Budget Project; and Otto Fajen, Missouri National Education Association.