

HCS HJR 70 -- 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.

For any fiscal year in which 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 substitute. Any revenue in excess of the specified limits of the funds will be used to permanently reduce the income tax rate rounded to the nearest .25%.

Total state general revenue appropriations may exceed the appropriations limit only if the Governor declares an emergency and the General Assembly 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.

One-half 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 General Revenue 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 General Revenue Fund. If the balance is less than 7%, the difference will be transferred from the General Revenue Fund within five years.

Funds appropriated from the Budget Reserve Fund must be paid back within five years of the original transfer date.

FISCAL NOTE: Estimated Cost on General Revenue Fund of \$0 in FY 2009, \$89,440,442 in FY 2010, and \$69,976,996 in FY 2011. Estimated Income on Other State Funds of \$0 in FY 2009, \$89,440,442 in FY 2010, and \$69,976,996 in FY 2011.