

SECOND REGULAR SESSION

[PERFECTED]

HOUSE COMMITTEE SUBSTITUTE FOR

HOUSE JOINT RESOLUTION NO. 75

97TH GENERAL ASSEMBLY

5844H.02P

D. ADAM CRUMBLISS, Chief Clerk

JOINT RESOLUTION

Submitting to the qualified voters of Missouri an amendment repealing section 27(a) of article IV of the Constitution of Missouri, and adopting four new sections in lieu thereof relating to the commonsense obligation to provide accountability and spending stabilization act.

Be it resolved by the House of Representatives, the Senate concurring therein:

That at the next general election to be held in the state of Missouri, on Tuesday next following the first Monday in November, 2014, or at a special election to be called by the governor for that purpose, there is hereby submitted to the qualified voters of this state, for adoption or rejection, the following amendment to article IV of the Constitution of the state of Missouri:

Section A. Section 27(a), article IV, Constitution of Missouri, is repealed and four new sections adopted in lieu thereof, to be known as sections 23(a), 27(a), 27(c), and 27(d), to read as follows:

Section 23(a). 1. As used in this section and sections 27(a), 27(c), and 27(d) of this article:

(1) "Appropriations growth limit", means a percentage figure that is the greater of zero or the sum of the annual rate of inflation and the annual percentage change in the population of Missouri;

(2) "Emergency", means an event or series of events or a state of affairs that requires the immediate appropriation of moneys for the health, safety, and general welfare of the people;

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

9 (3) "Inflation", means the rate of inflation as measured by the Consumer Price
10 Index for All Urban Consumers for the United States, semi-annual average of the first six
11 months of the current calendar year;

12 (4) "Net general revenue collections", means all revenue deposited into the general
13 revenue fund less refunds and revenues originally deposited into the general revenue fund
14 but designated by law for a specific distribution or transfer to another state fund as
15 reported by the office of administration;

16 (5) "Population of Missouri", means the number of persons residing in the state of
17 Missouri as determined by the United States Census Bureau in the last decennial census
18 including the most recent calendar year update;

19 (6) "Total state general revenue appropriations", means the total of appropriations
20 from net general revenue collections for fiscal year 2015, including supplemental
21 appropriations from any regular, special, or extraordinary session from the previous fiscal
22 year from net general revenue collections, passed by the general assembly and approved
23 by the governor as reported by the office of administration, except reappropriations,
24 appropriations to pay principal and interest on general obligation bonded indebtedness,
25 and appropriations from general revenue for final court judgments and costs in cases to
26 the extent that the state was not the prevailing party.

27 2. Total state general revenue appropriations for any fiscal year shall not exceed
28 total state general revenue appropriations for the immediately preceding fiscal year by
29 more than the appropriations growth limit determined by subsection 1 of this section,
30 except that new or increased tax revenues or fees that meet the exceptions in subsection 1,
31 section 18(e), article X of this constitution or receive voter approval shall be exempted from
32 the calculation of the appropriations growth limit for the year in which they are passed.

33 3. For any fiscal year in which net general revenue collections exceed total state
34 general revenue appropriations allowed under subsection 2 of this section by more than
35 one and one-half percent but less than two and one-half percent of total state general
36 revenue appropriations allowed, the excess amount shall be appropriated solely for
37 reduction of state debt. For any fiscal year in which net general revenue collections exceed
38 total state general revenue appropriations allowed under subsection 2 of this section by
39 more than two and one-half percent of total state general revenue appropriations allowed,
40 the commissioner of administration shall, by August first following the end of the fiscal
41 year, transfer the excess funds over two and one-half percent to the taxpayer protection
42 stabilization fund established by section 27(d) of this article, subject to the limits specified
43 in such section.

44 **4. Total state general revenue appropriations for any fiscal year may exceed total**
45 **state general revenue appropriations for the immediately preceding fiscal year by more**
46 **than the appropriations growth limit only under the following conditions:**

47 **(1) The governor declares an emergency, specifying the nature of the emergency**
48 **and requesting appropriations to meet the emergency; and**

49 **(2) The general assembly, by a simple majority vote of the members elected to serve**
50 **in each house, enacts and the governor approves a separate bill or bills appropriating**
51 **moneys to meet the emergency. Any such appropriation bill or bills shall not be included**
52 **in total state general revenue appropriations for purposes of compliance with subsection**
53 **2 of this section for the next succeeding fiscal year.**

54 **5. The total state general revenue appropriations limit shall not be reduced or**
55 **increased if the amount of total state revenues, as defined in section 17, article X of this**
56 **constitution, for the prior fiscal year is less than the amount of total state revenues for the**
57 **next preceding fiscal year.**

58 **6. The general assembly may enact laws implementing this section.**

Section 27(a). 1. **On July first following the adoption of this section,** there is hereby
2 established within the state treasury a fund to be known as the "[Budget] **Cash Operating**
3 **Reserve Fund**". [The balances in the cash operating reserve fund and the budget stabilization
4 fund shall be transferred to the budget reserve fund.] **Sixty-seven percent of the balance in the**
5 **budget reserve fund on July first following the adoption of this section shall be transferred**
6 **to the cash operating reserve fund.**

7 2. The commissioner of administration may, throughout any fiscal year, transfer amounts
8 from the [budget] **cash operating** reserve fund to the general revenue fund or any other state
9 fund without other legislative action if he **or she** determines that such amounts are necessary for
10 the cash requirements of this state. Such transfers shall be deemed "cash operating transfers".

11 3. The commissioner of administration shall transfer from the general revenue fund or
12 other recipient fund to the [budget] **cash operating** reserve fund an amount equal to the cash
13 operating transfer received by such fund pursuant to subsection 2 of this section, together with
14 the interest that would have been earned on such amount, prior to May sixteenth of the fiscal year
15 in which the transfer was made. No cash operating transfers out of the [budget] **cash operating**
16 reserve fund may be made after May fifteenth of any fiscal year.

17 4. Funds in the [budget] **cash operating** reserve fund shall be invested by the treasurer
18 in the same manner as other state funds are invested. Interest earned on such investments shall
19 be credited to the [budget] **cash operating** reserve fund. Subject to the provisions of subsection
20 [7] **5** of this section, the unexpended balance in the [budget] **cash operating** reserve fund at the
21 close of any fiscal year shall remain in the fund.

22 5. [In any fiscal year in which the governor reduces the expenditures of the state or any
23 of its agencies below their appropriations in accordance with section 27 of this article, or in
24 which there is a budget need due to a disaster, as proclaimed by the governor to be an emergency,
25 the general assembly, upon a request by the governor for an emergency appropriation and by a
26 two-thirds vote of the members elected to each house, may appropriate funds from the budget
27 reserve fund to fulfill the expenditures authorized by any of the existing appropriations which
28 were affected by the governor's decision to reduce expenditures pursuant to section 27 of this
29 article or to meet budget needs due to the disaster. Such expenditures shall be deemed to be for
30 "budget stabilization purposes". The maximum amount which may be appropriated at any one
31 time for such budget stabilization purposes shall be one-half of the sum of the balance in the
32 fund and any amounts appropriated or otherwise owed to the fund, less all amounts owed to the
33 fund for budget stabilization purposes but not yet appropriated for repayment to the fund.

34 6. One-third of the amount transferred or expended from the budget reserve fund for
35 budget stabilization purposes during any fiscal year, together with interest that would otherwise
36 have been earned on such amount, shall stand appropriated to the budget reserve fund during
37 each of the next three fiscal years, and such amount, and any additional amounts which may be
38 appropriated for that purpose, shall be transferred from the fund which received such transfer to
39 the budget reserve fund by the fifteenth day of the fiscal year for each of the next three fiscal
40 years or until the full amount, plus interest, has been returned to the budget reserve fund. The
41 maximum amount which may be outstanding at any one time and subject to repayment to the
42 budget reserve fund for budget stabilization purposes shall be one-half of the sum of the balance
43 in the fund and all outstanding amounts appropriated or otherwise owed to the fund.

44 7. If the balance in the budget reserve fund at the close of any fiscal year exceeds seven
45 and one-half percent of the net general revenue collections for the previous fiscal year, the
46 commissioner of administration shall transfer that excess amount to the general revenue fund
47 unless such excess balance is as a result of direct appropriations made by the general assembly
48 for the purpose of increasing the balance of the fund; provided, however, that if the balance in
49 the fund at the close of any fiscal year exceeds ten percent of the net general revenue collections
50 for the previous fiscal year, the commissioner of administration shall transfer the excess amount
51 to the general revenue fund notwithstanding any specific appropriations made to the fund. For
52 purposes of this section, "net general revenue collections" means all revenue deposited into the
53 general revenue fund less refunds and revenues originally deposited into the general revenue
54 fund but designated by law for a specific distribution or transfer to another state fund.

55 **8.] If the balance in the cash operating reserve fund at the close of any fiscal year**
56 **exceeds five percent of the net general revenue collections for the previous fiscal year, the**
57 **commissioner of administration shall transfer the excess amounts to the taxpayer**

58 **protection stabilization fund established by section 27(d) of this article notwithstanding**
59 **any specific appropriations made to the cash operating reserve fund.**

60 **6. If the sum of the ending balance of the [budget] cash operating reserve fund in any**
61 **fiscal year [and any amounts owed to the fund pursuant to subsection 6 of this section], after any**
62 **transfers made under subsection 3 of section 23(a) of this article, is less than [seven and**
63 **one-half] five percent of the net general revenue collections for the same year, the difference**
64 **shall stand appropriated and shall be transferred from the general revenue fund to the [budget]**
65 **cash operating reserve fund by the fifteenth day of the succeeding fiscal year.**

Section 27(c). 1. On July first following the adoption of this section, there is hereby
2 **established within the state treasury a fund to be known as the "Budget Reserve Fund".**
3 **Thirty-three percent of the balance in the budget reserve fund, as formerly established by**
4 **section 27(a) of this article, as it exists on July first following the adoption of this section,**
5 **shall remain in the budget reserve fund as established by this section.**

6 **2. In any fiscal year in which the governor reduces the expenditures of the state or**
7 **any of its agencies below their appropriations in accordance with section 27 of this article,**
8 **the general assembly, upon a proclamation by the governor that the reductions need to be**
9 **restored and that no other funds are available for such restoration and upon his or her**
10 **request for an emergency appropriation supported by a two-thirds majority vote of the**
11 **members elected to and serving in each house, may appropriate funds from the budget**
12 **reserve fund to fulfill the expenditures authorized by any of the existing appropriations.**

13 **3. In any fiscal year in which there are appropriation needs due to an emergency**
14 **proclaimed by the governor, and affirming that no other funds are available to meet such**
15 **needs, the general assembly, upon a request by the governor for an emergency**
16 **appropriation and by a two-thirds majority vote of the members elected to and serving in**
17 **each house, may appropriate funds from the budget reserve fund to meet the appropriation**
18 **needs due to the emergency.**

19 **4. Funds in the budget reserve fund shall be invested by the state treasurer in the**
20 **same manner as other state funds are invested. Interest earned on such investments shall**
21 **be credited to the budget reserve fund. Subject to the provisions of subsection 5 of this**
22 **section, the unexpended balance in the budget reserve fund at the close of any fiscal year**
23 **shall remain in the fund.**

24 **5. If the balance in the budget reserve fund at the close of any fiscal year exceeds**
25 **seven percent of the net general revenue collections for the previous fiscal year, the**
26 **commissioner of administration shall transfer the excess amount to the taxpayer protection**
27 **stabilization fund established by section 27(d) of this article notwithstanding any specific**
28 **appropriations made to the fund.**

29 6. If the sum of the ending balance of the budget reserve fund in any fiscal year,
30 after any transfers made under subsection 3 of section 23(a) of this article, is less than
31 seven percent of the net general revenue collections for the same year, the difference shall
32 stand appropriated and shall be transferred from the general revenue fund to the budget
33 reserve fund by the fifteenth day of the succeeding fiscal year, except that if the actual
34 balance of the budget reserve fund remaining in the fund in accordance with this section
35 is less than seven percent of net general revenue collections for the fiscal year prior to the
36 adoption of this section, then the commissioner of administration shall transfer amounts
37 necessary to reach seven percent of the previous year's net general revenue collections no
38 later than five years from July first following the adoption of this section. The provisions
39 of this subsection shall not apply following any fiscal year in which net general revenue
40 collections are less than in the previous fiscal year.

41 7. The full amount of any funds appropriated and expended from the budget
42 reserve fund under subsection 2 or 3 of this section shall be paid back to the fund no later
43 than five years from the date of the original transfer.

 Section 27(d). 1. On July first following the adoption of this section, there is hereby
2 established within the state treasury a fund to be known as the "Taxpayer Protection
3 Stabilization Fund". The fund shall receive transfers of all excess funds as provided in
4 sections 23(a), 27(a), and 27(c) of this article.

5 2. Amounts transferred to the taxpayer protection stabilization fund shall be
6 tracked by the commissioner of administration and applied in the same calendar year as
7 such amounts are available to the temporary reduction of all state individual income tax
8 rates rounded to the nearest one quarter of one percent. Amounts shall remain in the fund
9 until such time as the commissioner determines that sufficient amounts exist for a
10 reduction of at least one quarter of one percent of all state individual income tax rates. The
11 commissioner of administration shall notify the director of revenue to reduce such rates
12 accordingly and to adjust corresponding income tax returns to reflect the reduction. This
13 subsection shall be self-enforcing, and the general assembly may enact laws implementing
14 this subsection.

15 3. In any fiscal year in which the commissioner of administration determines that
16 total state general revenue appropriations will exceed projected net general revenue
17 collections, the general assembly, by a simple majority vote of the members elected to and
18 serving in each house, may appropriate funds from the taxpayer protection stabilization
19 fund as it deems necessary.

20 4. Under section 23.253, of the Missouri sunset act:

21 **(1) The provisions of the commonsense obligation to provide accountability and**
22 **spending stabilization act authorized under sections 23(a), 27(a), 27(c), and 27(d) shall**
23 **automatically sunset five years after the effective date of these sections unless reauthorized**
24 **by an act of the general assembly; and**

25 **(2) If such program is reauthorized, the program authorized under sections 23(a),**
26 **27(a), 27(c), and 27(d) shall automatically sunset ten years after the effective date of the**
27 **reauthorization of these sections; and**

28 **(3) These sections shall terminate on September first of the calendar year**
29 **immediately following the calendar year in which the program authorized under these**
30 **sections is sunset.**

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