



GOVERNOR OF MISSOURI

JEFFERSON CITY

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JEREMIAH W. (JAY) NIXON
GOVERNOR

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June 24, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Conference Committee Substitute for Senate Committee Substitute for House Committee Substitute for House Bill No. 2005 entitled:

AN ACT

To appropriate money for the expenses, grants, refunds, and distributions of the Office of Administration, the Department of Transportation, the Department of Conservation, the Department of Public Safety, the Chief Executive's Office, and the several divisions and programs thereof to be expended only as provided in Article IV, Section 28 of the Constitution of Missouri, and to transfer money among certain funds for the period beginning July 1, 2014 and ending June 30, 2015; provided that no funds from these sections shall be expended for the purpose of costs associated with the travel or staffing of the offices of the Governor, Lieutenant Governor, Secretary of State, State Auditor, State Treasurer, or Attorney General; and further provided that the Office of Administration shall employ no more than 649.79 full-time equivalent employees (FTE) from the General Revenue Fund.

The General Assembly passed the Fiscal Year 2015 budget on May 8, 2014. One week later, during the final hours of the legislative session, the General Assembly passed a number of bills that put this budget severely out of balance. On June 11, 2014 I vetoed each of these bills, providing detailed reasons for my objections, including the General Assembly's failure to account for these measures in the Fiscal Year 2015 budget. Further, I objected to these measures because of the significant damage they would inflict on the budgets of local jurisdictions. Contained within these bills are loopholes and special breaks that would permanently and immediately begin reducing state revenue by more than \$425 million annually and local revenue by more than \$351 million annually.

Despite my veto of these bills, the Governor's Constitutional obligation to ensure a balanced budget requires that I account for their potential fiscal impact. I must consider all possible

actions that the legislature may take. Therefore, it is essential that I make the fiscally responsible decision to include the impact of these bills in the budget actions I am taking today.

Maintaining a balanced budget also requires the consideration of three other fiscal realities that were not taken into account in the Fiscal Year 2015 budget. First, the General Assembly counted on but ultimately failed to pass tax amnesty legislation, resulting in \$51.8 million less in general revenue for the budget. Second, the General Assembly's budget included \$50 million in tobacco settlement payments the Attorney General has indicated will likely not be available during Fiscal Year 2015. Third, the economic uncertainty facing all states is exacerbated in Missouri by the legislature's inaction on Medicaid expansion. The legislature's continued refusal to bring Missouri taxpayer dollars home and make up for federal health care cuts with an expansion of Medicaid is forcing hospitals to lay off workers and scale back services across the state. The fiscal consequences of these and other policies are already being seen in reduced revenue available to fund priority programs.

The combination of these fiscal realities and the 10 tax loophole bills passed by the General Assembly has resulted in a state budget that is severely out of balance. Compounding the problem, the General Assembly went on a spending spree, funding more than 30 new programs and the construction of new government buildings. In total, the General Assembly added funding above my recommendations for more than 100 spending items in the Fiscal Year 2015 budget.

The fiscal imbalance created by the General Assembly in enacting tax loopholes and exemptions without accounting for them in the budget, while at the same time adding funding for new government programs, must be corrected through my actions today to balance the state budget. In total, I am vetoing \$275.7 million in spending authority from the Fiscal Year 2015 budget, including \$144.6 million general revenue. In addition, I am restricting \$846.3 million in spending, including \$641.6 million general revenue; some or all of these restrictions may be released if funds are available. Combined, these actions will ensure the budget remains balanced and the state remains on a strong fiscal footing, one that will preserve resources for the highest priority state services and help to protect the state's spotless AAA credit rating.

For the aforementioned reasons and to ensure that the state budget remains balanced, I am vetoing the line-items specified below:

Section 5.040

I hereby veto \$300,000 general revenue for a salary commission study.

From \$300,000 to \$0 from General Revenue Fund.

From \$3,880,304 to \$3,580,304 in total for the section.

Section 5.140

I hereby veto \$100,000 general revenue for one new staff in the Office of Child Advocate.

Personal Service by \$70,000 from \$141,488 to \$71,488 General Revenue Fund.
Expense and Equipment by \$30,000 from \$38,103 to \$8,103 General Revenue Fund.
From \$179,591 to \$79,591 in total from General Revenue Fund.
From \$319,417 to \$219,417 in total for the section.

Section 5.165

I hereby veto \$500,000 general revenue for alternative to abortion services.

From \$2,033,561 to \$1,533,561 from General Revenue Fund.
From \$2,158,561 to \$1,658,561 in total for the section.

Section 5.450

I hereby veto \$207,660 general revenue for OASDHI related to budget cuts.

From \$74,589,495E to \$74,381,835E from General Revenue Fund.
From \$147,825,683 to \$147,618,023 in total for the section.

Section 5.460

I hereby veto \$207,660 OASDHI Contributions Fund for payment of OASDHI taxes related to budget cuts.

From \$155,862,657E to \$155,654,997E from OASDHI Contributions Fund.
From \$155,862,657E to \$155,654,997E in total for the section.

Section 5.465

I hereby veto \$485,898 general revenue for the Missouri State Employees' Retirement System related to budget cuts.

From \$201,289,787E to \$200,803,889E from General Revenue Fund.
From \$331,719,842 to \$331,233,944 in total for the section.

Section 5.470

I hereby veto \$485,898 State Retirement Contributions Fund for payment of the state's contribution to the Missouri State Employees' Retirement System related to budget cuts.

From \$331,719,842E to \$331,233,944E from State Retirement Contributions Fund.

From \$331,719,842E to \$331,233,944E in total for the section.

Section 5.505

I hereby veto \$3,197,807 for the Missouri Consolidated Healthcare Plan, including \$2,232,920 general revenue related to budget cuts.

From \$239,325,581E to \$237,092,661E from General Revenue Fund.

From \$97,522,963E to \$96,908,568E from Federal Funds.

From \$55,633,722E to \$55,283,230E from Other Funds.

From \$392,482,266 to \$389,284,459 in total for the section.

Section 5.510

I hereby veto \$3,197,807 Missouri Consolidated Health Care Plan Benefit Fund for the state's contribution to the Missouri Consolidated Health Care Plan related to budget cuts.

From \$392,482,266E to \$389,284,459E from Missouri Consolidated Health Care Plan Benefit Fund.

From \$392,482,266E to \$389,284,459E in total for the section.

Section 5.515

I hereby veto \$4,439,655 including \$2,575,000 general revenue for post employment benefits other than pensions to the Missouri Consolidated Health Care Plan Benefit Fund.

Said section is vetoed in its entirety.

From \$2,575,000 to \$0 from General Revenue Fund.

From \$1,154,310E to \$0 from Federal Funds.

From \$710,345E to \$0 from Other Funds.

From \$4,439,655 to \$0 in total for the section.

Section 5.520

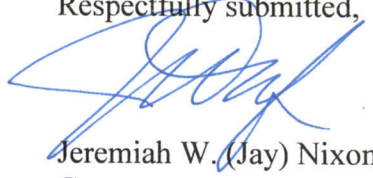
I hereby veto \$4,439,655 Missouri Consolidated Health Care Plan Benefit Fund for the state's contribution for post employment benefits other than pensions.

Said section is vetoed in its entirety.

From \$4,439,655E to \$0 from Missouri Consolidated Health Care Plan Benefit Fund.
From \$4,439,655E to \$0 in total for the section.

On June 24, 2014, I approved said Conference Committee Substitute for Senate Committee Substitute for House Committee Substitute for House Bill No. 2005, except for those items specifically vetoed and not approved.

Respectfully submitted,



Jeremiah W. (Jay) Nixon
Governor