SS SCS SJR 95 -- CREATION OF A SOVEREIGN WEALTH FUND

SPONSOR: Schnelting

COMMITTEE ACTION: Voted "Do Pass" by the Special Committee on Tax Reform by a vote of 4 to 3. Voted "Do Pass" by the Standing Committee on Rules-Legislative by a vote of 10 to 0.

This constitutional amendment, upon voter approval, establishes the "Show-Me Prosperity Fund", which is established as a permanent public endowment to provide long-term fiscal stability with the goal of eliminating State-imposed taxes without impairing the real value of the Fund's principal. The Fund must consist of money appropriated to it by the General Assembly, and may also receive gifts, donations, grants, and bequests from any source.

The Treasurer must invest the Fund in exchange-traded funds tracking the stock performance of the Standard and Poor's 500 a manner consistent with fiduciary standards applicable to public trust funds. No money can be appropriated from the Fund until the notification is given by the Treasurer that the net investment earnings of the fund, as defined in the amendment, are sufficient to eliminate state-imposed taxes, at which time net investment earnings from the fund can be used to eliminate State taxes as provided in the amendment. The total amount of moneys that may be appropriated from the fund in a fiscal year must not exceed 3% of the average market value of the fund over the preceding five fiscal years.

Upon the elimination of all state-imposed taxes, no such taxes can thereafter be enacted, provided, however, that in the event the Fund is unable to meet its obligations due to insolvency, revenue shortfall, or program failure, the General Assembly must retain full authority to appropriate funds from any lawful source and to enact legislation establishing or increasing taxes or other revenues as necessary to ensure continuity of State programs and fulfillment of State expenditures that were anticipated to be supported by the Fund.

Upon the elimination of all state-imposed taxes, the General Assembly may appropriate net investment earnings from the Fund for the purpose of replacing Federal moneys received by the State, for issuing dividend payments to residents of the State, or both.

The principal of the Fund must not be appropriated, pledged, or borrowed against. The Auditor must conduct an audit of the fund to ensure compliance with the provisions of the amendment at such times that the Auditor deems necessary, but no less than once every three fiscal years.

PROPONENTS: Supporters say that individuals are taxed on many aspects of their lives, and this bill offers another option beyond taxation. Those in support of the bill state the goal of the bill is to establish a fund that earns revenue by investing the Fund in the market. Supporters say this bill will use interest and growth in the market to replace State taxation.

Testifying in person for the bill were Senator Schnelting; and Armorvine.

OPPONENTS: There was no opposition voiced to the committee.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under Testimony on the bill page on the House website.