

In case none of your friends or family has already done so, let me be the first to wish you a very happy new year! Now before you question whether Missouri's summer heat has gone to my head or whether I am running 6 months behind schedule, I should tell you that I am referring to the state fiscal year which began on July 1<sup>st</sup>. The reason we should be so pleased with the start of a new fiscal year is that the economic numbers that have been compiled for the year that just ended are, in the words of the Senate's Appropriations Committee, "**fantastic.**"

For the past few years you have heard and read about the poor state of Missouri's budget. As the economy softened and tax revenues declined, the state budget was squeezed ever tighter. Decreasing tax revenues meant that there was less money to be spent on education, roads and other state services; the legislature was forced to make cuts to many programs.

Over the last several months, things have been changing. The national and state economies began to build up steam and are now rolling "full speed ahead" as new jobs are being created and businesses are seeing their sales rise. The growing economy has in turn brought about an increase in state revenues. It is a very simple principle at work: when the taxpayers thrive, government revenues increase. An economic recovery will always sweep more money into government coffers than will a tax increase. During the last fiscal year (July 2003 through June 2004), Missouri's net revenue collections increased by an impressive 7.1%. This news is significant because continued growth at these kinds of rates will effectively end the excessive strain on Missouri's budget.

At the risk of finding a cloud in this silver lining, I believe there are two points of caution to these positive economic numbers. First, since it is the tendency of those in Jefferson City to spend every dollar they can find, I fear a return to excessive growth in the size of government programs. A tight budget imposes natural restraints on the ability of politicians to expand programs beyond sustainable limits. It should now be clear in hindsight that Missouri's recent economic difficulties were due to both the dramatic expansion in the size of Missouri government during the 1990's and the effects of a slowing economy. We simply must not spend every tax dollar that is collected or we will inevitably be right back in the same kind of budget crunch we have just experienced each time the economy slows.

Since fiscal "new year's resolutions" (especially those made by in Jefferson City) are more easily made than kept by the legislature, I will be proposing a restraining amendment to the Missouri Constitution once the Senate reconvenes in January. This amendment will establish a mandatory "savings account" for the state where a percentage of excess revenues in one year will be deposited to earn interest until they are needed during a future budget crunch. While the State currently has a "Rainy Day Fund" it is not suitable for the purpose of filling gaps in state funding since withdrawals from this account are basically short-term loans that must by law be paid back very quickly and with interest. In tight budget times, Missouri needs to dip into a "savings account", not dig ourselves deeper into debt by getting a loan. Amendments to Missouri's Constitution to set up this new account must be approved by a vote of the people so I will be asking

for your help in this effort to make state government live up to its obligations to save prudently and spend wisely.

If you have comments or questions about this week's column or any other matter involving state government, please do not hesitate to contact me. You can reach my office by e-mail at [matt\\_bartle@senate.state.mo.us](mailto:matt_bartle@senate.state.mo.us). Also, you can read any of the bills I file on my website at: [www.senate.mo.gov/bartle](http://www.senate.mo.gov/bartle) Thank you again for making it possible for me to serve in the Missouri Senate.