

FIRST REGULAR SESSION

# SENATE JOINT RESOLUTION NO. 24

94TH GENERAL ASSEMBLY

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INTRODUCED BY SENATOR LAGER.

Read 1st time February 28, 2007, and ordered printed.

TERRY L. SPIELER, Secretary.

2487S.011

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## 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 three new sections in lieu thereof relating to the commonsense obligation to provide accountability and spending stabilization act.

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

That at the next general election to be held in the state of Missouri, on  
2 Tuesday next following the first Monday in November, 2008, or at a special  
3 election to be called by the governor for that purpose, there is hereby submitted  
4 to the qualified voters of this state, for adoption or rejection, the following  
5 amendment to article IV of the Constitution of the state of Missouri:

Section A. Section 27(a), article IV, Constitution of Missouri, is repealed  
2 and three new sections adopted in lieu thereof, to be known as sections 23(a),  
3 27(a), and 27(a), to read as follows:

**Section 23(a). 1. As used in this section and sections 27(a) and  
2 27(c) of this article:**

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

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

9 **(3) "Inflation", means the rate of inflation as measured by a  
10 weighted sum calculated in the following manner: the previous fiscal  
11 year's total state Medicaid or its successor program expenditures shall**

**EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

12 be divided by the previous year's total state general revenue  
13 appropriations; such percentage shall first be multiplied by the reading  
14 for medical care in the Consumer Price Index for the Midwest urban  
15 area, semi-annual average of the first six months of the current  
16 calendar year, with the resulting product added to the following: the  
17 difference from one hundred percent less the initial percentage from  
18 medical care multiplied by the Consumer Price Index for All Urban  
19 Consumers, current calendar year half-year reading with the weighted  
20 index reading used to determine the percentage growth from the  
21 previous year's weighted index reading;

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

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

31 (6) "Total state general revenue appropriations", means the total  
32 of appropriations from net general revenue collections for a fiscal year,  
33 including supplemental appropriations from any regular, special, or  
34 extraordinary session from the previous fiscal year from net general  
35 revenue collections, passed by the general assembly and approved by  
36 the governor as reported by the office of administration, except  
37 reappropriations, appropriations to pay principal and interest on  
38 general obligation bonded indebtedness, and appropriations from  
39 general revenue for final court judgments and costs in cases to the  
40 extent that the state was not the prevailing party.

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

49           **3. For any fiscal year in which net general revenue collections**  
50 **exceed total state general revenue appropriations allowed under**  
51 **subsection 2 of this section by more than one percent of total state**  
52 **general revenue appropriations allowed, the commissioner of**  
53 **administration shall, by August first following the end of the fiscal**  
54 **year, transfer the excess funds over one percent to the cash operating**  
55 **reserve fund established by section 27(a) of this article and to the**  
56 **budget reserve fund established by section 27(c) of this article, subject**  
57 **to the limits specified in such sections. Any such excess general**  
58 **revenue funds remaining after such transfers shall be refunded pro**  
59 **rata based on the liability reported on the state income tax returns**  
60 **filed for the tax year in which the fiscal year ended. The general**  
61 **assembly shall provide by law for refunds in the manner specified in**  
62 **section 18, article X of this constitution. Any taxpayer may designate**  
63 **on the state income tax return, in lieu of receiving any future refunds**  
64 **of excess revenue required under subdivision (b), section 18, article X,**  
65 **the crediting of such refunds to that taxpayer's tax liabilities for future**  
66 **tax years.**

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

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

74           **(2) The general assembly, by a vote of two-thirds of the members**  
75 **elected to serve in each house, enacts and the governor approves a**  
76 **separate bill or bills appropriating moneys to meet the emergency. Any**  
77 **such appropriation bill or bills shall not be included in total state**  
78 **general revenue appropriations for purposes of compliance with**  
79 **subsection 2 of this section for the next succeeding fiscal year.**

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

85           **6. The general assembly may enact laws implementing this**

86 **section.**

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

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

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

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

26 5. [In any fiscal year in which the governor reduces the expenditures of  
27 the state or any of its agencies below their appropriations in accordance with  
28 section 27 of this article, or in which there is a budget need due to a disaster, as  
29 proclaimed by the governor to be an emergency, the general assembly, upon a  
30 request by the governor for an emergency appropriation and by a two-thirds vote  
31 of the members elected to each house, may appropriate funds from the budget  
32 reserve fund to fulfill the expenditures authorized by any of the existing  
33 appropriations which were affected by the governor's decision to reduce  
34 expenditures pursuant to section 27 of this article or to meet budget needs due  
35 to the disaster. Such expenditures shall be deemed to be for "budget stabilization

36 purposes". The maximum amount which may be appropriated at any one time for  
37 such budget stabilization purposes shall be one-half of the sum of the balance in  
38 the fund and any amounts appropriated or otherwise owed to the fund, less all  
39 amounts owed to the fund for budget stabilization purposes but not yet  
40 appropriated for repayment to the fund.

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

53 7. If the balance in the budget reserve fund at the close of any fiscal year  
54 exceeds seven and one-half percent of the net general revenue collections for the  
55 previous fiscal year, the commissioner of administration shall transfer that excess  
56 amount to the general revenue fund unless such excess balance is as a result of  
57 direct appropriations made by the general assembly for the purpose of increasing  
58 the balance of the fund; provided, however, that if the balance in the fund at the  
59 close of any fiscal year exceeds ten percent of the net general revenue collections  
60 for the previous fiscal year, the commissioner of administration shall transfer the  
61 excess amount to the general revenue fund notwithstanding any specific  
62 appropriations made to the fund. For purposes of this section, "net general  
63 revenue collections" means all revenue deposited into the general revenue fund  
64 less refunds and revenues originally deposited into the general revenue fund but  
65 designated by law for a specific distribution or transfer to another state fund.

66 **8.] If the balance in the cash operating reserve fund at the close**  
67 **of any fiscal year exceeds five percent of the net general revenue**  
68 **collections for the previous fiscal year, the commissioner of**  
69 **administration shall transfer the excess amounts to the general revenue**  
70 **fund notwithstanding any specific appropriations made to the cash**  
71 **operating reserve fund.**

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

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

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

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

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

31           **5. If the balance in the budget reserve fund at the close of any**  
32 **fiscal year exceeds seven percent of the net general revenue collections**  
33 **for the previous fiscal year, the commissioner of administration shall**  
34 **transfer the excess amount to the general revenue fund**  
35 **notwithstanding any specific appropriations made to the fund.**

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

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

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