

SENATE SUBSTITUTE

FOR

SENATE JOINT RESOLUTION NO. 26

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.

BE IT RESOLVED BY THE SENATE, THE HOUSE OF REPRESENTATIVES CON-
CURRING THEREIN:

1 That at the next general election to be held in the state of
2 Missouri, on Tuesday next following the first Monday in November,
3 2014, or at a special election to be called by the governor for
4 that purpose, there is hereby submitted to the qualified voters
5 of this state, for adoption or rejection, the following amendment
6 to article IV of the Constitution of the state of Missouri:

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8 Missouri, is repealed and three new sections adopted in lieu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

11 Section 23(a). 1. As used in this section and sections
12 27(a) and 27(c) of this article:

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

17 (2) "Emergency", means an event or series of events or a

1 state of affairs that requires the immediate appropriation of
2 moneys for the health, safety, and general welfare of the people;

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

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

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

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

27 2. Total state general revenue appropriations for any
28 fiscal year shall not exceed total state general revenue

1 appropriations for the immediately preceding fiscal year by more
2 than the appropriations growth limit determined by subsection 1
3 of this section, except that new or increased tax revenues or
4 fees that meet the exceptions in subsection 1, section 18(e),
5 article X of this constitution or receive voter approval shall be
6 exempted from the calculation of the appropriations growth limit
7 for the year in which they are passed.

8 3. For any fiscal year in which net general revenue
9 collections exceed total state general revenue appropriations
10 allowed under subsection 2 of this section by more than one
11 percent of total state general revenue appropriations allowed,
12 the commissioner of administration shall, by August first
13 following the end of the fiscal year, transfer the excess funds
14 over one percent to the cash operating reserve fund established
15 by section 27(a) of this article and to the budget reserve fund
16 established by section 27(c) of this article, subject to the
17 limits specified in such sections. Any such excess general
18 revenue funds remaining after such transfers shall be tracked by
19 the commissioner of administration and applied to the permanent
20 reduction of all state income tax rates as established in section
21 27(a).

22 4. Total state general revenue appropriations for any
23 fiscal year may exceed total state general revenue appropriations
24 for the immediately preceding fiscal year by more than the
25 appropriations growth limit only under the following conditions:

26 (1) The governor declares an emergency, specifying the
27 nature of the emergency and requesting appropriations to meet the
28 emergency; and

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

8 5. The total state general revenue appropriations limit
9 shall not be reduced or increased if the amount of total state
10 revenues, as defined in section 17, article X of this
11 constitution, for the prior fiscal year is less than the amount
12 of total state revenues for the next preceding fiscal year.

13 6. The general assembly may enact laws implementing this
14 section.

15 Section 27(a). 1. On July first following the adoption of
16 this section, there is hereby established within the state
17 treasury a fund to be known as the "[Budget] Cash Operating
18 Reserve Fund". [The balances in the cash operating reserve fund
19 and the budget stabilization fund shall be transferred to the
20 budget reserve fund.] Sixty-seven percent of the balance in the
21 budget reserve fund on July first following the adoption of this
22 section shall be transferred to the cash operating reserve fund.

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

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

10 4. Funds in the [budget] cash operating reserve fund shall
11 be invested by the treasurer in the same manner as other state
12 funds are invested. Interest earned on such investments shall be
13 credited to the [budget] cash operating reserve fund. Subject to
14 the provisions of subsection [7] 5 of this section, the
15 unexpended balance in the [budget] cash operating reserve fund at
16 the close of any fiscal year shall remain in the fund.

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

1 deemed to be for "budget stabilization purposes". The maximum
2 amount which may be appropriated at any one time for such budget
3 stabilization purposes shall be one-half of the sum of the
4 balance in the fund and any amounts appropriated or otherwise
5 owed to the fund, less all amounts owed to the fund for budget
6 stabilization purposes but not yet appropriated for repayment to
7 the fund.

8 6. One-third of the amount transferred or expended from the
9 budget reserve fund for budget stabilization purposes during any
10 fiscal year, together with interest that would otherwise have
11 been earned on such amount, shall stand appropriated to the
12 budget reserve fund during each of the next three fiscal years,
13 and such amount, and any additional amounts which may be
14 appropriated for that purpose, shall be transferred from the fund
15 which received such transfer to the budget reserve fund by the
16 fifteenth day of the fiscal year for each of the next three
17 fiscal years or until the full amount, plus interest, has been
18 returned to the budget reserve fund. The maximum amount which
19 may be outstanding at any one time and subject to repayment to
20 the budget reserve fund for budget stabilization purposes shall
21 be one-half of the sum of the balance in the fund and all
22 outstanding amounts appropriated or otherwise owed to the fund.

23 7. If the balance in the budget reserve fund at the close
24 of any fiscal year exceeds seven and one-half percent of the net
25 general revenue collections for the previous fiscal year, the
26 commissioner of administration shall transfer that excess amount
27 to the general revenue fund unless such excess balance is as a
28 result of direct appropriations made by the general assembly for

1 the purpose of increasing the balance of the fund; provided,
2 however, that if the balance in the fund at the close of any
3 fiscal year exceeds ten percent of the net general revenue
4 collections for the previous fiscal year, the commissioner of
5 administration shall transfer the excess amount to the general
6 revenue fund notwithstanding any specific appropriations made to
7 the fund. For purposes of this section, "net general revenue
8 collections" means all revenue deposited into the general revenue
9 fund less refunds and revenues originally deposited into the
10 general revenue fund but designated by law for a specific
11 distribution or transfer to another state fund.

12 8.] If the balance in the cash operating reserve fund at the
13 close of any fiscal year exceeds five percent of the net general
14 revenue collections for the previous fiscal year, the
15 commissioner of administration shall transfer the excess amounts
16 to the general revenue fund notwithstanding any specific
17 appropriations made to the cash operating reserve fund. Excess
18 amounts transferred under this subsection and subsection 5 of
19 section 27(c) of this article shall be tracked by the
20 commissioner of administration and immediately applied to the
21 permanent reduction of all state income tax rates rounded to the
22 nearest one quarter of one percent. The commissioner of
23 administration shall notify the director of revenue to reduce
24 such rates accordingly and to adjust corresponding income tax
25 returns to reflect the reduction. This subsection shall be self-
26 enforcing, and the general assembly may enact laws implementing
27 this subsection.

28 6. If the sum of the ending balance of the [budget] cash

1 operating reserve fund in any fiscal year [and any amounts owed
2 to the fund pursuant to subsection 6 of this section], after any
3 transfers made under subsection 3 of section 23(a) of this
4 article, is less than [seven and one-half] five percent of the
5 net general revenue collections for the same year, the difference
6 shall stand appropriated and shall be transferred from the
7 general revenue fund to the budget reserve fund by the fifteenth
8 day of the succeeding fiscal year.

9 Section 27(c). 1. On July first following the adoption of
10 this section, there is hereby established within the state
11 treasury a fund to be known as the "Budget Reserve Fund".
12 Thirty-three percent of the balance in the budget reserve fund,
13 as formerly established by section 27(a) of this article, as it
14 exists on July first following the adoption of this section,
15 shall remain in the budget reserve fund as established by this
16 section.

17 2. In any fiscal year in which the governor reduces the
18 expenditures of the state or any of its agencies below their
19 appropriations in accordance with section 27 of this article, the
20 general assembly, upon a proclamation by the governor that the
21 reductions need to be restored and that no other funds are
22 available for such restoration and upon his or her request for an
23 emergency appropriation supported by a vote of two-thirds of the
24 members elected to and serving in each house, may appropriate
25 funds from the budget reserve fund to fulfill the expenditures
26 authorized by any of the existing appropriations.

27 3. In any fiscal year in which there are appropriation
28 needs due to an emergency proclaimed by the governor, and

1 affirming that no other funds are available to meet such needs,
2 the general assembly, upon a request by the governor for an
3 emergency appropriation and by a vote of two-thirds of the
4 members elected to and serving in each house, may appropriate
5 funds from the budget reserve fund to meet the appropriation
6 needs due to the emergency.

7 4. Funds in the budget reserve fund shall be invested by
8 the state treasurer in the same manner as other state funds are
9 invested. Interest earned on such investments shall be credited
10 to the budget reserve fund. Subject to the provisions of
11 subsection 5 of this section, the unexpended balance in the
12 budget reserve fund at the close of any fiscal year shall remain
13 in the fund.

14 5. If the balance in the budget reserve fund at the close
15 of any fiscal year exceeds seven percent of the net general
16 revenue collections for the previous fiscal year, the
17 commissioner of administration shall transfer the excess amount
18 to the general revenue fund notwithstanding any specific
19 appropriations made to the fund.

20 6. If the sum of the ending balance of the budget reserve
21 fund in any fiscal year, after any transfers made under
22 subsection 3 of section 23(a) of this article, is less than seven
23 percent of the net general revenue collections for the same year,
24 the difference shall stand appropriated and shall be transferred
25 from the general revenue fund to the budget reserve fund by the
26 fifteenth day of the succeeding fiscal year, except that if the
27 actual balance of the budget reserve fund remaining in the fund
28 in accordance with this section is less than seven percent of net

1 general revenue collections for the fiscal year prior to the
2 adoption of this section, then the commissioner of administration
3 shall transfer amounts necessary to reach seven percent of the
4 previous year's net general revenue collections no later than
5 five years from July first following the adoption of this
6 section. The provisions of this subsection shall not apply
7 following any fiscal year in which net general revenue
8 collections are less than in the previous fiscal year.

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

13 Section B. Pursuant to Chapter 116, RSMo, and other
14 applicable constitutional provisions and laws of this state
15 allowing the General Assembly to adopt ballot language for the
16 submission of a joint resolution to the voters of this state, the
17 official ballot title of the amendment proposed in Section A
18 shall be as follows:

19 "Shall the Missouri Constitution be amended to:

- 20 • limit increases in spending by the General Assembly to
21 a limit of the previous fiscal year's budget as
22 adjusted for inflation;
- 23 • establish a reserve fund for emergencies; and
- 24 • reduce income tax rates if net state revenue
25 collections exceed spending by the General Assembly for
26 the same fiscal year by one percent?"