

FIRST REGULAR SESSION

SENATE JOINT RESOLUTION NO. 10

100TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR BURLISON.

Pre-filed December 1, 2018, and ordered printed.

ADRIANE D. CROUSE, Secretary.

0541S.02I

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 state budget.

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 Tuesday next following the first Monday in November, 2020, or at a special election to be called by the governor for that purpose, there is hereby submitted to the qualified voters of this state, for adoption or rejection, the following amendment to article IV of the Constitution of the state of Missouri:

Section A. Section 27(a), article IV, Constitution of Missouri, is repealed and three new sections adopted in lieu thereof, to be known as sections 23, 27(a), and 27(c), to read as follows:

Section 23. 1. Sections 23, 27(a), and 27(c) of this article shall be known as the "Taxpayer Protection Act".

2. As used in this section and sections 27(a) and 27(c) of this article, the following terms mean:

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

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

(3) "Inflation", the rate of inflation as measured by the Consumer Price Index for All Urban Consumers for the United States, semi-annual

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

13 average of the first six months of the current calendar year;

14 (4) "Net general revenue collections", all revenue deposited into
15 the general revenue fund less refunds and revenues originally
16 deposited into the general revenue fund but designated by law for a
17 specific distribution or transfer to another state fund as reported by
18 the office of administration;

19 (5) "Population of Missouri", the number of persons residing in
20 the state of Missouri as determined by the United States Census Bureau
21 in the last decennial census including the most recent calendar year
22 update; and

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

33 3. Total state general revenue appropriations for any fiscal year
34 shall not exceed total state general revenue appropriations for the
35 immediately preceding fiscal year by more than the appropriations
36 growth limit determined by subsection 2 of this section, except that
37 new or increased tax revenues or fees that are below the limits in
38 subsection 1, section 18(e), article X of the Constitution of Missouri or
39 receive voter approval shall be exempted from the calculation of the
40 appropriations growth limit for the year in which they are passed.

41 4. For any fiscal year in which net general revenue collections
42 exceed total state general revenue appropriations allowed under
43 subsection 3 of this section by more than one percent of total state
44 general revenue appropriations allowed, the commissioner of
45 administration shall, by August first following the end of the fiscal
46 year, transfer the excess funds over one percent to the cash operating
47 reserve fund established by section 27(a) of this article and to the
48 budget reserve fund established by section 27(c) of this article, subject
49 to the limits specified in such sections. Any such excess general

50 revenue funds over one percent remaining after such transfers shall be
51 tracked by the commissioner of administration and applied to the
52 permanent reduction of all state income tax rates as established in
53 section 27(a).

54 5. Total state general revenue appropriations for any fiscal year
55 may exceed total state general revenue appropriations for the
56 immediately preceding fiscal year by more than the appropriations
57 growth limit only under the following conditions:

58 (1) The governor declares an emergency, specifying the nature
59 of the emergency and requesting appropriations to meet the emergency;
60 and

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

67 6. The total state general revenue appropriations limit shall not
68 be reduced or increased if the amount of total state revenues, as
69 defined in section 17, article X of the Constitution of Missouri, for the
70 prior fiscal year is less than the amount of total state revenues for the
71 next preceding fiscal year.

72 7. The general assembly may enact laws implementing this
73 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] **shall** be made after May fifteenth of any
20 fiscal year.

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

27 5. [In any fiscal year in which the governor reduces the expenditures of
28 the state or any of its agencies below their appropriations in accordance with
29 section 27 of this article, or in which there is a budget need due to a disaster, as
30 proclaimed by the governor to be an emergency, the general assembly, upon a
31 request by the governor for an emergency appropriation and by a two-thirds vote
32 of the members elected to each house, may appropriate funds from the budget
33 reserve fund to fulfill the expenditures authorized by any of the existing
34 appropriations which were affected by the governor's decision to reduce
35 expenditures pursuant to section 27 of this article or to meet budget needs due
36 to the disaster. Such expenditures shall be deemed to be for "budget stabilization
37 purposes". The maximum amount which may be appropriated at any one time for
38 such budget stabilization purposes shall be one-half of the sum of the balance in
39 the fund and any amounts appropriated or otherwise owed to the fund, less all
40 amounts owed to the fund for budget stabilization purposes but not yet
41 appropriated for repayment to the fund.

42 6. One-third of the amount transferred or expended from the budget
43 reserve fund for budget stabilization purposes during any fiscal year, together
44 with interest that would otherwise have been earned on such amount, shall stand
45 appropriated to the budget reserve fund during each of the next three fiscal years,
46 and such amount, and any additional amounts which may be appropriated for
47 that purpose, shall be transferred from the fund which received such transfer to
48 the budget reserve fund by the fifteenth day of the fiscal year for each of the next
49 three fiscal years or until the full amount, plus interest, has been returned to the

50 budget reserve fund. The maximum amount which may be outstanding at any
51 one time and subject to repayment to the budget reserve fund for budget
52 stabilization purposes shall be one-half of the sum of the balance in the fund and
53 all outstanding amounts appropriated or otherwise owed to the fund.

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

67 **8.] If the balance in the cash operating reserve fund at the close**
68 **of any fiscal year exceeds five percent of the net general revenue**
69 **collections for the previous fiscal year, the commissioner of**
70 **administration shall transfer the excess amounts to the general revenue**
71 **fund notwithstanding any specific appropriations made to the cash**
72 **operating reserve fund. Excess amounts transferred under this**
73 **subsection and subsection 5 of section 27(c) of this article shall be**
74 **tracked by the commissioner of administration and immediately**
75 **applied to the permanent reduction of all state income tax rates**
76 **rounded to the nearest one-quarter of one percent. The commissioner**
77 **of administration shall notify the director of revenue to reduce such**
78 **rates accordingly and to adjust corresponding income tax returns to**
79 **reflect the reduction. This subsection shall be self-enforcing, and the**
80 **general assembly may enact laws implementing this subsection.**

81 **6.** If the sum of the ending balance of the [budget] **cash operating**
82 **reserve fund in any fiscal year [and any amounts owed to the fund pursuant to**
83 **subsection 6 of this section], after any transfers made under subsection 4**
84 **of section 23 of this article, is less than [seven and one-half] five percent of**
85 **the net general revenue collections for the same year, the difference shall stand**

86 appropriated and shall be transferred from the general revenue fund to the
87 [budget] **cash operating** reserve fund by the fifteenth day of the succeeding
88 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 4 of section**
38 **23 of this article, is less than seven percent of the net general revenue**
39 **collections for the same year, the difference shall stand appropriated**
40 **and shall be transferred from the general revenue fund to the budget**
41 **reserve fund by the fifteenth day of the succeeding fiscal year, except**
42 **that if the actual balance of the budget reserve fund remaining in the**
43 **fund in accordance with this section is less than seven percent of net**
44 **general revenue collections for the fiscal year prior to the adoption of**
45 **this section, then the commissioner of administration shall transfer**
46 **amounts necessary to reach seven percent of the previous year's net**
47 **general revenue collections no later than five years from July first**
48 **following the adoption of this section. The provisions of this subsection**
49 **shall not apply following any fiscal year in which net general revenue**
50 **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.**

Section B. Under section 116.155, RSMo, and other applicable
2 constitutional provisions and laws of this state authorizing the general assembly
3 to adopt ballot language for the submission of this act to the voters of this state,
4 the official ballot title of this act shall be as follows:

5 "Shall the Missouri Constitution be amended to set an appropriations
6 growth limit formula, based on inflation and population, that restricts total state
7 general revenue appropriations, and possibly require the reduction of all state
8 income tax rates?".

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