

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2487-01
Bill No.: SJR 24
Subject: Appropriations; Constitutional Amendments
Type: Original
Date: March 14, 2007

Bill Summary: This proposal proposes a constitutional amendment establishing limits on the total state general revenue appropriations.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of Administration's Budget and Planning (BAP)** assume the proposal should not result in additional costs or savings to BAP. However, it has an impact on state government operations as a result of the caps it would impose on general revenue appropriations and net general revenue collections. For analysis purposes, BAP assumed the legislation was in effect for the FY 2008 budget process. Based on our analysis, SJR 24 would require the FY-08 general revenue appropriations to be \$111 million less than the Governor's recommendations. It is impossible to say where the appropriation reductions would take place, as that would be up to the Governor and General Assembly to determine.

In addition, it results in a \$373 million negative impact to the general revenue fund because of the change in the percentage requirements for the reserve funds (explained in the table below). Separating the budget reserve fund into two funds may create cash flow problems for the state.

Budget Reserve Fund = BRF

Cash Operating Reserve Fund = CORF

\$513,210,207 Current BRF balance 97.5% of GR)

\$343,850,839 67% Amount to be placed in the CORF per SJR24

\$169,359,368 33% Amount to be placed in the BRF per SJR 24

\$513,210,207 Total to be placed in the CORF and BRF per SJR 24

CORF	BRF	Total	
\$369,300,000	\$517,100,000	\$886,400,000	Net GR Collections % required for FY08 (5% CORF and 7% BRF)
\$343,850,839	\$169,359,368	\$513,210,207	Current BRF balance to be split between the two funds.
\$25,449,161	\$347,740,632	\$373,189,793	General revenue required to be transferred to the funds

\$347,740,632 Amount required to reach the 7% fund balance in the BRF.

\$69,548,126 Amount required each year to be transferred to the BRF for the 5 year phase-in option.

ASSUMPTION (continued)

JH:LR:OD (12/06)

Officials at the **Missouri Senate, Office of the Governor** assume that there is no fiscal impact from this proposal.

Officials at the **Office of the Secretary of State (SOS)** assume many joint resolutions are considered by the General Assembly that would require the SOS to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.6 million historically appropriated in even numbered fiscal years and \$100,000 appropriated in odd numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2007 at the August and November elections there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.2 million to publish (an average of \$193,000 per issue). Therefore, the SOS assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. However, because these requirements are mandatory, we reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly change the amount or eliminate the estimated nature of our appropriation.

Oversight assumes the SOS could absorb the costs of advertising the statewide ballot measure related to this proposal within their current appropriation level. If multiple bills pass or if multiple ballot initiatives are validated which require similar advertising at substantial costs, the SOS could request funding through the appropriation process.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
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\$0

\$0

\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

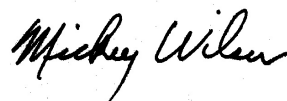
FISCAL DESCRIPTION

The proposed legislation appears to have no fiscal impact.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Missouri Senate
Office of the Secretary of State
Office of the Governor
Office of Administration
 Budget and Planning



Mickey Wilson, CPA
Director
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