

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0821-02  
Bill No.: SJR 7  
Subject: Constitutional Amendments; Appropriations.  
Type: Original  
Date: February 11, 2009

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Bill Summary: Creates the Missouri Revenue Retention Fund in the Constitution.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
General Revenue	\$0	\$0 or (\$13,000,000 to Unknown)	\$0 or (\$13,000,000 to Unknown)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0 or (\$13,000,000 to Unknown)</b>	<b>\$0 or (\$13,000,000 to Unknown)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
MO Revenue Retention Fund (MRRF)	\$0	\$0 or \$13,000,000 to Unknown	\$0 or \$13,000,000 to Unknown
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0 or \$13,000,000 to Unknown</b>	<b>\$0 or \$13,000,000 to Unknown</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☒ 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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Division of Budget and Planning (BAP)** assume this proposal would not result in additional costs or savings to BAP.

However, if the constitutional amendment passes, any amount transferred from General Revenue into the Missouri Revenue Retention Fund (MRRF) would equate to less funds being available for state programs. The chart below shows General Revenue collections for the past five fiscal years and the transfer amounts that would have been required from General Revenue to the MRRF if this legislation had been in place prior to FY 2004.

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
GR Collections	\$7,515,959,963	\$7,782,748,329	\$8,461,137,885	\$8,925,160,340	\$9,262,272,573
Revenue Growth from Preceding FY	\$334,326,137	\$266,788,366	\$678,389,555	\$464,022,456	\$337,112,233
5% from GR to MRRF	\$16,716,307	\$13,339,418	\$33,919,478	\$23,201,123	\$16,855,612
MRRF Balance	\$16,716,307	\$30,055,725	\$63,975,203	\$87,176,326	\$104,031,937

**Oversight** assumes this proposal is a constitutional amendment and will not have an effect on the state unless the amendment passes. However, Oversight assumes that if this proposal is passed then \$13,000,000 to Unknown would be transferred each year from General Revenue to the MSAF. Oversight has shown the loss to General Revenue and gain to the MSAF beginning in FY 2010 per the proposal.

Officials at the **Office of the State Treasurer** 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

ASSUMPTION (continued)

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 2010 (10 Mo.)	FY 2011	FY 2012
<b>GENERAL REVENUE</b>			
<u>Transfer Out - General Revenue</u>			
Withholding to MO Savings	<u>\$0</u>	<u>\$0 or</u>	<u>\$0 or</u>
Account Fund		<u>(\$13,000,000 to</u>	<u>(\$13,000,000 to</u>
		<u>Unknown)</u>	<u>Unknown)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<u><b>\$0</b></u>	<u><b>\$0 or</b></u>	<u><b>\$0 or</b></u>
	<u><b>(\$13,000,000 to</b></u>	<u><b>(\$13,000,000 to</b></u>	
	<u><b>Unknown)</b></u>	<u><b>Unknown)</b></u>	
<b>MO REVENUE RETENTION FUND</b>			
<u>Transfer In - MO Savings Account Fund</u>			
Transfer from General Revenue	<u>\$0</u>	<u>\$0 or</u>	<u>\$0 or</u>
		<u>\$13,000,000 to</u>	<u>\$13,000,000 to</u>
		<u>Unknown</u>	<u>Unknown</u>
<b>ESTIMATED NET EFFECT ON MO REVENUE RETENTION FUND</b>	<u><b>\$0</b></u>	<u><b>\$0 or</b></u>	<u><b>\$0 or</b></u>
	<u><b>\$13,000,000 to</b></u>	<u><b>\$13,000,000 to</b></u>	
	<u><b>Unknown</b></u>	<u><b>Unknown</b></u>	
<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>

FISCAL IMPACT - Small Business

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

### FISCAL DESCRIPTION

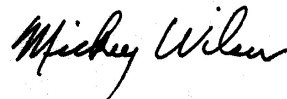
This constitutional amendment, if approved by voters, would create the Missouri Revenue Retention Fund. The fund will be comprised of moneys deposited each year in which the state realizes revenue growth in an amount equal to five percent of such growth over the preceding year. In any fiscal year where the balance of the fund exceeds ten percent of the previous years general revenue expenditures, no transfer from general revenue to the fund will occur. Moneys in the fund will be available for appropriation in any year in which the state experiences a reduction in revenue from the preceding year.

In any year in which there is a budget shortfall or when the consensus revenue estimate forecasts a decrease in revenue for the upcoming year, the General Assembly may utilize 1/3 of the moneys in the fund for budgetary purposes.

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

Office of the Secretary of State  
Office of the State Treasurer  
Division of Budget and Planning



Mickey Wilson, CPA  
Director  
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