



Nicole Galloway, CPA
Missouri State Auditor

ADMINISTRATION

Review of Article X, Sections 16 Through 24, Constitution of Missouri Year Ended June 30, 2015



April 2016
Report No. 2016-022

<http://auditor.mo.gov>



Nicole Galloway, CPA
Missouri State Auditor

CITIZENS SUMMARY

Conclusions in the review of Article X, Sections 16 through 24

Background

The Constitution of Missouri was amended in 1980 to add Article X, Sections 16 through 24, commonly referred to as the Hancock Amendment. This tax limitation amendment places restrictions on the amount of personal income used to fund state government, and the amount by which fees and taxes can be increased. Mathematical formulas are used by the Office of Administration, Division of Budget and Planning (OA-BP) to determine the relevant threshold amounts each year.

The Hancock Amendment limits the amount of Missourians' personal income that may be used to fund state government to no greater than the portion used to do so in 1981, when it was 5.6 percent. Because 5.6 percent of Missourians' personal income went to fund state government in 1981, no more than 5.6 percent can be used to do so in future years, unless revenues are specifically excluded by a vote of the people.

The Hancock Amendment also requires voter approval before taxes or fees can be increased by the General Assembly beyond a certain annual limit. Based upon the calculation provided by the OA-BP, the relevant annual revenue limit for fiscal year 2015 was \$94.6 million.

Fiscal Year 2015 Conclusion

For the fiscal year ended June 30, 2015, our review determined total state revenue was approximately \$3.9 billion under the refund threshold, which means no Hancock refund is due. In addition, the OA-BP determined as a result of legislative actions net taxes and fees decreased by a total of \$20.8 million. As a result, our review concluded the state complied with the provisions of the Hancock Amendment.

The revenue limit has not been exceeded since the year ended June 30, 1999.

Because of the limited objective of this review, no overall rating is provided.

Review of Article X, Sections 16 Through 24, Constitution of Missouri

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NICOLE GALLOWAY, CPA

Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
Members of the General Assembly
and
Douglas E. Nelson, Commissioner
Office of Administration
Jefferson City, Missouri

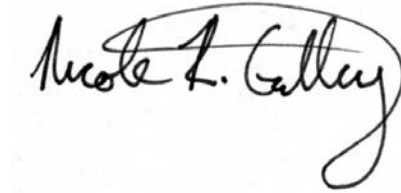
We have conducted a review of revenues of the state of Missouri for the year ended June 30, 2015, and the application to those revenues of Article X, Sections 16 through 24, Missouri Constitution, more commonly referred to as the Hancock Amendment (included as an Appendix). We had previously reported on revenues of the state for the years ended June 30, 1982 through 2014. The amendment, which was adopted by the voters of Missouri on November 4, 1980, limits the growth of state revenues collected in any fiscal year. The objectives of this review were to:

1. Evaluate the formula to calculate the state's revenue limit.
2. Determine the specific items included in total state revenue.
3. Verify the accuracy of the revenue limit computation and compare that limit to total state revenue.
4. Review the state's overall compliance with the provisions of the amendment.

Our review included only the application of the revenue limit to state revenues and, accordingly, did not include a review of the effects of the amendment on any local governmental unit.

Our methodology to accomplish these objectives included discussions with personnel of the Office of Administration, Division of Budget and Planning, inspecting relevant records and reports compiled by that office, and reviewing data and reports from the statewide accounting system.

The Executive Summary and the Background, Methodology, and Conclusions present our comments, findings, and conclusions concerning the state's overall compliance with the provisions of Article X, Sections 16 through 24, Missouri Constitution.

A handwritten signature in black ink, reading "Nicole R. Galloway". The signature is fluid and cursive, with a large loop at the end of the last name.

Nicole R. Galloway, CPA
State Auditor

The following auditors participated in the preparation of this report:

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Review of Article X, Sections 16 Through 24, Constitution of Missouri

Executive Summary

Executive Summary

The amendment, commonly referred to as the Hancock Amendment, requires that no greater portion of Missourians' personal income (MPI) be used in any future year to fund state government than was the case in fiscal year 1981, except as authorized by a vote of the people. The amendment provides for taxpayer refunds of excess revenues.

The results of our review determined for the year ended June 30, 2015, total state revenue (TSR) was approximately \$3.9 billion under the refund threshold. As a result, no refund is due for the year ended June 30, 2015.

The amendment also imposes an additional revenue limit, which states the general assembly shall not increase taxes or fees in any fiscal year without voter approval that in total produce new annual revenues greater than \$50 million adjusted annually by the percentage change in the personal income of Missouri for the second previous year, or 1 percent of TSR for the second fiscal year prior to the general assembly's action, whichever is less.

For the year ended June 30, 2015, the Office of Administration, Division of Budget and Planning has determined that as a result of legislative actions net taxes and fees decreased by a total of \$20.8 million. As a result, the state also complied with this provision of the amendment.

The revenue limit has not been exceeded since the year ended June 30, 1999. Over the last 5 years, the amount of TSR under the refund threshold has ranged from \$3.6 billion to \$4.0 billion.

A bar graph of TSR compared to the refund threshold follows:

REVIEW OF ARTICLE X, SECTIONS 16 THROUGH 24,
CONSTITUTION OF MISSOURI
CHART OF TOTAL STATE REVENUE VERSUS REFUND THRESHOLD

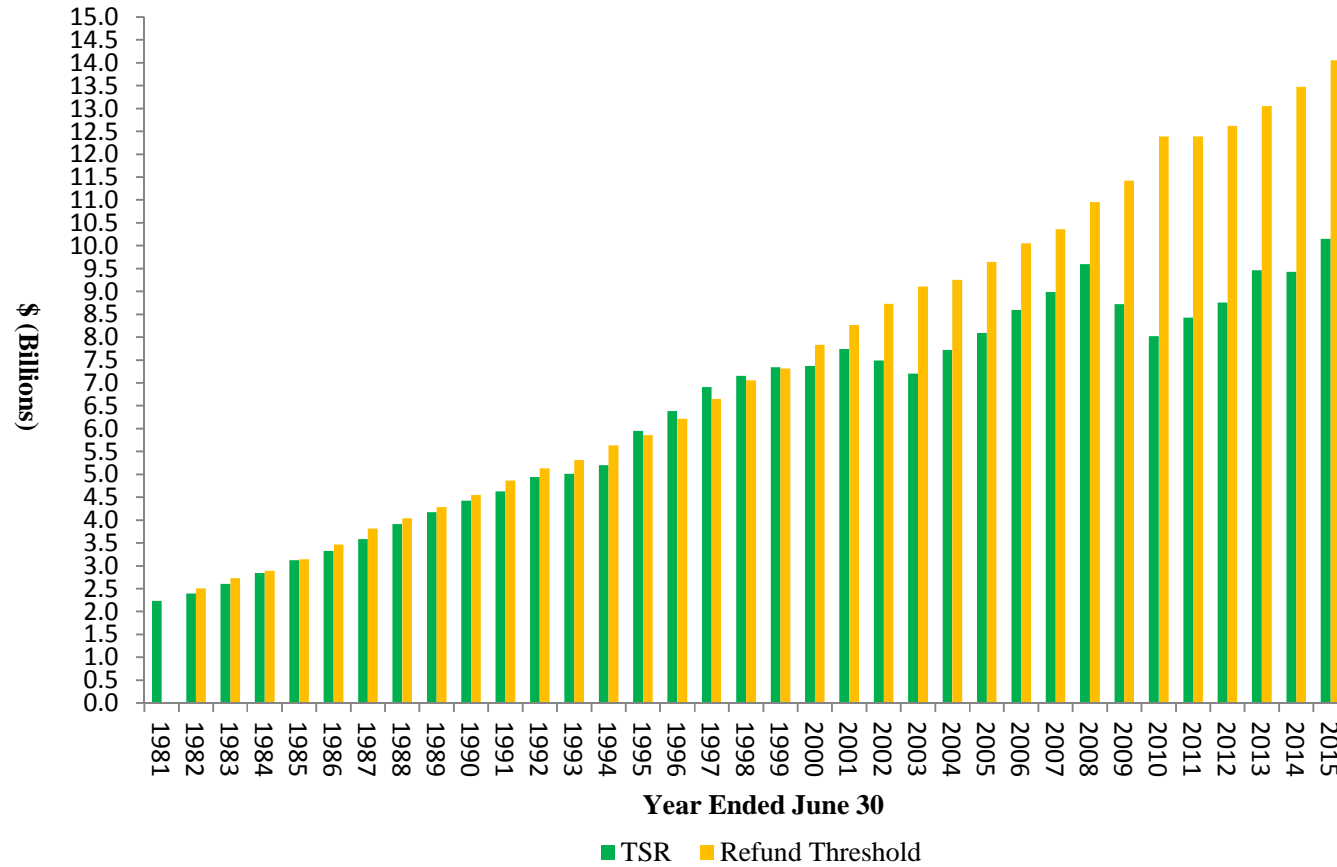


Exhibit A

Review of Article X, Sections 16 Through 24, Constitution of Missouri
Summary of Total State Revenue and Refund Calculations
(In Millions)

		Year Ended June 30,				
		2011	2012	2013	2014	2015
TOTAL STATE REVENUE (TSR)						
Total state receipts	\$	25,114.40	24,304.54	24,736.17	24,616.14	25,845.98
Less excluded revenue		(15,298.29)	(14,220.97)	(14,050.75)	(13,878.69)	(14,442.15)
Less expenditure refunds		(1,414.46)	(1,342.75)	(1,240.31)	(1,328.25)	(1,278.49)
Add refundable tax credits		22.77	14.85	17.21	19.19	24.22
TSR	\$	8,424.42	8,755.67	9,462.32	9,428.39	10,149.56
REVENUE LIMIT AND REFUND THRESHOLD						
Missouri personal income	\$	216,637.00	220,635.00	228,218.00	235,661.00	245,771.39
Base year ratio	x	0.056395	0.056395	0.056395	0.056395	0.056395
Base limit		12,217.24	12,442.71	12,870.35	13,290.10	13,860.28
Judicial article amendment		50.53	50.53	51.50	51.86	52.42
Revenue limit		12,267.77	12,493.24	12,921.85	13,341.96	13,912.70
1 percent adjustment		122.68	124.93	129.22	133.42	139.13
Refund threshold	\$	12,390.45	12,618.17	13,051.07	13,475.38	14,051.83
REFUND CALCULATION						
TSR	\$	8,424.42	8,755.67	9,462.32	9,428.39	10,149.56
Less refund threshold		12,390.45	12,618.17	13,051.07	13,475.38	14,051.83
Over (Under) Threshold		(3,966.03)	(3,862.50)	(3,588.75)	(4,046.99)	(3,902.27)
1 percent adjustment		0.00	0.00	0.00	0.00	0.00
Refund	\$	0.00	0.00	0.00	0.00	0.00

Exhibit B

Review of Article X, Sections 16 Through 24,
 Constitution of Missouri
 Schedule of Total State Revenue

Revenue Source Code	Type of Revenue	Year Ended June 30,				
		2011	2012	2013	2014	2015
1001	Sales and use tax	\$ 1,860,913,153	1,928,981,152	1,956,108,763	1,977,037,033	2,013,256,448
1003	(l) Parks sales and use tax	38,326,978	40,226,069	41,011,615	42,830,073	44,211,573
1005	(k) Soil and water sales and use tax	38,326,982	40,226,073	41,011,618	42,830,077	44,211,575
1007	General revenue reimbursements - local sales and use tax	2,009,254	1,749,610	1,710,168	1,650,259	2,749,261
1009	Motor vehicle sales tax	2,470,456	2,503,662	3,013,954	4,090,999	5,060,318
1009	(bb) Motor vehicle sales tax - Amendment 3	178,836,881	188,378,783	200,691,181	264,542,465	287,525,910
1011	(t) Conservation sales and use tax	95,818,337	100,566,000	102,532,262	107,076,440	110,528,741
1013	(f) Proposition C sales and use tax	751,790,411	789,216,003	803,929,533	841,225,588	868,206,165
1015	Sales and use taxes paid under protest	1,073,324	118,018	138,240	217,330	252,144
1022	Individual income tax	5,641,731,318	5,851,240,169	6,374,054,124	6,421,715,624	6,904,282,195
1024	Individual income taxes paid under protest	80,953	31,430	2,322	7,174	6,927
1026	Corporate income tax	455,662,447	432,582,659	469,446,717	479,242,902	525,403,403
1028	Corporate income taxes paid under protest	-	-	38,061	16,571	1,155,831
1033	County foreign insurance tax	211,060,727	191,997,525	191,390,872	202,752,455	239,393,674
1037	Worker's compensation insurance tax	12,452,781	13,245,133	14,058,446	15,700,482	17,199,724
1039	Worker's compensation insurance tax - second injury	37,800,696	41,671,672	42,328,061	54,987,065	90,502,981
1041	Excess lines of insurance tax	22,300,553	23,254,218	26,311,783	28,719,999	29,713,178
1049	Heavy beer tax	8,222,901	8,151,881	8,044,713	7,887,262	7,708,889
1053	Liquor tax	19,560,786	20,621,338	21,047,333	21,925,239	22,476,067
1055	Wine tax	5,175,458	5,568,215	5,598,899	5,947,749	6,023,763
1057	Cigarette tax	89,965,910	88,609,043	86,837,985	82,301,596	81,745,445
1059	Tobacco product tax	15,551,490	16,308,821	16,895,556	17,225,212	17,691,619
1060	Motor vehicle fuel tax	399,527,478	393,010,333	400,533,646	395,257,448	393,296,159
1060	(g) Motor vehicle fuel tax	169,467,566	166,913,857	163,022,120	164,058,506	165,022,444
1060	(bb) Motor vehicle fuel tax - Amendment 3	150,406,156	148,139,684	144,685,683	145,605,497	146,461,013
1062	Special fuel non-gas tax	370,352	270,729	262,158	258,291	566,554
1062	(bb) Special fuel non-gas tax - Amendment 3	133,520	148,356	138,610	128,033	128,680
1064	Aviation fuel tax	254,394	295,198	274,827	264,010	252,969
1070	Corporation franchise tax	81,733,747	70,171,529	56,194,216	61,314,630	32,211,295
1073	Estate tax	2,117,782	170,966	174,751	129,700	92,215
1074	(p) Bingo tax	2,157,214	2,113,377	2,000,965	1,810,599	1,770,286
1076	(q) Gaming commission gross receipts tax	341,376,377	337,316,302	329,024,116	314,364,443	320,386,965
1079	County private car tax	-	2	218	83	-
1080	Real and personal property tax	26,547,565	26,395,744	26,662,885	26,731,442	27,568,831
1082	Delinquent real and personal property tax	3,170,652	3,013,387	3,232,208	2,994,380	2,696,733
1084	Hazardous waste fees	1,417,393	1,426,033	2,671,827	2,365,426	2,321,743
1086	Miscellaneous taxes protested	-	-	-	-	536
1088	Nursing facility reimbursement allowance	14,661,394	17,009,046	18,111,951	18,329,061	18,022,997
1089	Pharmacy reimbursement allowance	92,850,277	95,230,655	95,070,564	91,412,290	87,807,243
1090	Federal reimbursement allowance	7,693,473	42,381,428	19,305,322	15,956,994	15,380,839
1093	Athletic events tax	136,650	159,800	165,508	112,214	129,711
1094	Ambulance service reimbursement allowance	-	5,252,545	8,135,233	7,956,001	7,894,871
1095	Surcharges	288,301	236,155	189,214	154,948	140,769
1097	Agency collected sales taxes	312,488	205,722	225,236	230,578	214,314
1098	Telecommunications tax	-	-	-	-	28
1099	Other taxes	12,013,430	285,249	83,390	79,512	44,349
1100	Professional licenses or permits	24,641,882	25,311,321	29,001,314	27,594,721	29,225,729
1102	Recreational licenses or permits	5,684,827	5,525,790	4,965,053	5,559,494	5,927,972
1106	Motor vehicle licenses or permits	122,777,623	121,364,737	122,181,185	124,206,058	125,787,801
1106	(bb) Motor vehicle licenses or permits - Amendment 3	54,761,828	53,890,370	54,681,388	54,180,250	54,865,114
1108	Interstate transportation licenses or permits	47,312,197	50,488,456	48,344,030	50,908,751	53,343,143
1108	(bb) Interstate transportation licenses or permits - Amendment	21,406,443	22,855,732	21,809,372	23,011,734	24,046,211
1110	Driver's licenses or permits	5,891,775	7,187,607	6,832,517	6,331,641	7,461,353
1110	(bb) Driver's licenses or permits - Amendment 3	7,631,863	8,580,448	8,248,271	7,677,449	8,692,977
1112	Land reclamation commission permits	563,010	570,035	566,245	601,738	549,999
1114	Salesman licenses or permits	629,900	618,310	740,050	802,435	841,500
1116	Vehicle and boat manufacturer and dealer licenses	891,432	877,445	866,356	869,682	875,649
1118	Liquor licenses or permits	4,963,343	4,964,474	5,035,454	5,308,776	5,122,020
1120	Gaming commission licenses	1,732,484	1,601,155	1,555,913	1,829,568	1,633,790
1124	Motor carrier licenses	3,813,345	2,553,651	2,692,836	2,791,638	2,961,695
1126	Hunting and fishing licenses and commission permits	30,206,611	31,361,102	30,653,188	31,725,219	31,788,573
1127	Hunting and fishing special tags	1,068,541	1,127,630	961,550	1,015,201	1,038,386

Exhibit B

Review of Article X, Sections 16 Through 24,
 Constitution of Missouri
 Schedule of Total State Revenue

Revenue Source Code	Type of Revenue	Year Ended June 30,				
		2011	2012	2013	2014	2015
1128	Hazardous waste transporter licenses	288,314	316,891	281,665	322,289	335,378
1130	Water pollution control permits	2,755,242	4,487,263	4,226,907	4,065,386	4,715,396
1132	(bb) Overdimension/overweight permits - Amendment 3	7,716,060	8,752,113	8,452,114	9,545,940	9,277,614
1134	Merchant licenses	1,379,239	1,466,297	1,448,958	1,551,865	1,578,713
1136	Tobacco licenses	26,100	27,300	27,100	27,000	27,300
1138	Temporary licenses	225	1,100	575	375	275
1140	Duplicate plates	1,573,920	1,574,829	1,548,829	1,468,228	1,442,386
1142	Duplicate driver license	1,943,207	1,917,506	1,962,246	1,819,152	1,862,866
1149	Other licenses and permits	3,858,723	3,949,879	3,885,485	3,593,531	3,605,389
1149	(bb) Other licenses and permits - Amendment 3	969,641	1,497,535	1,259,068	1,493,436	1,743,776
1150	Lobbyist registration fees	11,400	11,020	11,130	10,920	11,000
1152	Motorboat fees	9,779,948	11,848,667	11,829,678	12,145,169	12,549,673
1154	Narcotics and dangerous drugs fees	811,020	562,899	504,880	750,873	876,520
1156	Occupational boards exam fees - individual exam fees	714,469	751,999	811,132	788,310	801,324
1160	(bb) Non-motor fuel decal fees - Amendment 3	67,474	109,476	185,168	234,285	285,643
1162	Filing fees	17,653,490	24,409,792	17,882,469	18,691,254	19,047,755
1163	Certifying/authenticating fees	141,542	37,876	45,411	130,938	11,809
1164	Transfer fees	26,420	31,088	28,608	31,108	34,040
1165	Service contract registration fee	86,950	95,200	105,100	119,000	116,100
1169	Other registration fees	10,573,548	4,477,531	10,664,905	11,090,142	11,501,235
1174	Asbestos fees	275,160	290,136	215,940	241,620	235,535
1176	Egg license fees	-	-	-	27,083	15,885
1178	Milk control fees	224,549	124,514	114,907	79,082	30,309
1180	Home health care license fees	123,300	116,050	121,800	113,825	120,200
1182	Nursing home license fees	144,174	129,945	122,011	127,806	142,069
1184	Title V emissions fees	8,294,850	7,913,341	7,300,494	7,492,099	7,081,848
1185	Emission fees/non Title V facilities	376,707	354,144	348,521	348,043	349,628
1186	Boarding home license fees	719,900	707,457	712,735	710,206	737,607
1188	Public utilities fees	19,424,369	19,494,211	19,996,899	20,118,625	19,695,636
1190	Hospital license fees	81,151	83,123	84,559	85,884	89,082
1192	Grain warehouse license fees	34,920	36,604	38,162	32,184	36,367
1194	Missouri primacy fees	4,581,461	4,723,917	4,771,139	4,520,406	4,748,831
1198	Transport load fees	11,474,813	11,302,684	11,227,662	11,239,640	11,195,303
1200	Storage tank registration fees	223,930	52,215	42,980	192,916	193,725
1202	Tourist cabin permit fees	181,740	181,022	183,095	181,910	181,401
1206	Solid waste disposal fees	11,062,761	11,307,064	10,462,793	10,576,521	10,946,036
1208	New tire fees	2,139,197	2,084,386	1,988,327	2,060,844	2,166,653
1209	Battery fee	688,745	683,152	678,421	738,351	683,452
1210	Ground water protection fees	723,147	710,064	920,000	667,969	616,030
1211	Radioactive waste transport fee	168,825	286,075	318,600	248,625	289,850
1214	Insurance regulatory fees, renewals and purchasing groups	2,720,667	2,451,999	2,105,145	2,804,144	2,435,554
1216	Air conservation commission permit fees	270,803	253,489	298,638	212,155	246,325
1218	Bingo license fees	46,815	41,730	39,580	38,010	35,085
1220	Lab fees	4,707,017	5,256,158	5,572,347	5,725,578	6,079,666
1222	Program administration fees	1,059,357	1,055,518	1,091,830	1,056,753	1,069,294
1223	Confined animal feed operation indemnity fees	1,993	2,143	2,143	4,392	-
1224	Railroad assessments	665,300	820,331	784,786	756,623	1,027,245
1227	Enhanced vehicle emission inspection fees	1,885,301	1,934,155	1,970,590	2,000,573	2,096,697
1233	Grain warehouse inspection fees	2,158,349	2,178,611	1,749,142	2,563,861	3,583,890
1235	Milk inspection fees	1,242,699	1,215,032	1,158,584	1,032,307	1,011,168
1237	Ice cream products inspection fees	32,260	36,430	32,806	35,125	33,150
1239	Mine inspection fees	63,038	80,344	64,606	67,789	61,016
1241	Mobile home and recreational vehicle inspection fees	361,545	364,287	357,436	401,934	383,477
1243	Oil inspection fees	2,424,084	2,384,809	2,360,750	2,362,714	2,344,403
1249	Other inspection fees	2,020,607	2,513,585	2,461,158	2,526,682	2,523,411
1250	Collection fees	24,645,324	26,285,623	26,739,487	28,363,897	30,805,269
1251	Bankruptcy collections	-	6,398	-	-	-
1252	Admission fees	1,221,915	1,250,114	1,320,732	1,351,851	1,366,316
1252	(q) Admission fees - riverboat gambling	54,296,354	51,348,977	48,803,064	44,870,917	44,222,953
1254	State auditor fees	254,001	182,644	185,072	171,721	171,573
1260	Grade crossing safety fees	1,285,657	1,273,362	1,305,614	1,310,711	1,325,763
1262	Loan administration fees	6,240,808	6,372,132	6,516,695	6,923,903	7,127,199
1262	(c) Loan administration fees - Fund 881	2,781	-	-	-	-

Exhibit B

Review of Article X, Sections 16 Through 24,
 Constitution of Missouri
 Schedule of Total State Revenue

Revenue Source Code	Type of Revenue	Year Ended June 30,				
		2011	2012	2013	2014	2015
1263	Contract fees	-	-	-	-	117,855
1263	(a) Contract fees - Fund 657	-	-	-	-	384
1264	Court fees	44,203,725	41,058,636	40,544,604	39,013,101	39,184,711
1266	Financial institutions examination fees	8,962,723	10,104,394	10,176,788	11,112,130	10,676,424
1268	Consumer finance license fees	1,087,800	1,044,175	999,525	956,625	963,425
1270	Transcript fees	95,754	102,947	92,683	102,687	128,674
1274	Marketing development fees	41,602	38,258	36,502	42,194	29,947
1276	Miscellaneous insurance fees	91,920	89,220	90,660	93,380	91,690
1278	Gaming commission administrative income	53	314	-	145	-
1279	(a) Lottery commission fees	273,771	277,070	301,162	298,707	301,291
1280	Motor vehicle inspection sticker fees	3,701,374	3,767,945	3,778,928	3,840,955	3,850,742
1282	Logo sign advertising fees	2,049,123	4,602,664	3,167,882	4,434,405	4,561,512
1284	Public defender fees	1,598,188	1,424,603	1,176,797	1,335,978	1,339,899
1286	Witness fees	14,068	9,141	5,758	5,561	9,212
1288	County recorders fees	6,718,174	6,750,687	7,472,773	6,460,207	6,247,774
1290	Training or conference fees	140,844	127,634	183,421	169,658	205,630
1294	Electronic monitoring fee	140,469	115,177	78,278	76,488	63,381
1295	Intervention fees	-	9,137,637	9,851,227	9,006,410	8,503,124
1298	Substance abuse offender program fees	6,288,725	6,737,998	6,291,593	5,831,337	5,402,865
1302	Criminal records check fees	9,531,901	10,333,134	10,798,720	10,027,568	11,037,517
1303	Other fees	22,636,060	12,788,351	10,700,540	10,278,791	10,976,155
1305	(h) Bond sales proceeds	74,305,145	1,867,300	-	-	167,828,087
1306	Proceeds from capital leases	-	1,486,676	-	2,592,318	5
1310	Land sales	5,051,065	4,403,124	8,422,605	5,938,834	3,444,324
1312	Sales of natural resources products	4,601,621	3,667,239	2,849,276	3,892,772	2,702,674
1314	Sales of agriculture products	2,168,597	2,391,119	2,874,050	3,239,003	2,890,674
1316	Manufactured product sales	9,873,622	8,505,830	8,827,769	7,779,143	8,418,694
1318	Information sales	2,474,349	2,500,392	2,351,654	2,537,175	2,579,080
1320	Souvenir sales	543,123	452,030	474,186	582,266	936,945
1322	Surplus property sales - state	2,423,525	3,082,652	3,704,451	2,761,141	2,921,816
1322	(z) Surplus property sales - state - Fund 710	1,523,162	1,331,787	1,414,547	1,725,866	2,003,696
1324	Surplus property sales - federal	2,150,411	2,950,034	2,989,213	2,295,451	2,059,579
1326	Unclaimed property sales	-	876	1,205	-	2,971
1328	Sales of fixed assets - control	7,876,231	10,762,095	10,727,324	7,931,754	6,972,758
1330	Vital records sales	1,205,929	1,047,539	1,149,125	1,082,840	1,010,445
1332	Lottery ticket sales	-	-	-	64	-
1332	(a) Lottery ticket sales - Fund 657	434,022,539	464,048,652	490,432,070	492,825,818	463,931,842
1334	Cafeteria sales	586,874	546,748	661,975	800,225	895,283
1338	Other sales	382,372	371,843	259,540	258,697	1,401,509
1342	Supply sales	445	143	-	31	249
1401	Land rentals/leases	5,405	17,090	31,690	64,383	38,650
1403	State facilities rentals/leases	911,961	985,555	1,486,747	1,413,722	1,504,187
1404	Parking rentals/leases	63,930	60,356	63,176	63,552	69,989
1405	Concessions and recreational rentals/leases	2,542,114	2,471,197	2,567,237	2,495,952	2,951,494
1407	Housing/building rentals/leases	393,486	237,191	255,524	218,818	260,615
1409	Other leases and rentals	1,399,403	1,385,089	736,716	1,079,948	1,458,148
1414	(e) Medicare	8,768,553	7,544,088	5,359,704	6,781,464	5,691,724
1418	(e) Medicaid	92,207,991	96,595,375	90,326,464	81,573,482	73,123,636
1419	(e) Medicaid - case managers	-	-	100	6,462	-
1420	(e) Medicaid - community based	168,504,569	193,452,249	205,718,504	214,026,223	240,617,515
1422	Private payments	5,613,049	2,067,010	1,813,703	1,862,213	4,055,811
1424	Insurance payments	808,332	714,174	327,885	445,098	510,326
1426	Other payments	5,416	11,555	28,989	9,474	12,863
1434	Institutional support fees	66,796	248,416	-	-	-
1436	Room and care	26,450,131	26,341,112	26,953,266	28,363,819	28,109,625
1442	Mail/freight services	16	-	-	8	-
1444	Telephone billing	1,010	1,330	-	-	-
1446	Printing service	155,295	197,214	195,571	197,944	158,884
1448	Computer services	1,040	846	847	79,095	288,876
1450	Administration services	-	-	12,658	36,613	38,548
1501	Private donations	3,796,587	4,836,387	5,297,073	5,600,103	7,797,052

Exhibit B

Review of Article X, Sections 16 Through 24,
Constitution of Missouri
Schedule of Total State Revenue

Revenue Source Code	Type of Revenue	Year Ended June 30,				
		2011	2012	2013	2014	2015
1502	Other governmental entity donations	30,000,000	30,103,121	5,000,000	4,050,000	1,050,032
1507	(e) NASAO (airport inspections)	17,400	20,150	26,000	30,550	27,950
1510	(e) US Department of Agriculture	447,130,718	487,260,888	490,290,851	485,385,631	500,917,291
1512	(e) US Department of Defense	31,454,764	29,677,895	32,995,530	30,693,698	32,534,000
1513	(e) US Department of Homeland Security	9,471,900	4,625,937	2,909,266	2,786,890	3,808,312
1514	(e) US Department of Housing and Urban Development	70,778,353	61,464,304	48,483,173	45,313,039	40,676,241
1516	(e) US Department of Interior	26,612,937	26,594,330	27,550,163	29,116,162	27,826,979
1518	(e) US Department of Justice	2,269,245	2,730,436	2,575,272	3,808,162	2,856,329
1520	(e) US Department of Labor	144,779,543	155,545,244	156,406,546	125,567,984	126,368,853
1522	(e) US Department of Education	637,105,051	660,448,985	657,586,937	651,573,896	653,328,831
1522	(c) US Department of Education - Fund 880	6,182,000	4,972,235	4,968,022	6,631,940	4,125,941
1522	(c) US Department of Education - Fund 881	103,667,608	87,420,487	93,334,531	89,823,025	72,379,643
1524	(e) US Department of Transportation	1,402,202,201	934,758,552	983,599,456	913,853,780	856,690,126
1526	(e) National Foundation for the Arts and Humanities	4,436,977	4,002,915	3,666,292	3,402,815	3,667,829
1528	(e) US Veterans Administration	50,961,946	53,316,924	61,159,036	63,243,170	69,070,475
1529	(e) US General Services Administration	-	-	43,391	50,091	36,789
1530	(e) US Environmental Protection Agency	44,310,100	91,435,790	153,021,768	89,482,740	92,295,480
1532	(e) US Department of Energy	4,450,006	2,982,042	6,005,146	10,598,978	6,869,770
1534	(e) Federal Emergency Management Agency	63,343,101	74,016,355	72,661,743	48,677,321	136,785,815
1536	(e) US Department of Health and Human Services	6,034,950,237	6,506,141,900	6,431,112,075	6,699,531,165	7,047,608,534
1538	(e) National/community services	-	1,732,313	3,677,716	2,752,733	3,659,053
1540	(e) US Social Security Administration	43,705,857	43,570,139	46,294,342	41,684,705	45,917,912
1542	(e) National Archives and Records	93,136	30,882	6,789	80,676	15,025
1544	(e) Elections Assistance Commission	5,456,068	-	24,162	-	-
1546	(e) US Department of Treasury	8,886,997	8,886,997	5,244	9,160,236	-
1548	(e) Equal Employment Opportunity Commission	-	-	-	134	-
1549	(e) Miscellaneous federal revenues	62,084,275	35,316,069	34,938,505	46,737,165	48,644,049
1551	County mental health programs	19,286,288	17,999,724	13,263,536	12,094,852	11,311,919
1557	(e) American Recovery and Reinvestment Act	1,788,700,092	475,424,794	153,213,693	83,364,036	40,937,451
1558	(e) American Recovery and Reinvestment Act - other	2,440,576	367,067	238,070	98,176	-
1560	(e) Federal pass-through grants	70,016,585	78,646,931	61,246,642	47,604,707	37,998,600
1601	Time deposits interest	2,167,040	3,614,152	3,864,773	1,759,898	1,611,893
1601	(f) Time deposits interest - Fund 688	37,851	67,544	94,686	40,548	40,894
1601	(a) Time deposits interest - Fund 657	13,258	15,067	20,393	8,630	9,615
1601	(k) Time deposits interest - Fund 614	20,915	33,456	39,420	17,658	22,182
1601	(l) Time deposits interest - Fund 613	5,753	17,005	29,258	12,552	11,456
1601	(b) Time deposits interest - Fund 905	3,691	6,853	9,488	4,274	5,275
1601	(p) Time deposits interest - Fund 289	865	1,359	1,480	452	150
1601	(q) Time deposits interest - Fund 285	10,069	17,176	20,688	9,321	8,292
1601	(d) Time deposits interest - Fund 963	527	882	1,230	512	513
1601	(t) Time deposits interest - Fund 609	17,373	34,554	56,042	25,879	28,629
1601	(c) Time deposits interest - Fund 880	19,456	23,809	36,591	22,942	27,827
1601	(c) Time deposits interest - Fund 881	23,317	40,064	51,270	12,854	9,036
1603	U.S./agency securities interest	31,640,225	25,185,835	20,360,811	21,271,757	19,236,045
1603	(f) U.S./agency securities interest - Fund 688	353,267	295,075	307,343	314,250	276,482
1603	(a) U.S./agency securities interest - Fund 657	128,797	74,052	63,503	67,509	64,305
1603	(k) U.S./agency securities interest - Fund 614	201,400	146,904	132,540	136,776	149,111
1603	(l) U.S./agency securities interest - Fund 613	50,430	72,001	91,337	97,185	77,050
1603	(b) U.S./agency securities interest - Fund 905	34,139	29,935	29,795	33,279	35,597
1603	(p) U.S./agency securities interest - Fund 289	8,338	6,305	5,809	3,521	996
1603	(q) U.S./agency securities interest - Fund 285	90,728	75,941	67,409	71,221	55,813
1603	(d) U.S./agency securities interest - Fund 963	6,917	5,879	6,115	6,256	5,880
1603	(t) U.S./agency securities interest - Fund 609	161,971	147,624	173,935	201,135	192,528
1603	(c) U.S./agency securities interest - Fund 880	193,399	107,257	109,286	180,476	187,577
1603	(c) U.S./agency securities interest - Fund 881	221,653	177,753	175,470	96,161	60,978
1605	Other investment interest	128,207	410,035	182,587	133,832	238,000
1608	Realized gains and losses	7,891	-	-	-	13,079
1608	(d) Realized gains and losses - Fund 963	273	-	-	-	-
1610	Interest on loans	3,031,747	2,545,606	3,844,323	5,963,729	12,020,643
1612	(cc) Interest - federal	-	23,802,563	22,442,061	12,442,473	4,271,580
1614	Interest on receivables	10,584	9,082	4,697	5,686	2,083
1616	Interest on settlements	9,653	2,718	295,109	393,324	24,438

Exhibit B

Review of Article X, Sections 16 Through 24,
 Constitution of Missouri
 Schedule of Total State Revenue

Revenue Source Code	Type of Revenue	Year Ended June 30,				
		2011	2012	2013	2014	2015
1618	Other interest	39,240	36,972	24,831	67,098	10,695
1618	(c) Other interest - Fund 880	4,796	-	-	-	-
1618	(t) Other interest - Fund 609	-	-	116	-	-
1620	Safety responsibility	-	-	-	-	50
1621	Penalties	6,795,157	8,788,554	16,383,711	15,026,501	17,377,448
1621	(c) Penalties - Fund 881	74	487	88	61	38
1622	Penalties - control	-	50	-	-	-
1624	Settlements	2,085,472	6,183,019	55,120,514	5,310,083	39,019,494
1624	(c) Settlements - Fund 880	-	-	-	-	582
1626	Court awards	5,803,584	1,801,074	1,266,313	12,167,031	11,122,925
1628	Insufficient funds charges	6,420	4,415	3,593	3,711	2,585
1634	Estates	588	508	218,619	247	3,950
1636	Unclaimed properties	82,406,170	81,360,731	95,900,842	92,346,642	100,888,189
1636	(a) Unclaimed properties - state - Fund 657	-	-	631	-	-
1700	(i) Salary refunds - federal	685,275	557,115	504,436	390,225	316,764
1701	(i) Salary refunds - state	15,075	15,792	5,477	7,845	8,307
1702	(i) Salary refunds - local/other	20,491	44,337	31,561	-	29
1703	(i) General relief pension refunds	2,086	3,469	4,646	1,987	1,711
1704	(i) Blind pension refunds	1,994	7,624	4,699	4,706	11,787
1706	(i) Dependent children pension refunds	443,858	424,232	262,817	254,651	166,610
1715	(i) Day care refunds	25,126	34,888	51,663	210,036	174,958
1717	(i) Medicare - Medicaid refunds	482,052,781	507,643,669	639,370,093	546,964,083	555,309,589
1719	(i) Cost in criminal cases refunds	859,303	846,638	958,828	1,055,769	1,145,795
1720	(i) American Recovery and Reinvestment Act refunds	2,027,020	901,781	988,108	902,499	3,406,265
1721	(i) Vendor refunds - federal	1,280,623	798,046	869,752	767,526	1,057,850
1722	(i) Vendor refunds - state	1,018,335	1,373,828	679,317	2,021,933	606,888
1722	(a) Vendor refunds - state - Fund 657	1,974	6,121	4,627	35,174	393
1722	(c) Vendor refunds - state - Fund 880	5	-	-	-	-
1723	(i) Vendor refunds - local/other	1,541,924	3,375,783	1,401,379	602,267	1,035,475
1723	(c) Vendor refunds - local/other - Fund 880	-	80,441	712	383	339
1724	(i) Political subdivision refunds	6,128	63	-	-	204
1725	(i) Excess court payment refunds	3,460,515	227,053	648,913	8,716	152,449
1727	(i) School refunds	10,205,891	9,909,164	9,526,783	6,710,912	3,773,819
1727	(c) School refunds - Fund 880	7,758	-	-	-	-
1728	(i) Scholarship refunds	173,655	102,782	72,950	45,031	1,737,431
1729	(i) Audit findings - federal	823	41,960	209	-	7,894
1730	(i) Audit findings - state	-	152,887	101	-	118
1731	(i) Audit findings - local/other	84,447	158,129	40,404	103,069	26,509
1732	(i) Utility refunds	37,472	27,323	3,305	101,704	112,228
1733	(i) Fuel tax refunds	245,974	219,368	4,205	203,876	184,901
1735	(i) Tax incremental financing (TIF) refund	-	2	-	974	-
1737	(i) Other refunds	3,968,580	5,253,820	3,264,579	5,434,645	3,267,783
1737	(b) Other refunds - Fund 905	-	-	-	-	176,756
1737	(c) Other refunds - Fund 880	244	1,073	6	-	-
1806	(v) Recovery costs	151,037,762	150,426,085	150,725,636	82,224,337	146,337,214
1806	(a) Recovery costs - Fund 657	-	-	-	-	6,565
1808	Deposit of surplus property funds	4,599	-	-	-	341
1811	(y) Local match	91,490,039	127,367,017	98,129,383	50,600,510	34,985,281
1812	(w) Cost reimbursements - federal	638,071	727,844	437,557	419,025	4,631,476
1813	(w) Cost reimbursements - state	79,229,099	71,087,608	46,502,004	18,340,057	16,172,695
1813	Cost reimbursements - state (included)	14,301,943	15,004,668	15,728,569	15,930,219	17,577,192
1814	(w) Cost reimbursements - local/other	191,294,541	204,205,080	187,364,955	187,174,831	170,106,348
1814	(b) Cost reimbursements - local/other - Fund 905	-	-	-	100,510	-
1814	(c) Cost reimbursements - local/other - Fund 880	-	2,890	8,615	6,630	4,461
1816	Bond account	7,368,307	8,968,358	9,214,123	8,760,097	8,693,952
1818	(u) Employee expense reimbursement - federal	-	6,030	819	1,463	6,207
1819	(u) Employee expense reimbursement - state	688	-	450	410	37,620
1820	(u) Employee expense reimbursement - local/other	3	73,000	754	-	4,033
1821	(u) Employee personal expense reimbursement	183,172	97,665	24,186	38,726	38,730
1822	(n) Outlawed checks	7,037,537	6,813,442	6,162,199	5,536,200	5,544,179
1822	(b) Outlawed checks - Fund 905	7,945	17,028	6,024	10,275	7,616

Exhibit B

Review of Article X, Sections 16 Through 24,
 Constitution of Missouri
 Schedule of Total State Revenue

Revenue Source Code	Type of Revenue	Year Ended June 30,				
		2011	2012	2013	2014	2015
1824	(x) Canceled checks	2,430,074	2,036,483	2,182,674	1,861,189	4,730,204
1824	(a) Canceled checks - Fund 657	686	-	-	-	-
1824	(b) Canceled checks - Fund 905	-	875	2,355	6,209	178
1824	(c) Canceled checks - Fund 880	-	-	950	-	-
1826	(m) Redeposit of investments principal	1,216,650	2,837,450	264,945	1,459,102	112,942
1828	(o) Redeposit of loan principal	55,411,431	61,093,018	68,996,096	69,361,487	74,454,908
1830	Telephone commissions	893,850	1,171,093	1,447,934	1,490,792	1,535,516
1832	Commission on sales	11,653	10,096	11,266	13,523	5,731
1834	Rebates	923,074	1,040,862	2,503,915	1,539,474	1,438,212
1834	(a) Rebates - Fund 657	2,243	5,979	5,334	5,114	3,981
1834	(c) Rebates - Fund 880	3,478	230	738	472	383
1834	(aa) Rebates - WIC	44,989,878	54,902,466	52,386,707	57,273,740	81,979,391
1836	Housing and maintenance receipts	47,609	28,552	18,924	20,142	19,848
1838	Loan defaults	903,996	561,905	483,363	674,897	571,590
1840	(s) Loan proceeds	20,704,819	12,938,384	9,056,992	13,212,581	8,269,645
1842	(o) Loan repayment	134,928	169,744	218,043	200,599	248,334
1842	(c) Loan repayment - Fund 880	(1,600)	2,358	-	-	-
1842	(c) Loan repayment - Fund 881	56,958,607	63,747,551	64,238,375	61,363,561	57,594,427
1843	(o) Loans receivable contra account	3,219,769	3,859,410	4,170,829	5,394,634	5,354,505
1844	Insurance proceeds	26,989	1,886	-	1,516	-
1846	Capital credits/dividends	67,873	60,241	66,172	64,039	104,066
1848	Recycling receipts	352,568	380,262	317,333	286,314	232,498
1850	Forfeitures	1,572,364	4,888,368	1,703,594	2,274,761	1,882,450
1852	Overpayments	250,613	518,149	513,751	801,638	360,921
1852	(c) Overpayments - Fund 880	765	-	-	-	-
1856	(e) Other miscellaneous receipts - federal	5,920,959	5,030,652	7,536,647	5,213,456	5,950,285
1858	Other miscellaneous receipts - state	2,317,557	2,883,176	3,954,119	3,907,352	3,977,952
1858	(a) Other miscellaneous receipts - state - Fund 657	4,865	10,541	3,438	8,330	2,291
1858	(b) Other miscellaneous receipts - state - Fund 905	12,628,615	13,780,374	13,536,541	14,686,795	14,770,311
1860	Other miscellaneous receipts - local/other	4,141,399	8,082,121	7,390,306	2,385,011	3,820,925
1860	(a) Other miscellaneous receipts - local/other - Fund 657	862,178	3,148,119	3,359,445	4,419,428	3,755,680
1860	(c) Other miscellaneous receipts - local/other - Fund 880	2,195	403	-	-	-
1862	Fees for copying public records	249,776	241,633	258,947	257,705	272,648
1862	(a) Fees for copying public records - Fund 657	55	97	56	998	-
1866	Federal share of grantee sales	310,955	179,984	234,984	243,547	450,287
1868	Receivable overpayment - federal	-	161	-	76	58
1870	Receivable overpayment - state	6,584	2,841	19	790	67
1872	Receivable overpayment - local	1,550	944	1,345	40	96
6001	(j) Supply sales	521,662	408,216	401,968	451,132	390,128
6002	(j) Open records fees	11,337	8,874	12,065	16,184	15,081
6003	(j) Fleet services operations/maintenance	1,574,218	2,149,619	2,244,601	2,115,565	2,045,630
6005	(j) Fleet services replacement	870,185	1,476,091	1,590,541	1,522,658	1,678,517
6006	(j) Criminal records check fees	392,457	326,864	373,277	317,652	456,286
6007	(j) Mail/freight services	11,506,019	10,803,757	11,230,955	10,679,698	9,761,536
6009	(j) Telephone billing	30,773,403	32,302,801	34,581,943	36,473,586	36,836,383
6011	(j) Printing service	5,682,997	6,042,427	5,457,257	5,243,375	5,275,658
6013	(j) Reimbursement/recovery cost	28,033,182	33,101,501	59,725,679	27,114,023	31,672,678
6013	(c) Reimbursement/recovery cost - Fund 881	-	-	-	-	2,242
6015	(j) Leased facility	101,160,500	104,557,774	105,027,361	106,994,424	61,542,743
6017	(j) Sale of material, supplies, and services	452,218	691,783	564,009	909,355	810,590
6019	(j) Training	438,684	340,177	537,835	554,521	624,636
6021	(j) Computer services	22,116,269	23,599,449	19,567,908	22,297,639	24,413,038
6023	(j) Administration services	548,877	396,676	772,096	850,060	522,914
6025	(j) Flight operations services	374,033	349,239	399,173	298,650	770,175
6027	(j) Sale of manufactured products	21,070,342	19,842,283	17,974,645	18,969,055	19,461,962
6029	(j) Interagency receipts	34,778,712	39,991,261	51,636,237	42,755,745	41,407,133
6029	(c) Interagency receipts - Fund 880	-	20,237	-	-	-
6029	(c) Interagency receipts - Fund 881	659,991	552,518	588,922	522,508	591,646
6030	(j) Sampling &/or analysis	797,593	597,162	515,738	841,801	926,768
6031	(r) Redeposit of state funds	68,696	69,352	58,517	19,606	112,655
6032	(j) Deposit of unclaimed property	-	-	1,225	-	-

Exhibit B

Review of Article X, Sections 16 Through 24,
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Schedule of Total State Revenue

Revenue Source Code	Type of Revenue	Year Ended June 30,				
		2011	2012	2013	2014	2015
6033	(j) Permits	11,479	40,995	47,185	38,426	41,669
6034	(j) Registration fees	45,642	59,342	55,048	103,377	133,015
6035	(j) Taxes	7,500,691	7,954,247	7,890,094	8,419,180	9,609,364
6036	(j) Transcript fees	15,825	19,309	8,016	8,210	26,002
	Total revenues	25,114,403,059	24,304,536,535	24,736,168,819	24,616,141,577	25,845,977,839
Fund Exclusions:						
(a)	Lottery Enterprise Fund - Fund 657	435,310,366	467,585,698	494,190,659	497,669,708	468,076,347
(b)	Alternative Care Trust Fund - Fund 905	12,674,390	13,835,065	13,584,203	14,841,342	14,995,733
(c)	Student Loan Funds - Funds 880 and 881	167,946,527	157,149,793	163,513,576	158,661,013	134,985,120
(d)	Pansy Johnson-Travis Memorial State Gardens Trust Fund - Fund 963	7,717	6,761	7,345	6,768	6,393
Revenue Source Exclusions:						
(e)	Federal funds	11,231,060,137	10,041,620,203	9,738,679,227	9,742,199,727	10,103,924,854
(f)	Proposition C sales and use tax/interest	752,181,529	789,578,622	804,331,562	841,580,386	868,523,541
(g)	Proposition A gas tax and license fee increases	169,467,566	166,913,857	163,022,120	164,058,506	165,022,444
(h)	Bond sales	74,305,145	1,867,300	-	-	167,828,087
(i)	Refunds	508,157,376	532,119,753	658,694,225	565,792,454	572,505,364
(j)	Interagency sales and receipts	268,676,325	285,059,847	320,614,856	286,974,316	248,421,906
(k)	Soil and water sales and use tax/interest	38,549,297	40,406,433	41,183,578	42,984,511	44,382,868
(l)	Parks sales and use tax/interest	38,383,161	40,315,075	41,132,210	42,939,810	44,300,079
(m)	Redeposit of investment principal	1,216,650	2,837,450	264,945	1,459,102	112,942
(n)	Outlawed checks	7,037,537	6,813,442	6,162,199	5,536,200	5,544,179
(o)	Redeposit of loan principal	58,766,128	65,122,172	73,384,968	74,956,720	80,057,747
(p)	Bingo	2,166,417	2,121,041	2,008,254	1,814,572	1,771,432
(q)	Riverboat gambling	395,773,528	388,758,396	377,915,277	359,315,902	364,674,023
(r)	Redeposit of state funds	68,696	69,352	58,517	19,606	112,655
(s)	Loan proceeds	20,704,819	12,938,384	9,056,992	13,212,581	8,269,645
(t)	Conservation sales and use tax/interest	95,997,681	100,748,178	102,762,355	107,303,454	110,749,898
(u)	State employee expense reimbursement	183,863	176,695	26,209	40,599	86,590
(v)	Recovery costs	151,037,762	150,426,085	150,725,636	82,224,337	146,337,214
(w)	Cost reimbursements	271,161,711	276,020,532	234,304,516	205,933,913	190,910,519
(x)	Canceled checks	2,430,074	2,036,483	2,182,674	1,861,189	4,730,204
(y)	Local match	91,490,039	127,367,017	98,129,383	50,600,510	34,985,281
(z)	Proceeds of surplus property sales - Fund 710	1,523,162	1,331,787	1,414,547	1,725,866	2,003,696
(aa)	DHSS program rebates	44,989,878	54,902,466	52,386,707	57,273,740	81,979,391
(bb)	Amendment 3 revenue derived from highway users	421,929,866	432,352,497	440,150,855	506,419,089	533,026,938
(cc)	Interest - federal	-	23,802,563	22,442,061	12,442,473	4,271,580
Other Exclusions and Limits:						
	CMIA interest payment to the federal government	24,499	22,013	-	-	19,999
	Agency remitted sales tax	369,085	247,169	260,481	239,471	224,953
	Abandoned funds claim payments	34,703,093	36,413,798	38,155,004	38,604,634	39,309,427
	Coding errors	-	-	-	-	(95)
	Total exclusions	15,298,294,024	14,220,965,927	14,050,745,141	13,878,692,499	14,442,150,954
	Total revenues after exclusions	9,816,109,035	10,083,570,608	10,685,423,678	10,737,449,078	11,403,826,885
	Less expenditure refunds (Exhibit C)	(1,414,459,977)	(1,342,748,745)	(1,240,311,060)	(1,328,253,309)	(1,278,493,892)
Add refundable tax credits:						
	Business Facility	2,907,965	402,578	-	-	-
	Enterprise Zone	185,922	280,469	231,246	109,188	141,943
	BUILD	7,956,937	2,316,971	5,590,472	4,610,238	3,311,820
	Missouri Quality Jobs	5,322,994	7,360,207	7,355,213	9,774,161	17,445,172
	New Enhanced Enterprise Zone	2,885,117	3,067,886	3,522,698	3,834,717	2,395,322
	Residential Dwelling Accessibility	23,186	5,266	-	-	-
	Self-employed Health Insurance	1,558,354	1,082,658	451,242	793,147	829,513
	Public Safety Officer Surviving Spouse, Residential Dwelling Assessability, and Sporting Event Credit	20,899	28,212	56,949	72,258	94,043
	Brownfield Jobs and Investment Credit	1,906,660	304,395	-	-	-
	Total State Revenue	\$ 8,424,417,092	8,755,670,505	9,462,320,438	9,428,389,478	10,149,550,806

Exhibit C

Review of Article X, Sections 16 Through 24,
 Constitution of Missouri
 Schedule of Expenditure Refunds

Object Code	Description	Year Ended June 30,				
		2011	2012	2013	2014	2015
	SAM II Expenditure Refunds:					
3200	Bond refunds	\$ 3,624,472	3,381,743	3,766,775	4,037,533	4,612,996
3206	Deposit and escrow refunds	75,167	100,829	75,616	65,501	80,882
3212	Federal share grantee sales refunds	-	-	-	-	46
3213	Tax credit debt offset	159,943	424,562	211,413	99,150	65,941
3215	Debt offset refunds	10,724,197	10,184,106	9,312,765	8,811,600	10,102,444
3218	Motor vehicle license fee refunds	342,352	385,841	451,527	526,385	312,432
3221	Driver's license fee refunds	58,495	48,367	61,656	55,674	54,387
3227	License and permit fee refunds	147,645	163,468	236,183	135,557	537,491
3230	Registration fee refunds	4,341	37,308	29,217	26,604	26,142
3233	Regulatory fee refunds	16,754	59,869	15,030	12,237	22,222
3236	Inspection fee refunds	41,178	52,862	42,713	51,341	68,105
3239	Miscellaneous fee refunds	298,548	442,860	420,978	388,745	379,316
3242	Sales refunds	3,455	10,391	16,664	18,821	4,539
3245	Lease and rentals refunds	4,551	5,702	3,265	4,070	2,085
3248	Medical services refunds	6,525,413	6,331,354	6,010,508	7,406,446	10,030,985
3251	Contributions refunds	16,298,595	5,886,037	29,913	-	56,807
3254	Federal refunds	355,286	1,514,909	493,420	989,516	700,700
3257	Penalty and court award refunds	14,444	31,479	(856)	10,332	285
3260	Interagency billing refunds	-	295	1,884	-	-
3261	Receivable overpayment refunds	180,639	328,765	377,953	289,274	375,941
3267	Deferred revenue refunds	1,545,606	2,445,006	2,401,657	1,316,303	1,773,082
3268	Liability account refunds	-	-	-	3,276	-
3269	Other refunds	2,411,778	3,313,740	12,383,222	1,331,127	2,349,459
3272	Sales and use tax protested refunds	200,205	156,632	8,383	332	574,348
3281	County foreign insurance tax refunds	17,921,126	27,158,118	39,317,277	13,616,378	9,270,877
3284	County domestic insurance tax refunds	-	2,694,044	-	4,345,959	91,816
3287	Worker's compensation insurance tax refunds	2,212,394	286,762	513,702	96,395	169,765
3291	Surplus lines insurance tax refund	-	-	16,672	42,391	31,040
3293	Cigarette tax refunds	146,382	19,851	26,810	50,251	20,732
3299	Aviation fuel tax refunds	6,304	8,902	4,131	20,025	5,607
3305	Special fuel (non-gas) tax refunds	25,710,530	22,218,784	20,461,228	19,702,979	19,891,763
3308	Fuel tax refunds	10,237,237	10,042,959	7,838,108	9,112,720	10,582,920
3311	Sales tax refunds	36	104	535	-	-
3314	Food tax exemption refunds	-	-	-	179	-
3317	General sales and use tax refunds	49,875,140	28,009,782	25,564,348	44,356,280	26,712,898
3326	Motor vehicle sales tax refunds	3,110,419	3,395,473	3,658,569	4,561,344	6,193,025
3329	Motor vehicle use tax refunds	955,515	1,128,147	1,060,387	286,517	64,376
3335	Boat tax refunds	6,390	5,036	4,784	3,760	3,680
3338	Individual tax refunds	993,083,426	930,792,552	879,453,248	948,964,266	943,383,972
3341	Senior citizens tax refunds	114,887,118	117,603,638	113,962,551	110,643,361	104,810,266
3344	Corporation tax refunds	149,575,393	157,035,524	108,715,703	142,741,406	120,498,356
3347	Franchise tax refunds	2,189,789	5,214,992	1,471,893	1,826,313	2,151,688
3350	Inheritance tax refunds	172,440	8,628	-	412	-
3356	Other tax refunds	1,337,274	1,819,324	1,891,228	2,302,549	2,480,476
	Total SAM II Expenditure Refunds	\$ 1,414,459,977	1,342,748,745	1,240,311,060	1,328,253,309	1,278,493,892

Review of Article X, Sections 16 Through 24, Constitution of Missouri

Background, Methodology, and Conclusions

On November 4, 1980, the voters of Missouri passed Constitutional Amendment No. 5, which added Article X, Sections 16 through 24 to the Constitution of Missouri. The amendment is commonly referred to as the Hancock Amendment.

The following identifies the various components of the amendment and the application of the amendment to state revenues.

Formula

Article X, Section 18(a), Missouri Constitution, establishes the revenue limit formula as follows:

$$\begin{array}{lcl} \text{Revenue limit} & \text{Total state revenue (TSR)} & \text{The greater of MPI in the} \\ \text{for fiscal year} & \text{in FY 1981} & \text{calendar year (CY) prior} \\ \text{(FY) 20XX} = & \frac{\text{CY 1979 Missouri}}{\text{personal income (MPI)}} \times & \text{to the CY in which} \\ & & \text{appropriations are made} \\ & & \text{for FY 20XX or Average} \\ & & \text{MPI for 3 CYs preceding} \\ & & \text{FY 20XX.} \end{array}$$

The formula is composed of two principal parts. The first part of the formula, the base year ratio (BYR), is as follows:

$$\frac{\text{TSR in FY 1981}}{\text{CY 1979 MPI}}$$

The application of this ratio to the second part of the formula (future years' MPI) sets the revenue limit to ensure no greater portion of a future year's personal income will be used to fund state government than was the case at the time of passage of the amendment.

The MPI amounts used in the formula for the base year and subsequent years are reported by the U.S. Department of Commerce (DOC). The Office of Administration, Division of Budget and Planning (OA-BP) uses the MPI first officially published by the DOC after the close of the calendar year to calculate the revenue limit for the applicable fiscal year. The OA-BP does not adjust the MPI used in the BYR or the second part of the formula for subsequent adjustments to the MPI by the DOC. Article X, Section 17(2) refers to ". . . total income . . . as defined and officially reported by" the DOC. Even though the amendment does not specifically refer to such adjustments, this wording suggests the revenue limit should be recalculated each time the MPI is adjusted by the DOC. For example, the BYR would be adjusted whenever the CY 1979 MPI is adjusted by the DOC. The use of the initial reporting of MPI provides at least two benefits. First, by having a consistent and unchanging BYR, the state can more easily plan and make appropriate adjustments to stay under the revenue limit. Second, if the initial MPI is subsequently adjusted, retroactive refunds are a possibility. That is,



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an adjustment to MPI for any prior year (including the base year) could reduce the revenue limit for a prior year below that year's TSR, providing a refund where one previously was not due. Therefore, we find this approach reasonable so long as it is followed consistently.

The BYR was calculated by the OA-BP as follows (dollar amounts are in millions):

$$\frac{\$2,232.204096}{\$ 39,581.0} = .05639584891$$

In its calculations of the revenue limit, the OA-BP rounded the BYR to .056395. To determine the revenue limit for the fiscal year, this amount is multiplied by the MPI in the calendar year preceding the calendar year in which appropriations were made for the fiscal year or the average MPI for the 3 calendar years preceding the fiscal year. For the fiscal year 2015 revenue limit calculation, the OA-BP used the CY 2013 MPI that was greater than the average MPI for the preceding 3 calendar years.

Article X, Section 18(b) allows the state to exceed the revenue limit by less than 1 percent before a refund is due. Therefore, to determine the point at which the refund provision takes effect (the refund threshold) the revenue limit is adjusted upward by 1 percent. However, should TSR exceed the refund threshold, all revenues in excess of the revenue limit are subject to refund.

Article X, Section 18(e) imposes an additional revenue limit, which states the general assembly shall not increase taxes or fees in any fiscal year without voter approval that in total produce new annual revenues greater than \$50 million adjusted annually by the percentage change in the personal income of Missouri for the second previous year, or 1 percent of TSR for the second fiscal year prior to the general assembly's action, whichever is less. The OA-BP calculates the limits and monitors new legislation for tax and fee increases and decreases.

Adjustments

Article X, Section 18(d) provides that the revenue limit may be adjusted, ". . . if responsibility for funding a program or programs is transferred from one level of government to another, as a consequence of constitutional amendment . . . provided that the total revenue authorized for collection by both state and local governments does not exceed that amount which would have been authorized without such a change."

The OA-BP has adjusted the revenue limit for the transfer of deputy circuit clerks from the county payroll to the state payroll under Section 483.245, RSMo, which was effective on July 1, 1981. In *Kelly v. Hanson*, 959



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S.W.2d 107 (Mo. Banc 1997), the Supreme Court held that this adjustment to the revenue limit is appropriate.

Composition of Total State Revenue

An integral part in applying the provisions of the amendment to state revenues is to determine what constitutes TSR. The amendment does not specify the methodology to be used to determine TSR. Consequently, procedures to calculate TSR have been established and certain decisions as to items that would be either included or excluded have been made, except for items ruled on by the Attorney General or the Missouri courts.

TSR includes all revenues recorded in the Statewide Accounting System for Missouri (SAM II) and receipted by the state treasurer, which may only be withdrawn pursuant to an appropriation or which stand appropriated by the Constitution of Missouri. Various funds not in the state treasury are not included in TSR. These funds include university local funds; local sales and use tax fund collections made by the Department of Revenue; various funds held in trust for inmates, patients, etc.; and various quasi-governmental agencies such as the Board of Public Buildings, the Housing Development Commission, the Higher Education Loan Authority, the Health and Educational Facilities Authority, and the state's retirement systems. The Hancock Amendment states the composition of TSR is, "defined in the budget message of the governor for fiscal year 1980-81." The funds described above were not addressed in the governor's budget message for that year since the funds were not in the state treasury and were not appropriated. Thus, it seems reasonable to conclude that these funds should not be included in TSR.

Excluded Funds

From the revenue amounts obtained from SAM II, certain funds are entirely excluded to arrive at TSR, as defined in Article X, Section 17(1), Missouri Constitution, as follows:

A. Lottery Enterprise Fund

In November 1984, the voters approved Article III, Section 39(b), Missouri Constitution, which authorized the creation of the Missouri State Lottery. This provision states that revenues produced from the conduct of a state lottery shall not be a part of TSR. Since the voters approved the state lottery, all revenue and expenditure refunds related to the state lottery are excluded.

B. Alternative Care Trust Fund

The Alternative Care Trust Fund was established in 1989 under Section 210.560, RSMo. The Department of Social Services uses this fund to account for funds held in trust for the benefit of children who have been placed in the legal custody of the state. The Department of Corrections, Department of Mental Health, and the Missouri Veterans Commission hold funds in trust for inmates and patients; however, these funds are not in the state treasury and are not included in TSR. Funds held in trust are not state funds since the funds remain the property of the individual. Since the Alternative Care Trust Fund does not account for state funds, it is excluded.



Review of Article X, Sections 16 Through 24,
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C. Student Loan Funds	Federal legislation passed in 1997 made changes in the accounting required for federal education loans. Starting in federal fiscal year 1998, the federal government considers all monies in these funds as property of the federal government or guaranty agency. As a result, the state excludes these funds held in trust.
D. Pansy Johnson-Travis Memorial State Gardens Trust Fund	The state received an endowment in 1987 for the purpose of establishing a memorial state garden. The state is to invest the endowment for 100 years before using the funds to establish the memorial garden. Since the funds cannot be appropriated until 2087, the revenue is excluded from TSR.
Excluded Revenues	From the revenue amounts obtained from SAM II, certain types of revenues are excluded to arrive at TSR, as defined in Article X, Section 17(1), Missouri Constitution, as follows:
E. Federal Funds	Article X, Section 17, Missouri Constitution, specifically excludes federal funds.
F. Proposition C Sales and Use Tax/Interest	In November 1982, the voters approved Proposition C, which increased the state sales and use tax by 1 percent. Since Proposition C received direct voter approval as provided in Article X, Section 16, Missouri Constitution, the proceeds from the additional 1 percent sales and use tax, including any interest earned on the investment of such taxes, are excluded.
G. Proposition A Gas Tax and License Fee Increases	In April 1987, the voters approved Proposition A, which increased the motor fuel tax by 4 cents per gallon and increased the annual registration fee for certain motor vehicles, effective July 1, 1987. Since the increase in tax and fees received direct voter approval, these revenues are excluded. Also, see item BB. below.
H. Bond Sales	Attorney General Opinion 22-1982 concluded that proceeds of the state's general obligation bonds were not to be included in TSR.
I. Refunds	Refunds received due to the overpayment of obligations by the state, as identified by certain revenue source codes, are excluded. Refunds also include cost recoveries and prescription drug rebates received through the Medicaid and Children's Health Insurance programs which are excluded from TSR.
J. Interagency Sales and Receipts	Since interagency transactions do not generate additional revenue for the state as a whole, interagency sales and receipts, as identified by certain revenue source codes, are excluded.



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K. Soil and Water Sales and Use Tax/Interest and L. Parks Sales and Use Tax/Interest	In August 1984, the voters approved a one-tenth of 1 percent sales tax for soil and water conservation and state parks. Article IV, Section 47(c), Missouri Constitution, states that the additional revenue provided by the tax shall not be part of TSR. Since the voters approved the sales tax, the sales tax and any interest earned on the investment of the balance in these funds are excluded.
M. Redeposit of Investment Principal	The redeposit of investment principal is excluded.
N. Outlawed Checks	Outlawed checks, which are state checks that were not cashed by the payee within the time allowed, are redeposited in the state treasury and are excluded.
O. Redeposit of Loan Principal	Redeposits of loan principal are excluded.
P. Bingo	The August 1992 amendment to Article III, Section 39(d), Missouri Constitution, related to gaming activities also applies to bingo games, in that all state revenues derived from the conduct of gaming activities shall be appropriated beginning July 1, 1993, solely for public education and shall not be included in TSR. Section 313.007, RSMo, requires the bingo tax to be deposited in the Bingo Proceeds for Education Fund. The bingo tax, certain fees, and the interest earned on the investment of the fund are excluded from TSR.
Q. Riverboat Gambling	<p>In August 1992, the voters approved an amendment to Article III, Section 39(d), Missouri Constitution. This constitutional amendment requires that all state gaming revenues must be appropriated for public education and excludes these revenues from TSR.</p> <p>In 1993, the Missouri General Assembly enacted Senate Bills 10 and 11. This comprehensive gaming legislation established riverboat gaming in the state. This law repealed House Bill 149 related to riverboat gaming, which had been enacted by voters as Proposition A in November 1992.</p> <p>Under Senate Bills 10 and 11, the legislature imposed a 20 percent tax on adjusted gross receipts from gambling games. In November 2008, the voters approved increasing the tax to 21 percent. The state treats 90 percent of this revenue as state gaming revenues under Article III, Section 39(d), Missouri Constitution, and earmarks the revenues to the Gaming Proceeds for Education Fund. The remaining 10 percent of this revenue is allocated to the home dock city or county. Under Article III, Section 39(d), Missouri Constitution, the 90 percent portion of the adjusted gross receipts tax is exempted from TSR. The remaining 10 percent portion of the adjusted gross receipts tax is also excluded from TSR because these funds are distributed</p>



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by the Department of Revenue without deposit in the state treasury and without appropriation.

Under Senate Bills 10 and 11, the legislature also established a Gaming Commission Fund in the state treasury and authorized gaming commission license fees, penalties, administrative fees, reimbursements, and admission fees to be deposited in this fund and expended pursuant to state appropriation for various purposes.

On November 24, 1998, the Missouri Court of Appeals, Western District, entered its final decision in *Kelly v. Hanson*, 984 S.W. 2d 540 (Mo. App. W.D. 1998). The Missouri Court of Appeals, Western District, held that revenue from the \$1 portion of the state-imposed \$2 admission fee payable to the state is excluded from TSR, while the revenue from the payments to the state to recoup public safety and regulatory enforcement costs is included in TSR. The remaining \$1 portion of the \$2 admission fee is also excluded from TSR because these funds are distributed by the Department of Revenue without deposit in the state treasury and without appropriation.

R. Redeposit of State Funds

The redeposit of state funds for which a state expenditure was originally incurred, such as from closing a petty cash fund and returning the funds to the state treasury, is excluded.

S. Loan Proceeds

The state receives loans or advancements from the federal government, local governments, or private sources, to finance the acceleration of state projects. Since the loans must be repaid in the future, they are excluded.

T. Conservation Sales and Use
Tax/Interest

In *Conservation Federation of Missouri v. Richard Hanson*, 994 S.W. 2d 27 (Mo. Banc. 1999), the Supreme Court held that the revenue derived from the one-eighth of 1 percent conservation sales tax, and any interest earned on the investment of these funds, are excluded.

U. State Employee Expense
Reimbursement

The state receives reimbursement from private individuals, firms, partnerships, corporations, etc., for state employee expenses incurred in providing testimony in a court of law, for which the employee has already been reimbursed by a state expense account. These reimbursements are excluded.

V. Recovery Costs

Monies received from others for costs incurred by the state or to be incurred by the state are excluded. Also, see item W. below.

W. Cost Reimbursements

Monies received from other governments for reimbursements of costs incurred by the state are excluded.



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Regarding items V. and W., the state has excluded from TSR receipts for cost reimbursements since fiscal year 1982 and receipts for recovery costs since fiscal year 1988. Although the constitution does not specifically mention cost reimbursements and recovery costs and they have not been the subject of a court decision, we have agreed with such exclusions because from an accounting standpoint, they would not be considered revenue.

X. Canceled Checks

Receipts derived from the redeposit of state checks that have been canceled are excluded.

Y. Local Match

Local governments provided funds to the state to use as a local match to qualify for federal or state funding. Since these local match funds are not state funds, they are excluded.

Z. Proceeds of Surplus Property Sales

The proceeds from some sales of surplus property are initially deposited into the Proceeds of Surplus Property Sales Fund then disbursed from this fund to the state fund that owned the property. To avoid counting the same receipts in TSR twice, the state excludes amounts disbursed from the Proceeds of Surplus Property Sales Fund to other state funds.

AA. DHSS Program Rebates

The Department of Health and Senior Services (DHSS) receives rebates through various federal programs, including the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) and the HIV Care Formula Grants.

BB. Amendment 3 Revenue Derived From Highway Users

In November 2004, the voters approved an amendment to Article IV, Sections 29 and 30(a) through 30(c) and added Section 30(d), Missouri Constitution, effective July 1, 2005.

Section 30(a)(4) provides for the apportionment and distribution of net proceeds of motor fuel tax. This section further provides that, "The net proceeds of fuel taxes apportioned, distributed and deposited under this section to the state road fund, counties, cities, towns and villages shall not be included within the definition of 'total state revenues'"

Section 30(b) provides for the use and distribution of revenue derived from highway users as an incident to their use or right to use the highways of the state (including all state license fees and taxes on motor vehicles, trailers and motor vehicle fuels and excepting sales tax on motor vehicles and trailers which are not distributed to the state road fund). This section further provides that, "The moneys apportioned or distributed under this section to the state road fund, the state transportation fund, the state road bond fund, counties, cities, towns or villages shall not be included within the definition of 'total state revenues'"



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As a result, motor vehicle sales tax and special fuel non-gas tax, and fees from motor vehicle licenses or permits, interstate transportation licenses or permits, driver's licenses or permits, overdimension/overweight permits, other licenses and permits, and non-motor fuel decals credited to the State Road Fund, State Road Bond Fund, and/or State Transportation Fund are excluded from TSR.

The increase in interstate transportation license or permits for certain motor vehicles excluded under this section were previously excluded and, as a result, have no impact on TSR. (See item G. above.)

Sections 29, 30(c), and 30(d) have no Hancock implications.

CC. Interest - Federal

Interest assessed and received on advances made to the state by the federal government. Since the interest is due to the federal government, it is excluded from TSR.

Other Exclusions and
Limits

Other exclusions and limits have been considered to arrive at TSR, as follows:

Cash Management Improvement
Act

The state has to enter into an agreement with the federal government that governs the timing of when the state can obtain federal grant monies. If the state holds federal funds longer than needed, the state has to reimburse the federal government for interest earnings. Since the interest was earned on federal funds and has to be returned to the federal government, it is excluded from TSR.

Agency Remitted Sales Tax

Some state agencies sell goods or services to the public and collect sales tax. To avoid counting the same receipts in TSR twice, the sales tax remitted by state agencies to the Department of Revenue is excluded from TSR.

Abandoned Funds Claim
Payments

Under Section 447.543, RSMo, the state receives abandoned funds from various sources (banks, businesses, insurance companies, etc.). These funds are placed in the state Abandoned Fund Account. The rightful owner may receive these funds if properly claimed. The state includes the receipts in TSR. Starting in fiscal year 1998, the state excludes from TSR amounts paid to the rightful owner.

Expenditure Refunds

Under Article X, Section 17(1), Missouri Constitution, TSR shall exclude the amount of any credits based on actual tax liabilities. Refunds disbursed due to the excess collection by the state of liabilities owed the state, largely tax refunds, as identified by certain expenditure object codes are excluded. The method used to determine expenditure refunds is not specified in the amendment. Although the OA-BP initially used the appropriation basis to determine expenditures refunds, during fiscal year 1984, the OA-BP changed to the cash basis. In *Kelly v. Hanson*, 959 S.W.2d 107 (Mo. Banc



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Tobacco Master Settlement
Agreement Proceeds

1997), the Supreme Court held that a cash basis of accounting should be used to determine compliance with the Hancock Amendment.

The OA-BP has excluded \$132,261,643 received from tobacco companies during fiscal year 2015. The Master Settlement Agreement was entered into effective November 23, 1998, between the major cigarette manufacturers and the states' Attorney Generals. Missouri received its first payments under the settlement agreement during fiscal year 2001 and future payments from tobacco companies extend in perpetuity. The payment received in 2001 included amounts under the settlement agreement for 1998, 2000, and 2001. The settlement agreement did not require a payment for 1999. Payments for fiscal years 2001 through 2015 were as follows:

Fiscal Year	Amount
2001	\$ 338,230,653
2002	172,679,543
2003	166,895,179
2004	142,829,966
2005	144,964,644
2006	133,078,222
2007	139,292,616
2008	153,277,453
2009	168,066,958
2010	140,318,927
2011	132,631,552
2012	135,246,224
2013	135,166,246
2014	66,085,418
2015	132,261,643

The amounts received were coded in the state's accounting system to revenue source code 1806 - recovery costs, which is excluded from TSR. Recovery costs are defined under revenue source code 1806 as, "*all money recovered from others for costs incurred by the state or to be incurred by the state.*" The OA-BP believes these receipts should be excluded from TSR because the amounts represent a recovery of health care costs previously incurred or to be incurred by the state attributable to smoking.

Public information was not readily available to determine if the amounts recovered from the tobacco companies under the master settlement agreement were more or less than the health care costs incurred. For our fiscal year 2001 report, we reviewed three extensive research projects conducted by experts. We limited our analysis to Medicaid costs incurred in fiscal years 1998 through 2001. We did not consider Medicaid costs prior to fiscal year 1998. In addition, we did not consider other costs incurred by the state, such as employee health care costs attributable to smoking. These



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three research projects showed that Medicaid costs attributable to smoking were higher than the amount the state received from the tobacco companies under the settlement agreement. As a result, in our 2001 report we concluded it was proper for the OA-BP to exclude the amounts received from the tobacco companies as a recovery cost.

A study, "Tobacco Damages to the State of Missouri" by Glenn W. Harrison, was commissioned by the Missouri Attorney General's Office for use in a lawsuit against tobacco companies filed May 12, 1997. This lawsuit was dropped because Missouri joined a consortium of states in December 1998, in the Master Settlement Agreement with the tobacco companies. As a result, the Harrison study was not fully completed. However, the draft report provided an estimate of Medicaid costs attributable to smoking for 1970 through 2007 and an estimate of state employee health care costs attributable to smoking for 1970 through 1997. This study estimates that state costs attributable to smoking were higher than the amount the state received. OA officials could not locate any current studies, but they believe continued exclusion is reasonable.

Federal Reimbursement
Allowance and Nursing Facility
Reimbursement Allowance

The Federal Reimbursement Allowance and the Nursing Facility Reimbursement Allowance tax imposed by the state to pay the state's share of the costs of the Medicaid program when collected by an offset against Medicaid claims, is not directly deposited in the state treasury. As a result, this revenue is not included in TSR.

Conclusions

Exhibit A presents a summary of the calculations of limited TSR for the years ended June 30, 2015, 2014, 2013, 2012, and 2011. The results of our review determined for the year ended June 30, 2015, TSR was approximately \$3.9 billion under the refund threshold. As a result, no refund is due for the year ended June 30, 2015.

For fiscal year 2015, the OA-BP calculated the tax and fee increase limits at \$115.7 million for the Missouri Personal Income amount and \$94.6 million for the 1 percent of TSR amount. For fiscal year 2015, the OA-BP determined that as a result of legislative actions net taxes and fees decreased by a total of \$20.8 million. As a result, the state complied with Article X, Section 18(e).

Review of Article X, Sections 16 Through 24, Constitution of Missouri Appendix

Article X, Sections 16 through 24, Constitution of Missouri (Adopted November 4, 1980, Amended April 2, 1996*)

TAXATION

Section 16. Taxes and state spending to be limited--state to support certain local activities--emergency spending and bond payments to be authorized. Property taxes and other local taxes and state taxation and spending may not be increased above the limitations specified herein without direct voter approval as provided by this constitution. The state is prohibited from requiring any new or expanded activities by counties and other political subdivisions without full state financing, or from shifting the tax burden to counties and other political subdivisions. A provision for emergency conditions is established and the repayment of voter approved bonded indebtedness is guaranteed. Implementation of this section is specified in sections 17 through 24, inclusive of this article.

Section 17. Definitions. As used in sections 16 through 24 of Article X:

- (1) **"Total state revenues"** includes all general and special revenues, license and fees, excluding federal funds, as defined in the budget message of the governor for fiscal year 1980-1981. Total state revenues shall exclude the amount of any credits based on actual tax liabilities or the imputed tax components of rental payments, but shall include the amount of any credits not related to actual tax liabilities.
- (2) **"Personal income of Missouri"** is the total income received by persons in Missouri from all sources, as defined and officially reported by the United States Department of Commerce or its successor agency.
- (3) **"General price level"** means the Consumer Price Index for All Urban Consumers for the United States, or its successor publications, as defined and officially reported by the United States Department of Labor, or its successor agency.

Section 18. Limitation on taxes which may be imposed by general assembly--exclusions--refund of excess revenue--adjustments authorized.

- (a). There is hereby established a limit on the total amount of taxes which may be imposed by the general assembly in any fiscal year on the taxpayers of this state. Effective with fiscal year 1981-1982, and for each fiscal year thereafter, the general assembly shall not impose taxes of any kind which, together with all other revenues of the state, federal funds excluded, exceed the revenue limit established in this section. The revenue limit shall be calculated for each fiscal year and shall be equal to the product of the ratio of total state revenues in fiscal year 1980-1981 divided by the personal income of Missouri in calendar year 1979 multiplied by the personal income of Missouri in either the calendar year prior to the calendar year in which appropriations for the fiscal year for which the calculation is being made, or



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the average of personal income of Missouri in the previous three calendar years, whichever is greater.

(b). For any fiscal year in the event that total state revenues exceed the revenue limit established in this section by one percent or more, the excess revenues shall be refunded pro rata based on the liability reported on the Missouri state income tax (or its successor tax or taxes) annual returns filed following the close of such fiscal year. If the excess is less than one percent, this excess shall be transferred to the general revenue fund.

(c). The revenue limitation established in this section shall not apply to taxes imposed for the payment of principal and interest on bonds, approved by the voters and authorized under the provisions of this constitution.

(d). If responsibility for funding a program or programs is transferred from one level of government to another, as a consequence of constitutional amendment, the state revenue and spending limits may be adjusted to accommodate such change, provided that the total revenue authorized for collection by both state and local governments does not exceed that amount which would have been authorized without such change.

(e). Voter approval required for taxes or fees, when, exceptions--definitions--compliance procedure, remedies.

1. In addition to the revenue limit imposed by section 18 of this article, the general assembly in any fiscal year shall not increase taxes or fees without voter approval that in total produce new annual revenues greater than either fifty million dollars adjusted annually by the percentage change in the personal income of Missouri for the second previous fiscal year, or one percent of total state revenues for the second fiscal year prior to the general assembly's action, whichever is less. In the event that an individual or series of tax or fee increases exceed the ceiling established in this subsection, the taxes or fees shall be submitted by the general assembly to a public vote starting with the largest increase in the given year, and including all increases in descending order, until the aggregate of the remaining increases and decreases is less than the ceiling provided in this subsection.

2. The term "new annual revenues" means the net increase in annual revenues produced by the total of all tax or fee increases enacted by the general assembly in a fiscal year, less applicable refunds and less all contemporaneously occurring tax or fee reductions in that same fiscal year, and shall not include interest earnings on the proceeds of the tax or fee increase. For purposes of this calculation, "enacted by the general assembly" shall include any and all bills that are truly agreed to and finally passed within that fiscal year, except bills vetoed by the governor and not overridden by the general assembly. Each individual tax or fee increase



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shall be measured by the estimated new annual revenues collected during the first fiscal year that it is fully effective. The term "increase taxes or fees" means any law or laws passed by the general assembly after May 2, 1996, that increase the rate of an existing tax or fee, impose a new tax or fee, or broaden the scope of a tax or fee to include additional class of property, activity, or income, but shall not include the extension of an existing tax or fee which was set to expire.

3. In the event of an emergency, the general assembly may increase taxes, licenses or fees for one year beyond the limit in this subsection under the same procedure specified in section 19 of this article.

4. Compliance with the limit in this section shall be measured by calculating the aggregate actual new annual revenues produced in the first fiscal year that each individual tax or fee change is fully effective.

5. Any taxpayer or statewide elected official may bring an action under the provisions of section 23 of this article to enforce compliance with the provisions of this section. The Missouri supreme court shall have original jurisdiction to hear any challenge brought by any statewide elected official to enforce this section. In such enforcement actions, the court shall invalidate the taxes and fees which should have received a public vote as defined in subsection 1 of this section. The court shall order remedies of the amount of revenue collected in excess of the limit in this subsection as the court finds appropriate in order to allow such excess amounts to be refunded or to reduce taxes and/or fees in the future to offset the excess monies collected.

Section 19. Limits may be exceeded, when, how. The revenue limit of section 18 of this article may be exceeded only if all of the following conditions are met: (1) The governor requests the general assembly to declare an emergency; (2) the request is specific as to the nature of the emergency, the dollar amount of the emergency, and the method by which the emergency will be funded; and (3) the general assembly thereafter declares an emergency in accordance with the specifics of the governor's request by a majority vote for fiscal year 1981-1982, thereafter a two-thirds vote of the members elected to and serving in each house. The emergency must be declared in accordance with this section prior to incurring any of the expenses which constitute the emergency request. The revenue limit may be exceeded only during the fiscal year for which the emergency is declared. In no event shall any part of the amount representing a refund under section 18 of this article be the subject of an emergency request.

Section 20. Limitation on state expenses. No expenses of state government shall be incurred in any fiscal year which exceed the sum of the



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revenue limit established in sections 18 and 19 of this article plus federal funds and any surplus from a previous fiscal year.

Section 21. State support to local governments not to be reduced, additional activities and services not to be imposed without full state funding. The state is hereby prohibited from reducing the state financed proportion of the costs of any existing activity or service required of counties and other political subdivisions. A new activity or service or an increase in the level of any activity or service beyond that required by existing law shall not be required by the general assembly or any state agency of counties or other political subdivision, unless a state appropriation is made and disbursed to pay the county or other political subdivision for any increased costs.

Section 22. Political subdivisions to receive voter approval for increases in taxes and fees--rollbacks may be required--limitation not applicable to taxes for bonds.

(a). Counties and other political subdivisions are hereby prohibited from levying any tax, license or fees, not authorized by law, charter or self-enforcing provisions of the constitution when this section is adopted or from increasing the current levy of an existing tax, license or fees, above that current levy authorized by law or charter when this section is adopted without the approval of the required majority of the qualified voters of that county or other political subdivision voting thereon. If the definition of the base of an existing tax, license or fees, is broadened, the maximum authorized current levy of taxation on the new base in each county or other political subdivision shall be reduced to yield the same estimated gross revenue as on the prior base. If the assessed valuation of property as finally equalized, excluding the value of new construction and improvements, increases by a larger percentage than the increase in the general price level from the previous year, the maximum authorized current levy applied thereto in each county or other political subdivision shall be reduced to yield the same gross revenue from existing property, adjusted for changes in the general price level, as could have been collected at the existing authorized levy on the prior assessed value.

(b). The limitations of this section shall not apply to taxes imposed for the payment of principal and interest on bonds or other evidence of indebtedness or for the payment of assessments on contract obligations in anticipation of which bonds are issued which were authorized prior to the effective date of this section.

Section 23. Taxpayers may bring actions for interpretations of limitations. Notwithstanding other provisions of this constitution or other law, any taxpayer of the state, county or other political subdivision shall have standing to bring suit in a circuit court of proper venue and



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additionally, when the state is involved, in the Missouri supreme court, to enforce the provisions of sections 16 through 22, inclusive, of this article and, if the suit is sustained, shall receive from the applicable unit of government his costs, including reasonable attorneys' fees incurred in maintaining such suit.

Section 24. Voter approval requirements not exclusive--self-enforceability.

(a). The provisions for voter approval contained in sections 16 through 23, inclusive, of this article do not abrogate and are in addition to other provisions of the constitution requiring voter approval to incur bonded indebtedness and to authorize certain taxes.

(b). The provisions contained in sections 16 through 23, inclusive, of this article are self-enforcing; provided, however, that the general assembly may enact laws implementing such provisions which are not inconsistent with the purposes of said sections.

* The 1996 amendment added Section 18(e).