



John Watson
Missouri State Auditor

ADMINISTRATION

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

Year Ended June 30, 2014

April 2015

Report No. 2015-022



<http://auditor.mo.gov>



John Watson
Missouri State Auditor

CITIZENS SUMMARY

Findings in the review of Article X, Sections 16 through 24, Constitution of Missouri

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 imposes 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 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. In other words, since 5.6 percent of Missourians' personal income went to fund state government in 1981, then 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 Office of Administration, Division of Budget and Planning, the relevant annual revenue limit for fiscal year 2014 was \$87.6 million.

Fiscal Year 2014 Findings

For the fiscal year ended June 30, 2014, our review determined no Hancock refunds were due. In fact, total state revenue was approximately \$4.0 billion under the refund threshold. In addition, the Office of Administration, Division of Budget and Planning determined that net taxes and fees decreased by a total of at least \$619.5 million. As a result, our review concluded the state complied with these 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.

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JOHN WATSON

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

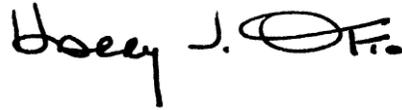
To avoid any appearance of a conflict of interest, the State Auditor recused himself from participation in this review and directed the Deputy State Auditor to oversee procedures performed by the State Auditor's professional audit staff. We have conducted a review of revenues of the state of Missouri for the year ended June 30, 2014, 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 2013. 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 revenues.
3. Verify the accuracy of the revenue limit computation and compare that limit to total state revenues.
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 that reads "Harry J. Otto". The signature is written in a cursive style with a large, stylized "H" and "O".

Harry J. Otto, CPA
Deputy 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 Missouri's 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 results of our review determined that for the year ended June 30, 2014, total state revenue (TSR) was approximately \$4.0 billion under the refund threshold. As a result, no refund is due for the year ended June 30, 2014.

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 one percent of total state revenues for the second fiscal year prior to the general assembly's action, whichever is less.

For the year ended June 30, 2014, 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 at least \$619.5 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 \$4.4 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

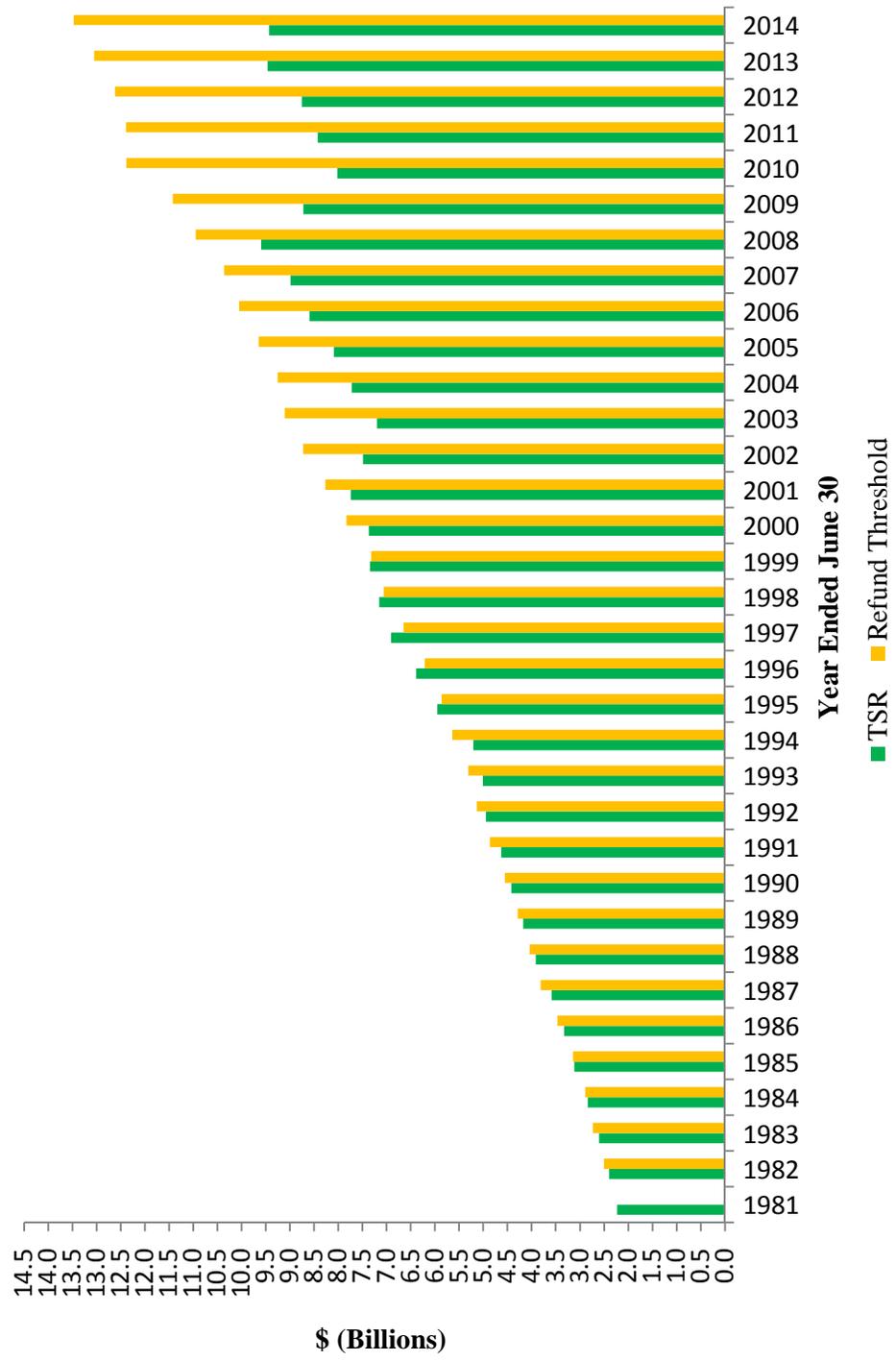


Exhibit A

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,				
	2010	2011	2012	2013	2014
TOTAL STATE REVENUE (TSR)					
Total state receipts	\$ 25,392.29	25,114.40	24,304.54	24,736.17	24,616.14
Less excluded revenue	(15,836.59)	(15,298.29)	(14,220.97)	(14,050.75)	(13,878.69)
Less expenditure refunds	(1,543.13)	(1,414.46)	(1,342.75)	(1,240.31)	(1,328.25)
Add refundable tax credits	9.95	22.77	14.85	17.21	19.19
TSR	\$ 8,022.52	8,424.42	8,755.67	9,462.32	9,428.39
REVENUE LIMIT AND REFUND THRESHOLD					
Missouri personal income	\$ 216,547.00	216,637.00	220,635.00	228,218.00	235,661.00
Base year ratio	x 0.056395	0.056395	0.056395	0.056395	0.056395
Base limit	12,212.17	12,217.24	12,442.71	12,870.35	13,290.10
Judicial article amendment	50.53	50.53	50.53	51.50	51.86
Revenue limit	12,262.70	12,267.77	12,493.24	12,921.85	13,341.96
1 percent adjustment	122.63	122.68	124.93	129.22	133.42
Refund threshold	\$ 12,385.33	12,390.45	12,618.17	13,051.07	13,475.38
REFUND CALCULATION					
TSR	\$ 8,022.52	8,424.42	8,755.67	9,462.32	9,428.39
Less refund threshold	12,385.33	12,390.45	12,618.17	13,051.07	13,475.38
Over (Under) Threshold	(4,362.81)	(3,966.03)	(3,862.50)	(3,588.75)	(4,046.99)
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 Revenues

Revenue Source	Code	Type of Revenue	Year Ended June 30,				
			2010	2011	2012	2013	2014
1001		Sales and use tax	\$ 1,839,221,316	1,860,913,153	1,928,981,152	1,956,108,763	1,977,037,033
1003	(l)	Parks sales and use tax	37,541,193	38,326,978	40,226,069	41,011,615	42,830,073
1005	(k)	Soil and water sales and use tax	37,541,196	38,326,982	40,226,073	41,011,618	42,830,077
1007		General revenue reimbursements - local sales and use tax	1,194,248	2,009,254	1,749,610	1,710,168	1,650,259
1009		Motor vehicle sales tax	2,870,175	2,470,456	2,503,662	3,013,954	4,090,999
1009	(bb)	Motor vehicle sales tax - Amendment 3	166,257,149	178,836,881	188,378,783	200,691,181	264,542,465
1011	(t)	Conservation sales and use tax	93,854,189	95,818,337	100,566,000	102,532,262	107,076,440
1013	(f)	Proposition C sales and use tax	737,027,830	751,790,411	789,216,003	803,929,533	841,225,588
1015		Sales and use taxes paid under protest	485,684	1,073,324	118,018	138,240	217,330
1022		Individual income tax	5,495,243,112	5,641,731,318	5,851,240,169	6,374,054,124	6,421,715,624
1024		Individual income taxes paid under protest	98,582	80,953	31,430	2,322	7,174
1026		Corporate income tax	408,935,647	455,662,447	432,582,659	469,446,717	479,242,902
1028		Corporate income taxes paid under protest	150	-	-	38,061	16,571
1033		County foreign insurance tax	194,396,970	211,060,727	191,997,525	191,390,872	202,752,455
1037		Worker's compensation insurance tax	9,386,753	12,452,781	13,245,133	14,058,446	15,700,482
1039		Worker's compensation insurance tax - second injury	43,216,506	37,800,696	41,671,672	42,328,061	54,987,065
1041		Excess lines of insurance tax	23,053,334	22,300,553	23,254,218	26,311,783	28,719,999
1049		Heavy beer tax	8,270,996	8,222,901	8,151,881	8,044,713	7,887,262
1051		Light beer tax	15,330	-	-	-	-
1053		Liquor tax	19,476,179	19,560,786	20,621,338	21,047,333	21,925,239
1055		Wine tax	5,023,673	5,175,458	5,568,215	5,598,899	5,947,749
1057		Cigarette tax	91,151,815	89,965,910	88,609,043	86,837,985	82,301,596
1059		Tobacco product tax	15,011,542	15,551,490	16,308,821	16,895,556	17,225,212
1060		Motor vehicle fuel tax	401,519,109	399,527,478	393,010,333	400,533,646	395,257,448
1060	(g)	Motor vehicle fuel tax	169,008,528	169,467,566	166,913,857	163,022,120	164,058,506
1060	(bb)	Motor vehicle fuel tax - Amendment 3	149,998,750	150,406,156	148,139,684	144,685,683	145,605,497
1062		Special fuel non-gas tax	782,210	370,352	270,729	262,158	258,291
1062	(bb)	Special fuel non-gas tax - Amendment 3	114,205	133,520	148,356	138,610	128,033
1064		Aviation fuel tax	251,472	254,394	295,198	274,827	264,010
1070		Corporation franchise tax	93,155,521	81,733,747	70,171,529	56,194,216	61,314,630
1073		Estate tax	263,642	2,117,782	170,966	174,751	129,700
1074	(p)	Bingo tax	2,198,919	2,157,214	2,113,377	2,000,965	1,810,599
1076	(q)	Gaming commission gross receipts tax	334,287,278	341,376,377	337,316,302	329,024,116	314,364,443
1079		County private car tax	-	-	2	218	83
1080		Real and personal property tax	26,051,387	26,547,565	26,395,744	26,662,885	26,731,442
1082		Delinquent real and personal property tax	3,486,501	3,170,652	3,013,387	3,232,208	2,994,380
1084		Hazardous waste fees	1,466,805	1,417,393	1,426,033	2,671,827	2,365,426
1088		Nursing facility reimbursement allowance	14,020,417	14,661,394	17,009,046	18,111,951	18,329,061
1089		Pharmacy reimbursement allowance	66,335,897	92,850,277	95,230,655	95,070,564	91,412,290
1090		Federal reimbursement allowance	6,292,537	7,693,473	42,381,428	19,305,322	15,956,994
1093		Athletic events tax	104,843	136,650	159,800	165,508	112,214
1094		Ambulance service reimbursement allowance	-	-	5,252,545	8,135,233	7,956,001
1095		Surcharges	317,448	288,301	236,155	189,214	154,948
1096		Special taxes and assessments	31,637	-	-	-	-
1097		Agency collected sales taxes	345,639	312,488	205,722	225,236	230,578
1099		Other taxes	12,411,499	12,013,430	285,249	83,390	79,512
1100		Professional licenses or permits	24,637,691	24,641,882	25,311,321	29,001,314	27,594,721
1102		Recreational licenses or permits	5,153,559	5,684,827	5,525,790	4,965,053	5,559,494
1104		All-terrain vehicle licenses or permits	2	-	-	-	-
1106		Motor vehicle licenses or permits	128,852,046	122,777,623	121,364,737	122,181,185	124,206,058
1106	(bb)	Motor vehicle licenses or permits - Amendment 3	54,833,952	54,761,828	53,890,370	54,681,388	54,180,250
1108		Interstate transportation licenses or permits	44,535,890	47,312,197	50,488,456	48,344,030	50,908,751
1108	(bb)	Interstate transportation licenses or permits - Amendment 3	20,092,995	21,406,443	22,855,732	21,809,372	23,011,734
1110		Driver's licenses or permits	7,374,159	5,891,775	7,187,607	6,832,517	6,331,641
1110	(bb)	Driver's licenses or permits - Amendment 3	9,101,225	7,631,863	8,580,448	8,248,271	7,677,449
1112		Land reclamation commission permits	593,636	563,010	570,035	566,245	601,738
1114		Salesman licenses or permits	328,500	629,900	618,310	740,050	802,435
1116		Vehicle and boat manufacturer and dealer licenses	892,228	891,432	877,445	866,356	869,682
1118		Liquor licenses or permits	4,889,334	4,963,343	4,964,474	5,035,454	5,308,776
1120		Gaming commission licenses	1,617,970	1,732,484	1,601,155	1,555,913	1,829,568

Exhibit B

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

Revenue Source	Code	Type of Revenue	Year Ended June 30,				
			2010	2011	2012	2013	2014
	1122	Beer licenses or permits	350	-	-	-	-
	1124	Motor carrier licenses	1,604,642	3,813,345	2,553,651	2,692,836	2,791,638
	1126	Hunting and fishing licenses and commission permits	31,059,506	30,206,611	31,361,102	30,653,188	31,725,219
	1127	Hunting and fishing special tags	1,188,356	1,068,541	1,127,630	961,550	1,015,201
	1128	Hazardous waste transporter licenses	310,352	288,314	316,891	281,665	322,289
	1130	Water pollution control permits	4,154,272	2,755,242	4,487,263	4,226,907	4,065,386
	1132	(bb) Overdimension/overweight permits - Amendment 3	7,304,243	7,716,060	8,752,113	8,452,114	9,545,940
	1134	Merchant licenses	1,312,555	1,379,239	1,466,297	1,448,958	1,551,865
	1136	Tobacco licenses	28,600	26,100	27,300	27,100	27,000
	1138	Temporary licenses	600	225	1,100	575	375
	1140	Duplicate plates	614,506	1,573,920	1,574,829	1,548,829	1,468,228
	1142	Duplicate driver license	739,435	1,943,207	1,917,506	1,962,246	1,819,152
	1149	Other licenses and permits	3,880,320	3,858,723	3,949,879	3,885,485	3,593,531
	1149	(bb) Other licenses and permits - Amendment 3	1,220,854	969,641	1,497,535	1,259,068	1,493,436
	1150	Lobbyist registration fees	10,630	11,400	11,020	11,130	10,920
	1152	Motorboat fees	8,752,777	9,779,948	11,848,667	11,829,678	12,145,169
	1154	Narcotics and dangerous drugs fees	811,160	811,020	562,899	504,880	750,873
	1156	Occupational boards exam fees - individual exam fees	699,961	714,469	751,999	811,132	788,310
	1160	(bb) Non-motor fuel decal fees - Amendment 3	75,514	67,474	109,476	185,168	234,285
	1162	Filing fees	17,575,031	17,653,490	24,409,792	17,882,469	18,691,254
	1163	Certifying/authenticating fees	29,439	141,542	37,876	45,411	130,938
	1164	Transfer fees	22,584	26,420	31,088	28,608	31,108
	1165	Service contract registration fee	82,600	86,950	95,200	105,100	119,000
	1169	Other registration fees	8,249,204	10,573,548	4,477,531	10,664,905	11,090,142
	1174	Asbestos fees	253,980	275,160	290,136	215,940	241,620
	1176	Egg license fees	-	-	-	-	27,083
	1178	Milk control fees	2,737	224,549	124,514	114,907	79,082
	1180	Home health care license fees	114,600	123,300	116,050	121,800	113,825
	1182	Nursing home license fees	144,875	144,174	129,945	122,011	127,806
	1184	Title V emissions fees	8,418,337	8,294,850	7,913,341	7,300,494	7,492,099
	1185	Emission fees/non Title V facilities	354,252	376,707	354,144	348,521	348,043
	1186	Boarding home license fees	700,607	719,900	707,457	712,735	710,206
	1188	Public utilities fees	20,969,774	19,424,369	19,494,211	19,996,899	20,118,625
	1190	Hospital license fees	88,588	81,151	83,123	84,559	85,884
	1192	Grain warehouse license fees	35,307	34,920	36,604	38,162	32,184
	1194	Missouri primacy fees	4,733,195	4,581,461	4,723,917	4,771,139	4,520,406
	1198	Transport load fees	11,451,506	11,474,813	11,302,684	11,227,662	11,239,640
	1200	Storage tank registration fees	211,800	223,930	52,215	42,980	192,916
	1202	Tourist cabin permit fees	190,096	181,740	181,022	183,095	181,910
	1206	Solid waste disposal fees	10,801,800	11,062,761	11,307,064	10,462,793	10,576,521
	1208	New tire fees	2,126,713	2,139,197	2,084,386	1,988,327	2,060,844
	1209	Battery fee	659,823	688,745	683,152	678,421	738,351
	1210	Ground water protection fees	703,057	723,147	710,064	920,000	667,969
	1211	Radioactive waste transport fee	62,375	168,825	286,075	318,600	248,625
	1214	Insurance regulatory fees, renewals and purchasing groups	2,068,293	2,720,667	2,451,999	2,105,145	2,804,144
	1216	Air conservation commission permit fees	262,253	270,803	253,489	298,638	212,155
	1218	Bingo license fees	42,505	46,815	41,730	39,580	38,010
	1220	Lab fees	5,559,077	4,707,017	5,256,158	5,572,347	5,725,578
	1222	Program administration fees	1,084,579	1,059,357	1,055,518	1,091,830	1,056,753
	1223	Confined animal feed operation indemnity fees	3,882	1,993	2,143	2,143	4,392
	1224	Railroad assessments	251,242	665,300	820,331	784,786	756,623
	1227	Enhanced vehicle emission inspection fees	1,801,168	1,885,301	1,934,155	1,970,590	2,000,573
	1233	Grain warehouse inspection fees	2,061,344	2,158,349	2,178,611	1,749,142	2,563,861
	1235	Milk inspection fees	1,297,735	1,242,699	1,215,032	1,158,584	1,032,307
	1237	Ice cream products inspection fees	34,400	32,260	36,430	32,806	35,125
	1239	Mine inspection fees	54,881	63,038	80,344	64,606	67,789
	1241	Mobile home and recreational vehicle inspection fees	408,598	361,545	364,287	357,436	401,934
	1243	Oil inspection fees	2,405,616	2,424,084	2,384,809	2,360,750	2,362,714
	1249	Other inspection fees	1,877,287	2,020,607	2,513,585	2,461,158	2,526,682
	1250	Collection fees	22,382,813	24,645,324	26,285,623	26,739,487	28,363,897
	1251	Bankruptcy collections	-	-	6,398	-	-

Exhibit B

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

Revenue Source	Code	Type of Revenue	Year Ended June 30,				
			2010	2011	2012	2013	2014
	1252	Admission fees	1,206,370	1,221,915	1,250,114	1,320,732	1,351,851
	1252	(q) Admission fees - riverboat gambling	54,445,159	54,296,354	51,348,977	48,803,064	44,870,917
	1254	State auditor fees	190,808	254,001	182,644	185,072	171,721
	1260	Grade crossing safety fees	1,269,468	1,285,657	1,273,362	1,305,614	1,310,711
	1262	Loan administration fees	6,297,549	6,240,808	6,372,132	6,516,695	6,923,903
	1262	(c) Loan administration fees - Fund 881	94,643	2,781	-	-	-
	1264	Court fees	39,216,151	44,203,725	41,058,636	40,544,604	39,013,101
	1266	Financial institutions examination fees	10,226,204	8,962,723	10,104,394	10,176,788	11,112,130
	1268	Consumer finance license fees	1,064,775	1,087,800	1,044,175	999,525	956,625
	1270	Transcript fees	108,464	95,754	102,947	92,683	102,687
	1274	Marketing development fees	32,667	41,602	38,258	36,502	42,194
	1276	Miscellaneous insurance fees	93,180	91,920	89,220	90,660	93,380
	1278	Gaming commission administrative income	389	53	314	-	145
	1279	(a) Lottery commission fees	268,130	273,771	277,070	301,162	298,707
	1280	Motor vehicle inspection sticker fees	4,165,029	3,701,374	3,767,945	3,778,928	3,840,955
	1282	Logo sign advertising fees	6,177,218	2,049,123	4,602,664	3,167,882	4,434,405
	1284	Public defender fees	1,656,372	1,598,188	1,424,603	1,176,797	1,335,978
	1286	Witness fees	10,188	14,068	9,141	5,758	5,561
	1288	County recorders fees	6,794,853	6,718,174	6,750,687	7,472,773	6,460,207
	1290	Training or conference fees	151,682	140,844	127,634	183,421	169,658
	1294	Electronic monitoring fee	212,126	140,469	115,177	78,278	76,488
	1295	Intervention fees	-	-	9,137,637	9,851,227	9,006,410
	1298	Substance abuse offender program fees	4,512,493	6,288,725	6,737,998	6,291,593	5,831,337
	1302	Criminal records check fees	9,298,093	9,531,901	10,333,134	10,798,720	10,027,568
	1303	Other fees	23,499,863	22,636,060	12,788,351	10,700,540	10,278,791
	1305	(h) Bond sales proceeds	1,107,698,801	74,305,145	1,867,300	-	-
	1306	Proceeds from capital leases	120	-	1,486,676	-	2,592,318
	1310	Land sales	4,651,641	5,051,065	4,403,124	8,422,605	5,938,834
	1312	Sales of natural resources products	3,366,092	4,601,621	3,667,239	2,849,276	3,892,772
	1314	Sales of agriculture products	2,023,963	2,168,597	2,391,119	2,874,050	3,239,003
	1316	Manufactured product sales	11,014,608	9,873,622	8,505,830	8,827,769	7,779,143
	1318	Information sales	2,409,400	2,474,349	2,500,392	2,351,654	2,537,175
	1320	Souvenir sales	476,837	543,123	452,030	474,186	582,266
	1322	Surplus property sales - state	2,028,011	2,423,525	3,082,652	3,704,451	2,761,141
	1322	(z) Surplus property sales - state - Fund 710	1,220,352	1,523,162	1,331,787	1,414,547	1,725,866
	1324	Surplus property sales - federal	1,959,831	2,150,411	2,950,034	2,989,213	2,295,451
	1326	Unclaimed property sales	-	-	876	1,205	-
	1328	Sales of fixed assets - control	7,797,363	7,876,231	10,762,095	10,727,324	7,931,754
	1330	Vital records sales	1,327,953	1,205,929	1,047,539	1,149,125	1,082,840
	1332	Lottery ticket sales	-	-	-	-	64
	1332	(a) Lottery ticket sales - Fund 657	416,039,046	434,022,539	464,048,652	490,432,070	492,825,818
	1334	Cafeteria sales	699,433	586,874	546,748	661,975	800,225
	1338	Other sales	243,013	382,372	371,843	259,540	258,697
	1342	Supply sales	450	445	143	-	31
	1401	Land rentals/leases	5,406	5,405	17,090	31,690	64,383
	1403	State facilities rentals/leases	834,070	911,961	985,555	1,486,747	1,413,722
	1404	Parking rentals/leases	61,885	63,930	60,356	63,176	63,552
	1405	Concessions and recreational rentals/leases	2,552,306	2,542,114	2,471,197	2,567,237	2,495,952
	1407	Housing/building rentals/leases	1,092,018	393,486	237,191	255,524	218,818
	1409	Other leases and rentals	913,786	1,399,403	1,385,089	736,716	1,079,948
	1414	(e) Medicare	10,975,222	8,768,553	7,544,088	5,359,704	6,781,464
	1418	(e) Medicaid	85,028,450	92,207,991	96,595,375	90,326,464	81,573,482
	1419	(e) Medicaid - case managers	-	-	-	100	6,462
	1420	(e) Medicaid - community based	145,309,030	168,504,569	193,452,249	205,718,504	214,026,223
	1422	Private payments	5,934,601	5,613,049	2,067,010	1,813,703	1,862,213
	1424	Insurance payments	1,291,657	808,332	714,174	327,885	445,098
	1426	Other payments	120,433	5,416	11,555	28,989	9,474
	1434	Institutional support fees	-	66,796	248,416	-	-
	1436	Room and care	27,033,482	26,450,131	26,341,112	26,953,266	28,363,819
	1442	Mail/freight services	-	16	-	-	8
	1444	Telephone billing	-	1,010	1,330	-	-

Exhibit B

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

Revenue Source	Code	Type of Revenue	Year Ended June 30,				
			2010	2011	2012	2013	2014
1446		Printing service	186,357	155,295	197,214	195,571	197,944
1448		Computer services	1,980	1,040	846	847	79,095
1450		Administration services	10	-	-	12,658	36,613
1501		Private donations	5,523,556	3,796,587	4,836,387	5,297,073	5,600,103
1502		Other governmental entity donations	50,000	30,000,000	30,103,121	5,000,000	4,050,000
1507	(e)	NASAO (airport inspections)	33,000	17,400	20,150	26,000	30,550
1510	(e)	US Department of Agriculture	457,571,495	447,130,718	487,260,888	490,290,851	485,385,631
1512	(e)	US Department of Defense	23,767,533	31,454,764	29,677,895	32,995,530	30,693,698
1513	(e)	US Department of Homeland Security	39,057,825	9,471,900	4,625,937	2,909,266	2,786,890
1514	(e)	US Department of Housing and Urban Development	49,360,455	70,778,353	61,464,304	48,483,173	45,313,039
1516	(e)	US Department of Interior	22,699,052	26,612,937	26,594,330	27,550,163	29,116,162
1518	(e)	US Department of Justice	3,816,756	2,269,245	2,730,436	2,575,272	3,808,162
1520	(e)	US Department of Labor	152,277,061	144,779,543	155,545,244	156,406,546	125,567,984
1522	(e)	US Department of Education	619,202,729	637,105,051	660,448,985	657,586,937	651,573,896
1522	(c)	US Department of Education - Fund 880	9,889,521	6,182,000	4,972,235	4,968,022	6,631,940
1522	(c)	US Department of Education - Fund 881	87,353,849	103,667,608	87,420,487	93,334,531	89,823,025
1524	(e)	US Department of Transportation	929,620,189	1,402,202,201	934,758,552	983,599,456	913,853,780
1526	(e)	National Foundation for the Arts and Humanities	4,030,270	4,436,977	4,002,915	3,666,292	3,402,815
1528	(e)	US Veterans Administration	54,492,264	50,961,946	53,316,924	61,159,036	63,243,170
1529	(e)	US General Services Administration	-	-	-	43,391	50,091
1530	(e)	US Environmental Protection Agency	35,838,751	44,310,100	91,435,790	153,021,768	89,482,740
1532	(e)	US Department of Energy	5,594,925	4,450,006	2,982,042	6,005,146	10,598,978
1534	(e)	Federal Emergency Management Agency	139,707,918	63,343,101	74,016,355	72,661,743	48,677,321
1536	(e)	US Department of Health and Human Services	6,016,121,798	6,034,950,237	6,506,141,900	6,431,112,075	6,699,531,165
1538	(e)	National/community services	-	-	1,732,313	3,677,716	2,752,733
1540	(e)	US Social Security Administration	40,514,268	43,705,857	43,570,139	46,294,342	41,684,705
1542	(e)	National Archives and Records	17,353	93,136	30,882	6,789	80,676
1544	(e)	Elections Assistance Commission	-	5,456,068	-	24,162	-
1546	(e)	US Department of Treasury	19,625	8,886,997	8,886,997	5,244	9,160,236
1548	(e)	Equal Employment Opportunity Commission	-	-	-	-	134
1549	(e)	Miscellaneous federal revenues	68,127,965	62,084,275	35,316,069	34,938,505	46,737,165
1551		County mental health programs	18,167,071	19,286,288	17,999,724	13,263,536	12,094,852
1557	(e)	American Recovery and Reinvestment Act	2,002,794,267	1,788,700,092	475,424,794	153,213,693	83,364,036
1558	(e)	American Recovery and Reinvestment Act - other	8,023,274	2,440,576	367,067	238,070	98,176
1560	(e)	Federal pass-through grants	25,120,494	70,016,585	78,646,931	61,246,642	47,604,707
1601		Time deposits interest	6,253,940	2,167,040	3,614,152	3,864,773	1,759,898
1601	(f)	Time deposits interest - Fund 688	163,391	37,851	67,544	94,686	40,548
1601	(a)	Time deposits interest - Fund 657	66,243	13,258	15,067	20,393	8,630
1601	(k)	Time deposits interest - Fund 614	103,734	20,915	33,456	39,420	17,658
1601	(l)	Time deposits interest - Fund 613	14,736	5,753	17,005	29,258	12,552
1601	(b)	Time deposits interest - Fund 905	14,778	3,691	6,853	9,488	4,274
1601	(p)	Time deposits interest - Fund 289	3,395	865	1,359	1,480	452
1601	(q)	Time deposits interest - Fund 285	47,805	10,069	17,176	20,688	9,321
1601	(d)	Time deposits interest - Fund 963	1,952	527	882	1,230	512
1601	(t)	Time deposits interest - Fund 609	75,531	17,373	34,554	56,042	25,879
1601	(c)	Time deposits interest - Fund 880	101,593	19,456	23,809	36,591	22,942
1601	(c)	Time deposits interest - Fund 881	95,229	23,317	40,064	51,270	12,854
1603		U.S./agency securities interest	38,510,748	31,640,225	25,185,835	20,360,811	21,271,757
1603	(f)	U.S./agency securities interest - Fund 688	503,800	353,267	295,075	307,343	314,250
1603	(a)	U.S./agency securities interest - Fund 657	235,454	128,797	74,052	63,503	67,509
1603	(k)	U.S./agency securities interest - Fund 614	319,530	201,400	146,904	132,540	136,776
1603	(l)	U.S./agency securities interest - Fund 613	42,694	50,430	72,001	91,337	97,185
1603	(b)	U.S./agency securities interest - Fund 905	44,708	34,139	29,935	29,795	33,279
1603	(p)	U.S./agency securities interest - Fund 289	10,444	8,338	6,305	5,809	3,521
1603	(q)	U.S./agency securities interest - Fund 285	136,156	90,728	75,941	67,409	71,221
1603	(d)	U.S./agency securities interest - Fund 963	6,043	6,917	5,879	6,115	6,256
1603	(t)	U.S./agency securities interest - Fund 609	232,165	161,971	147,624	173,935	201,135
1603	(c)	U.S./agency securities interest - Fund 880	294,831	193,399	107,257	109,286	180,476
1603	(c)	U.S./agency securities interest - Fund 881	305,371	221,653	177,753	175,470	96,161
1605		Other investment interest	102,828	128,207	410,035	182,587	133,832
1605	(d)	Other investment interest - Fund 963	194	-	-	-	-

Exhibit B

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

Revenue Source	Code	Type of Revenue	Year Ended June 30,				
			2010	2011	2012	2013	2014
	1608	Realized gains and losses	19	7,891	-	-	-
	1608	(d) Realized gains and losses - Fund 963	1	273	-	-	-
	1610	Interest on loans	1,453,361	3,031,747	2,545,606	3,844,323	5,963,729
	1612	(cc) Interest - federal	70	-	23,802,563	22,442,061	12,442,473
	1614	Interest on receivables	17,202	10,584	9,082	4,697	5,686
	1616	Interest on settlements	805,015	9,653	2,718	295,109	393,324
	1618	Other interest	194,809	39,240	36,972	24,831	67,098
	1618	(c) Other interest - Fund 880	-	4,796	-	-	-
	1618	(t) Other interest - Fund 609	-	-	-	116	-
	1621	Penalties	10,405,711	6,795,157	8,788,554	16,383,711	15,026,501
	1621	(c) Penalties - Fund 881	250	74	487	88	61
	1622	Penalties - control	-	-	50	-	-
	1624	Settlements	5,845,579	2,085,472	6,183,019	55,120,514	5,310,083
	1626	Court awards	9,368,911	5,803,584	1,801,074	1,266,313	12,167,031
	1628	Insufficient funds charges	6,575	6,420	4,415	3,593	3,711
	1634	Estates	1,256	588	508	218,619	247
	1636	Unclaimed properties	75,944,392	82,406,170	81,360,731	95,900,842	92,346,642
	1636	(a) Unclaimed properties - state - Fund 657	-	-	-	631	-
	1700	(i) Salary refunds - federal	537,615	685,275	557,115	504,436	390,225
	1701	(i) Salary refunds - state	15,712	15,075	15,792	5,477	7,845
	1702	(i) Salary refunds - local/other	24,360	20,491	44,337	31,561	-
	1703	(i) General relief pension refunds	5,291	2,086	3,469	4,646	1,987
	1704	(i) Blind pension refunds	4,777	1,994	7,624	4,699	4,706
	1706	(i) Dependent children pension refunds	326,393	443,858	424,232	262,817	254,651
	1715	(i) Day care refunds	35,345	25,126	34,888	51,663	210,036
	1717	(i) Medicare - Medicaid refunds	340,610,206	482,052,781	507,643,669	639,370,093	546,964,083
	1719	(i) Cost in criminal cases refunds	977,526	859,303	846,638	958,828	1,055,769
	1720	(i) American Recovery and Reinvestment Act refunds	591,913	2,027,020	901,781	988,108	902,499
	1721	(i) Vendor refunds - federal	2,629,247	1,280,623	798,046	869,752	767,526
	1722	(i) Vendor refunds - state	1,268,213	1,018,335	1,373,828	679,317	2,021,933
	1722	(a) Vendor refunds - state - Fund 657	989	1,974	6,121	4,627	35,174
	1722	(c) Vendor refunds - state - Fund 880	524	5	-	-	-
	1723	(i) Vendor refunds - local/other	1,839,205	1,541,924	3,375,783	1,401,379	602,267
	1723	(c) Vendor refunds - local/other - Fund 880	2,279	-	80,441	712	383
	1724	(i) Political subdivision refunds	9,988	6,128	63	-	-
	1725	(i) Excess court payment refunds	1,384,433	3,460,515	227,053	648,913	8,716
	1727	(i) School refunds	12,773,166	10,205,891	9,909,164	9,526,783	6,710,912
	1727	(c) School refunds - Fund 880	-	7,758	-	-	-
	1728	(i) Scholarship refunds	227,907	173,655	102,782	72,950	45,031
	1729	(i) Audit findings - federal	7,880	823	41,960	209	-
	1730	(i) Audit findings - state	-	-	152,887	101	-
	1731	(i) Audit findings - local/other	349,002	84,447	158,129	40,404	103,069
	1732	(i) Utility refunds	26,130	37,472	27,323	3,305	101,704
	1733	(i) Fuel tax refunds	243,111	245,974	219,368	4,205	203,876
	1735	(i) Tax incremental financing (TIF) refund	-	-	2	-	974
	1737	(i) Other refunds	6,804,855	3,968,580	5,253,820	3,264,579	5,434,645
	1737	(c) Other refunds - Fund 880	-	244	1,073	6	-
	1737	(c) Other refunds - Fund 881	35	-	-	-	-
	1806	(v) Recovery costs	157,227,270	151,037,762	150,426,085	150,725,636	82,224,337
	1808	Deposit of surplus property funds	921	4,599	-	-	-
	1811	(y) Local match	87,931,854	91,490,039	127,367,017	98,129,383	50,600,510
	1812	(w) Cost reimbursements - federal	1,046,340	638,071	727,844	437,557	419,025
	1813	(w) Cost reimbursements - state	55,264,763	79,229,099	71,087,608	46,502,004	18,340,057
	1813	Cost reimbursements - state (included)	12,832,252	14,301,943	15,004,668	15,728,569	15,930,219
	1814	(w) Cost reimbursements - local/other	229,800,753	191,294,541	204,205,080	187,364,955	187,174,831
	1814	(b) Cost reimbursements - local/other - Fund 905	-	-	-	-	100,510
	1814	(c) Cost reimbursements - local/other - Fund 880	-	-	2,890	8,615	6,630
	1816	Bond account	7,513,599	7,368,307	8,968,358	9,214,123	8,760,097
	1818	(u) Employee expense reimbursement - federal	2,930	-	6,030	819	1,463
	1819	(u) Employee expense reimbursement - state	1,301	688	-	450	410
	1820	(u) Employee expense reimbursement - local/other	27	3	73,000	754	-

Exhibit B

Review of Article X, Sections 16 Through 24,
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Revenue Source		Year Ended June 30,				
Code	Type of Revenue	2010	2011	2012	2013	2014
1821	(u) Employee personal expense reimbursement	46,387	183,172	97,665	24,186	38,726
1822	(n) Outlawed checks	8,545,958	7,037,537	6,813,442	6,162,199	5,536,200
1822	(b) Outlawed checks - Fund 905	5,302	7,945	17,028	6,024	10,275
1824	(x) Canceled checks	4,390,790	2,430,074	2,036,483	2,182,674	1,861,189
1824	(a) Canceled checks - Fund 657	-	686	-	-	-
1824	(b) Canceled checks - Fund 905	550	-	875	2,355	6,209
1824	(c) Canceled checks - Fund 880	-	-	-	950	-
1826	(m) Redeposit of investments principal	22,021,895	1,216,650	2,837,450	264,945	1,459,102
1826	(d) Redeposit of investments principal - Fund 963	721,761	-	-	-	-
1828	(o) Redeposit of loan principal	53,273,825	55,411,431	61,093,018	68,996,096	69,361,487
1830	Telephone commissions	867,887	893,850	1,171,093	1,447,934	1,490,792
1832	Commission on sales	15,629	11,653	10,096	11,266	13,523
1834	Rebates	886,600	923,074	1,040,862	2,503,915	1,539,474
1834	(a) Rebates - Fund 657	902	2,243	5,979	5,334	5,114
1834	(c) Rebates - Fund 880	969	3,478	230	738	472
1834	(aa) Rebates - WIC	44,278,144	44,989,878	54,902,466	52,386,707	57,273,740
1836	Housing and maintenance receipts	47,394	47,609	28,552	18,924	20,142
1838	Loan defaults	489,467	903,996	561,905	483,363	674,897
1840	(s) Loan proceeds	10,458,915	20,704,819	12,938,384	9,056,992	13,212,581
1842	(o) Loan repayment	120,767	134,928	169,744	218,043	200,599
1842	(c) Loan repayment - Fund 880	-	(1,600)	2,358	-	-
1842	(c) Loan repayment - Fund 881	44,714,602	56,958,607	63,747,551	64,238,375	61,363,561
1843	(o) Loans receivable contra account	3,074,095	3,219,769	3,859,410	4,170,829	5,394,634
1844	Insurance proceeds	100	26,989	1,886	-	1,516
1846	Capital credits/dividends	70,718	67,873	60,241	66,172	64,039
1846	(d) Capital credits/dividends - Fund 963	62	-	-	-	-
1848	Recycling receipts	203,522	352,568	380,262	317,333	286,314
1850	Forfeitures	3,012,793	1,572,364	4,888,368	1,703,594	2,274,761
1852	Overpayments	794,761	250,613	518,149	513,751	801,638
1852	(c) Overpayments - Fund 880	-	765	-	-	-
1856	(e) Other miscellaneous receipts - federal	5,080,717	5,920,959	5,030,652	7,536,647	5,213,456
1858	Other miscellaneous receipts - state	1,504,015	2,317,557	2,883,176	3,954,119	3,907,352
1858	(a) Other miscellaneous receipts - state - Fund 657	4,131	4,865	10,541	3,438	8,330
1858	(b) Other miscellaneous receipts - state - Fund 905	11,444,550	12,628,615	13,780,374	13,536,541	14,686,795
1860	Other miscellaneous receipts - local/other	6,709,058	4,141,399	8,082,121	7,390,306	2,385,011
1860	(a) Other miscellaneous receipts - local/other - Fund 657	2,644,908	862,178	3,148,119	3,359,445	4,419,428
1860	(c) Other miscellaneous receipts - local/other - Fund 880	-	2,195	403	-	-
1862	Fees for copying public records	276,682	249,776	241,633	258,947	257,705
1862	(a) Fees for copying public records - Fund 657	12	55	97	56	998
1866	Federal share of grantee sales	367,625	310,955	179,984	234,984	243,547
1868	Receivable overpayment - federal	-	-	161	-	76
1870	Receivable overpayment - state	6,036	6,584	2,841	19	790
1872	Receivable overpayment - local	(61)	1,550	944	1,345	40
6001	(j) Supply sales	275,708	521,662	408,216	401,968	451,132
6002	(j) Open records fees	11,171	11,337	8,874	12,065	16,184
6003	(j) Fleet services operations/maintenance	1,366,715	1,574,218	2,149,619	2,244,601	2,115,565
6005	(j) Fleet services replacement	730,248	870,185	1,476,091	1,590,541	1,522,658
6006	(j) Criminal records check fees	414,162	392,457	326,864	373,277	317,652
6007	(j) Mail/freight services	8,561,257	11,506,019	10,803,757	11,230,955	10,679,698
6009	(j) Telephone billing	30,585,852	30,773,403	32,302,801	34,581,943	36,473,586
6011	(j) Printing service	6,440,655	5,682,997	6,042,427	5,457,257	5,243,375
6013	(j) Reimbursement/recovery cost	28,796,499	28,033,182	33,101,501	59,725,679	27,114,023
6015	(j) Leased facility	91,329,415	101,160,500	104,557,774	105,027,361	106,994,424
6017	(j) Sale of material, supplies, and services	659,046	452,218	691,783	564,009	909,355
6019	(j) Training	588,818	438,684	340,177	537,835	554,521
6021	(j) Computer services	21,864,293	22,116,269	23,599,449	19,567,908	22,297,639
6023	(j) Administration services	642,348	548,877	396,676	772,096	850,060
6025	(j) Flight operations services	382,198	374,033	349,239	399,173	298,650
6027	(j) Sale of manufactured products	21,134,511	21,070,342	19,842,283	17,974,645	18,969,055
6029	(j) Interagency receipts	25,746,374	34,778,712	39,991,261	51,636,237	42,755,745
6029	(c) Interagency receipts - Fund 880	-	-	20,237	-	-

Exhibit B

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

Revenue Source	Code	Type of Revenue	Year Ended June 30,				
			2010	2011	2012	2013	2014
6029	(c)	Interagency receipts - Fund 881	474,062	659,991	552,518	588,922	522,508
6030	(j)	Sampling &/or analysis	607,533	797,593	597,162	515,738	841,801
6031	(r)	Redeposit of state funds	2,916,492	68,696	69,352	58,517	19,606
6032	(j)	Deposit of unclaimed property	-	-	-	1,225	-
6033	(j)	Permits	53,758	11,479	40,995	47,185	38,426
6034	(j)	Registration fees	51,715	45,642	59,342	55,048	103,377
6035	(j)	Taxes	6,462,818	7,500,691	7,954,247	7,890,094	8,419,180
6036	(j)	Transcript fees	17,296	15,825	19,309	8,016	8,210
		Total revenues	<u>25,392,293,299</u>	<u>25,114,403,059</u>	<u>24,304,536,535</u>	<u>24,736,168,819</u>	<u>24,616,141,577</u>
Fund Exclusions:							
	(a)	Lottery Enterprise Fund - Fund 657	419,259,815	435,310,366	467,585,698	494,190,659	497,669,708
	(b)	Alternative Care Trust Fund - Fund 905	11,509,888	12,674,390	13,835,065	13,584,203	14,841,342
	(c)	Student Loan Funds - Funds 626, 851, 880, and 881	143,327,758	167,946,527	157,149,793	163,513,576	158,661,013
	(d)	Pansy Johnson-Travis Memorial State Gardens Trust Fund - Fund 963	730,013	7,717	6,761	7,345	6,768
Revenue Source Exclusions:							
	(e)	Federal funds	10,944,202,686	11,231,060,137	10,041,620,203	9,738,679,227	9,742,199,727
	(f)	Proposition C sales and use tax/interest	737,695,021	752,181,529	789,578,622	804,331,562	841,580,386
	(g)	Proposition A gas tax and license fee increases	169,008,528	169,467,566	166,913,857	163,022,120	164,058,506
	(h)	Bond sales	1,107,698,801	74,305,145	1,867,300	-	-
	(i)	Refunds	370,692,275	508,157,376	532,119,753	658,694,225	565,792,454
	(j)	Interagency sales and receipts	246,722,390	268,676,325	285,059,847	320,614,856	286,974,316
	(k)	Soil and water sales and use tax/interest	37,964,460	38,549,297	40,406,433	41,183,578	42,984,511
	(l)	Parks sales and use tax/interest	37,598,623	38,383,161	40,315,075	41,132,210	42,939,810
	(m)	Redeposit of investment principal	22,021,895	1,216,650	2,837,450	264,945	1,459,102
	(n)	Outlawed checks	8,545,958	7,037,537	6,813,442	6,162,199	5,536,200
	(o)	Redeposit of loan principal	56,468,687	58,766,128	65,122,172	73,384,968	74,956,720
	(p)	Bingo	2,212,758	2,166,417	2,121,041	2,008,254	1,814,572
	(q)	Riverboat gambling	388,916,398	395,773,528	388,758,396	377,915,277	359,315,902
	(r)	Redeposit of state funds	2,916,492	68,696	69,352	58,517	19,606
	(s)	Loan proceeds	10,458,915	20,704,819	12,938,384	9,056,992	13,212,581
	(t)	Conservation sales and use tax/interest	94,161,885	95,997,681	100,748,178	102,762,355	107,303,454
	(u)	State employee expense reimbursement	50,645	183,863	176,695	26,209	40,599
	(v)	Recovery costs	157,227,270	151,037,762	150,426,085	150,725,636	82,224,337
	(w)	Cost reimbursements	286,111,856	271,161,711	276,020,532	234,304,516	205,933,913
	(x)	Canceled checks	4,390,790	2,430,074	2,036,483	2,182,674	1,861,189
	(y)	Local match	87,931,854	91,490,039	127,367,017	98,129,383	50,600,510
	(z)	Proceeds of surplus property sales - Fund 710	1,220,352	1,523,162	1,331,787	1,414,547	1,725,866
	(aa)	WIC rebates	44,278,144	44,989,878	54,902,466	52,386,707	57,273,740
	(bb)	Amendment 3 revenue derived from highway users	408,998,887	421,929,866	432,352,497	440,150,855	506,419,089
	(cc)	Interest - federal	70	-	23,802,563	22,442,061	12,442,473
Other Exclusions and Limits:							
		CMIA interest payment to the federal government	215,748	24,499	22,013	-	-
		Agency remitted sales tax	380,227	369,085	247,169	260,481	239,471
		Abandoned funds claim payments	33,675,323	34,703,093	36,413,798	38,155,004	38,604,634
		Total exclusions	<u>15,836,594,412</u>	<u>15,298,294,024</u>	<u>14,220,965,927</u>	<u>14,050,745,141</u>	<u>13,878,692,499</u>
		Total revenues after exclusions	<u>9,555,698,887</u>	<u>9,816,109,035</u>	<u>10,083,570,608</u>	<u>10,685,423,678</u>	<u>10,737,449,078</u>
		Less expenditure refunds (Exhibit C)	(1,543,126,545)	(1,414,459,977)	(1,342,748,745)	(1,240,311,060)	(1,328,253,309)
		Add refundable tax credits:					
		Business Facility	35,878	2,907,965	402,578	-	-
		Enterprise Zone	38,836	185,922	280,469	231,246	109,188
		BUILD	4,998,107	7,956,937	2,316,971	5,590,472	4,610,238
		Missouri Quality Jobs	3,116,592	5,322,994	7,360,207	7,355,213	9,774,161
		New Enhanced Enterprise Zone	1,246,148	2,885,117	3,067,886	3,522,698	3,834,717
		Residential Dwelling Accessibility	17,984	23,186	5,266	-	-
		Self-employed Health Insurance	476,471	1,558,354	1,082,658	451,242	793,147
		Public Safety Officer Surviving Spouse	18,149	20,899	28,212	56,949	72,258
		Brownfield Jobs and Investment Credit	-	1,906,660	304,395	-	-
		Total State Revenue	<u>\$ 8,022,520,507</u>	<u>8,424,417,092</u>	<u>8,755,670,505</u>	<u>9,462,320,438</u>	<u>9,428,389,478</u>

Exhibit C

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

Object Code	Description	Year Ended June 30,				
		2010	2011	2012	2013	2014
	SAM II Expenditure Refunds:					
3200	Bond refunds	\$ 3,406,613	3,624,472	3,381,743	3,766,775	4,037,533
3206	Deposit and escrow refunds	53,517	75,167	100,829	75,616	65,501
3212	Federal share grantee sales refunds	386	-	-	-	-
3213	Tax credit debt offset	259,589	159,943	424,562	211,413	99,150
3215	Debt offset refunds	9,616,812	10,724,197	10,184,106	9,312,765	8,811,600
3218	Motor vehicle license fee refunds	458,604	342,352	385,841	451,527	526,385
3221	Driver's license fee refunds	57,742	58,495	48,367	61,656	55,674
3227	License and permit fee refunds	183,361	147,645	163,468	236,183	135,557
3230	Registration fee refunds	9,990	4,341	37,308	29,217	26,604
3233	Regulatory fee refunds	7,714	16,754	59,869	15,030	12,237
3236	Inspection fee refunds	52,865	41,178	52,862	42,713	51,341
3239	Miscellaneous fee refunds	321,503	298,548	442,860	420,978	388,745
3242	Sales refunds	9,829	3,455	10,391	16,664	18,821
3245	Lease and rentals refunds	4,996	4,551	5,702	3,265	4,070
3248	Medical services refunds	6,002,089	6,525,413	6,331,354	6,010,508	7,406,446
3251	Contributions refunds	14,488,536	16,298,595	5,886,037	29,913	-
3254	Federal refunds	3,621,387	355,286	1,514,909	493,420	989,516
3257	Penalty and court award refunds	48,478	14,444	31,479	(856)	10,332
3260	Interagency billing refunds	12,061	-	295	1,884	-
3261	Receivable overpayment refunds	70,421	180,639	328,765	377,953	289,274
3267	Deferred revenue refunds	4,176,768	1,545,606	2,445,006	2,401,657	1,316,303
3268	Liability account refunds	-	-	-	-	3,276
3269	Other refunds	1,425,466	2,411,778	3,313,740	12,383,222	1,331,127
3272	Sales and use tax protested refunds	782	200,205	156,632	8,383	332
3281	County foreign insurance tax refunds	16,943,164	17,921,126	27,158,118	39,317,277	13,616,378
3284	County domestic insurance tax refunds	-	-	2,694,044	-	4,345,959
3287	Worker's compensation insurance tax refunds	725,543	2,212,394	286,762	513,702	96,395
3291	Surplus lines insurance tax refund	-	-	-	16,672	42,391
3293	Cigarette tax refunds	-	146,382	19,851	26,810	50,251
3299	Aviation fuel tax refunds	4,957	6,304	8,902	4,131	20,025
3305	Special fuel (non-gas) tax refunds	23,022,799	25,710,530	22,218,784	20,461,228	19,702,979
3308	Fuel tax refunds	10,599,366	10,237,237	10,042,959	7,838,108	9,112,720
3311	Sales tax refunds	468	36	104	535	-
3314	Food tax exemption refunds	-	-	-	-	179
3317	General sales and use tax refunds	60,007,381	49,875,140	28,009,782	25,564,348	44,356,280
3326	Motor vehicle sales tax refunds	2,889,341	3,110,419	3,395,473	3,658,569	4,561,344
3329	Motor vehicle use tax refunds	837,107	955,515	1,128,147	1,060,387	286,517
3335	Boat tax refunds	4,787	6,390	5,036	4,784	3,760
3338	Individual tax refunds	1,050,281,318	993,083,426	930,792,552	879,453,248	948,964,266
3341	Senior citizens tax refunds	118,595,070	114,887,118	117,603,638	113,962,551	110,643,361
3344	Corporation tax refunds	212,907,168	149,575,393	157,035,524	108,715,703	142,741,406
3347	Franchise tax refunds	1,512,990	2,189,789	5,214,992	1,471,893	1,826,313
3350	Inheritance tax refunds	18,345	172,440	8,628	-	412
3356	Other tax refunds	487,232	1,337,274	1,819,324	1,891,228	2,302,549
	Total SAM II Expenditure Refunds	\$ 1,543,126,545	1,414,459,977	1,342,748,745	1,240,311,060	1,328,253,309

Review of Article X, Sections 16 Through 24, Constitution of Missouri Background, Methodology, and Conclusions

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:

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

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) ensures that 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) does not adjust the BYR for changes already made or for future changes or adjustments to this amount 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 that the BYR should be adjusted whenever CY 1979 MPI is adjusted by the DOC. The use of the initial reporting of MPI does provide an unchanging BYR for future years, which provides at least two benefits. First, 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, 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.

As with the BYR, the OA-BP uses the MPI first officially published by the DOC after the close of the CY to calculate the revenue limit for the applicable fiscal year. For the reasons expressed in the preceding paragraph, we find this approach reasonable so long as it also is followed consistently.



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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.

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.

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 past years, the State Auditor's office (SAO) disagreed with this adjustment because state funding of these salaries was required by statute instead of by consequence of constitutional amendment. In addition, the Judicial Article Amendment was effective on August 3, 1976, which was prior to the time the Hancock Amendment was adopted by the voters on November 4, 1980. However, the Supreme Court ruled in its decision on January 27, 1998, that an adjustment to the revenue limit for the transfer of deputy circuit clerks from the county payroll to the state payroll is appropriate.

Composition of Total State Revenues

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



Review of Article X, Sections 16 Through 24,
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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.

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.



Review of Article X, Sections 16 Through 24,
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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 An attorney general opinion 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.
- 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.
- 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.



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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

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.

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.

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 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, et. al.*, 984 S.W. 2d 540 (Mo. 1998). The Missouri Court of Appeals, Western District ruled that revenue from the one dollar portion of the state imposed two dollar admission fee payable to the state is not included in TSR, while the revenue from the payments to the state to recoup public safety and regulatory enforcement costs is included in TSR. The remaining one dollar portion of the two dollar admission fee is also excluded from TSR because these funds are distributed



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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** Pursuant to the Supreme Court decision in *Conservation Federation of Missouri, et. al., v. Richard Hanson, et. al.*, 994 S.W. 2d 27 (Mo. Banc. 1999), the revenue derived from the one-eighth of one 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.
- 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



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receipts in TSR twice, the state excludes amounts disbursed from the Proceeds of Surplus Property Sales Fund to other state funds.

AA. WIC Rebates

The Department of Health and Senior Services (DHSS) issues food instruments for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) to program participants who use them to obtain formula at participating grocery stores and pharmacies. The participating grocery stores and pharmacies then redeem the food instruments. The food instruments are processed through the Federal Reserve System and the WIC program is charged for the food instruments presented. The DHSS records the redeemed food instruments and sends a monthly invoice to the contracted infant formula manufacturer who then rebates a portion of the sales proceeds to the state.

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) 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". . . ."

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 apparent Hancock implications.



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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	According to Article X, Section 17(1), Missouri Constitution, total state revenue 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. The SAO had consistently used the appropriation basis to measure refunds. As a result, a difference existed. However, in its decision of January 27, 1998, the Supreme Court indicated that a cash basis of accounting should be used to determine compliance with the Hancock Amendment. As a result, the SAO changed its calculation of expenditure refunds to the cash basis.
Tobacco Master Settlement Agreement Proceeds	The OA-BP has excluded \$66,085,418 received from tobacco companies during fiscal year 2014. 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.



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The settlement agreement did not require a payment for 1999. Payments for fiscal years 2001 through 2014 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

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 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



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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.

Compliance

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, 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.

Exhibit A presents a summary of the calculations of limited total state revenue (TSR) for the years ended June 30, 2014, 2013, 2012, 2011, and 2010. The results of our review determined that for the year ended June 30, 2014, TSR was approximately \$4.0 billion under the refund threshold. As a result, no refund is due for the year ended June 30, 2014.

Article X, Section 18(e), Missouri Constitution, 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 total state revenues for the second fiscal year prior to the general assembly's action, whichever is less. For fiscal year 2014, the OA-BP calculated these limits at \$110.2 million for the Missouri Personal Income amount and \$87.6 million for the 1 percent of total state revenues amount.

For fiscal year 2014, the OA-BP determined that as a result of legislative actions net taxes and fees decreased by a total of at least \$619.5 million. As a result, the state complied with Article X, Section 18(e).

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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--compliance procedure.**

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).