



Thomas A. Schweich
Missouri State Auditor

ADMINISTRATION

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

Year Ended June 30, 2010

April 2011
Report No. 2011-15



<http://auditor.mo.gov>



Thomas A. Schweich
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 Missourian's 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 Missourian's 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 2010 was \$96 million.

Fiscal Year 2010 Findings

For the fiscal year ended June 30, 2010, our review determined no refunds were due. In fact, total state revenue was \$4.4 billion under the refund threshold. In addition, the Office of Administration, Division of Budget and Planning determined that net taxes and fees increased by \$1.9 million, well below the \$96 million annual limit. As a result, our review concluded the state complied with these provisions of the Hancock Amendment.

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

American Recovery and
Reinvestment Act 2009
(Federal Stimulus)

Not applicable to this report.

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

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THOMAS A. SCHWEICH

Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
Members of the General Assembly
and
Kelvin L. Simmons, 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, 2010, 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 2009. 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. We reviewed this information to the extent necessary to satisfy ourselves that the information in the Exhibits is fairly stated in all material respects.

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 "Thomas A. Schweich". The signature is written in a cursive style with a large, sweeping initial 'T'.

Thomas A. Schweich
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, 2010, total state revenue (TSR) was approximately \$4.4 billion under the refund threshold. As a result, no refund is due for the year ended June 30, 2010.

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, 2010, the Office of Administration, Division of Budget and Planning has determined that as a result of legislative actions net taxes and fees increased by a total of \$1.9 million. As a result, it appears 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 increased from \$1.4 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

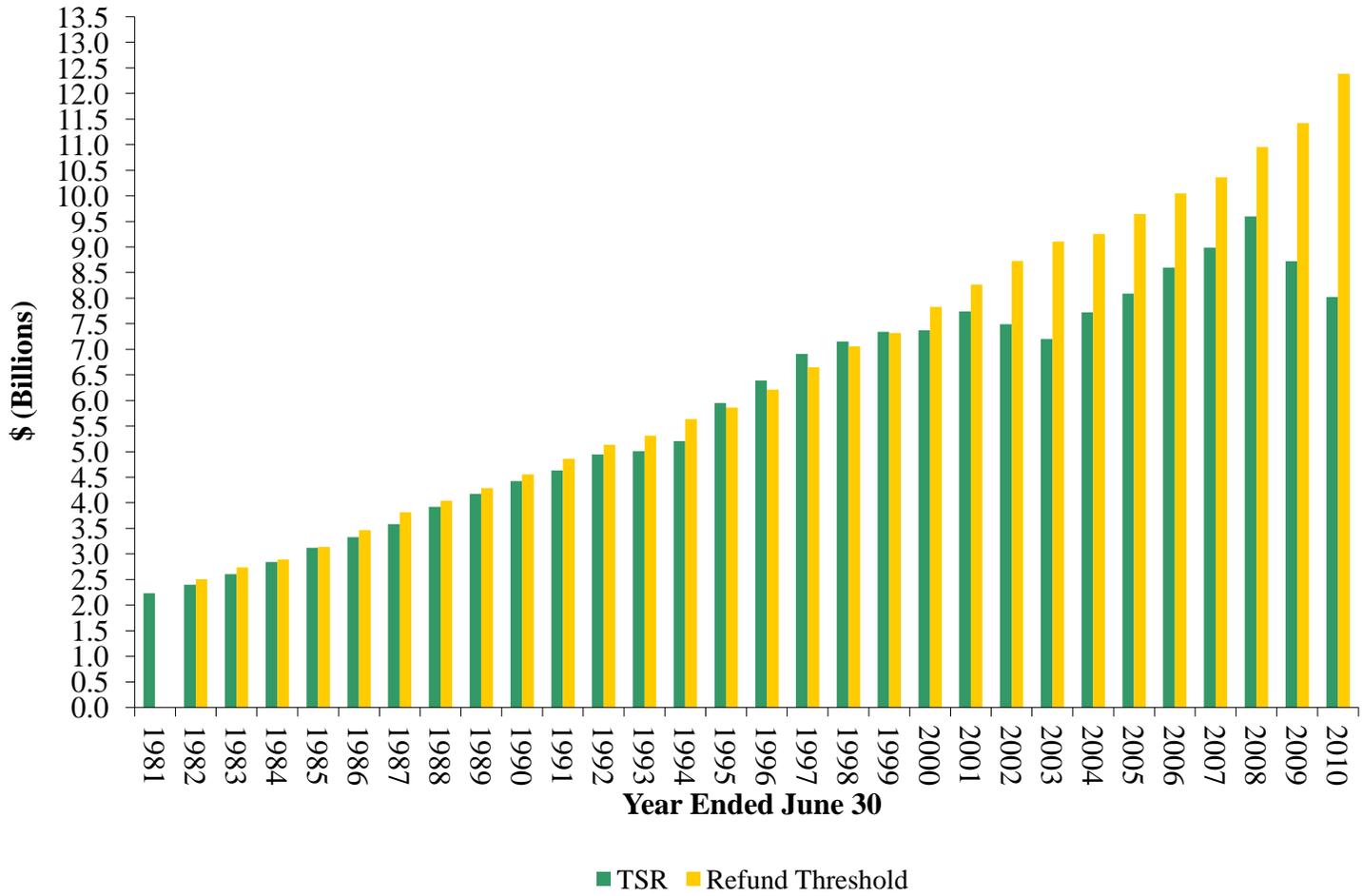


Exhibit A

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,				
	2006	2007	2008	2009	2010
TOTAL STATE REVENUE (TSR)					
Total state receipts	\$ 20,919.97	21,928.92	22,939.03	22,962.81	25,392.29
Less excluded revenue	(11,170.56)	(11,675.58)	(12,021.91)	(12,742.02)	(15,836.59)
Less expenditure refunds	(1,185.51)	(1,272.91)	(1,321.37)	(1,504.91)	(1,543.13)
Add refundable tax credits	31.20	5.08	2.75	5.66	9.95
TSR	\$ 8,595.10	8,985.51	9,598.50	8,721.54	8,022.52
REVENUE LIMIT AND REFUND THRESHOLD					
Missouri personal income	\$ 175,524.00	181,066.00	191,413.00	199,655.00	216,547.00
Base year ratio	x 0.056395	0.056395	0.056395	0.056395	0.056395
Base limit	9,898.68	10,211.22	10,794.74	11,259.54	12,212.17
Judicial article amendment	45.81	47.64	49.06	50.53	50.53
Revenue limit	9,944.49	10,258.86	10,843.80	11,310.07	12,262.70
1 percent adjustment	99.44	102.59	108.44	113.10	122.63
Refund threshold	\$ 10,043.93	10,361.45	10,952.24	11,423.17	12,385.33
REFUND CALCULATION					
TSR	\$ 8,595.10	8,985.51	9,598.50	8,721.54	8,022.52
Less refund threshold	10,043.93	10,361.45	10,952.24	11,423.17	12,385.33
Over (Under) Threshold	(1,448.83)	(1,375.94)	(1,353.74)	(2,701.63)	(4,362.81)
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		Year Ended June 30,				
Code	Type of Revenue	2006	2007	2008	2009	2010
1001	Sales and use tax	\$ 1,957,288,809	2,035,863,087	2,029,365,907	1,927,035,752	1,839,221,316
1003	(l) Parks sales and use tax	39,628,892	41,334,134	41,177,179	38,627,585	37,541,193
1005	(k) Soil and water sales and use tax	39,632,549	41,334,138	41,177,637	38,627,589	37,541,196
1007	General revenue reimbursements - local sales and use tax	1,874,991	1,869,288	1,836,920	1,361,895	1,194,248
1009	Motor vehicle sales tax	73,944,788	63,299,893	29,084,872	2,974,344	2,870,175
1009	(bb) Motor vehicle sales tax - Amendment 3	106,679,065	166,565,679	171,801,305	161,889,790	166,257,149
1011	(t) Conservation sales and use tax	99,069,219	103,332,575	102,945,079	96,571,218	93,854,189
1013	(f) Proposition C sales and use tax	778,913,723	815,417,913	807,214,841	758,897,169	737,027,830
1015	Sales and use taxes paid under protest	154,942	133,448	679,617	1,321,174	485,684
1016	Suspense holding	-	-	(1)	-	-
1022	Individual income tax	5,360,652,738	5,736,714,734	6,118,983,440	5,949,177,456	5,495,243,112
1024	Individual income taxes paid under protest	27,095	78,291	107,119	89,239	98,582
1026	Corporate income tax	528,814,068	553,946,111	520,955,635	434,036,242	408,935,647
1028	Corporate income taxes paid under protest	27,012	2,311	22,040	2,036	150
1033	County foreign insurance tax	189,702,198	199,210,713	209,554,552	203,798,991	194,396,970
1037	Worker's compensation insurance tax	2,070,359	6,289,512	13,945,412	12,043,776	9,386,753
1039	Worker's compensation insurance tax - second injury	69,529,997	64,288,526	60,287,228	54,647,952	43,216,506
1041	Excess lines of insurance tax	22,028,985	25,158,519	25,699,706	21,920,932	23,053,334
1049	Heavy beer tax	8,368,270	8,380,561	8,436,959	8,466,036	8,270,996
1051	Light beer tax	41,247	31,303	33,457	37,836	15,330
1053	Liquor tax	16,848,358	18,421,990	18,045,107	18,839,100	19,476,179
1055	Wine tax	4,286,145	4,496,356	4,657,885	4,646,495	5,023,673
1057	Cigarette tax	99,873,124	96,959,034	97,150,389	94,799,204	91,151,815
1059	Tobacco product tax	11,448,194	11,917,483	12,214,822	13,065,193	15,011,542
1060	Motor vehicle fuel tax	415,115,603	412,792,165	410,494,152	399,565,091	401,519,109
1060	(g) Motor vehicle fuel tax	175,587,964	175,375,774	175,543,409	168,061,247	169,008,528
1060	(bb) Motor vehicle fuel tax - Amendment 3	155,838,142	155,649,820	155,798,599	149,158,016	149,998,750
1062	Special fuel non-gas tax	1,240,891	1,312,257	3,331,931	1,483,582	782,210
1062	(bb) Special fuel non-gas tax - Amendment 3	106,978	92,863	115,290	104,383	114,205
1064	Aviation fuel tax	353,686	336,589	343,894	254,811	251,472
1070	Corporation franchise tax	77,827,368	77,788,371	92,508,381	94,337,368	93,155,521
1073	Estate tax	15,569,883	5,971,861	3,451,099	3,068,343	263,642
1074	(p) Bingo tax	2,472,633	2,282,012	2,154,878	2,142,815	2,198,919
1076	(q) Gaming commission gross receipts tax	286,934,255	286,393,286	293,171,757	316,072,724	334,287,278
1080	Real and personal property tax	22,825,969	23,605,723	25,689,796	26,699,750	26,051,387
1082	Delinquent real and personal property tax	2,281,634	2,791,494	3,280,619	3,332,155	3,486,501
1084	Hazardous waste fees	1,287,666	1,860,180	1,713,325	1,594,056	1,466,805
1085	Managed care organization reimbursement allowance	17,174,996	-	-	-	-
1086	Miscellaneous taxes paid under protest	-	9,537	-	-	-
1088	Nursing facility reimbursement allowance	11,810,655	12,161,891	12,831,315	13,503,123	14,020,417
1089	Pharmacy reimbursement allowance	15,079,728	8,915,898	10,806,129	37,988,202	66,335,897
1090	Federal reimbursement allowance	17,142,839	8,700,416	11,284,451	6,320,261	6,292,537
1093	Athletic events tax	86,504	174,484	120,933	140,907	104,843
1095	Surcharges	8,261,197	14,141,291	396,680	410,904	317,448
1096	Special taxes and assessments	-	-	-	-	31,637
1097	Agency collected sales taxes	374,927	407,964	352,093	352,820	345,639
1099	Other taxes	88,684	76,928	83,118	12,151,473	12,411,499
1100	Professional licenses or permits	26,330,221	23,446,674	21,312,199	25,563,003	24,637,691
1102	Recreational licenses or permits	4,313,421	4,572,038	4,547,798	5,013,650	5,153,559
1104	All-terrain vehicle licenses or permits	1,029	2,044	326	1	2
1106	Motor vehicle licenses or permits	104,739,988	78,597,030	126,655,951	127,213,317	128,852,046
1106	(bb) Motor vehicle licenses or permits - Amendment 3	81,033,917	81,093,455	55,960,916	52,894,364	54,833,952
1108	Interstate transportation licenses or permits	50,934,127	49,638,906	49,744,434	49,686,448	44,535,890
1108	(bb) Interstate transportation licenses or permits - Amendment 3	24,600,544	22,381,807	21,632,031	21,591,711	20,092,995

Exhibit B

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

Revenue Source		Year Ended June 30,				
Code	Type of Revenue	2006	2007	2008	2009	2010
1110	Driver's licenses or permits	7,938,652	7,524,695	6,839,329	7,675,442	7,374,159
1110	(bb) Driver's licenses or permits - Amendment 3	9,609,103	9,467,142	8,718,336	9,438,170	9,101,225
1112	Land reclamation commission permits	567,114	541,457	674,024	645,713	593,636
1114	Salesman licenses or permits	254,160	247,560	186,320	79,340	328,500
1116	Vehicle and boat manufacturer and dealer licenses	992,413	980,078	977,540	920,472	892,228
1118	Liquor licenses or permits	4,118,092	4,180,895	4,764,537	4,740,555	4,889,334
1120	Gaming commission licenses	1,441,184	1,728,790	1,712,730	1,769,544	1,617,970
1122	Beer licenses or permits	6,861	18,545	6,117	345,800	350
1124	Motor carrier licenses	2,292,089	2,073,834	94,593	2,672,893	1,604,642
1126	Hunting and fishing licenses and commission permits	28,285,286	29,535,358	29,390,276	30,505,122	31,059,506
1127	Hunting and fishing special tags	1,186,138	1,161,514	1,154,059	1,243,205	1,188,356
1128	Hazardous waste transporter licenses	164,379	376,836	303,265	315,291	310,352
1130	Water pollution control permits	4,542,878	5,033,755	4,509,288	4,105,784	4,154,272
1132	Overdimension/overweight permits	2,568	3,892	-	-	-
1132	(bb) Overdimension/overweight permits - Amendment 3	5,615,174	6,620,053	8,155,732	7,836,787	7,304,243
1134	Merchant licenses	1,132,984	1,267,445	1,196,319	1,291,850	1,312,555
1136	Tobacco licenses	25,900	27,000	25,910	27,210	28,600
1138	Temporary licenses	307	125	500	300	600
1140	Duplicate plates	17,836	23,936	26,353	4,861	614,506
1142	Duplicate driver license	-	-	-	-	739,436
1149	Other licenses and permits	3,364,580	3,152,349	3,457,744	3,623,316	3,880,320
1149	(bb) Other licenses and permits - Amendment 3	1,578,504	1,753,449	2,746,279	1,164,998	1,220,855
1150	Lobbyist registration fees	2,961	13,510	12,190	12,000	10,630
1152	Motorboat fees	6,970,789	10,266,665	9,600,457	8,351,195	8,752,777
1154	Narcotics and dangerous drugs fees	999,794	778,581	714,987	1,018,475	811,160
1156	Occupational boards exam fees - individual exam fees	594,716	616,843	644,623	694,968	699,961
1160	(bb) Non-motor fuel decal fees - Amendment 3	110,608	83,977	74,587	70,820	75,514
1162	Filing fees	19,517,988	19,269,826	19,875,870	19,086,452	17,575,031
1163	Certifying/authenticating fees	64,251	49,425	43,727	34,797	29,439
1164	Transfer fees	30,365	27,690	26,328	23,188	22,584
1165	Service contract registration fee	-	62,500	73,250	79,300	82,600
1169	Other registration fees	7,343,546	7,832,821	8,610,985	8,463,011	8,249,204
1174	Asbestos fees	286,911	238,255	254,582	240,043	253,980
1178	Milk control fees	63,193	43,058	62,986	75,681	2,737
1180	Home health care license fees	112,800	129,100	115,450	131,350	114,600
1182	Nursing home license fees	164,447	128,726	129,076	148,000	144,875
1184	Title V emissions fees	8,531,692	8,638,247	9,928,734	9,475,409	8,418,337
1185	Emission fees/non Title V facilities	382,437	356,012	414,460	360,787	354,253
1186	Boarding home license fees	718,914	715,186	719,196	706,990	700,607
1188	Public utilities fees	18,355,749	20,190,954	20,929,841	20,573,416	20,969,774
1190	Hospital license fees	85,704	85,398	80,140	85,855	88,588
1192	Grain warehouse license fees	32,246	34,159	35,493	35,662	35,307
1194	Missouri primacy fees	2,560,720	3,558,666	4,430,383	4,769,823	4,733,196
1198	Transport load fees	23,389,711	23,634,784	23,608,574	15,360,359	11,451,506
1200	Storage tank registration fees	259,296	70,850	43,420	218,785	211,800
1202	Tourist cabin permit fees	186,847	183,255	190,413	186,418	190,096
1206	Solid waste disposal fees	11,855,266	12,735,973	12,708,281	12,062,594	10,801,800
1208	New tire fees	953,815	2,104,673	2,193,715	2,075,192	2,126,713
1209	Battery fee	288,524	722,637	770,341	689,178	659,823
1210	Ground water protection fees	666,068	618,151	582,549	553,520	703,057
1211	Radioactive waste transport fee	-	-	-	-	62,375
1214	Insurance regulatory fees, renewals and purchasing groups	2,451,504	1,425,228	2,323,828	2,409,276	2,068,293
1216	Air conservation commission permit fees	349,094	299,163	536,063	319,173	262,253
1218	Bingo license fees	52,570	49,030	48,790	44,755	42,505
1220	Lab fees	4,432,911	4,639,903	4,345,438	4,611,505	5,559,077
1222	Program administration fees	731,723	785,700	958,714	1,126,032	1,084,579
1223	Confined animal feed operation indemnity fees	41,953	29,517	9,176	2,143	3,882
1224	Railroad assessments	499,106	863,313	817,934	1,215,231	251,242
1227	Enhanced vehicle emission inspection fees	1,685,333	1,688,837	1,879,945	1,769,830	1,801,168
1233	Grain warehouse inspection fees	1,529,055	1,508,603	1,868,115	1,608,105	2,061,344

Exhibit B

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

Revenue Source		Year Ended June 30,				
Code	Type of Revenue	2006	2007	2008	2009	2010
1235	Milk inspection fees	1,196,302	1,073,188	1,298,899	1,256,812	1,297,735
1237	Ice cream products inspection fees	31,360	33,060	31,560	30,930	34,400
1239	Mine inspection fees	88,502	72,498	66,054	66,435	54,881
1241	Mobile home and recreational vehicle inspection fees	823,258	848,302	692,098	456,887	408,598
1243	Oil inspection fees	2,543,426	2,527,235	2,529,258	2,421,394	2,405,616
1249	Other inspection fees	1,503,392	1,436,877	1,669,840	1,788,609	1,877,287
1250	Collection fees	21,095,935	22,675,134	23,608,199	23,539,510	22,382,813
1251	Bankruptcy collections	-	-	-	14,045	-
1252	Admission fees	1,108,448	1,326,303	1,163,583	1,083,498	1,206,370
1252 (q)	Admission fees - riverboat gambling	54,679,803	50,902,479	50,443,830	52,232,350	54,445,159
1254	State auditor fees	1,231,909	1,013,252	539,400	118,764	190,808
1260	Grade crossing safety fees	1,491,051	1,548,723	1,252,031	1,409,774	1,269,468
1262	Loan administration fees	4,274,803	5,163,127	5,521,764	5,738,930	6,297,549
1262 (c)	Loan administration fees - Fund 881	1,895	5,537,769	6,725,473	915,043	94,643
1264	Court fees	22,925,711	23,032,841	37,470,842	39,960,611	39,216,151
1266	Financial institutions examination fees	7,924,104	7,911,716	7,909,159	8,669,478	10,226,204
1268	Consumer finance license fees	1,005,300	1,053,225	1,208,234	1,007,100	1,064,775
1270	Transcript fees	143,371	123,751	147,615	136,551	108,464
1274	Marketing development fees	309,413	46,619	33,821	42,539	32,667
1276	Miscellaneous insurance fees	514,125	500,230	223,250	101,120	93,180
1278	Gaming commission administrative income	933	195	42	51	389
1279 (a)	Lottery commission fees	337,854	320,659	310,335	291,569	268,130
1280	Motor vehicle inspection sticker fees	4,466,495	4,569,287	4,528,447	4,518,331	4,165,029
1282	Logo sign advertising fees	4,608,913	5,287,240	5,650,254	5,890,321	6,177,218
1284	Public defender fees	1,771,541	1,732,334	1,838,506	1,675,741	1,656,372
1286	Witness fees	6,162	12,598	7,315	8,961	10,188
1288	County recorders fees	9,501,397	8,941,272	7,956,681	7,153,824	6,794,853
1290	Training or conference fees	96,483	150,108	199,278	238,543	151,682
1294	Electronic monitoring fee	1,626,475	1,299,497	758,683	390,939	212,126
1298	Substance abuse offender program fees	3,946,177	3,966,623	4,044,125	4,506,829	4,512,493
1302	Criminal records check fees	6,733,119	6,958,215	9,092,462	9,544,860	9,298,093
1303	Other fees	11,724,083	23,408,294	25,639,072	24,715,293	23,499,863
1305 (h)	Bond sales proceeds	370,196,052	829,993,881	591,204,336	135,638,581	1,107,698,801
1306	Proceeds from capital leases	-	-	-	-	120
1310	Land sales	5,001,965	3,836,054	4,796,703	6,069,069	4,651,641
1312	Sales of natural resources products	3,836,475	4,418,501	4,104,935	4,096,409	3,366,092
1314	Sales of agriculture products	1,852,115	1,711,914	1,718,766	1,872,632	2,023,963
1316	Manufactured product sales	7,892,157	8,333,588	9,267,484	10,279,039	11,014,608
1318	Information sales	3,283,582	3,273,720	3,108,519	4,147,230	2,409,400
1320	Souvenir sales	595,639	566,016	484,982	516,912	476,837
1322	Surplus property sales - state	1,522,369	3,030,067	1,838,028	1,969,908	2,028,011
1322 (a)	Surplus property sales - state - Fund 657	10,000	-	-	-	-
1322 (z)	Surplus property sales - state - Fund 710	746,426	1,038,204	2,406,296	1,442,420	1,220,352
1324	Surplus property sales - federal	2,903,435	2,761,749	3,227,475	2,741,375	1,959,831
1328	Sales of fixed assets - control	9,052,606	27,501,823	8,610,355	6,314,677	7,797,363
1330	Vital records sales	1,867,182	1,714,728	1,623,663	1,388,392	1,327,953
1332 (a)	Lottery ticket sales	416,691,040	405,909,024	426,619,333	415,724,608	416,039,046
1334	Cafeteria sales	654,178	678,666	810,586	947,866	699,433
1338	Other sales	223,093	161,139	301,386	165,471	243,013
1342	Supply sales	342	-	252	429	450
1401	Land rentals/leases	56,052	802	802	5,020	5,406
1403	State facilities rentals/leases	762,715	764,022	883,696	744,704	834,070
1404	Parking rentals/leases	72,349	67,046	57,527	59,971	61,885
1405	Concessions and recreational rentals/leases	2,292,138	2,265,352	2,118,733	2,312,217	2,552,306
1407	Housing/building rentals/leases	267,281	483,807	490,125	479,543	1,092,018
1409	Other leases and rentals	820,430	1,155,026	859,985	1,178,807	913,786
1414 (e)	Medicare	11,840,541	14,355,763	15,286,228	16,766,843	10,975,222
1418 (e)	Medicaid	104,129,943	94,774,725	91,248,819	103,783,950	85,028,450
1420 (e)	Medicaid - community based	114,403,516	116,805,982	127,076,851	115,281,339	145,309,030
1422	Private payments	7,172,906	6,705,792	6,404,747	7,510,050	5,934,601

Exhibit B

Review of Article X, Sections 16 Through 24,
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Revenue Source		Year Ended June 30,				
Code	Type of Revenue	2006	2007	2008	2009	2010
1424	Insurance payments	2,627,062	2,053,140	1,955,642	1,722,218	1,291,657
1426	Other payments	223,016	6,913	23,242	13,444	120,433
1434	Institutional support fees	73,761	98,527	32,466	-	-
1436	Room and care	25,408,983	26,844,689	28,463,349	28,265,453	27,033,482
1438	Fleet services operations/maintenance	395	-	-	-	-
1442	Mail/freight services	1,798	581	-	-	-
1446	Printing service	156,303	166,681	189,891	200,348	186,357
1448	Computer services	4,279	3,897	3,739	3,412	1,980
1450	Administration services	-	45	-	-	10
1501	Private donations	2,132,328	2,944,164	4,957,335	5,918,919	5,523,556
1502	Other governmental entity donations	35,470	-	232,942,595	1,077,338	50,000
1504	Donated assets-state agencies	-	-	268,140	-	-
1507	(e) NASAO (airport inspections)	5,500	16,500	29,603	11,000	33,000
1510	(e) US Department of Agriculture	341,963,232	349,407,388	381,641,506	420,410,665	457,571,495
1512	(e) US Department of Defense	4,780,027	3,893,101	4,060,015	4,651,803	23,767,533
1513	(e) US Department of Homeland Security	-	1,252,634	682,977	2,042,282	39,057,825
1514	(e) US Department of Housing and Urban Development	34,944,621	34,535,980	31,411,897	31,289,602	49,360,455
1516	(e) US Department of Interior	26,236,848	27,365,634	20,279,925	23,070,474	22,699,053
1518	(e) US Department of Justice	67,710,357	70,533,811	69,045,688	56,902,635	3,816,756
1520	(e) US Department of Labor	80,155,791	74,373,262	68,105,755	58,743,547	152,277,061
1522	(e) US Department of Education	655,561,523	638,057,083	645,983,360	658,786,433	619,202,729
1522	(c) US Department of Education - Fund 880	7,753,744	7,878,432	8,583,560	9,240,882	9,889,521
1522	(c) US Department of Education - Fund 881	54,653,829	54,336,871	68,627,016	69,496,551	87,353,849
1524	(e) US Department of Transportation	827,044,903	894,887,794	966,375,333	907,815,007	929,620,189
1526	(e) National Foundation for the Arts and Humanities	3,928,489	4,255,569	3,997,117	3,926,131	4,030,270
1528	(e) US Veterans Administration	28,181,524	30,818,955	33,325,810	39,646,428	54,492,264
1529	(e) US General Services Administration	7,113	-	-	-	-
1530	(e) US Environmental Protection Agency	67,603,444	83,034,587	77,554,953	68,660,802	35,838,751
1532	(e) US Department of Energy	7,526,734	5,956,480	7,199,609	8,153,289	5,594,925
1534	(e) Federal Emergency Management Agency	8,273,328	56,826,554	100,158,631	93,612,003	139,707,918
1536	(e) US Department of Health and Human Services	4,905,437,144	4,852,243,251	5,173,517,451	5,962,380,121	6,016,121,798
1538	(e) National and Community Services	1,115	-	-	-	-
1540	(e) US Social Security Administration	32,848,371	29,882,066	31,986,280	34,225,980	40,514,268
1542	(e) National Archives and Records	-	-	2,847	7,883	17,353
1546	(e) US Department of Treasury	-	7,217	14,131	-	19,625
1549	(e) Miscellaneous federal revenues	37,287,497	36,183,522	39,257,277	41,423,945	68,127,966
1551	County mental health programs	9,989,505	13,875,319	14,145,722	17,279,085	18,167,071
1557	(e) American Recovery and Reinvestment Act	-	-	-	218,840,784	2,002,794,267
1558	(e) American Recovery and Reinvestment Act - other	-	-	-	-	8,023,274
1560	(e) Federal pass-through grants	47,538,058	34,258,934	25,400,556	29,303,116	25,120,494
1601	Time deposits interest	12,895,202	23,996,538	29,926,290	12,009,416	6,253,940
1601	(f) Time deposits interest - Fund 688	411,767	612,653	641,067	216,290	163,391
1601	(a) Time deposits interest - Fund 657	159,048	242,536	273,873	100,337	66,243
1601	(k) Time deposits interest - Fund 614	186,636	292,342	358,018	140,951	103,734
1601	(l) Time deposits interest - Fund 613	47,803	75,523	72,808	17,798	14,736
1601	(b) Time deposits interest - Fund 905	26,020	42,128	48,307	18,420	14,778
1601	(p) Time deposits interest - Fund 289	20,526	18,977	8,238	3,650	3,395
1601	(q) Time deposits interest - Fund 285	92,255	136,919	148,375	56,151	47,805
1601	(d) Time deposits interest - Fund 963	203	328	381	146	1,952
1601	(t) Time deposits interest - Fund 609	146,264	173,506	249,889	93,732	75,531
1601	(c) Time deposits interest - Fund 851	692	4	-	-	-
1601	(c) Time deposits interest - Fund 880	125,596	136,386	254,027	110,497	101,593
1601	(c) Time deposits interest - Fund 881	94,280	256,202	283,429	123,463	95,229
1603	U.S./agency securities interest	92,567,456	136,046,244	165,547,425	98,431,256	38,510,748
1603	(f) U.S./agency securities interest - Fund 688	1,873,702	2,360,935	2,378,829	1,292,741	503,800
1603	(a) U.S./agency securities interest - Fund 657	683,862	790,655	885,649	549,694	235,454
1603	(k) U.S./agency securities interest - Fund 614	794,963	978,599	1,168,927	770,521	319,530
1603	(l) U.S./agency securities interest - Fund 613	210,279	270,821	252,923	98,993	42,694
1603	(b) U.S./agency securities interest - Fund 905	109,873	138,138	156,670	100,277	44,708
1603	(p) U.S./agency securities interest - Fund 289	85,557	61,420	26,900	20,342	10,444

Exhibit B

Review of Article X, Sections 16 Through 24,
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Revenue Source		Year Ended June 30,				
Code	Type of Revenue	2006	2007	2008	2009	2010
1603	(q) U.S./agency securities interest - Fund 285	416,621	491,769	513,853	316,656	136,156
1603	(d) U.S./agency securities interest - Fund 963	1,827	2,271	2,594	2,330	6,043
1603	(t) U.S./agency securities interest - Fund 609	625,465	599,606	821,176	515,226	232,165
1603	(c) U.S./agency securities interest - Fund 851	2,480	13	-	-	-
1603	(c) U.S./agency securities interest - Fund 880	525,676	444,875	813,773	593,614	294,831
1603	(c) U.S./agency securities interest - Fund 881	399,813	838,339	908,536	684,046	305,371
1605	Other investment interest	610,000	669,229	611,213	414,850	102,828
1605	(d) Other investment interest - Fund 963	-	-	-	-	194
1608	Realized gains and losses	-	-	-	-	19
1608	(d) Realized gains and losses - Fund 963	-	-	-	-	1
1610	Interest on loans	1,020,355	1,343,034	1,105,177	1,237,598	1,453,361
1612	Interest - federal	16,232,810	11,749,631	4,213,149	125	70
1614	Interest on receivables	33,040	59,153	19,012	37,829	17,202
1616	Interest on settlements	57,276	65,220	66,588	108,045	805,015
1618	Other interest	58,582	53,160	157,670	34,041	194,809
1618	(c) Other interest - Fund 880	122,516	96,985	57,651	-	-
1618	(t) Other interest - Fund 609	-	-	431	88	-
1620	Safety responsibility	-	-	15	-	-
1621	Penalties	14,246,673	9,424,865	8,484,577	9,334,634	10,405,711
1621	(c) Penalties - Fund 881	-	826	1,622	22,044	250
1624	Settlements	7,970,583	2,301,820	49,350,712	1,283,220	5,845,579
1626	Court awards	1,732,607	1,704,591	2,106,126	12,331,225	9,368,911
1628	Insufficient funds charges	7,186	4,936	5,600	5,061	6,575
1634	Estates	66	153	756	38,120	1,256
1636	Unclaimed properties	92,367,911	91,118,828	66,694,449	57,078,780	75,944,392
1700	(i) Salary refunds - federal	614,734	758,548	589,826	614,761	537,615
1701	(i) Salary refunds - state	48,639	35,771	25,423	18,399	15,712
1702	(i) Salary refunds - local/other	17,929	20,238	17,151	16,418	24,360
1703	(i) General relief pension refunds	121,698	70,586	16,784	4,955	5,291
1704	(i) Blind pension refunds	5,886	11,895	9,433	10,319	4,777
1706	(i) Dependent children pension refunds	356,838	356,687	290,147	275,511	326,393
1715	(i) Day care refunds	58,904	183,536	191,875	53,530	35,345
1717	(i) Medicare - Medicaid refunds	413,909,726	226,517,358	258,377,975	294,632,462	340,610,206
1719	(i) Cost in criminal cases refunds	565,968	693,320	761,476	863,183	977,526
1720	(i) American Recovery and Reinvestment Act refunds	-	-	-	-	591,913
1721	(i) Vendor refunds - federal	1,008,453	1,213,162	1,657,882	777,934	2,629,247
1722	(i) Vendor refunds - state	603,961	517,589	1,203,020	566,893	1,268,213
1722	(a) Vendor refunds - state - Fund 657	24,422	3,189	831	5,318	989
1722	(c) Vendor refunds - state - Fund 880	753	2,672	54,278	2,345	524
1722	(c) Vendor refunds - state - Fund 881	9,000	-	945,118	-	-
1723	(i) Vendor refunds - local/other	294,599	276,869	234,455	1,163,024	1,839,205
1723	(c) Vendor refunds - local/other - Fund 880	-	-	-	-	2,279
1724	(i) Political subdivision refunds	18,180	20,255	25,023	3,373	9,988
1725	(i) Excess court payment refunds	795,229	1,900,561	818,399	1,359,396	1,384,433
1727	(i) School refunds	5,314,240	4,691,784	8,222,948	6,649,921	12,773,166
1728	(i) Scholarship refunds	349,559	355,827	274,898	240,482	227,907
1729	(i) Audit findings - federal	120,584	35,091	-	43,331	7,880
1730	(i) Audit findings - state	-	-	-	40,980	-
1731	(i) Audit findings - local/other	52,665	175,203	434,776	104,984	349,002
1732	(i) Utility refunds	13,651	18,141	17,744	32,023	26,130
1733	(i) Fuel tax refunds	227,324	150,385	151,592	(106,840)	243,111
1733	(a) Fuel tax refunds - Fund 657	277	-	-	-	-
1733	(c) Fuel tax refunds - Fund 880	24	-	-	-	-
1737	(i) Other refunds	3,630,689	4,433,171	5,873,148	4,096,155	6,804,856
1737	(a) Other refunds - Fund 657	-	47,344	134,433	-	-
1737	(c) Other refunds - Fund 880	-	25,211	3,503	-	-
1737	(c) Other refunds - Fund 881	25,710	29	-	10,396	35
1806	(v) Recovery costs	147,510,945	156,840,026	168,814,932	189,968,684	157,227,270
1806	(a) Recovery costs - Fund 657	-	-	-	845	-
1808	Deposit of surplus property funds	20,640	-	-	-	921

Exhibit B

Review of Article X, Sections 16 Through 24,
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Revenue Source		Year Ended June 30,				
Code	Type of Revenue	2006	2007	2008	2009	2010
1811	(y) Local match	4,235,868	3,010,486	3,367,687	72,096,316	87,931,854
1812	(w) Cost reimbursements - federal	854,596	859,539	528,325	1,447,120	1,046,340
1813	(w) Cost reimbursements - state	17,379,683	32,758,124	24,793,321	75,467,210	55,264,763
1813	Cost reimbursements - state (included)	9,299,758	10,036,608	11,640,527	13,832,495	12,832,252
1813	(c) Cost reimbursements - Fund 880	247	-	465	-	-
1814	(w) Cost reimbursements - local/other	127,523,055	128,148,184	157,061,744	183,357,141	229,800,753
1814	(c) Cost reimbursements - local/other - Fund 880	6	-	-	284	-
1816	Bond account	6,375,510	6,305,705	7,677,792	7,110,689	7,513,599
1818	(u) Employee expense reimbursement - federal	-	405	112	1,414	2,930
1819	(u) Employee expense reimbursement - state	615	26,116	5,199	671	1,301
1820	(u) Employee expense reimbursement - local/other	771	583	-	-	27
1821	(u) Employee personal expense reimbursement	37,578	35,838	94,250	63,910	46,387
1821	(c) Employee personal expense reimbursement - Fund 880	88	10	3	-	-
1822	(n) Outlawed checks	6,015,970	7,228,137	5,993,548	5,619,566	8,545,958
1822	(b) Outlawed checks - Fund 905	3,850	6,102	9,348	5,176	5,302
1824	(x) Canceled checks	4,218,841	4,042,092	2,562,124	1,779,409	4,390,790
1824	(a) Canceled checks - Fund 657	32,995	-	-	120	-
1824	(b) Canceled checks - Fund 905	-	4	2,967	2,318	550
1824	(c) Canceled checks - Fund 880	-	109	-	-	-
1826	(m) Redeposit of investments principal	2,820,075	1,167,300	1,304,050	1,801,100	22,021,895
1826	(d) Redeposit of investments principal - Fund 963	-	-	-	-	721,761
1828	(o) Redeposit of loan principal	32,786,258	40,736,073	41,337,044	46,089,055	53,273,825
1830	Telephone commissions	2,191,590	1,004,266	819,800	840,814	867,887
1832	Commission on sales	33,051	25,670	28,177	27,522	15,629
1834	Rebates	2,657,841	346,877	927,252	1,924,379	886,600
1834	(a) Rebates - Fund 657	381	563	978	897	902
1834	(c) Rebates - Fund 880	26	2,224	7,112	5,029	969
1834	(aa) Rebates - WIC	36,203,754	38,046,323	39,542,659	43,522,102	44,278,144
1836	Housing and maintenance receipts	61,026	70,788	61,735	47,823	47,394
1838	Loan defaults	280,132	638,617	336,208	573,499	489,467
1840	(s) Loan proceeds	1,787,376	7,861,815	42,630,952	25,878,784	10,458,915
1842	(o) Loan repayment	94,639	103,409	109,797	84,983	120,767
1842	(c) Loan repayment - Fund 881	28,090,069	49,202,530	51,746,648	58,430,783	44,714,602
1843	(o) Loans receivable contra account	12,156,376	3,227,912	3,035,032	3,457,702	3,074,095
1844	Insurance proceeds	7,089	2,448	500	2,343	100
1846	Capital credits/dividends	47,137	53,045	67,838	56,056	70,718
1846	(d) Capital credits/dividends - Fund 963	-	-	-	-	62
1848	Recycling receipts	135,281	181,661	301,545	144,022	203,522
1850	Forfeitures	1,989,974	1,960,425	1,803,287	1,699,515	3,012,793
1852	Overpayments	2,337,400	6,004,394	2,654,717	1,286,358	794,761
1856	(e) Other miscellaneous receipts - federal	5,063,853	4,861,403	7,979,360	8,114,311	5,080,717
1858	Other miscellaneous receipts - state	2,922,024	4,141,635	2,124,232	2,324,164	1,504,015
1858	(a) Other miscellaneous receipts - state - Fund 657	8,565	6,496	4,902	9,667	4,131
1858	(b) Other miscellaneous receipts - state - Fund 905	10,698,732	11,005,829	11,136,779	11,956,369	11,444,550
1860	Other miscellaneous receipts - local/other	2,030,010	635,352	3,695,397	35,975,437	6,709,058
1860	(a) Other miscellaneous receipts - local/other - Fund 657	55	1,024,385	410,501	2,460,146	2,644,908
1862	Fees for copying public records	416,138	394,686	304,600	260,326	276,682
1862	(a) Fees for copying public records - Fund 657	85	124	6,653	1,340	12
1866	Federal share of grantee sales	326,931	371,362	85,111	197,237	367,625
1870	Receivable overpayment - state	673	4,384	4,936	5,989	6,036
1872	Receivable overpayment - local	-	27	241	452	(61)
6001	(j) Supply sales	24,426	231	1,240	1,354	275,708
6002	(j) Open records fees	17,818	8,983	14,607	9,677	11,171
6003	(j) Fleet services operations/maintenance	1,115,253	1,417,108	1,399,792	1,428,340	1,366,715
6005	(j) Fleet services replacement	942,733	1,795,574	1,643,902	1,815,707	730,248
6006	(j) Criminal records check fees	1,955,861	416,590	551,019	548,855	414,162
6007	(j) Mail/freight services	479,607	1,103,960	4,623,797	5,206,206	8,561,257
6009	(j) Telephone billing	28,357,604	27,984,063	29,296,050	30,228,498	30,585,852
6011	(j) Printing service	5,818,290	6,772,408	6,758,675	7,245,959	6,440,656
6013	(j) Reimbursement/recovery cost	27,763,425	46,816,635	27,588,347	37,796,274	28,796,499

Exhibit B

Review of Article X, Sections 16 Through 24,
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Revenue Source		Year Ended June 30,				
Code	Type of Revenue	2006	2007	2008	2009	2010
6013	(c) Reimbursement/recovery cost - Fund 881	87,391	-	-	-	-
6015	(j) Leased facility	3,581,126	24,524,831	28,115,044	89,825,994	91,329,415
6017	(j) Sale of material, supplies, and services	960,872	1,562,826	1,023,568	635,852	659,046
6019	(j) Training	1,101,498	929,024	1,370,505	1,078,692	588,818
6021	(j) Computer services	23,672,220	21,535,182	20,108,887	19,477,666	21,864,293
6023	(j) Administration services	1,208,365	703,313	538,893	618,124	642,348
6025	(j) Flight operations services	303,007	246,618	306,660	379,838	382,198
6027	(j) Sale of manufactured products	20,575,593	20,523,336	27,259,106	29,179,527	21,134,511
6029	(j) Interagency receipts	20,626,666	20,866,582	22,106,993	23,416,792	25,746,374
6029	(c) Interagency receipts - Fund 881	329,256	390,026	439,461	491,591	474,062
6030	(j) Sampling &/or analysis	21,999	60,421	19,023	614,983	607,533
6031	(r) Redeposit of state funds	30,969	81,964	91,307	199,713	2,916,492
6032	(j) Deposit of unclaimed property	250	99	-	300	-
6033	(j) Permits	50,518	50,279	46,380	83,427	53,758
6034	(j) Registration fees	59,786	95,400	85,920	81,635	51,715
6035	(j) Taxes	1,360,109	939,124	1,028,358	7,671,468	6,462,818
6036	(j) Transcript fees	5,205	4,807	6,563	8,658	17,296
	Total revenues	20,919,973,902	21,928,919,952	22,939,031,965	22,962,810,345	25,392,293,299
Fund Exclusions:						
(a)	Lottery Enterprise - Fund 657	417,948,583	408,344,975	428,647,487	419,144,543	419,259,815
(b)	Alternative Care Trust Fund - Fund 905	10,838,475	11,192,201	11,354,071	12,082,560	11,509,889
(c)	Student Loan Funds 626, 851, 880, and 881	92,223,091	119,149,513	139,451,675	140,126,568	143,327,758
(d)	Pansy-Johnson-Travis Memorial State Gardens Trust - Fund 963	2,030	2,599	2,974	2,476	730,013
Revenue Source Exclusions:						
(e)	Federal funds	7,412,473,472	7,458,588,194	7,921,621,979	8,907,850,373	10,944,202,688
(f)	Proposition C sales and use tax/interest	781,199,192	818,391,501	810,234,737	760,406,201	737,695,022
(g)	Proposition A gas tax and license fee increases	175,587,964	175,375,774	175,543,409	168,061,247	169,008,528
(h)	Bond sales	370,196,052	829,993,881	591,204,336	135,638,581	1,107,698,801
(i)	Refunds	428,129,456	242,435,981	279,193,974	311,461,193	370,692,275
(j)	Interagency sales and receipts	140,002,232	178,357,392	173,893,330	257,353,826	246,722,388
(k)	Soil and water sales and use tax/interest	40,614,148	42,605,079	42,704,582	39,539,061	37,964,461
(l)	Parks sales and use tax/interest	39,886,973	41,680,478	41,502,910	38,744,377	37,598,624
(m)	Redeposit of investment principal	2,820,075	1,167,300	1,304,050	1,801,100	22,021,895
(n)	Outlawed checks	6,015,970	7,228,137	5,993,548	5,619,566	8,545,958
(o)	Redeposit of loan principal	45,037,273	44,067,394	44,481,873	49,631,740	56,468,687
(p)	Bingo	2,578,717	2,362,408	2,190,015	2,166,806	2,212,759
(q)	Riverboat gambling	342,122,934	337,924,453	344,277,815	368,677,880	388,916,398
(r)	Redeposit of state funds	30,969	81,964	91,307	199,713	2,916,492
(s)	Loan proceeds	1,787,376	7,861,815	42,630,952	25,878,784	10,458,915
(t)	Conservation sales and use tax/interest	99,840,948	104,105,688	104,016,575	97,180,265	94,161,885
(u)	State employee expense account reimbursement	38,964	62,942	99,562	65,995	50,645
(v)	Recovery costs	147,510,945	156,840,026	168,814,932	189,968,684	157,227,270
(w)	Cost reimbursements	145,757,334	161,765,847	182,383,390	260,271,471	286,111,856
(x)	Canceled checks	4,218,841	4,042,092	2,562,124	1,779,409	4,390,790
(y)	Local match	4,235,868	3,010,486	3,367,687	72,096,316	87,931,854
(z)	Proceeds of surplus property sales - Fund 710	746,426	1,038,204	2,406,296	1,442,420	1,220,352
(aa)	WIC rebates	36,203,754	38,046,323	39,542,659	43,522,102	44,278,144
(bb)	Constitutional amendment No.3	385,172,035	443,708,243	425,003,075	404,149,038	408,998,888
	CMIA interest payment to the federal government	1,223,951	2,330,281	2,117,351	1,629,506	215,748
	Agency remitted sales tax	425,485	435,720	415,655	400,123	380,227
	Abandoned funds claim payments	19,462,594	21,635,424	30,642,979	25,133,509	33,675,322
	Federal interest	16,232,810	11,749,631	4,213,149	125	70
	Coding errors	-	1,399	-	-	-
	Total exclusions	11,170,564,938	11,675,583,344	12,021,910,458	12,742,025,558	15,836,594,412
	Total revenues after exclusions	9,749,408,964	10,253,336,608	10,917,121,507	10,220,784,787	9,555,698,887
	Less expenditure refunds (Exhibit C)	(1,185,513,592)	(1,272,907,957)	(1,321,367,348)	(1,504,906,007)	(1,543,126,545)

Exhibit B

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

Revenue Source		Year Ended June 30,				
Code	Type of Revenue	2006	2007	2008	2009	2010
	Add refundable tax credits:					
	Pharmaceutical	1,672	-	-	-	-
	Business Facility	6,026,392	19,478	92,579	13,702	35,878
	Enterprise Zone	14,969,750	52,168	50,111	33,142	38,836
	BUILD	10,204,348	5,011,569	2,570,811	3,252,101	4,998,107
	Missouri Quality Jobs	-	-	37,366	1,877,275	3,116,592
	New Enhanced Enterprise Zone	-	-	126	16,842	1,246,148
	Residential Dwelling Accessibility	-	-	-	11,372	17,984
	Self-employed Health Insurance	-	-	-	451,605	476,471
	Public Safety Officer Surviving Spouse	-	-	-	6,170	18,149
	Total State Revenue	\$ 8,595,097,534	8,985,511,866	9,598,505,152	8,721,540,989	8,022,520,507

Exhibit C

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

Object Code	Description	Year Ended June 30,				
		2006	2007	2008	2009	2010
SAM II Expenditure Refunds:						
3200	Bond refunds	\$ 3,174,790	3,607,162	2,970,993	3,142,134	3,406,613
3206	Deposit and escrow refunds	82,239	100,990	79,807	75,915	53,517
3212	Federal share grantee sales refunds	-	-	-	-	386
3213	Tax credit debt offset	192,267	658,452	227,342	238,494	259,589
3215	Debt offset refunds	7,196,032	9,154,126	9,513,639	9,101,435	9,616,812
3218	Motor vehicle license fee refunds	1,528,907	1,551,837	1,162,009	450,450	458,604
3221	Driver's license fee refunds	76,197	89,678	71,902	69,368	57,742
3227	License and permit fee refunds	187,184	144,244	164,254	145,499	183,361
3230	Registration fee refunds	13,786	21,762	9,653	5,200	9,990
3233	Regulatory fee refunds	16,421	13,154	52,960	12,487	7,714
3236	Inspection fee refunds	46,058	41,017	32,265	51,104	52,865
3239	Miscellaneous fee refunds	386,883	401,386	265,248	468,145	321,503
3242	Sales refunds	36,158	11,076	4,995	19,375	9,829
3245	Lease and rentals refunds	5,226	5,490	4,108	13,281	4,996
3248	Medical services refunds	2,855,085	4,982,151	6,420,842	6,600,044	6,002,089
3251	Contributions refunds	50	-	50	5,857,204	14,488,536
3254	Federal refunds	1,600,014	112,019	375,453	441,708	3,621,387
3255	Financial institutions tax refunds	-	-	60	-	-
3257	Penalty and court award refunds	26,054	15,971	98,591	145,810	48,478
3260	Interagency billing refunds	-	3,294	1,277	-	12,061
3261	Receivable overpayment refunds	46,188	31,237	54,017	32,948	70,421
3266	Missouri consolidated check off refunds	200,356	(48)	-	-	-
3267	Deferred revenue refunds	3,463,708	1,468,220	4,754,448	2,415,893	4,176,769
3269	Other refunds	903,385	5,658,768	600,632	643,992	1,425,466
3272	Sales and use tax protested refunds	156,832	5,255,333	13,101	-	782
3281	County foreign insurance tax refunds	14,468,499	21,577,679	23,577,535	14,220,444	16,943,164
3287	Worker's compensation insurance tax refunds	150,375	78,341	1,447,545	2,118,877	725,543
3293	Cigarette tax refunds	44,675	31,563	39,838	-	-
3296	Tobacco products tax refunds	3,819	631	4,349	-	-
3299	Aviation fuel tax refunds	25,172	25,589	16,155	58,079	4,957
3305	Special fuel (non-gas) tax refunds	29,996,843	32,290,045	28,343,359	24,411,746	23,022,799
3308	Fuel tax refunds	9,522,282	8,885,478	9,336,130	11,297,330	10,599,366
3311	Sales tax refunds	48	1	3,612	262	468
3314	Food tax exemption refunds	-	-	831,966	-	-
3317	General sales and use tax refunds	31,494,255	88,368,480	69,427,541	70,654,335	60,007,381
3326	Motor vehicle sales tax refunds	4,179,140	3,981,005	3,867,997	2,883,786	2,889,341
3329	Motor vehicle use tax refunds	983,801	1,164,938	1,043,711	821,239	837,107
3335	Boat tax refunds	6,720	9,587	4,339	4,610	4,787
3338	Individual tax refunds	773,108,237	808,846,331	900,112,335	1,059,238,817	1,050,281,318
3341	Senior citizens tax refunds	96,090,703	93,118,292	100,165,523	118,574,491	118,595,070
3342	Pharmaceutical tax refunds	1,672	-	-	-	-
3344	Corporation tax refunds	195,549,284	172,190,828	151,204,765	164,028,331	212,907,168
3347	Franchise tax refunds	6,435,586	1,188,431	3,760,724	6,133,165	1,512,990
3350	Inheritance tax refunds	930,022	7,429,565	310,823	38,417	18,345
3356	Other tax refunds	328,639	393,855	991,455	491,591	487,232
	Total SAM II Expenditure Refunds	\$ 1,185,513,592	1,272,907,957	1,321,367,348	1,504,906,007	1,543,126,545

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.



Review of Article X, Sections 16 Through 24,
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The BYR was calculated by the OA-BP as follows (dollar amounts are in billions):

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

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 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 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 received 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 tax



Review of Article X, Sections 16 Through 24,
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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
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 Division of Veteran's Affairs 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. State Guaranty 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. Pansey 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	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.
L. Parks Sales and Use Tax/Interest	
M. Redeposit of Investment Principal	The redepot 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.



Review of Article X, Sections 16 Through 24,
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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



Review of Article X, Sections 16 Through 24,
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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.



Review of Article X, Sections 16 Through 24,
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**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 which 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 \$140,318,927 received from tobacco companies during fiscal year 2010. 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 2009 were as follows:



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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

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. In our audit for 2001, 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 from past years prior to 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 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 believe continued exclusion is reasonable.



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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 is collected by an offset against Medicaid claims and is not directly deposited in the state treasury. As a result, this revenue is not included in TSR.

Local use tax

The local use tax imposed by the state under Section 144.748, RSMo, until repealed on May 21, 1996, and distributed to local governments is not deposited in the state treasury and is not appropriated. 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, 2010, 2009, 2008, 2007, and 2006. The results of our review determined that for the year ended June 30, 2010, TSR was approximately \$4.4 billion under the refund threshold. As a result, no refund is due for the year ended June 30, 2010.

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 2010, the OA-BP calculated these limits at \$97.3 million for the Missouri Personal Income amount and \$96 million for the 1 percent of total state revenues amount.

For fiscal year 2010, the OA-BP has determined that as a result of legislative actions net taxes and fees increased by a total of \$1.9 million. As a result, it appears 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).