



Thomas A. Schweich
Missouri State Auditor

ADMINISTRATION

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

Year Ended June 30, 2012

June 2013

Report No. 2013-047



<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 2012 was \$80.2 million.

Fiscal Year 2012 Findings

For the fiscal year ended June 30, 2012, our review determined no refunds were due. In fact, total state revenue was approximately \$3.9 billion under the refund threshold. In addition, the Office of Administration, Division of Budget and Planning determined that net taxes and fees decreased by \$1.3 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.

American Recovery and
Reinvestment Act 2009
(Federal Stimulus)

Not applicable to this report.

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THOMAS A. SCHWEICH

Missouri State Auditor

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

We have conducted a review of revenues of the state of Missouri for the year ended June 30, 2012, 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 2011. 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 "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, 2012, total state revenue (TSR) was approximately \$3.9 billion under the refund threshold. As a result, no refund is due for the year ended June 30, 2012.

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, 2012, 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 \$1.3 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 increased from \$1.4 billion to \$3.9 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

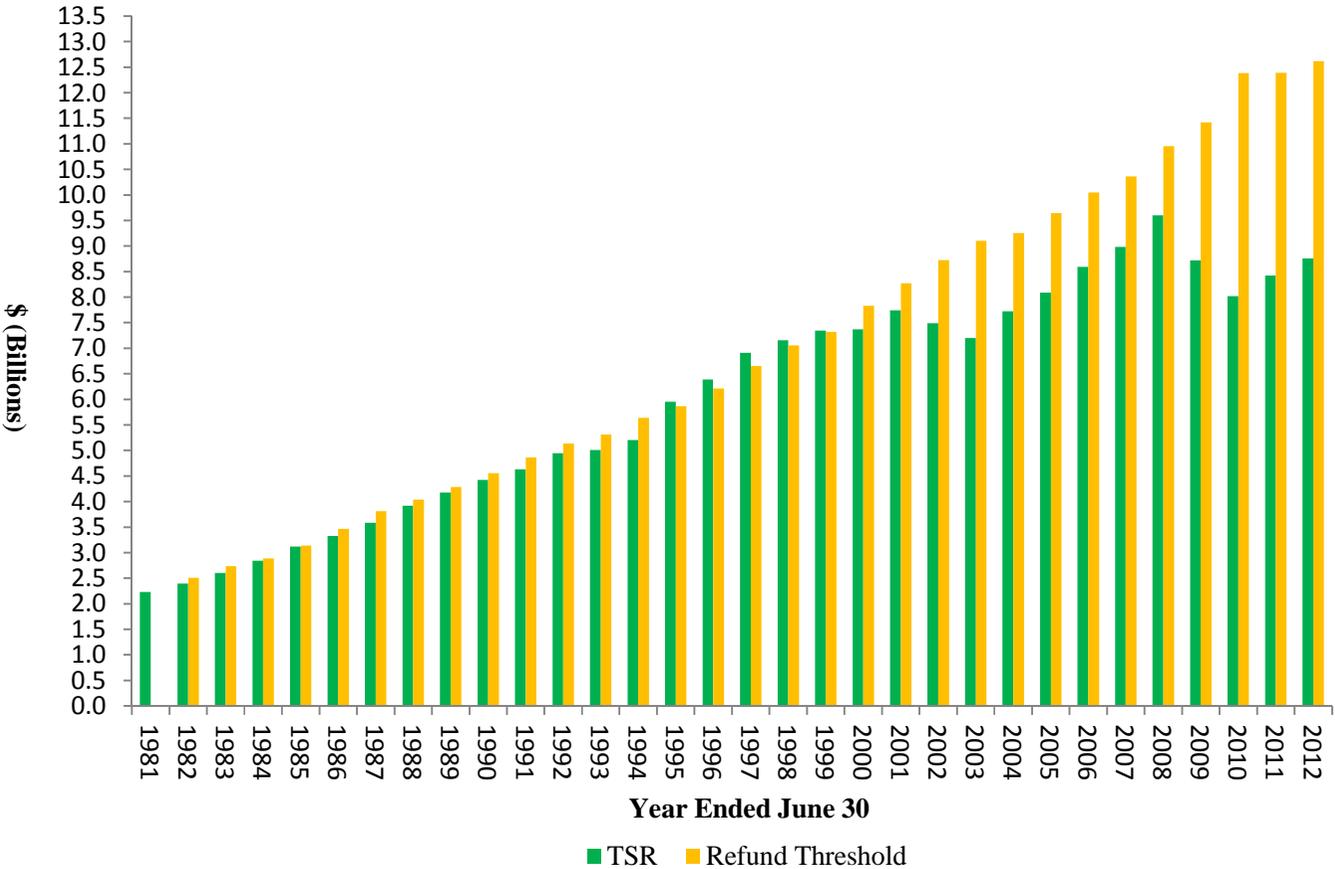


Exhibit A

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,				
	2008	2009	2010	2011	2012
TOTAL STATE REVENUE (TSR)					
Total state receipts	\$ 22,939.03	22,962.81	25,392.29	25,114.40	24,304.54
Less excluded revenue	(12,021.91)	(12,742.02)	(15,836.59)	(15,298.29)	(14,220.97)
Less expenditure refunds	(1,321.37)	(1,504.91)	(1,543.13)	(1,414.46)	(1,342.75)
Add refundable tax credits	2.75	5.66	9.95	22.77	14.85
TSR	\$ 9,598.50	8,721.54	8,022.52	8,424.42	8,755.67
REVENUE LIMIT AND REFUND THRESHOLD					
Missouri personal income	\$ 191,413.00	199,655.00	216,547.00	216,637.00	220,635.00
Base year ratio	x 0.056395	0.056395	0.056395	0.056395	0.056395
Base limit	10,794.74	11,259.54	12,212.17	12,217.24	12,442.71
Judicial article amendment	49.06	50.53	50.53	50.53	50.53
Revenue limit	10,843.80	11,310.07	12,262.70	12,267.77	12,493.24
1 percent adjustment	108.44	113.10	122.63	122.68	124.93
Refund threshold	\$ 10,952.24	11,423.17	12,385.33	12,390.45	12,618.17
REFUND CALCULATION					
TSR	\$ 9,598.50	8,721.54	8,022.52	8,424.42	8,755.67
Less refund threshold	10,952.24	11,423.17	12,385.33	12,390.45	12,618.17
Over (Under) Threshold	(1,353.74)	(2,701.63)	(4,362.81)	(3,966.03)	(3,862.50)
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,				
		2008	2009	2010	2011	2012
1001	Sales and use tax	\$ 2,029,365,907	1,927,035,752	1,839,221,316	1,860,913,153	1,928,981,152
1003	(l) Parks sales and use tax	41,177,179	38,627,585	37,541,193	38,326,978	40,226,069
1005	(k) Soil and water sales and use tax	41,177,637	38,627,589	37,541,196	38,326,982	40,226,073
1007	General revenue reimbursements - local sales and use tax	1,836,920	1,361,895	1,194,248	2,009,254	1,749,610
1009	Motor vehicle sales tax	29,084,872	2,974,344	2,870,175	2,470,456	2,503,662
1009	(bb) Motor vehicle sales tax - Amendment 3	171,801,305	161,889,790	166,257,149	178,836,881	188,378,783
1011	(t) Conservation sales and use tax	102,945,079	96,571,218	93,854,189	95,818,337	100,566,000
1013	(f) Proposition C sales and use tax	807,214,841	758,897,169	737,027,830	751,790,411	789,216,003
1015	Sales and use taxes paid under protest	679,617	1,321,174	485,684	1,073,324	118,018
1016	Suspense holding	(1)	-	-	-	-
1022	Individual income tax	6,118,983,440	5,949,177,456	5,495,243,112	5,641,731,318	5,851,240,169
1024	Individual income taxes paid under protest	107,119	89,239	98,582	80,953	31,430
1026	Corporate income tax	520,955,635	434,036,242	408,935,647	455,662,447	432,582,659
1028	Corporate income taxes paid under protest	22,040	2,036	150	-	-
1033	County foreign insurance tax	209,554,552	203,798,991	194,396,970	211,060,727	191,997,525
1037	Worker's compensation insurance tax	13,945,412	12,043,776	9,386,753	12,452,781	13,245,133
1039	Worker's compensation insurance tax - second injury	60,287,228	54,647,952	43,216,506	37,800,696	41,671,672
1041	Excess lines of insurance tax	25,699,706	21,920,932	23,053,334	22,300,553	23,254,218
1049	Heavy beer tax	8,436,959	8,466,036	8,270,996	8,222,901	8,151,881
1051	Light beer tax	33,457	37,836	15,330	-	-
1053	Liquor tax	18,045,107	18,839,100	19,476,179	19,560,786	20,621,338
1055	Wine tax	4,657,885	4,646,495	5,023,673	5,175,458	5,568,215
1057	Cigarette tax	97,150,389	94,799,204	91,151,815	89,965,910	88,609,043
1059	Tobacco product tax	12,214,822	13,065,193	15,011,542	15,551,490	16,308,821
1060	Motor vehicle fuel tax	410,494,152	399,565,091	401,519,109	399,527,478	393,010,333
1060	(g) Motor vehicle fuel tax	175,543,409	168,061,247	169,008,528	169,467,566	166,913,857
1060	(bb) Motor vehicle fuel tax - Amendment 3	155,798,599	149,158,016	149,998,750	150,406,156	148,139,684
1062	Special fuel non-gas tax	3,331,931	1,483,582	782,210	370,352	270,729
1062	(bb) Special fuel non-gas tax - Amendment 3	115,290	104,383	114,205	133,520	148,356
1064	Aviation fuel tax	343,894	254,811	251,472	254,394	295,198
1070	Corporation franchise tax	92,508,381	94,337,368	93,155,521	81,733,747	70,171,529
1073	Estate tax	3,451,099	3,068,343	263,642	2,117,782	170,966
1074	(p) Bingo tax	2,154,878	2,142,815	2,198,919	2,157,214	2,113,377
1076	(q) Gaming commission gross receipts tax	293,171,756	316,072,724	334,287,278	341,376,377	337,316,302
1079	County private car tax	-	-	-	-	2
1080	Real and personal property tax	25,689,796	26,699,750	26,051,387	26,547,565	26,395,744
1082	Delinquent real and personal property tax	3,280,619	3,332,155	3,486,501	3,170,652	3,013,387
1084	Hazardous waste fees	1,713,325	1,594,056	1,466,805	1,417,393	1,426,033
1088	Nursing facility reimbursement allowance	12,831,315	13,503,123	14,020,417	14,661,394	17,009,046
1089	Pharmacy reimbursement allowance	10,806,129	37,988,202	66,335,897	92,850,277	95,230,655
1090	Federal reimbursement allowance	11,284,451	6,320,261	6,292,537	7,693,473	42,381,428
1093	Athletic events tax	120,933	140,907	104,843	136,650	159,800
1094	Ambulance service reimbursement allowance	-	-	-	-	5,252,545
1095	Surcharges	396,679	410,904	317,448	288,301	236,155
1096	Special taxes and assessments	-	-	31,637	-	-
1097	Agency collected sales taxes	352,093	352,820	345,639	312,488	205,722
1099	Other taxes	83,118	12,151,473	12,411,499	12,013,430	285,249
1100	Professional licenses or permits	21,312,199	25,563,003	24,637,691	24,641,882	25,311,321
1102	Recreational licenses or permits	4,547,798	5,013,650	5,153,559	5,684,827	5,525,790
1104	All-terrain vehicle licenses or permits	326	1	2	-	-
1106	Motor vehicle licenses or permits	126,655,950	127,213,317	128,852,046	122,777,623	121,364,737
1106	(bb) Motor vehicle licenses or permits - Amendment 3	55,960,916	52,894,364	54,833,952	54,761,828	53,890,370
1108	Interstate transportation licenses or permits	49,744,434	49,686,448	44,535,890	47,312,197	50,488,456
1108	(bb) Interstate transportation licenses or permits - Amendment 3	21,632,031	21,591,711	20,092,995	21,406,443	22,855,732
1110	Driver's licenses or permits	6,839,329	7,675,442	7,374,159	5,891,775	7,187,607
1110	(bb) Driver's licenses or permits - Amendment 3	8,718,336	9,438,170	9,101,225	7,631,863	8,580,448
1112	Land reclamation commission permits	674,024	645,713	593,636	563,010	570,035
1114	Salesman licenses or permits	186,320	79,340	328,500	629,900	618,310
1116	Vehicle and boat manufacturer and dealer licenses	977,540	920,472	892,228	891,432	877,445
1118	Liquor licenses or permits	4,764,537	4,740,555	4,889,334	4,963,343	4,964,474

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,				
		2008	2009	2010	2011	2012
1120	Gaming commission licenses	1,712,730	1,769,544	1,617,970	1,732,484	1,601,155
1122	Beer licenses or permits	6,117	345,800	350	-	-
1124	Motor carrier licenses	94,593	2,672,893	1,604,642	3,813,345	2,553,651
1126	Hunting and fishing licenses and commission permits	29,390,276	30,505,122	31,059,506	30,206,611	31,361,102
1127	Hunting and fishing special tags	1,154,059	1,243,205	1,188,356	1,068,541	1,127,630
1128	Hazardous waste transporter licenses	303,265	315,291	310,352	288,314	316,891
1130	Water pollution control permits	4,509,288	4,105,784	4,154,272	2,755,242	4,487,263
1132	(bb) Overdimension/overweight permits - Amendment 3	8,155,732	7,836,787	7,304,243	7,716,060	8,752,113
1134	Merchant licenses	1,196,319	1,291,850	1,312,555	1,379,239	1,466,297
1136	Tobacco licenses	25,910	27,210	28,600	26,100	27,300
1138	Temporary licenses	500	300	600	225	1,100
1140	Duplicate plates	26,353	4,861	614,506	1,573,920	1,574,829
1142	Duplicate driver license	-	-	739,435	1,943,207	1,917,506
1149	Other licenses and permits	3,457,744	3,623,316	3,880,320	3,858,723	3,949,879
1149	(bb) Other licenses and permits - Amendment 3	2,746,278	1,164,998	1,220,854	969,641	1,497,535
1150	Lobbyist registration fees	12,190	12,000	10,630	11,400	11,020
1152	Motorboat fees	9,600,457	8,351,195	8,752,777	9,779,948	11,848,667
1154	Narcotics and dangerous drugs fees	714,987	1,018,475	811,160	811,020	562,899
1156	Occupational boards exam fees - individual exam fees	644,623	694,968	699,961	714,469	751,999
1160	(bb) Non-motor fuel decal fees - Amendment 3	74,587	70,820	75,514	67,474	109,476
1162	Filing fees	19,875,870	19,086,452	17,575,031	17,653,490	24,409,792
1163	Certifying/authenticating fees	43,727	34,797	29,439	141,542	37,876
1164	Transfer fees	26,328	23,188	22,584	26,420	31,088
1165	Service contract registration fee	73,250	79,300	82,600	86,950	95,200
1169	Other registration fees	8,610,985	8,463,011	8,249,204	10,573,548	4,477,531
1174	Asbestos fees	254,582	240,043	253,980	275,160	290,136
1178	Milk control fees	62,986	75,681	2,737	224,549	124,514
1180	Home health care license fees	115,450	131,350	114,600	123,300	116,050
1182	Nursing home license fees	129,076	148,000	144,875	144,174	129,945
1184	Title V emissions fees	9,928,734	9,475,409	8,418,337	8,294,850	7,913,341
1185	Emission fees/non Title V facilities	414,460	360,787	354,252	376,707	354,144
1186	Boarding home license fees	719,196	706,990	700,607	719,900	707,457
1188	Public utilities fees	20,929,841	20,573,416	20,969,774	19,424,369	19,494,211
1190	Hospital license fees	80,140	85,855	88,588	81,151	83,123
1192	Grain warehouse license fees	35,493	35,662	35,307	34,920	36,604
1194	Missouri primacy fees	4,430,383	4,769,823	4,733,195	4,581,461	4,723,917
1198	Transport load fees	23,608,574	15,360,359	11,451,506	11,474,813	11,302,684
1200	Storage tank registration fees	43,420	218,785	211,800	223,930	52,215
1202	Tourist cabin permit fees	190,413	186,418	190,096	181,740	181,022
1206	Solid waste disposal fees	12,708,281	12,062,594	10,801,800	11,062,761	11,307,064
1208	New tire fees	2,193,715	2,075,192	2,126,713	2,139,197	2,084,386
1209	Battery fee	770,341	689,178	659,823	688,745	683,152
1210	Ground water protection fees	582,549	553,520	703,057	723,147	710,064
1211	Radioactive waste transport fee	-	-	62,375	168,825	286,075
1214	Insurance regulatory fees, renewals and purchasing groups	2,323,828	2,409,276	2,068,293	2,720,667	2,451,999
1216	Air conservation commission permit fees	536,063	319,173	262,253	270,803	253,489
1218	Bingo license fees	48,790	44,755	42,505	46,815	41,730
1220	Lab fees	4,345,438	4,611,505	5,559,077	4,707,017	5,256,158
1222	Program administration fees	958,714	1,126,032	1,084,579	1,059,357	1,055,518
1223	Confined animal feed operation indemnity fees	9,176	2,143	3,882	1,993	2,143
1224	Railroad assessments	817,934	1,215,231	251,242	665,300	820,331
1227	Enhanced vehicle emission inspection fees	1,879,945	1,769,830	1,801,168	1,885,301	1,934,155
1233	Grain warehouse inspection fees	1,868,115	1,608,105	2,061,344	2,158,349	2,178,611
1235	Milk inspection fees	1,298,899	1,256,812	1,297,735	1,242,699	1,215,032
1237	Ice cream products inspection fees	31,560	30,930	34,400	32,260	36,430
1239	Mine inspection fees	66,054	66,435	54,881	63,038	80,344
1241	Mobile home and recreational vehicle inspection fees	692,098	456,887	408,598	361,545	364,287
1243	Oil inspection fees	2,529,258	2,421,394	2,405,616	2,424,084	2,384,809
1249	Other inspection fees	1,669,840	1,788,609	1,877,287	2,020,607	2,513,585
1250	Collection fees	23,608,199	23,539,510	22,382,813	24,645,324	26,285,623

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,				
		2008	2009	2010	2011	2012
1251	Bankruptcy collections	-	14,045	-	-	6,398
1252	Admission fees	1,163,583	1,083,498	1,206,370	1,221,915	1,250,114
1252 (q)	Admission fees - riverboat gambling	50,443,830	52,232,350	54,445,159	54,296,354	51,348,977
1254	State auditor fees	539,400	118,764	190,808	254,001	182,644
1260	Grade crossing safety fees	1,252,031	1,409,774	1,269,468	1,285,657	1,273,362
1262	Loan administration fees	5,521,764	5,738,930	6,297,549	6,240,808	6,372,132
1262 (c)	Loan administration fees - Fund 881	6,725,473	915,043	94,643	2,781	-
1264	Court fees	37,470,842	39,960,611	39,216,151	44,203,725	41,058,636
1266	Financial institutions examination fees	7,909,159	8,669,478	10,226,204	8,962,723	10,104,394
1268	Consumer finance license fees	1,208,234	1,007,100	1,064,775	1,087,800	1,044,175
1270	Transcript fees	147,615	136,551	108,464	95,754	102,947
1274	Marketing development fees	33,821	42,539	32,667	41,602	38,258
1276	Miscellaneous insurance fees	223,250	101,120	93,180	91,920	89,220
1278	Gaming commission administrative income	42	51	389	53	314
1279 (a)	Lottery commission fees	310,335	291,569	268,130	273,771	277,070
1280	Motor vehicle inspection sticker fees	4,528,447	4,518,331	4,165,029	3,701,374	3,767,945
1282	Logo sign advertising fees	5,650,254	5,890,321	6,177,218	2,049,123	4,602,664
1284	Public defender fees	1,838,506	1,675,741	1,656,372	1,598,188	1,424,603
1286	Witness fees	7,315	8,961	10,188	14,068	9,141
1288	County recorders fees	7,956,681	7,153,824	6,794,853	6,718,174	6,750,687
1290	Training or conference fees	199,278	238,543	151,682	140,844	127,634
1294	Electronic monitoring fee	758,683	390,938	212,126	140,469	115,177
1295	Intervention fees	-	-	-	-	9,137,637
1298	Substance abuse offender program fees	4,044,125	4,506,829	4,512,493	6,288,725	6,737,998
1302	Criminal records check fees	9,092,462	9,544,860	9,298,093	9,531,901	10,333,134
1303	Other fees	25,639,072	24,715,293	23,499,863	22,636,060	12,788,351
1305 (h)	Bond sales proceeds	591,204,336	135,638,581	1,107,698,801	74,305,145	1,867,300
1306	Proceeds from capital leases	-	-	120	-	1,486,676
1310	Land sales	4,796,703	6,069,069	4,651,641	5,051,065	4,403,124
1312	Sales of natural resources products	4,104,935	4,096,409	3,366,092	4,601,621	3,667,239
1314	Sales of agriculture products	1,718,766	1,872,632	2,023,963	2,168,597	2,391,119
1316	Manufactured product sales	9,267,484	10,279,039	11,014,608	9,873,622	8,505,830
1318	Information sales	3,108,519	4,147,230	2,409,400	2,474,349	2,500,392
1320	Souvenir sales	484,982	516,912	476,837	543,123	452,030
1322	Surplus property sales - state	1,838,028	1,969,908	2,028,011	2,423,525	3,082,652
1322 (z)	Surplus property sales - state - Fund 710	2,406,296	1,442,420	1,220,352	1,523,162	1,331,787
1324	Surplus property sales - federal	3,227,475	2,741,375	1,959,831	2,150,411	2,950,034
1326	Unclaimed property sales	-	-	-	-	876
1328	Sales of fixed assets - control	8,610,355	6,314,677	7,797,363	7,876,231	10,762,095
1330	Vital records sales	1,623,663	1,388,392	1,327,953	1,205,929	1,047,539
1332 (a)	Lottery ticket sales	426,619,333	415,724,608	416,039,046	434,022,539	464,048,652
1334	Cafeteria sales	810,586	947,866	699,433	586,874	546,748
1338	Other sales	301,386	165,471	243,013	382,372	371,843
1342	Supply sales	252	429	450	445	143
1401	Land rentals/leases	802	5,020	5,406	5,405	17,090
1403	State facilities rentals/leases	883,696	744,704	834,070	911,961	985,555
1404	Parking rentals/leases	57,527	59,971	61,885	63,930	60,356
1405	Concessions and recreational rentals/leases	2,118,733	2,312,217	2,552,306	2,542,114	2,471,197
1407	Housing/building rentals/leases	490,125	479,543	1,092,018	393,486	237,191
1409	Other leases and rentals	859,985	1,178,807	913,786	1,399,403	1,385,089
1414 (e)	Medicare	15,286,228	16,766,843	10,975,222	8,768,553	7,544,088
1418 (e)	Medicaid	91,248,819	103,783,950	85,028,450	92,207,991	96,595,375
1420 (e)	Medicaid - community based	127,076,851	115,281,339	145,309,030	168,504,569	193,452,249
1422	Private payments	6,404,747	7,510,050	5,934,601	5,613,049	2,067,010
1424	Insurance payments	1,955,642	1,722,218	1,291,657	808,332	714,174
1426	Other payments	23,242	13,444	120,433	5,416	11,555
1434	Institutional support fees	32,466	-	-	66,796	248,416
1436	Room and care	28,463,349	28,265,453	27,033,482	26,450,131	26,341,112
1442	Mail/freight services	-	-	-	16	-
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,				
		2008	2009	2010	2011	2012
1446	Printing service	189,891	200,348	186,357	155,295	197,214
1448	Computer services	3,739	3,412	1,980	1,040	846
1450	Administration services	-	-	10	-	-
1501	Private donations	4,957,335	5,918,919	5,523,556	3,796,587	4,836,387
1502	Other governmental entity donations	232,942,595	1,077,338	50,000	30,000,000	30,103,121
1504	Donated assets-state agencies	268,140	-	-	-	-
1507	(e) NASAO (airport inspections)	29,603	11,000	33,000	17,400	20,150
1510	(e) US Department of Agriculture	381,641,506	420,410,665	457,571,495	447,130,718	487,260,888
1512	(e) US Department of Defense	4,060,015	4,651,803	23,767,533	31,454,764	29,677,895
1513	(e) US Department of Homeland Security	682,977	2,042,282	39,057,825	9,471,900	4,625,937
1514	(e) US Department of Housing and Urban Development	31,411,897	31,289,602	49,360,455	70,778,353	61,464,304
1516	(e) US Department of Interior	20,279,925	23,070,474	22,699,052	26,612,937	26,594,330
1518	(e) US Department of Justice	69,045,688	56,902,635	3,816,756	2,269,245	2,730,436
1520	(e) US Department of Labor	68,105,755	58,743,547	152,277,061	144,779,543	155,545,244
1522	(e) US Department of Education	645,983,360	658,786,433	619,202,729	637,105,051	660,448,985
1522	(c) US Department of Education - Fund 880	8,583,560	9,240,882	9,889,521	6,182,000	4,972,235
1522	(c) US Department of Education - Fund 881	68,627,016	69,496,551	87,353,849	103,667,608	87,420,487
1524	(e) US Department of Transportation	966,375,333	907,815,007	929,620,189	1,402,202,201	934,758,552
1526	(e) National Foundation for the Arts and Humanities	3,997,117	3,926,131	4,030,270	4,436,977	4,002,915
1528	(e) US Veterans Administration	33,325,809	39,646,428	54,492,264	50,961,946	53,316,924
1530	(e) US Environmental Protection Agency	77,554,953	68,660,802	35,838,751	44,310,100	91,435,790
1532	(e) US Department of Energy	7,199,609	8,153,289	5,594,925	4,450,006	2,982,042
1534	(e) Federal Emergency Management Agency	100,158,631	93,612,003	139,707,918	63,343,101	74,016,355
1536	(e) US Department of Health and Human Services	5,173,517,451	5,962,380,121	6,016,121,798	6,034,950,237	6,506,141,900
1538	(e) National/community services	-	-	-	-	1,732,313
1540	(e) US Social Security Administration	31,986,280	34,225,980	40,514,268	43,705,857	43,570,139
1542	(e) National Archives and Records	2,847	7,883	17,353	93,136	30,882
1544	(e) Elections Assistance Commission	-	-	-	5,456,068	-
1546	(e) US Department of Treasury	14,131	-	19,625	8,886,997	8,886,997
1549	(e) Miscellaneous federal revenues	39,257,277	41,423,945	68,127,965	62,084,275	35,316,069
1551	County mental health programs	14,145,722	17,279,085	18,167,071	19,286,288	17,999,724
1557	(e) American Recovery and Reinvestment Act	-	218,840,784	2,002,794,267	1,788,700,092	475,424,794
1558	(e) American Recovery and Reinvestment Act - other	-	-	8,023,274	2,440,576	367,067
1560	(e) Federal pass-through grants	25,400,556	29,303,116	25,120,494	70,016,585	78,646,931
1601	Time deposits interest	29,926,290	12,009,416	6,253,940	2,167,040	3,614,152
1601	(f) Time deposits interest - Fund 688	641,067	216,290	163,391	37,851	67,544
1601	(a) Time deposits interest - Fund 657	273,873	100,337	66,243	13,258	15,067
1601	(k) Time deposits interest - Fund 614	358,018	140,951	103,734	20,915	33,456
1601	(l) Time deposits interest - Fund 613	72,808	17,798	14,736	5,753	17,005
1601	(b) Time deposits interest - Fund 905	48,307	18,420	14,778	3,691	6,853
1601	(p) Time deposits interest - Fund 289	8,238	3,650	3,395	865	1,359
1601	(q) Time deposits interest - Fund 285	148,375	56,151	47,805	10,069	17,176
1601	(d) Time deposits interest - Fund 963	381	146	1,952	527	882
1601	(t) Time deposits interest - Fund 609	249,889	93,732	75,531	17,373	34,554
1601	(c) Time deposits interest - Fund 880	254,027	110,497	101,593	19,456	23,809
1601	(c) Time deposits interest - Fund 881	283,429	123,463	95,229	23,317	40,064
1603	U.S./agency securities interest	165,547,425	98,431,256	38,510,748	31,640,225	25,185,835
1603	(f) U.S./agency securities interest - Fund 688	2,378,829	1,292,741	503,800	353,267	295,075
1603	(a) U.S./agency securities interest - Fund 657	885,649	549,694	235,454	128,797	74,052
1603	(k) U.S./agency securities interest - Fund 614	1,168,927	770,521	319,530	201,400	146,904
1603	(l) U.S./agency securities interest - Fund 613	252,923	98,993	42,694	50,430	72,001
1603	(b) U.S./agency securities interest - Fund 905	156,670	100,277	44,708	34,139	29,935
1603	(p) U.S./agency securities interest - Fund 289	26,900	20,342	10,444	8,338	6,305
1603	(q) U.S./agency securities interest - Fund 285	513,853	316,656	136,156	90,728	75,941
1603	(d) U.S./agency securities interest - Fund 963	2,594	2,330	6,043	6,917	5,879
1603	(t) U.S./agency securities interest - Fund 609	821,176	515,226	232,165	161,971	147,624
1603	(c) U.S./agency securities interest - Fund 880	813,773	593,614	294,831	193,399	107,257
1603	(c) U.S./agency securities interest - Fund 881	908,536	684,046	305,371	221,653	177,753
1605	Other investment interest	611,213	414,850	102,828	128,207	410,035
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,				
		2008	2009	2010	2011	2012
1608	Realized gains and losses	-	-	19	7,891	-
1608 (d)	Realized gains and losses - Fund 963	-	-	1	273	-
1610	Interest on loans	1,105,177	1,237,598	1,453,361	3,031,747	2,545,606
1612	Interest - federal	4,213,149	125	70	-	23,802,563
1614	Interest on receivables	19,012	37,829	17,202	10,584	9,082
1616	Interest on settlements	66,588	108,045	805,015	9,653	2,718
1618	Other interest	157,670	34,041	194,809	39,240	36,972
1618 (c)	Other interest - Fund 880	57,651	-	-	4,796	-
1618 (t)	Other interest - Fund 609	431	88	-	-	-
1620	Safety responsibility	15	-	-	-	-
1621	Penalties	8,484,577	9,334,634	10,405,711	6,795,157	8,788,554
1621 (c)	Penalties - Fund 881	1,622	22,044	250	74	487
1622	Penalties - control	-	-	-	-	50
1624	Settlements	49,350,712	1,283,220	5,845,579	2,085,472	6,183,019
1626	Court awards	2,106,126	12,331,225	9,368,911	5,803,584	1,801,074
1628	Insufficient funds charges	5,600	5,061	6,575	6,420	4,415
1634	Estates	756	38,120	1,256	588	508
1636	Unclaimed properties	66,694,449	57,078,780	75,944,392	82,406,170	81,360,731
1700 (i)	Salary refunds - federal	589,826	614,761	537,615	685,275	557,115
1701 (i)	Salary refunds - state	25,423	18,399	15,712	15,075	15,792
1702 (i)	Salary refunds - local/other	17,151	16,418	24,360	20,491	44,337
1703 (i)	General relief pension refunds	16,784	4,955	5,291	2,086	3,469
1704 (i)	Blind pension refunds	9,433	10,319	4,777	1,994	7,624
1706 (i)	Dependent children pension refunds	290,147	275,511	326,393	443,858	424,232
1715 (i)	Day care refunds	191,875	53,530	35,345	25,126	34,888
1717 (i)	Medicare - Medicaid refunds	258,377,975	294,632,462	340,610,206	482,052,781	507,643,669
1719 (i)	Cost in criminal cases refunds	761,476	863,183	977,526	859,303	846,638
1720 (i)	American Recovery and Reinvestment Act refunds	-	-	591,913	2,027,020	901,781
1721 (i)	Vendor refunds - federal	1,657,882	777,934	2,629,247	1,280,623	798,046
1722 (i)	Vendor refunds - state	1,203,020	566,893	1,268,213	1,018,335	1,373,828
1722 (a)	Vendor refunds - state - Fund 657	831	5,318	989	1,974	6,121
1722 (c)	Vendor refunds - state - Fund 880	54,278	2,345	524	5	-
1722 (c)	Vendor refunds - state - Fund 881	945,118	-	-	-	-
1723 (i)	Vendor refunds - local/other	234,455	1,163,024	1,839,205	1,541,924	3,375,783
1723 (c)	Vendor refunds - local/other - Fund 880	-	-	2,279	-	80,441
1724 (i)	Political subdivision refunds	25,023	3,373	9,988	6,128	63
1725 (i)	Excess court payment refunds	818,399	1,359,396	1,384,433	3,460,515	227,053
1727 (i)	School refunds	8,222,948	6,649,921	12,773,166	10,205,891	9,909,164
1727 (c)	School refunds - Fund 880	-	-	-	7,758	-
1728 (i)	Scholarship refunds	274,898	240,482	227,907	173,655	102,782
1729 (i)	Audit findings - federal	-	43,331	7,880	823	41,960
1730 (i)	Audit findings - state	-	40,980	-	-	152,887
1731 (i)	Audit findings - local/other	434,776	104,984	349,002	84,447	158,129
1732 (i)	Utility refunds	17,744	32,023	26,130	37,472	27,323
1733 (i)	Fuel tax refunds	151,592	(106,840)	243,111	245,974	219,368
1735 (i)	Tax incremental financing (TIF) refund	-	-	-	-	2
1737 (i)	Other refunds	5,873,148	4,096,155	6,804,855	3,968,580	5,253,820
1737 (a)	Other refunds - Fund 657	134,433	-	-	-	-
1737 (c)	Other refunds - Fund 880	3,503	-	-	244	1,073
1737 (c)	Other refunds - Fund 881	-	10,396	35	-	-
1806 (v)	Recovery costs	168,814,932	189,968,684	157,227,270	151,037,762	150,426,085
1806 (a)	Recovery costs - Fund 657	-	845	-	-	-
1808	Deposit of surplus property funds	-	-	921	4,599	-
1811 (y)	Local match	3,367,687	72,096,316	87,931,854	91,490,039	127,367,017
1812 (w)	Cost reimbursements - federal	528,325	1,447,120	1,046,340	638,071	727,844
1813 (w)	Cost reimbursements - state	24,793,321	75,467,210	55,264,763	79,229,099	71,087,608
1813	Cost reimbursements - state (included)	11,640,527	13,832,495	12,832,252	14,301,943	15,004,668
1813 (c)	Cost reimbursements - Fund 880	465	-	-	-	-
1814 (w)	Cost reimbursements - local/other	157,061,744	183,357,141	229,800,753	191,294,541	204,205,080
1814 (c)	Cost reimbursements - local/other - Fund 880	-	284	-	-	2,890

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,				
		2008	2009	2010	2011	2012
1816	Bond account	7,677,792	7,110,689	7,513,599	7,368,307	8,968,358
1818	(u) Employee expense reimbursement - federal	112	1,414	2,930	-	6,030
1819	(u) Employee expense reimbursement - state	5,199	671	1,301	688	-
1820	(u) Employee expense reimbursement - local/other	-	-	27	3	73,000
1821	(u) Employee personal expense reimbursement	94,250	63,910	46,387	183,172	97,665
1821	(c) Employee personal expense reimbursement - Fund 880	3	-	-	-	-
1822	(n) Outlawed checks	5,993,548	5,619,566	8,545,958	7,037,537	6,813,442
1822	(b) Outlawed checks - Fund 905	9,348	5,176	5,302	7,945	17,028
1824	(x) Canceled checks	2,562,124	1,779,409	4,390,790	2,430,074	2,036,483
1824	(a) Canceled checks - Fund 657	-	120	-	686	-
1824	(b) Canceled checks - Fund 905	2,967	2,318	550	-	875
1824	(c) Canceled checks - Fund 880	-	-	-	-	-
1826	(m) Redeposit of investments principal	1,304,050	1,801,100	22,021,895	1,216,650	2,837,450
1826	(d) Redeposit of investments principal - Fund 963	-	-	721,761	-	-
1828	(o) Redeposit of loan principal	41,337,044	46,089,055	53,273,825	55,411,431	61,093,018
1830	Telephone commissions	819,800	840,814	867,887	893,850	1,171,093
1832	Commission on sales	28,177	27,522	15,629	11,653	10,096
1834	Rebates	927,252	1,924,379	886,600	923,074	1,040,862
1834	(a) Rebates - Fund 657	978	897	902	2,243	5,979
1834	(c) Rebates - Fund 880	7,112	5,029	969	3,478	230
1834	(aa) Rebates - WIC	39,542,659	43,522,102	44,278,144	44,989,878	54,902,466
1836	Housing and maintenance receipts	61,735	47,823	47,394	47,609	28,552
1838	Loan defaults	336,208	573,499	489,467	903,996	561,905
1840	(s) Loan proceeds	42,630,952	25,878,784	10,458,915	20,704,819	12,938,384
1842	(o) Loan repayment	109,797	84,983	120,767	134,928	169,744
1842	(c) Loan repayment - Fund 880	-	-	-	(1,600)	2,358
1842	(c) Loan repayment - Fund 881	51,746,648	58,430,783	44,714,602	56,958,607	63,747,551
1843	(o) Loans receivable contra account	3,035,032	3,457,702	3,074,095	3,219,769	3,859,410
1844	Insurance proceeds	500	2,343	100	26,989	1,886
1846	Capital credits/dividends	67,838	56,056	70,718	67,873	60,241
1846	(d) Capital credits/dividends - Fund 963	-	-	62	-	-
1848	Recycling receipts	301,545	144,022	203,522	352,568	380,262
1850	Forfeitures	1,803,287	1,699,515	3,012,793	1,572,364	4,888,368
1852	Overpayments	2,654,717	1,286,358	794,761	250,613	518,149
1852	(c) Overpayments - Fund 880	-	-	-	765	-
1856	(e) Other miscellaneous receipts - federal	7,979,360	8,114,311	5,080,717	5,920,959	5,030,652
1858	Other miscellaneous receipts - state	2,124,232	2,324,164	1,504,015	2,317,557	2,883,176
1858	(a) Other miscellaneous receipts - state - Fund 657	4,902	9,667	4,131	4,865	10,541
1858	(b) Other miscellaneous receipts - state - Fund 905	11,136,779	11,956,369	11,444,550	12,628,615	13,780,374
1860	Other miscellaneous receipts - local/other	3,695,397	35,975,437	6,709,058	4,141,399	8,082,121
1860	(a) Other miscellaneous receipts - local/other - Fund 657	410,501	2,460,146	2,644,908	862,178	3,148,119
1860	(c) Other miscellaneous receipts - local/other - Fund 880	-	-	-	2,195	403
1862	Fees for copying public records	304,600	260,326	276,682	249,776	241,633
1862	(a) Fees for copying public records - Fund 657	6,653	1,340	12	55	97
1866	Federal share of grantee sales	85,111	197,237	367,625	310,955	179,984
1868	Receivable overpayment - federal	-	-	-	-	161
1870	Receivable overpayment - state	4,936	5,989	6,036	6,584	2,841
1872	Receivable overpayment - local	241	452	(61)	1,550	944
6001	(j) Supply sales	1,240	1,354	275,708	521,662	408,216
6002	(j) Open records fees	14,607	9,677	11,171	11,337	8,874
6003	(j) Fleet services operations/maintenance	1,399,792	1,428,340	1,366,715	1,574,218	2,149,619
6005	(j) Fleet services replacement	1,643,902	1,815,707	730,248	870,185	1,476,091
6006	(j) Criminal records check fees	551,019	548,855	414,162	392,457	326,864
6007	(j) Mail/freight services	4,623,797	5,206,206	8,561,257	11,506,019	10,803,757
6009	(j) Telephone billing	29,296,050	30,228,498	30,585,852	30,773,403	32,302,801
6011	(j) Printing service	6,758,675	7,245,959	6,440,655	5,682,997	6,042,427
6013	(j) Reimbursement/recovery cost	27,588,347	37,796,274	28,796,499	28,033,182	33,101,501
6015	(j) Leased facility	28,115,044	89,825,994	91,329,415	101,160,500	104,557,774
6017	(j) Sale of material, supplies, and services	1,023,568	635,852	659,046	452,218	691,783
6019	(j) Training	1,370,505	1,078,692	588,818	438,684	340,177

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	2008	2009	2010	2011	2012
6021	(j) Computer services	20,108,887	19,477,666	21,864,293	22,116,269	23,599,449
6023	(j) Administration services	538,893	618,124	642,348	548,877	396,676
6025	(j) Flight operations services	306,660	379,838	382,198	374,033	349,239
6027	(j) Sale of manufactured products	27,259,106	29,179,527	21,134,511	21,070,342	19,842,283
6029	(j) Interagency receipts	22,106,993	23,416,792	25,746,374	34,778,712	39,991,261
6029	(c) Interagency receipts - Fund 880	-	-	-	-	20,237
6029	(c) Interagency receipts - Fund 881	439,461	491,591	474,062	659,991	552,518
6030	(j) Sampling &/or analysis	19,023	614,983	607,533	797,593	597,162
6031	(r) Redeposit of state funds	91,307	199,713	2,916,492	68,696	69,352
6032	(j) Deposit of unclaimed property	-	300	-	-	-
6033	(j) Permits	46,380	83,427	53,758	11,479	40,995
6034	(j) Registration fees	85,920	81,635	51,715	45,642	59,342
6035	(j) Taxes	1,028,358	7,671,468	6,462,818	7,500,691	7,954,247
6036	(j) Transcript fees	6,563	8,658	17,296	15,825	19,309
	Total revenues	22,939,031,965	22,962,810,345	25,392,293,299	25,114,403,059	24,304,536,535
Fund Exclusions:						
(a)	Lottery Enterprise - Fund 657	428,647,487	419,144,543	419,259,815	435,310,365	467,585,697
(b)	Alternative Care Trust Fund - Fund 905	11,354,071	12,082,560	11,509,889	12,674,389	13,835,065
(c)	Student Loan Funds 626, 851, 880, and 881	139,451,675	140,126,568	143,327,758	167,946,528	157,149,793
(d)	Pansy Johnson-Travis Memorial State Gardens Trust - Fund 963	2,974	2,476	730,013	7,717	6,761
Revenue Source Exclusions:						
(e)	Federal funds	7,921,621,979	8,907,850,373	10,944,202,688	11,231,060,138	10,041,620,205
(f)	Proposition C sales and use tax/interest	810,234,737	760,406,201	737,695,022	752,181,529	789,578,622
(g)	Proposition A gas tax and license fee increases	175,543,409	168,061,247	169,008,528	169,467,566	166,913,857
(h)	Bond sales	591,204,336	135,638,581	1,107,698,801	74,305,146	1,867,300
(i)	Refunds	279,193,974	311,461,193	370,692,274	508,157,378	532,119,753
(j)	Interagency sales and receipts	173,893,330	257,353,826	246,722,388	268,676,324	285,059,847
(k)	Soil and water sales and use tax/interest	42,704,582	39,539,061	37,964,460	38,549,297	40,406,433
(l)	Parks sales and use tax/interest	41,502,910	38,744,377	37,598,624	38,383,162	40,315,076
(m)	Redeposit of investment principal	1,304,050	1,801,100	22,021,895	1,216,650	2,837,450
(n)	Outlawed checks	5,993,548	5,619,566	8,545,958	7,037,537	6,813,442
(o)	Redeposit of loan principal	44,481,873	49,631,740	56,468,686	58,766,128	65,122,173
(p)	Bingo	2,190,015	2,166,806	2,212,759	2,166,417	2,121,040
(q)	Riverboat gambling	344,277,815	368,677,880	388,916,397	395,773,528	388,758,396
(r)	Redeposit of state funds	91,307	199,713	2,916,492	68,696	69,352
(s)	Loan proceeds	42,630,952	25,878,784	10,458,915	20,704,819	12,938,384
(t)	Conservation sales and use tax/interest	104,016,575	97,180,265	94,161,885	95,997,681	100,748,178
(u)	State employee expense account reimbursement	99,562	65,995	50,645	183,863	176,695
(v)	Recovery costs	168,814,932	189,968,684	157,227,270	151,037,762	150,426,085
(w)	Cost reimbursements	182,383,390	260,271,471	286,111,856	271,161,711	276,020,532
(x)	Canceled checks	2,562,124	1,779,409	4,390,790	2,430,074	2,036,483
(y)	Local match	3,367,687	72,096,316	87,931,854	91,490,039	127,367,017
(z)	Proceeds of surplus property sales - Fund 710	2,406,296	1,442,420	1,220,351	1,523,162	1,331,787
(aa)	WIC rebates	39,542,659	43,522,102	44,278,144	44,989,878	54,902,465
(bb)	Constitutional amendment No.3	425,003,075	404,149,038	408,998,888	421,929,866	432,352,498
	CMIA interest payment to the federal government	2,117,351	1,629,506	215,748	24,499	22,013
	Agency remitted sales tax	415,655	400,123	380,227	369,084	247,169
	Abandoned funds claim payments	30,642,979	25,133,509	33,675,322	34,703,091	36,413,796
	Federal interest	4,213,149	125	70	-	23,802,563
	Total exclusions	12,021,910,458	12,742,025,558	15,836,594,412	15,298,294,024	14,220,965,927
	Total revenues after exclusions	10,917,121,507	10,220,784,787	9,555,698,887	9,816,109,035	10,083,570,608
	Less expenditure refunds (Exhibit C)	(1,321,367,348)	(1,504,906,007)	(1,543,126,545)	(1,414,459,977)	(1,342,748,745)
	Add refundable tax credits:					
	Business Facility	92,579	13,702	35,878	2,907,965	402,578
	Enterprise Zone	50,111	33,142	38,836	185,922	280,469
	BUILD	2,570,811	3,252,101	4,998,107	7,956,937	2,316,971

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,				
		2008	2009	2010	2011	2012
	Missouri Quality Jobs	37,366	1,877,275	3,116,592	5,322,994	7,360,207
	New Enhanced Enterprise Zone	126	16,842	1,246,148	2,885,117	3,067,886
	Residential Dwelling Accessibility	-	11,372	17,984	23,186	5,266
	Self-employed Health Insurance	-	451,605	476,471	1,558,354	1,082,658
	Public Safety Officer Surviving Spouse	-	6,170	18,149	20,899	28,212
	Brownfield Jobs and Investment Credit	-	-	-	1,906,660	304,395
	Total State Revenue	\$ 9,598,505,152	8,721,540,989	8,022,520,507	8,424,417,092	8,755,670,505

Exhibit C

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

Object Code	Description	Year Ended June 30,				
		2008	2009	2010	2011	2012
SAM II Expenditure Refunds:						
3200	Bond refunds	\$ 2,970,993	3,142,134	3,406,613	3,624,472	3,381,743
3206	Deposit and escrow refunds	79,807	75,915	53,517	75,167	100,829
3212	Federal share grantee sales refunds	-	-	386	-	-
3213	Tax credit debt offset	227,342	238,495	259,589	159,943	424,562
3215	Debt offset refunds	9,513,639	9,101,435	9,616,812	10,724,197	10,184,106
3218	Motor vehicle license fee refunds	1,162,009	450,450	458,604	342,352	385,841
3221	Driver's license fee refunds	71,902	69,368	57,742	58,495	48,367
3227	License and permit fee refunds	164,254	145,499	183,361	147,645	163,468
3230	Registration fee refunds	9,653	5,200	9,990	4,341	37,308
3233	Regulatory fee refunds	52,960	12,487	7,714	16,754	59,869
3236	Inspection fee refunds	32,265	51,104	52,865	41,178	52,862
3239	Miscellaneous fee refunds	265,248	468,145	321,503	298,548	442,860
3242	Sales refunds	4,995	19,375	9,829	3,455	10,391
3245	Lease and rentals refunds	4,108	13,281	4,996	4,551	5,702
3248	Medical services refunds	6,420,842	6,600,044	6,002,089	6,525,413	6,331,354
3251	Contributions refunds	50	5,857,204	14,488,536	16,298,595	5,886,037
3254	Federal refunds	375,453	441,708	3,621,387	355,286	1,514,909
3255	Financial institutions tax refunds	60	-	-	-	-
3257	Penalty and court award refunds	98,591	145,810	48,478	14,444	31,479
3260	Interagency billing refunds	1,277	-	12,061	-	295
3261	Receivable overpayment refunds	54,017	32,948	70,421	180,639	328,765
3267	Deferred revenue refunds	4,754,448	2,415,893	4,176,768	1,545,606	2,445,006
3269	Other refunds	600,632	643,992	1,425,466	2,411,778	3,313,740
3272	Sales and use tax protested refunds	13,101	-	782	200,205	156,632
3281	County foreign insurance tax refunds	23,577,535	14,220,444	16,943,164	17,921,126	27,158,118
3284	County domestic insurance tax refunds	-	-	-	-	2,694,044
3287	Worker's compensation insurance tax refunds	1,447,545	2,118,877	725,543	2,212,394	286,762
3293	Cigarette tax refunds	39,838	-	-	146,382	19,851
3296	Tobacco products tax refunds	4,349	-	-	-	-
3299	Aviation fuel tax refunds	16,155	58,079	4,957	6,304	8,902
3305	Special fuel (non-gas) tax refunds	28,343,359	24,411,746	23,022,799	25,710,530	22,218,784
3308	Fuel tax refunds	9,336,130	11,297,330	10,599,366	10,237,237	10,042,959
3311	Sales tax refunds	3,612	262	468	36	104
3314	Food tax exemption refunds	831,966	-	-	-	-
3317	General sales and use tax refunds	69,427,541	70,654,335	60,007,381	49,875,140	28,009,782
3326	Motor vehicle sales tax refunds	3,867,997	2,883,786	2,889,341	3,110,419	3,395,473
3329	Motor vehicle use tax refunds	1,043,711	821,239	837,107	955,515	1,128,147
3335	Boat tax refunds	4,339	4,610	4,787	6,390	5,036
3338	Individual tax refunds	900,112,335	1,059,238,817	1,050,281,318	993,083,426	930,792,552
3341	Senior citizens tax refunds	100,165,523	118,574,491	118,595,070	114,887,118	117,603,638
3344	Corporation tax refunds	151,204,765	164,028,331	212,907,168	149,575,393	157,035,524
3347	Franchise tax refunds	3,760,724	6,133,165	1,512,990	2,189,789	5,214,992
3350	Inheritance tax refunds	310,823	38,417	18,345	172,440	8,628
3356	Other tax refunds	991,455	491,591	487,232	1,337,274	1,819,324
	Total SAM II Expenditure Refunds	\$ 1,321,367,348	1,504,906,007	1,543,126,545	1,414,459,977	1,342,748,745

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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Background, Methodology, and Conclusions

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 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 receipted by the state treasurer, which may only be withdrawn pursuant to an appropriation or which stand appropriated by the Constitution of Missouri. Various funds not in the state treasury are not included in TSR. These funds include university local funds, local sales tax



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

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 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. 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,
Constitution of Missouri
Background, Methodology, and Conclusions

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.



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



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

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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Background, Methodology, and Conclusions

**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 \$135,246,224 received from tobacco companies during fiscal year 2012. 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 2011 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
2010	140,318,927
2011	132,631,552

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 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



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received. OA officials could not locate any current studies but 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.

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 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.

Exhibit A presents a summary of the calculations of limited total state revenue (TSR) for the years ended June 30, 2012, 2011, 2010, 2009, and 2008. The results of our review determined that for the year ended June 30, 2012, TSR was approximately \$3.9 billion under the refund threshold. As a result, no refund is due for the year ended June 30, 2012.

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 2012, the OA-BP calculated these limits at \$103.2 million for the Missouri Personal Income amount and \$80.2 million for the 1 percent of total state revenues amount.

For fiscal year 2012, the OA-BP has determined that as a result of legislative actions net taxes and fees decreased by a total of \$1.3 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).