



Thomas A. Schweich
Missouri State Auditor

ADMINISTRATION

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

Year Ended June 30, 2013

June 2014

Report No. 2014-039



<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 Missourians' personal income that may be used to fund state government to no greater than the portion used to do so in 1981. In other words, since 5.6 percent of Missourians' personal income went to fund state government in 1981, then no more than 5.6 percent can be used to do so in future years, unless revenues are specifically excluded by a vote of the people.

The Hancock Amendment also requires voter approval before taxes or fees can be increased by the General Assembly beyond a certain annual limit. Based upon the calculation provided by the Office of Administration, Division of Budget and Planning, the relevant annual revenue limit for fiscal year 2012 was \$84.2 million.

Fiscal Year 2013 Findings

For the fiscal year ended June 30, 2013, our review determined no Hancock refunds were due. In fact, total state revenue was approximately \$3.6 billion under the refund threshold. In addition, the Office of Administration, Division of Budget and Planning determined that net taxes and fees increased by a total of \$28.6 million. As a result, our review concluded the state complied with these provisions of the Hancock Amendment.

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

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

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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, 2013, 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 2012. 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' and a long, horizontal flourish at the end.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

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Director of Audits: Douglas J. Porting, CPA, CFE
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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, 2013, total state revenue (TSR) was approximately \$3.6 billion under the refund threshold. As a result, no refund is due for the year ended June 30, 2013.

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, 2013, 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 \$28.6 million. As a result, the state also complied with this provision of the amendment.

The revenue limit has not been exceeded since the year ended June 30, 1999. Over the last 5 years the amount of TSR under the refund threshold has ranged from \$2.7 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

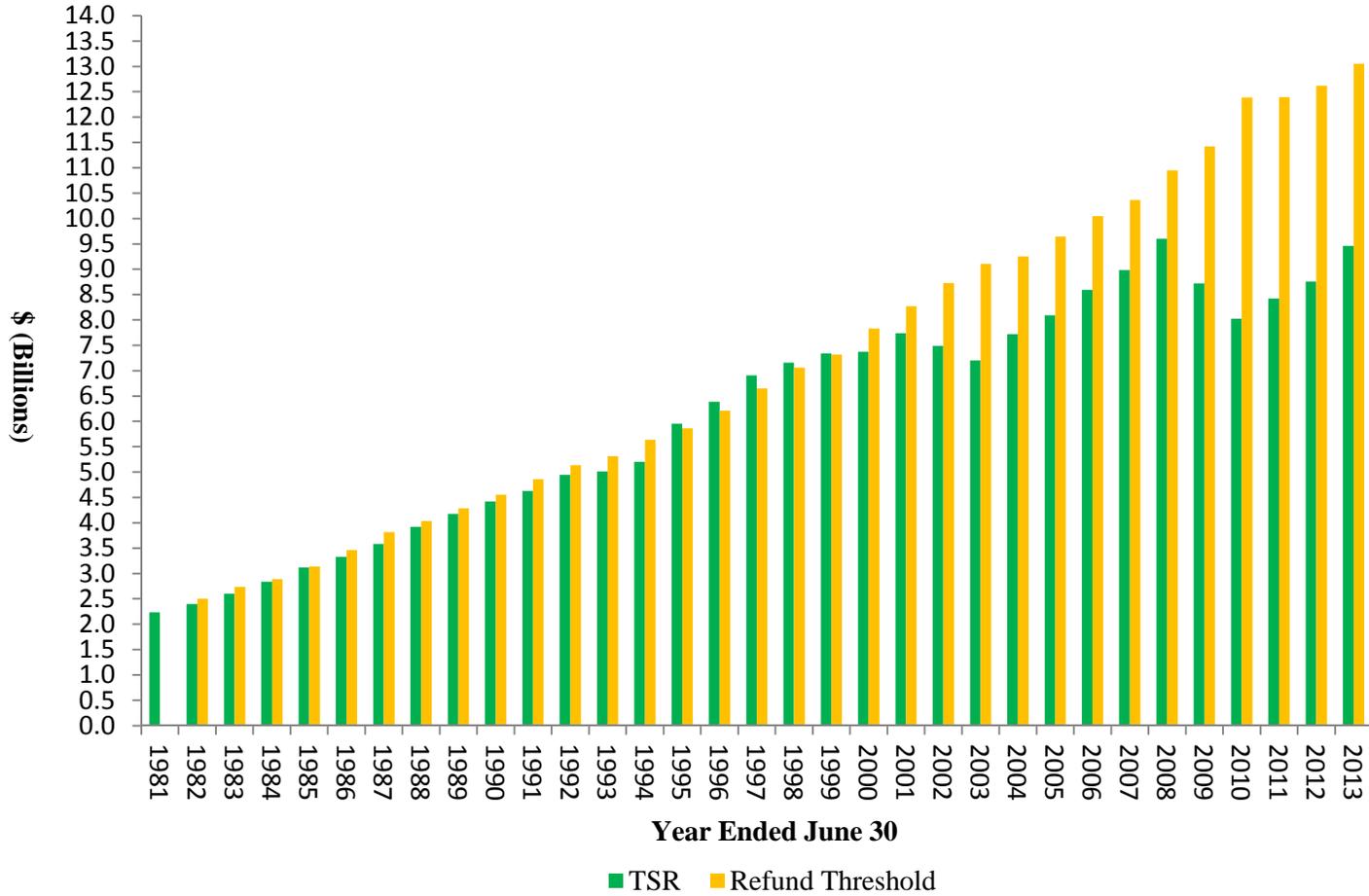


Exhibit A

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,				
	2009	2010	2011	2012	2013
TOTAL STATE REVENUE (TSR)					
Total state receipts	\$ 22,962.81	25,392.29	25,114.40	24,304.54	24,736.17
Less excluded revenue	(12,742.02)	(15,836.59)	(15,298.29)	(14,220.97)	(14,050.75)
Less expenditure refunds	(1,504.91)	(1,543.13)	(1,414.46)	(1,342.75)	(1,240.31)
Add refundable tax credits	5.66	9.95	22.77	14.85	17.21
TSR	\$ 8,721.54	8,022.52	8,424.42	8,755.67	9,462.32
REVENUE LIMIT AND REFUND THRESHOLD					
Missouri personal income	\$ 199,655.00	216,547.00	216,637.00	220,635.00	228,218.00
Base year ratio	x 0.056395	0.056395	0.056395	0.056395	0.056395
Base limit	11,259.54	12,212.17	12,217.24	12,442.71	12,870.35
Judicial article amendment	50.53	50.53	50.53	50.53	51.50
Revenue limit	11,310.07	12,262.70	12,267.77	12,493.24	12,921.85
1 percent adjustment	113.10	122.63	122.68	124.93	129.22
Refund threshold	\$ 11,423.17	12,385.33	12,390.45	12,618.17	13,051.07
REFUND CALCULATION					
TSR	\$ 8,721.54	8,022.52	8,424.42	8,755.67	9,462.32
Less refund threshold	11,423.17	12,385.33	12,390.45	12,618.17	13,051.07
Over (Under) Threshold	(2,701.63)	(4,362.81)	(3,966.03)	(3,862.50)	(3,588.75)
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,				
			2009	2010	2011	2012	2013
1001		Sales and use tax	\$ 1,927,035,752	1,839,221,316	1,860,913,153	1,928,981,152	1,956,108,763
1003	(l)	Parks sales and use tax	38,627,585	37,541,193	38,326,978	40,226,069	41,011,615
1005	(k)	Soil and water sales and use tax	38,627,589	37,541,196	38,326,982	40,226,073	41,011,618
1007		General revenue reimbursements - local sales and use tax	1,361,895	1,194,248	2,009,254	1,749,610	1,710,168
1009		Motor vehicle sales tax	2,974,344	2,870,175	2,470,456	2,503,662	3,013,954
1009	(bb)	Motor vehicle sales tax - Amendment 3	161,889,790	166,257,149	178,836,881	188,378,783	200,691,181
1011	(t)	Conservation sales and use tax	96,571,218	93,854,189	95,818,337	100,566,000	102,532,262
1013	(f)	Proposition C sales and use tax	758,897,169	737,027,830	751,790,411	789,216,003	803,929,533
1015		Sales and use taxes paid under protest	1,321,174	485,684	1,073,324	118,018	138,240
1022		Individual income tax	5,949,177,456	5,495,243,112	5,641,731,318	5,851,240,169	6,374,054,124
1024		Individual income taxes paid under protest	89,239	98,582	80,953	31,430	2,322
1026		Corporate income tax	434,036,242	408,935,647	455,662,447	432,582,659	469,446,717
1028		Corporate income taxes paid under protest	2,036	150	-	-	38,061
1033		County foreign insurance tax	203,798,991	194,396,970	211,060,727	191,997,525	191,390,872
1037		Worker's compensation insurance tax	12,043,776	9,386,753	12,452,781	13,245,133	14,058,446
1039		Worker's compensation insurance tax - second injury	54,647,952	43,216,506	37,800,696	41,671,672	42,328,061
1041		Excess lines of insurance tax	21,920,932	23,053,334	22,300,553	23,254,218	26,311,783
1049		Heavy beer tax	8,466,036	8,270,996	8,222,901	8,151,881	8,044,713
1051		Light beer tax	37,836	15,330	-	-	-
1053		Liquor tax	18,839,100	19,476,179	19,560,786	20,621,338	21,047,333
1055		Wine tax	4,646,495	5,023,673	5,175,458	5,568,215	5,598,899
1057		Cigarette tax	94,799,204	91,151,815	89,965,910	88,609,043	86,837,985
1059		Tobacco product tax	13,065,193	15,011,542	15,551,490	16,308,821	16,895,556
1060		Motor vehicle fuel tax	399,565,091	401,519,109	399,527,478	393,010,333	400,533,646
1060	(g)	Motor vehicle fuel tax	168,061,247	169,008,528	169,467,566	166,913,857	163,022,120
1060	(bb)	Motor vehicle fuel tax - Amendment 3	149,158,016	149,998,750	150,406,156	148,139,684	144,685,683
1062		Special fuel non-gas tax	1,483,582	782,210	370,352	270,729	262,158
1062	(bb)	Special fuel non-gas tax - Amendment 3	104,383	114,205	133,520	148,356	138,610
1064		Aviation fuel tax	254,811	251,472	254,394	295,198	274,827
1070		Corporation franchise tax	94,337,368	93,155,521	81,733,747	70,171,529	56,194,216
1073		Estate tax	3,068,343	263,642	2,117,782	170,966	174,751
1074	(p)	Bingo tax	2,142,815	2,198,919	2,157,214	2,113,377	2,000,965
1076	(q)	Gaming commission gross receipts tax	316,072,724	334,287,278	341,376,377	337,316,302	329,024,116
1079		County private car tax	-	-	-	2	218
1080		Real and personal property tax	26,699,750	26,051,387	26,547,565	26,395,744	26,662,885
1082		Delinquent real and personal property tax	3,332,155	3,486,501	3,170,652	3,013,387	3,232,208
1084		Hazardous waste fees	1,594,056	1,466,805	1,417,393	1,426,033	2,671,827
1088		Nursing facility reimbursement allowance	13,503,123	14,020,417	14,661,394	17,009,046	18,111,951
1089		Pharmacy reimbursement allowance	37,988,202	66,335,897	92,850,277	95,230,655	95,070,564
1090		Federal reimbursement allowance	6,320,261	6,292,537	7,693,473	42,381,428	19,305,322
1093		Athletic events tax	140,907	104,843	136,650	159,800	165,508
1094		Ambulance service reimbursement allowance	-	-	-	5,252,545	8,135,233
1095		Surcharges	410,904	317,448	288,301	236,155	189,214
1096		Special taxes and assessments	-	31,637	-	-	-
1097		Agency collected sales taxes	352,820	345,639	312,488	205,722	225,236
1099		Other taxes	12,151,473	12,411,499	12,013,430	285,249	83,390
1100		Professional licenses or permits	25,563,003	24,637,691	24,641,882	25,311,321	29,001,314
1102		Recreational licenses or permits	5,013,650	5,153,559	5,684,827	5,525,790	4,965,053
1104		All-terrain vehicle licenses or permits	1	2	-	-	-
1106		Motor vehicle licenses or permits	127,213,317	128,852,046	122,777,623	121,364,737	122,181,185
1106	(bb)	Motor vehicle licenses or permits - Amendment 3	52,894,364	54,833,952	54,761,828	53,890,370	54,681,388
1108		Interstate transportation licenses or permits	49,686,448	44,535,890	47,312,197	50,488,456	48,344,030
1108	(bb)	Interstate transportation licenses or permits - Amendment 3	21,591,711	20,092,995	21,406,443	22,855,732	21,809,372
1110		Driver's licenses or permits	7,675,442	7,374,159	5,891,775	7,187,607	6,832,517
1110	(bb)	Driver's licenses or permits - Amendment 3	9,438,170	9,101,225	7,631,863	8,580,448	8,248,271
1112		Land reclamation commission permits	645,713	593,636	563,010	570,035	566,245
1114		Salesman licenses or permits	79,340	328,500	629,900	618,310	740,050
1116		Vehicle and boat manufacturer and dealer licenses	920,472	892,228	891,432	877,445	866,356
1118		Liquor licenses or permits	4,740,555	4,889,334	4,963,343	4,964,474	5,035,454
1120		Gaming commission licenses	1,769,544	1,617,970	1,732,484	1,601,155	1,555,913

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,				
			2009	2010	2011	2012	2013
	1122	Beer licenses or permits	345,800	350	-	-	-
	1124	Motor carrier licenses	2,672,893	1,604,642	3,813,345	2,553,651	2,692,836
	1126	Hunting and fishing licenses and commission permits	30,505,122	31,059,506	30,206,611	31,361,102	30,653,188
	1127	Hunting and fishing special tags	1,243,205	1,188,356	1,068,541	1,127,630	961,550
	1128	Hazardous waste transporter licenses	315,291	310,352	288,314	316,891	281,665
	1130	Water pollution control permits	4,105,784	4,154,272	2,755,242	4,487,263	4,226,907
	1132	(bb) Overdimension/overweight permits - Amendment 3	7,836,787	7,304,243	7,716,060	8,752,113	8,452,114
	1134	Merchant licenses	1,291,850	1,312,555	1,379,239	1,466,297	1,448,958
	1136	Tobacco licenses	27,210	28,600	26,100	27,300	27,100
	1138	Temporary licenses	300	600	225	1,100	575
	1140	Duplicate plates	4,861	614,506	1,573,920	1,574,829	1,548,829
	1142	Duplicate driver license	-	739,435	1,943,207	1,917,506	1,962,246
	1149	Other licenses and permits	3,623,316	3,880,320	3,858,723	3,949,879	3,885,485
	1149	(bb) Other licenses and permits - Amendment 3	1,164,998	1,220,854	969,641	1,497,535	1,259,068
	1150	Lobbyist registration fees	12,000	10,630	11,400	11,020	11,130
	1152	Motorboat fees	8,351,195	8,752,777	9,779,948	11,848,667	11,829,678
	1154	Narcotics and dangerous drugs fees	1,018,475	811,160	811,020	562,899	504,880
	1156	Occupational boards exam fees - individual exam fees	694,968	699,961	714,469	751,999	811,132
	1160	(bb) Non-motor fuel decal fees - Amendment 3	70,820	75,514	67,474	109,476	185,168
	1162	Filing fees	19,086,452	17,575,031	17,653,490	24,409,792	17,882,469
	1163	Certifying/authenticating fees	34,797	29,439	141,542	37,876	45,411
	1164	Transfer fees	23,188	22,584	26,420	31,088	28,608
	1165	Service contract registration fee	79,300	82,600	86,950	95,200	105,100
	1169	Other registration fees	8,463,011	8,249,204	10,573,548	4,477,531	10,664,905
	1174	Asbestos fees	240,043	253,980	275,160	290,136	215,940
	1178	Milk control fees	75,681	2,737	224,549	124,514	114,907
	1180	Home health care license fees	131,350	114,600	123,300	116,050	121,800
	1182	Nursing home license fees	148,000	144,875	144,174	129,945	122,011
	1184	Title V emissions fees	9,475,409	8,418,337	8,294,850	7,913,341	7,300,494
	1185	Emission fees/non Title V facilities	360,787	354,252	376,707	354,144	348,521
	1186	Boarding home license fees	706,990	700,607	719,900	707,457	712,735
	1188	Public utilities fees	20,573,416	20,969,774	19,424,369	19,494,211	19,996,899
	1190	Hospital license fees	85,855	88,588	81,151	83,123	84,559
	1192	Grain warehouse license fees	35,662	35,307	34,920	36,604	38,162
	1194	Missouri primacy fees	4,769,823	4,733,195	4,581,461	4,723,917	4,771,139
	1198	Transport load fees	15,360,359	11,451,506	11,474,813	11,302,684	11,227,662
	1200	Storage tank registration fees	218,785	211,800	223,930	52,215	42,980
	1202	Tourist cabin permit fees	186,418	190,096	181,740	181,022	183,095
	1206	Solid waste disposal fees	12,062,594	10,801,800	11,062,761	11,307,064	10,462,793
	1208	New tire fees	2,075,192	2,126,713	2,139,197	2,084,386	1,988,327
	1209	Battery fee	689,178	659,823	688,745	683,152	678,421
	1210	Ground water protection fees	553,520	703,057	723,147	710,064	920,000
	1211	Radioactive waste transport fee	-	62,375	168,825	286,075	318,600
	1214	Insurance regulatory fees, renewals and purchasing groups	2,409,276	2,068,293	2,720,667	2,451,999	2,105,145
	1216	Air conservation commission permit fees	319,173	262,253	270,803	253,489	298,638
	1218	Bingo license fees	44,755	42,505	46,815	41,730	39,580
	1220	Lab fees	4,611,505	5,559,077	4,707,017	5,256,158	5,572,347
	1222	Program administration fees	1,126,032	1,084,579	1,059,357	1,055,518	1,091,830
	1223	Confined animal feed operation indemnity fees	2,143	3,882	1,993	2,143	2,143
	1224	Railroad assessments	1,215,231	251,242	665,300	820,331	784,786
	1227	Enhanced vehicle emission inspection fees	1,769,830	1,801,168	1,885,301	1,934,155	1,970,590
	1233	Grain warehouse inspection fees	1,608,105	2,061,344	2,158,349	2,178,611	1,749,142
	1235	Milk inspection fees	1,256,812	1,297,735	1,242,699	1,215,032	1,158,584
	1237	Ice cream products inspection fees	30,930	34,400	32,260	36,430	32,806
	1239	Mine inspection fees	66,435	54,881	63,038	80,344	64,606
	1241	Mobile home and recreational vehicle inspection fees	456,887	408,598	361,545	364,287	357,436
	1243	Oil inspection fees	2,421,394	2,405,616	2,424,084	2,384,809	2,360,750
	1249	Other inspection fees	1,788,609	1,877,287	2,020,607	2,513,585	2,461,158
	1250	Collection fees	23,539,510	22,382,813	24,645,324	26,285,623	26,739,487
	1251	Bankruptcy collections	14,045	-	-	6,398	-

Exhibit B

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

Revenue Source	Code	Type of Revenue	Year Ended June 30,				
			2009	2010	2011	2012	2013
	1252	Admission fees	1,083,498	1,206,370	1,221,915	1,250,114	1,320,732
	1252	(q) Admission fees - riverboat gambling	52,232,350	54,445,159	54,296,354	51,348,977	48,803,064
	1254	State auditor fees	118,764	190,808	254,001	182,644	185,072
	1260	Grade crossing safety fees	1,409,774	1,269,468	1,285,657	1,273,362	1,305,614
	1262	Loan administration fees	5,738,930	6,297,549	6,240,808	6,372,132	6,516,695
	1262	(c) Loan administration fees - Fund 881	915,043	94,643	2,781	-	-
	1264	Court fees	39,960,611	39,216,151	44,203,725	41,058,636	40,544,604
	1266	Financial institutions examination fees	8,669,478	10,226,204	8,962,723	10,104,394	10,176,788
	1268	Consumer finance license fees	1,007,100	1,064,775	1,087,800	1,044,175	999,525
	1270	Transcript fees	136,551	108,464	95,754	102,947	92,683
	1274	Marketing development fees	42,539	32,667	41,602	38,258	36,502
	1276	Miscellaneous insurance fees	101,120	93,180	91,920	89,220	90,660
	1278	Gaming commission administrative income	51	389	53	314	-
	1279	(a) Lottery commission fees	291,569	268,130	273,771	277,070	301,162
	1280	Motor vehicle inspection sticker fees	4,518,331	4,165,029	3,701,374	3,767,945	3,778,928
	1282	Logo sign advertising fees	5,890,321	6,177,218	2,049,123	4,602,664	3,167,882
	1284	Public defender fees	1,675,741	1,656,372	1,598,188	1,424,603	1,176,797
	1286	Witness fees	8,961	10,188	14,068	9,141	5,758
	1288	County recorders fees	7,153,824	6,794,853	6,718,174	6,750,687	7,472,773
	1290	Training or conference fees	238,543	151,682	140,844	127,634	183,421
	1294	Electronic monitoring fee	390,938	212,126	140,469	115,177	78,278
	1295	Intervention fees	-	-	-	9,137,637	9,851,227
	1298	Substance abuse offender program fees	4,506,829	4,512,493	6,288,725	6,737,998	6,291,593
	1302	Criminal records check fees	9,544,860	9,298,093	9,531,901	10,333,134	10,798,720
	1303	Other fees	24,715,293	23,499,863	22,636,060	12,788,351	10,700,540
	1305	(h) Bond sales proceeds	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	6,069,069	4,651,641	5,051,065	4,403,124	8,422,605
	1312	Sales of natural resources products	4,096,409	3,366,092	4,601,621	3,667,239	2,849,276
	1314	Sales of agriculture products	1,872,632	2,023,963	2,168,597	2,391,119	2,874,050
	1316	Manufactured product sales	10,279,039	11,014,608	9,873,622	8,505,830	8,827,769
	1318	Information sales	4,147,230	2,409,400	2,474,349	2,500,392	2,351,654
	1320	Souvenir sales	516,912	476,837	543,123	452,030	474,186
	1322	Surplus property sales - state	1,969,908	2,028,011	2,423,525	3,082,652	3,704,451
	1322	(z) Surplus property sales - state - Fund 710	1,442,420	1,220,352	1,523,162	1,331,787	1,414,547
	1324	Surplus property sales - federal	2,741,375	1,959,831	2,150,411	2,950,034	2,989,213
	1326	Unclaimed property sales	-	-	-	876	1,205
	1328	Sales of fixed assets - control	6,314,677	7,797,363	7,876,231	10,762,095	10,727,324
	1330	Vital records sales	1,388,392	1,327,953	1,205,929	1,047,539	1,149,125
	1332	(a) Lottery ticket sales	415,724,608	416,039,046	434,022,539	464,048,652	490,432,070
	1334	Cafeteria sales	947,866	699,433	586,874	546,748	661,975
	1338	Other sales	165,471	243,013	382,372	371,843	259,540
	1342	Supply sales	429	450	445	143	-
	1401	Land rentals/leases	5,020	5,406	5,405	17,090	31,690
	1403	State facilities rentals/leases	744,704	834,070	911,961	985,555	1,486,747
	1404	Parking rentals/leases	59,971	61,885	63,930	60,356	63,176
	1405	Concessions and recreational rentals/leases	2,312,217	2,552,306	2,542,114	2,471,197	2,567,237
	1407	Housing/building rentals/leases	479,543	1,092,018	393,486	237,191	255,524
	1409	Other leases and rentals	1,178,807	913,786	1,399,403	1,385,089	736,716
	1414	(e) Medicare	16,766,843	10,975,222	8,768,553	7,544,088	5,359,704
	1418	(e) Medicaid	103,783,950	85,028,450	92,207,991	96,595,375	90,326,464
	1419	(e) Medicaid - case managers	-	-	-	-	100
	1420	(e) Medicaid - community based	115,281,339	145,309,030	168,504,569	193,452,249	205,718,504
	1422	Private payments	7,510,050	5,934,601	5,613,049	2,067,010	1,813,703
	1424	Insurance payments	1,722,218	1,291,657	808,332	714,174	327,885
	1426	Other payments	13,444	120,433	5,416	11,555	28,989
	1434	Institutional support fees	-	-	66,796	248,416	-
	1436	Room and care	28,265,453	27,033,482	26,450,131	26,341,112	26,953,266
	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		Year Ended June 30,				
Code	Type of Revenue	2009	2010	2011	2012	2013
1446	Printing service	200,348	186,357	155,295	197,214	195,571
1448	Computer services	3,412	1,980	1,040	846	847
1450	Administration services	-	10	-	-	12,658
1501	Private donations	5,918,919	5,523,556	3,796,587	4,836,387	5,297,073
1502	Other governmental entity donations	1,077,338	50,000	30,000,000	30,103,121	5,000,000
1507	(e) NASAO (airport inspections)	11,000	33,000	17,400	20,150	26,000
1510	(e) US Department of Agriculture	420,410,665	457,571,495	447,130,718	487,260,888	490,290,851
1512	(e) US Department of Defense	4,651,803	23,767,533	31,454,764	29,677,895	32,995,530
1513	(e) US Department of Homeland Security	2,042,282	39,057,825	9,471,900	4,625,937	2,909,266
1514	(e) US Department of Housing and Urban Development	31,289,602	49,360,455	70,778,353	61,464,304	48,483,173
1516	(e) US Department of Interior	23,070,474	22,699,052	26,612,937	26,594,330	27,550,163
1518	(e) US Department of Justice	56,902,635	3,816,756	2,269,245	2,730,436	2,575,272
1520	(e) US Department of Labor	58,743,547	152,277,061	144,779,543	155,545,244	156,406,546
1522	(e) US Department of Education	658,786,433	619,202,729	637,105,051	660,448,985	657,586,937
1522	(c) US Department of Education - Fund 880	9,240,882	9,889,521	6,182,000	4,972,235	4,968,022
1522	(c) US Department of Education - Fund 881	69,496,551	87,353,849	103,667,608	87,420,487	93,334,531
1524	(e) US Department of Transportation	907,815,007	929,620,189	1,402,202,201	934,758,552	983,599,456
1526	(e) National Foundation for the Arts and Humanities	3,926,131	4,030,270	4,436,977	4,002,915	3,666,292
1528	(e) US Veterans Administration	39,646,428	54,492,264	50,961,946	53,316,924	61,159,036
1529	(e) US General Services Administration	-	-	-	-	43,391
1530	(e) US Environmental Protection Agency	68,660,802	35,838,751	44,310,100	91,435,790	153,021,768
1532	(e) US Department of Energy	8,153,289	5,594,925	4,450,006	2,982,042	6,005,146
1534	(e) Federal Emergency Management Agency	93,612,003	139,707,918	63,343,101	74,016,355	72,661,743
1536	(e) US Department of Health and Human Services	5,962,380,121	6,016,121,798	6,034,950,237	6,506,141,900	6,431,112,075
1538	(e) National/community services	-	-	-	1,732,313	3,677,716
1540	(e) US Social Security Administration	34,225,980	40,514,268	43,705,857	43,570,139	46,294,342
1542	(e) National Archives and Records	7,883	17,353	93,136	30,882	6,789
1544	(e) Elections Assistance Commission	-	-	5,456,068	-	24,162
1546	(e) US Department of Treasury	-	19,625	8,886,997	8,886,997	5,244
1549	(e) Miscellaneous federal revenues	41,423,945	68,127,965	62,084,275	35,316,069	34,938,505
1551	County mental health programs	17,279,085	18,167,071	19,286,288	17,999,724	13,263,536
1557	(e) American Recovery and Reinvestment Act	218,840,784	2,002,794,267	1,788,700,092	475,424,794	153,213,693
1558	(e) American Recovery and Reinvestment Act - other	-	8,023,274	2,440,576	367,067	238,070
1560	(e) Federal pass-through grants	29,303,116	25,120,494	70,016,585	78,646,931	61,246,642
1601	Time deposits interest	12,009,416	6,253,940	2,167,040	3,614,152	3,864,773
1601	(f) Time deposits interest - Fund 688	216,290	163,391	37,851	67,544	94,686
1601	(a) Time deposits interest - Fund 657	100,337	66,243	13,258	15,067	20,393
1601	(k) Time deposits interest - Fund 614	140,951	103,734	20,915	33,456	39,420
1601	(l) Time deposits interest - Fund 613	17,798	14,736	5,753	17,005	29,258
1601	(b) Time deposits interest - Fund 905	18,420	14,778	3,691	6,853	9,488
1601	(p) Time deposits interest - Fund 289	3,650	3,395	865	1,359	1,480
1601	(q) Time deposits interest - Fund 285	56,151	47,805	10,069	17,176	20,688
1601	(d) Time deposits interest - Fund 963	146	1,952	527	882	1,230
1601	(t) Time deposits interest - Fund 609	93,732	75,531	17,373	34,554	56,042
1601	(c) Time deposits interest - Fund 880	110,497	101,593	19,456	23,809	36,591
1601	(c) Time deposits interest - Fund 881	123,463	95,229	23,317	40,064	51,270
1603	U.S./agency securities interest	98,431,256	38,510,748	31,640,225	25,185,835	20,360,811
1603	(f) U.S./agency securities interest - Fund 688	1,292,741	503,800	353,267	295,075	307,343
1603	(a) U.S./agency securities interest - Fund 657	549,694	235,454	128,797	74,052	63,503
1603	(k) U.S./agency securities interest - Fund 614	770,521	319,530	201,400	146,904	132,540
1603	(l) U.S./agency securities interest - Fund 613	98,993	42,694	50,430	72,001	91,337
1603	(b) U.S./agency securities interest - Fund 905	100,277	44,708	34,139	29,935	29,795
1603	(p) U.S./agency securities interest - Fund 289	20,342	10,444	8,338	6,305	5,809
1603	(q) U.S./agency securities interest - Fund 285	316,656	136,156	90,728	75,941	67,409
1603	(d) U.S./agency securities interest - Fund 963	2,330	6,043	6,917	5,879	6,115
1603	(t) U.S./agency securities interest - Fund 609	515,226	232,165	161,971	147,624	173,935
1603	(c) U.S./agency securities interest - Fund 880	593,614	294,831	193,399	107,257	109,286
1603	(c) U.S./agency securities interest - Fund 881	684,046	305,371	221,653	177,753	175,470
1605	Other investment interest	414,850	102,828	128,207	410,035	182,587
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,				
			2009	2010	2011	2012	2013
1608		Realized gains and losses	-	19	7,891	-	-
1608	(d)	Realized gains and losses - Fund 963	-	1	273	-	-
1610		Interest on loans	1,237,598	1,453,361	3,031,747	2,545,606	3,844,323
1612	(cc)	Interest - federal	125	70	-	23,802,563	22,442,061
1614		Interest on receivables	37,829	17,202	10,584	9,082	4,697
1616		Interest on settlements	108,045	805,015	9,653	2,718	295,109
1618		Other interest	34,041	194,809	39,240	36,972	24,831
1618	(c)	Other interest - Fund 880	-	-	4,796	-	-
1618	(t)	Other interest - Fund 609	88	-	-	-	116
1621		Penalties	9,334,634	10,405,711	6,795,157	8,788,554	16,383,711
1621	(c)	Penalties - Fund 881	22,044	250	74	487	88
1622		Penalties - control	-	-	-	50	-
1624		Settlements	1,283,220	5,845,579	2,085,472	6,183,019	55,120,514
1626		Court awards	12,331,225	9,368,911	5,803,584	1,801,074	1,266,313
1628		Insufficient funds charges	5,061	6,575	6,420	4,415	3,593
1634		Estates	38,120	1,256	588	508	218,619
1636		Unclaimed properties	57,078,780	75,944,392	82,406,170	81,360,731	95,900,842
1636	(a)	Unclaimed properties - state - Fund 657	-	-	-	-	631
1700	(i)	Salary refunds - federal	614,761	537,615	685,275	557,115	504,436
1701	(i)	Salary refunds - state	18,399	15,712	15,075	15,792	5,477
1702	(i)	Salary refunds - local/other	16,418	24,360	20,491	44,337	31,561
1703	(i)	General relief pension refunds	4,955	5,291	2,086	3,469	4,646
1704	(i)	Blind pension refunds	10,319	4,777	1,994	7,624	4,699
1706	(i)	Dependent children pension refunds	275,511	326,393	443,858	424,232	262,817
1715	(i)	Day care refunds	53,530	35,345	25,126	34,888	51,663
1717	(i)	Medicare - Medicaid refunds	294,632,462	340,610,206	482,052,781	507,643,669	639,370,093
1719	(i)	Cost in criminal cases refunds	863,183	977,526	859,303	846,638	958,828
1720	(i)	American Recovery and Reinvestment Act refunds	-	591,913	2,027,020	901,781	988,108
1721	(i)	Vendor refunds - federal	777,934	2,629,247	1,280,623	798,046	869,752
1722	(i)	Vendor refunds - state	566,893	1,268,213	1,018,335	1,373,828	679,317
1722	(a)	Vendor refunds - state - Fund 657	5,318	989	1,974	6,121	4,627
1722	(c)	Vendor refunds - state - Fund 880	2,345	524	5	-	-
1723	(i)	Vendor refunds - local/other	1,163,024	1,839,205	1,541,924	3,375,783	1,401,379
1723	(c)	Vendor refunds - local/other - Fund 880	-	2,279	-	80,441	712
1724	(i)	Political subdivision refunds	3,373	9,988	6,128	63	-
1725	(i)	Excess court payment refunds	1,359,396	1,384,433	3,460,515	227,053	648,913
1727	(i)	School refunds	6,649,921	12,773,166	10,205,891	9,909,164	9,526,783
1727	(c)	School refunds - Fund 880	-	-	7,758	-	-
1728	(i)	Scholarship refunds	240,482	227,907	173,655	102,782	72,950
1729	(i)	Audit findings - federal	43,331	7,880	823	41,960	209
1730	(i)	Audit findings - state	40,980	-	-	152,887	101
1731	(i)	Audit findings - local/other	104,984	349,002	84,447	158,129	40,404
1732	(i)	Utility refunds	32,023	26,130	37,472	27,323	3,305
1733	(i)	Fuel tax refunds	(106,840)	243,111	245,974	219,368	4,205
1735	(i)	Tax incremental financing (TIF) refund	-	-	-	2	-
1737	(i)	Other refunds	4,096,155	6,804,855	3,968,580	5,253,820	3,264,579
1737	(c)	Other refunds - Fund 880	-	-	244	1,073	6
1737	(c)	Other refunds - Fund 881	10,396	35	-	-	-
1806	(v)	Recovery costs	189,968,684	157,227,270	151,037,762	150,426,085	150,725,636
1806	(a)	Recovery costs - Fund 657	845	-	-	-	-
1808		Deposit of surplus property funds	-	921	4,599	-	-
1811	(y)	Local match	72,096,316	87,931,854	91,490,039	127,367,017	98,129,383
1812	(w)	Cost reimbursements - federal	1,447,120	1,046,340	638,071	727,844	437,557
1813	(w)	Cost reimbursements - state	75,467,210	55,264,763	79,229,099	71,087,608	46,502,004
1813		Cost reimbursements - state (included)	13,832,495	12,832,252	14,301,943	15,004,668	15,728,569
1814	(w)	Cost reimbursements - local/other	183,357,141	229,800,753	191,294,541	204,205,080	187,364,955
1814	(c)	Cost reimbursements - local/other - Fund 880	284	-	-	2,890	8,615
1816		Bond account	7,110,689	7,513,599	7,368,307	8,968,358	9,214,123
1818	(u)	Employee expense reimbursement - federal	1,414	2,930	-	6,030	819
1819	(u)	Employee expense reimbursement - state	671	1,301	688	-	450
1820	(u)	Employee expense reimbursement - local/other	-	27	3	73,000	754

Exhibit B

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

Revenue Source		Year Ended June 30,				
Code	Type of Revenue	2009	2010	2011	2012	2013
1821	(u) Employee personal expense reimbursement	63,910	46,387	183,172	97,665	24,186
1822	(n) Outlawed checks	5,619,566	8,545,958	7,037,537	6,813,442	6,162,199
1822	(b) Outlawed checks - Fund 905	5,176	5,302	7,945	17,028	6,024
1824	(x) Canceled checks	1,779,409	4,390,790	2,430,074	2,036,483	2,182,674
1824	(a) Canceled checks - Fund 657	120	-	686	-	-
1824	(b) Canceled checks - Fund 905	2,318	550	-	875	2,355
1824	(c) Canceled checks - Fund 880	-	-	-	-	950
1826	(m) Redeposit of investments principal	1,801,100	22,021,895	1,216,650	2,837,450	264,945
1826	(d) Redeposit of investments principal - Fund 963	-	721,761	-	-	-
1828	(o) Redeposit of loan principal	46,089,055	53,273,825	55,411,431	61,093,018	68,996,096
1830	Telephone commissions	840,814	867,887	893,850	1,171,093	1,447,934
1832	Commission on sales	27,522	15,629	11,653	10,096	11,266
1834	Rebates	1,924,379	886,600	923,074	1,040,862	2,503,915
1834	(a) Rebates - Fund 657	897	902	2,243	5,979	5,334
1834	(c) Rebates - Fund 880	5,029	969	3,478	230	738
1834	(aa) Rebates - WIC	43,522,102	44,278,144	44,989,878	54,902,466	52,386,707
1836	Housing and maintenance receipts	47,823	47,394	47,609	28,552	18,924
1838	Loan defaults	573,499	489,467	903,996	561,905	483,363
1840	(s) Loan proceeds	25,878,784	10,458,915	20,704,819	12,938,384	9,056,992
1842	(o) Loan repayment	84,983	120,767	134,928	169,744	218,043
1842	(c) Loan repayment - Fund 880	-	-	(1,600)	2,358	-
1842	(c) Loan repayment - Fund 881	58,430,783	44,714,602	56,958,607	63,747,551	64,238,375
1843	(o) Loans receivable contra account	3,457,702	3,074,095	3,219,769	3,859,410	4,170,829
1844	Insurance proceeds	2,343	100	26,989	1,886	-
1846	Capital credits/dividends	56,056	70,718	67,873	60,241	66,172
1846	(d) Capital credits/dividends - Fund 963	-	62	-	-	-
1848	Recycling receipts	144,022	203,522	352,568	380,262	317,333
1850	Forfeitures	1,699,515	3,012,793	1,572,364	4,888,368	1,703,594
1852	Overpayments	1,286,358	794,761	250,613	518,149	513,751
1852	(c) Overpayments - Fund 880	-	-	765	-	-
1856	(e) Other miscellaneous receipts - federal	8,114,311	5,080,717	5,920,959	5,030,652	7,536,647
1858	Other miscellaneous receipts - state	2,324,164	1,504,015	2,317,557	2,883,176	3,954,119
1858	(a) Other miscellaneous receipts - state - Fund 657	9,667	4,131	4,865	10,541	3,438
1858	(b) Other miscellaneous receipts - state - Fund 905	11,956,369	11,444,550	12,628,615	13,780,374	13,536,541
1860	Other miscellaneous receipts - local/other	35,975,437	6,709,058	4,141,399	8,082,121	7,390,306
1860	(a) Other miscellaneous receipts - local/other - Fund 657	2,460,146	2,644,908	862,178	3,148,119	3,359,445
1860	(c) Other miscellaneous receipts - local/other - Fund 880	-	-	2,195	403	-
1862	Fees for copying public records	260,326	276,682	249,776	241,633	258,947
1862	(a) Fees for copying public records - Fund 657	1,340	12	55	97	56
1866	Federal share of grantee sales	197,237	367,625	310,955	179,984	234,984
1868	Receivable overpayment - federal	-	-	-	161	-
1870	Receivable overpayment - state	5,989	6,036	6,584	2,841	19
1872	Receivable overpayment - local	452	(61)	1,550	944	1,345
6001	(j) Supply sales	1,354	275,708	521,662	408,216	401,968
6002	(j) Open records fees	9,677	11,171	11,337	8,874	12,065
6003	(j) Fleet services operations/maintenance	1,428,340	1,366,715	1,574,218	2,149,619	2,244,601
6005	(j) Fleet services replacement	1,815,707	730,248	870,185	1,476,091	1,590,541
6006	(j) Criminal records check fees	548,855	414,162	392,457	326,864	373,277
6007	(j) Mail/freight services	5,206,206	8,561,257	11,506,019	10,803,757	11,230,955
6009	(j) Telephone billing	30,228,498	30,585,852	30,773,403	32,302,801	34,581,943
6011	(j) Printing service	7,245,959	6,440,655	5,682,997	6,042,427	5,457,257
6013	(j) Reimbursement/recovery cost	37,796,274	28,796,499	28,033,182	33,101,501	59,725,679
6015	(j) Leased facility	89,825,994	91,329,415	101,160,500	104,557,774	105,027,361
6017	(j) Sale of material, supplies, and services	635,852	659,046	452,218	691,783	564,009
6019	(j) Training	1,078,692	588,818	438,684	340,177	537,835
6021	(j) Computer services	19,477,666	21,864,293	22,116,269	23,599,449	19,567,908
6023	(j) Administration services	618,124	642,348	548,877	396,676	772,096
6025	(j) Flight operations services	379,838	382,198	374,033	349,239	399,173
6027	(j) Sale of manufactured products	29,179,527	21,134,511	21,070,342	19,842,283	17,974,645
6029	(j) Interagency receipts	23,416,792	25,746,374	34,778,712	39,991,261	51,636,237
6029	(c) Interagency receipts - Fund 880	-	-	-	20,237	-

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	2009	2010	2011	2012	2013
6029	(c) Interagency receipts - Fund 881	491,591	474,062	659,991	552,518	588,922
6030	(j) Sampling &/or analysis	614,983	607,533	797,593	597,162	515,738
6031	(r) Redeposit of state funds	199,713	2,916,492	68,696	69,352	58,517
6032	(j) Deposit of unclaimed property	300	-	-	-	1,225
6033	(j) Permits	83,427	53,758	11,479	40,995	47,185
6034	(j) Registration fees	81,635	51,715	45,642	59,342	55,048
6035	(j) Taxes	7,671,468	6,462,818	7,500,691	7,954,247	7,890,094
6036	(j) Transcript fees	8,658	17,296	15,825	19,309	8,016
	Total revenues	<u>22,962,810,345</u>	<u>25,392,293,299</u>	<u>25,114,403,059</u>	<u>24,304,536,535</u>	<u>24,736,168,819</u>
Fund Exclusions:						
(a)	Lottery Enterprise Fund - Fund 657	419,144,541	419,259,815	435,310,366	467,585,698	494,190,659
(b)	Alternative Care Trust Fund - Fund 905	12,082,560	11,509,888	12,674,390	13,835,065	13,584,203
(c)	Student Loan Funds - Funds 626, 851, 880, and 881	140,126,568	143,327,758	167,946,527	157,149,793	163,513,576
(d)	Pansy Johnson-Travis Memorial State Gardens Trust Fund - Fund 963	2,476	730,013	7,717	6,761	7,345
Revenue Source Exclusions:						
(e)	Federal funds	8,907,850,373	10,944,202,686	11,231,060,137	10,041,620,203	9,738,679,227
(f)	Proposition C sales and use tax/interest	760,406,200	737,695,021	752,181,529	789,578,622	804,331,562
(g)	Proposition A gas tax and license fee increases	168,061,247	169,008,528	169,467,566	166,913,857	163,022,120
(h)	Bond sales	135,638,581	1,107,698,801	74,305,145	1,867,300	-
(i)	Refunds	311,461,194	370,692,275	508,157,376	532,119,753	658,694,225
(j)	Interagency sales and receipts	257,353,826	246,722,390	268,676,325	285,059,847	320,614,856
(k)	Soil and water sales and use tax/interest	39,539,061	37,964,460	38,549,297	40,406,433	41,183,578
(l)	Parks sales and use tax/interest	38,744,376	37,598,623	38,383,161	40,315,075	41,132,210
(m)	Redeposit of investment principal	1,801,100	22,021,895	1,216,650	2,837,450	264,945
(n)	Outlawed checks	5,619,566	8,545,958	7,037,537	6,813,442	6,162,199
(o)	Redeposit of loan principal	49,631,740	56,468,687	58,766,128	65,122,172	73,384,968
(p)	Bingo	2,166,807	2,212,758	2,166,417	2,121,041	2,008,254
(q)	Riverboat gambling	368,677,881	388,916,398	395,773,528	388,758,396	377,915,277
(r)	Redeposit of state funds	199,713	2,916,492	68,696	69,352	58,517
(s)	Loan proceeds	25,878,784	10,458,915	20,704,819	12,938,384	9,056,992
(t)	Conservation sales and use tax/interest	97,180,264	94,161,885	95,997,681	100,748,178	102,762,355
(u)	State employee expense reimbursement	65,995	50,645	183,863	176,695	26,209
(v)	Recovery costs	189,968,684	157,227,270	151,037,762	150,426,085	150,725,636
(w)	Cost reimbursements	260,271,471	286,111,856	271,161,711	276,020,532	234,304,516
(x)	Canceled checks	1,779,409	4,390,790	2,430,074	2,036,483	2,182,674
(y)	Local match	72,096,316	87,931,854	91,490,039	127,367,017	98,129,383
(z)	Proceeds of surplus property sales - Fund 710	1,442,420	1,220,352	1,523,162	1,331,787	1,414,547
(aa)	WIC rebates	43,522,102	44,278,144	44,989,878	54,902,466	52,386,707
(bb)	Amendment 3 revenue derived from highway users	404,149,039	408,998,887	421,929,866	432,352,497	440,150,855
(cc)	Interest - federal	125	70	-	23,802,563	22,442,061
Other Exclusions and Limits:						
	CMIA interest payment to the federal government	1,629,506	215,748	24,499	22,013	-
	Agency remitted sales tax	400,123	380,227	369,085	247,169	260,481
	Abandoned funds claim payments	25,133,510	33,675,323	34,703,093	36,413,798	38,155,004
	Total exclusions	<u>12,742,025,558</u>	<u>15,836,594,412</u>	<u>15,298,294,024</u>	<u>14,220,965,927</u>	<u>14,050,745,141</u>
	Total revenues after exclusions	<u>10,220,784,787</u>	<u>9,555,698,887</u>	<u>9,816,109,035</u>	<u>10,083,570,608</u>	<u>10,685,423,678</u>
	Less expenditure refunds (Exhibit C)	(1,504,906,007)	(1,543,126,545)	(1,414,459,977)	(1,342,748,745)	(1,240,311,060)
	Add refundable tax credits:					
	Business Facility	13,702	35,878	2,907,965	402,578	-
	Enterprise Zone	33,142	38,836	185,922	280,469	231,246
	BUILD	3,252,101	4,998,107	7,956,937	2,316,971	5,590,472
	Missouri Quality Jobs	1,877,275	3,116,592	5,322,994	7,360,207	7,355,213
	New Enhanced Enterprise Zone	16,842	1,246,148	2,885,117	3,067,886	3,522,698
	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	451,242
	Public Safety Officer Surviving Spouse	6,170	18,149	20,899	28,212	56,949
	Brownfield Jobs and Investment Credit	-	-	1,906,660	304,395	-
	Total State Revenue	<u>\$ 8,721,540,989</u>	<u>8,022,520,507</u>	<u>8,424,417,092</u>	<u>8,755,670,505</u>	<u>9,462,320,438</u>

Exhibit C

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

Object Code	Description	Year Ended June 30,				
		2009	2010	2011	2012	2013
	SAM II Expenditure Refunds:					
3200	Bond refunds	\$ 3,142,134	3,406,613	3,624,472	3,381,743	3,766,775
3206	Deposit and escrow refunds	75,915	53,517	75,167	100,829	75,616
3212	Federal share grantee sales refunds	-	386	-	-	-
3213	Tax credit debt offset	238,495	259,589	159,943	424,562	211,413
3215	Debt offset refunds	9,101,435	9,616,812	10,724,197	10,184,106	9,312,765
3218	Motor vehicle license fee refunds	450,450	458,604	342,352	385,841	451,527
3221	Driver's license fee refunds	69,368	57,742	58,495	48,367	61,656
3227	License and permit fee refunds	145,499	183,361	147,645	163,468	236,183
3230	Registration fee refunds	5,200	9,990	4,341	37,308	29,217
3233	Regulatory fee refunds	12,487	7,714	16,754	59,869	15,030
3236	Inspection fee refunds	51,104	52,865	41,178	52,862	42,713
3239	Miscellaneous fee refunds	468,145	321,503	298,548	442,860	420,978
3242	Sales refunds	19,375	9,829	3,455	10,391	16,664
3245	Lease and rentals refunds	13,281	4,996	4,551	5,702	3,265
3248	Medical services refunds	6,600,044	6,002,089	6,525,413	6,331,354	6,010,508
3251	Contributions refunds	5,857,204	14,488,536	16,298,595	5,886,037	29,913
3254	Federal refunds	441,708	3,621,387	355,286	1,514,909	493,420
3257	Penalty and court award refunds	145,810	48,478	14,444	31,479	(856)
3260	Interagency billing refunds	-	12,061	-	295	1,884
3261	Receivable overpayment refunds	32,948	70,421	180,639	328,765	377,953
3267	Deferred revenue refunds	2,415,893	4,176,768	1,545,606	2,445,006	2,401,657
3269	Other refunds	643,992	1,425,466	2,411,778	3,313,740	12,383,222
3272	Sales and use tax protested refunds	-	782	200,205	156,632	8,383
3281	County foreign insurance tax refunds	14,220,444	16,943,164	17,921,126	27,158,118	39,317,277
3284	County domestic insurance tax refunds	-	-	-	2,694,044	-
3287	Worker's compensation insurance tax refunds	2,118,877	725,543	2,212,394	286,762	513,702
3291	Surplus lines insurance tax refund	-	-	-	-	16,672
3293	Cigarette tax refunds	-	-	146,382	19,851	26,810
3299	Aviation fuel tax refunds	58,079	4,957	6,304	8,902	4,131
3305	Special fuel (non-gas) tax refunds	24,411,746	23,022,799	25,710,530	22,218,784	20,461,228
3308	Fuel tax refunds	11,297,330	10,599,366	10,237,237	10,042,959	7,838,108
3311	Sales tax refunds	262	468	36	104	535
3317	General sales and use tax refunds	70,654,335	60,007,381	49,875,140	28,009,782	25,564,348
3326	Motor vehicle sales tax refunds	2,883,786	2,889,341	3,110,419	3,395,473	3,658,569
3329	Motor vehicle use tax refunds	821,239	837,107	955,515	1,128,147	1,060,387
3335	Boat tax refunds	4,610	4,787	6,390	5,036	4,784
3338	Individual tax refunds	1,059,238,817	1,050,281,318	993,083,426	930,792,552	879,453,248
3341	Senior citizens tax refunds	118,574,491	118,595,070	114,887,118	117,603,638	113,962,551
3344	Corporation tax refunds	164,028,331	212,907,168	149,575,393	157,035,524	108,715,703
3347	Franchise tax refunds	6,133,165	1,512,990	2,189,789	5,214,992	1,471,893
3350	Inheritance tax refunds	38,417	18,345	172,440	8,628	-
3356	Other tax refunds	491,591	487,232	1,337,274	1,819,324	1,891,228
	Total SAM II Expenditure Refunds	\$ 1,504,906,007	1,543,126,545	1,414,459,977	1,342,748,745	1,240,311,060

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

Adjustments

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

The OA-BP has adjusted the revenue limit for the transfer of deputy circuit clerks from the county payroll to the state payroll under Section 483.245, RSMo, which was effective on July 1, 1981. In past years, the State Auditor's office (SAO) disagreed with this adjustment because state funding of these salaries was required by statute instead of by consequence of constitutional amendment. In addition, the Judicial Article Amendment was effective on August 3, 1976, which was prior to the time the Hancock Amendment was adopted by the voters on November 4, 1980. However, the Supreme Court ruled in its decision on January 27, 1998, that an adjustment to the revenue limit for the transfer of deputy circuit clerks from the county payroll to the state payroll is appropriate.

Composition of Total State Revenues

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

TSR includes all revenues recorded in the Statewide Accounting System for Missouri (SAM II) and receipted by the state treasurer, which may only be withdrawn pursuant to an appropriation or which stand appropriated by the Constitution of Missouri. Various funds not in the state treasury are not



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

included in TSR. These funds include university local funds; local sales and use tax fund collections made by the Department of Revenue; various funds held in trust for inmates, patients, etc.; and various quasi-governmental agencies such as the Board of Public Buildings, the Housing Development Commission, the Higher Education Loan Authority, the Health and Educational Facilities Authority, and the state's retirement systems. The Hancock Amendment states the composition of TSR is, "defined in the budget message of the governor for fiscal year 1980-81." The funds described above were not addressed in the governor's budget message for that year since the funds were not in the state treasury and were not appropriated. Thus, it seems reasonable to conclude that these funds should not be included in TSR.

Excluded Funds

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

A. Lottery Enterprise Fund

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

B. Alternative Care Trust Fund

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

C. Student Loan Funds

Federal legislation passed in 1997 made changes in the accounting required for federal education loans. Starting in federal fiscal year 1998, the federal government considers all monies in these funds as property of the federal government or guaranty agency. As a result, the state excludes these funds held in trust.

D. Pansy Johnson-Travis Memorial State Gardens Trust Fund

The state received an endowment in 1987 for the purpose of establishing a memorial state garden. The state is to invest the endowment for 100 years before using the funds to establish the memorial garden. Since the funds cannot be appropriated until 2087, the revenue is excluded from TSR.



Review of Article X, Sections 16 Through 24,
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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



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

- R. Redeposit of State Funds The redeposit of state funds for which a state expenditure was originally incurred, such as from closing a petty cash fund and returning the funds to the state treasury, is excluded.
- S. Loan Proceeds The state receives loans or advancements from the federal government, local governments, or private sources, to finance the acceleration of state projects. Since the loans must be repaid in the future, they are excluded.
- T. Conservation Sales and Use Tax/Interest Pursuant to the Supreme Court decision in *Conservation Federation of Missouri, et. al., v. Richard Hanson, et. al.*, 994 S.W. 2d 27 (Mo. Banc. 1999), the revenue derived from the one-eighth of one percent conservation sales tax, and any interest earned on the investment of these funds, are excluded.
- U. State Employee Expense Reimbursement The state receives reimbursement from private individuals, firms, partnerships, corporations, etc., for state employee expenses incurred in providing testimony in a court of law, for which the employee has already been reimbursed by a state expense account. These reimbursements are excluded.
- V. Recovery Costs Monies received from others for costs incurred by the state or to be incurred by the state are excluded. Also, see item W. below.
- W. Cost Reimbursements Monies received from other governments for reimbursements of costs incurred by the state are excluded.
- Regarding items V. and W., the state has excluded from TSR receipts for cost reimbursements since fiscal year 1982 and receipts for recovery costs since fiscal year 1988. Although the constitution does not specifically mention cost reimbursements and recovery costs and they have not been the subject of a court decision, we have agreed with such exclusions because from an accounting standpoint, they would not be considered revenue.
- X. Canceled Checks Receipts derived from the redeposit of state checks that have been canceled are excluded.
- Y. Local Match Local governments provided funds to the state to use as a local match to qualify for federal or state funding. Since these local match funds are not state funds, they are excluded.
- Z. Proceeds of Surplus Property Sales The proceeds from some sales of surplus property are initially deposited into the Proceeds of Surplus Property Sales Fund then disbursed from this fund to the state fund that owned the property. To avoid counting the same



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

AA. WIC Rebates

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

BB. Amendment 3 Revenue
Derived From Highway
Users

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

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

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

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

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

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



Review of Article X, Sections 16 Through 24,
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CC. Interest - Federal	Interest assessed and received on advances made to the state by the federal government. Since the interest is due to the federal government, it is excluded from TSR.
Other Exclusions and Limits	Other exclusions and limits have been considered to arrive at TSR, as follows:
Cash Management Improvement Act	The state has to enter into an agreement with the federal government that governs the timing of when the state can obtain federal grant monies. If the state holds federal funds longer than needed, the state has to reimburse the federal government for interest earnings. Since the interest was earned on federal funds and has to be returned to the federal government, it is excluded from TSR.
Agency Remitted Sales Tax	Some state agencies sell goods or services to the public and collect sales tax. To avoid counting the same receipts in TSR twice, the sales tax remitted by state agencies to the Department of Revenue is excluded from TSR.
Abandoned Funds Claim Payments	Under Section 447.543, RSMo, the state receives abandoned funds from various sources (banks, businesses, insurance companies, etc.). These funds are placed in the state Abandoned Fund Account. The rightful owner may receive these funds if properly claimed. The state includes the receipts in TSR. Starting in fiscal year 1998, the state excludes from TSR amounts paid to the rightful owner.
Expenditure Refunds	According to Article X, Section 17(1), Missouri Constitution, total state revenue shall exclude the amount of any credits based on actual tax liabilities. Refunds disbursed due to the excess collection by the state of liabilities owed the state, largely tax refunds, as identified by certain expenditure object codes are excluded. The method used to determine expenditure refunds is not specified in the amendment. Although the OA-BP initially used the appropriation basis to determine expenditures refunds, during fiscal year 1984, the OA-BP changed to the cash basis. The SAO had consistently used the appropriation basis to measure refunds. As a result, a difference existed. However, in its decision of January 27, 1998, the Supreme Court indicated that a cash basis of accounting should be used to determine compliance with the Hancock Amendment. As a result, the SAO changed its calculation of expenditure refunds to the cash basis.
Tobacco Master Settlement Agreement Proceeds	The OA-BP has excluded \$135,166,246 received from tobacco companies during fiscal year 2013. The Master Settlement Agreement was entered into effective November 23, 1998, between the major cigarette manufacturers and the states' Attorney Generals. Missouri received its first payments under the settlement agreement during fiscal year 2001 and future payments from tobacco companies extend in perpetuity. The payment received in 2001 included amounts under the settlement agreement for 1998, 2000, and 2001.



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The settlement agreement did not require a payment for 1999. Payments for fiscal years 2001 through 2012 were as follows:

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

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

Public information was not readily available to determine if the amounts recovered from the tobacco companies under the master settlement agreement were more or less than the health care costs incurred. For our fiscal year 2001 report, we reviewed three extensive research projects conducted by experts. We limited our analysis to Medicaid costs incurred in fiscal years 1998 through 2001. We did not consider Medicaid costs prior to fiscal year 1998. In addition, we did not consider other costs incurred by the state, such as employee health care costs attributable to smoking. These three research projects showed that Medicaid costs attributable to smoking were higher than the amount the state received from the tobacco companies under the settlement agreement. As a result, in our 2001 report we concluded it was proper for the OA-BP to exclude the amounts received from the tobacco companies as a recovery cost.

A study, "Tobacco Damages to the State of Missouri" by Glenn W. Harrison, was commissioned by the Missouri Attorney General's Office for use in a lawsuit against tobacco companies filed May 12, 1997. This lawsuit was dropped because Missouri joined a consortium of states in December 1998, in the Master Settlement Agreement with the tobacco companies. As a result, the Harrison study was not fully completed. However, the draft report provided an estimate of Medicaid costs attributable to smoking for 1970



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through 2007 and an estimate of state employee health care costs attributable to smoking for 1970 through 1997. This study estimates that state costs attributable to smoking were higher than the amount the state received. OA officials could not locate any current studies, but they believe continued exclusion is reasonable.

Federal Reimbursement
Allowance and Nursing Facility
Reimbursement Allowance

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

Compliance

On November 4, 1980, the voters of Missouri passed Constitutional Amendment No. 5, which added Article X, Sections 16 through 24 to the Constitution of Missouri. The amendment, commonly referred to as the Hancock Amendment, requires that no greater portion of Missourians' personal income (MPI) be used in any future year to fund state government than was the case in fiscal year 1981, except as authorized by a vote of the people.

Exhibit A presents a summary of the calculations of limited total state revenue (TSR) for the years ended June 30, 2013, 2012, 2011, 2010, and 2009. The results of our review determined that for the year ended June 30, 2013, TSR was approximately \$3.6 billion under the refund threshold. As a result, no refund is due for the year ended June 30, 2013.

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 2013, the OA-BP calculated these limits at \$106.1 million for the Missouri Personal Income amount and \$84.2 million for the 1 percent of total state revenues amount.

For fiscal year 2013, the OA-BP determined that as a result of legislative actions net taxes and fees increased by a total of \$28.6 million. As a result, the state complied with Article X, Section 18(e).

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

TAXATION

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

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

(1) **"Total state revenues"** includes all general and special revenues, license and fees, excluding federal funds, as defined in the budget message of the governor for fiscal year 1980-1981. Total state revenues shall exclude the amount of any credits based on actual tax liabilities or the imputed tax components of rental payments, but shall include the amount of any credits not related to actual tax liabilities.

(2) **"Personal income of Missouri"** is the total income received by persons in Missouri from all sources, as defined and officially reported by the United States Department of Commerce or its successor agency.

(3) **"General price level"** means the Consumer Price Index for All Urban Consumers for the United States, or its successor publications, as defined and officially reported by the United States Department of Labor, or its successor agency.

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

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



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

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

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

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

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

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

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



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

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

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

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

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

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



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

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

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

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

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

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



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

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

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

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

* The 1996 amendment added Section 18(e).