



Thomas A. Schweich
Missouri State Auditor

ADMINISTRATION

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

Year Ended June 30, 2011

March 2012
Report No. 2012-25



<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 2011 was \$87.2 million.

Fiscal Year 2011 Findings

For the fiscal year ended June 30, 2011, our review determined no refunds were due. In fact, total state revenue was approximately \$4.0 billion under the refund threshold. In addition, the Office of Administration, Division of Budget and Planning determined that net taxes and fees decreased by \$98.1 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.

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

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THOMAS A. SCHWEICH

Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
Members of the General Assembly
and
Douglas E. Nelson, Acting 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, 2011, 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 2010. 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, 2011, total state revenue (TSR) was approximately \$4.0 billion under the refund threshold. As a result, no refund is due for the year ended June 30, 2011.

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, 2011, 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 \$98.1 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 \$4.0 billion.

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

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

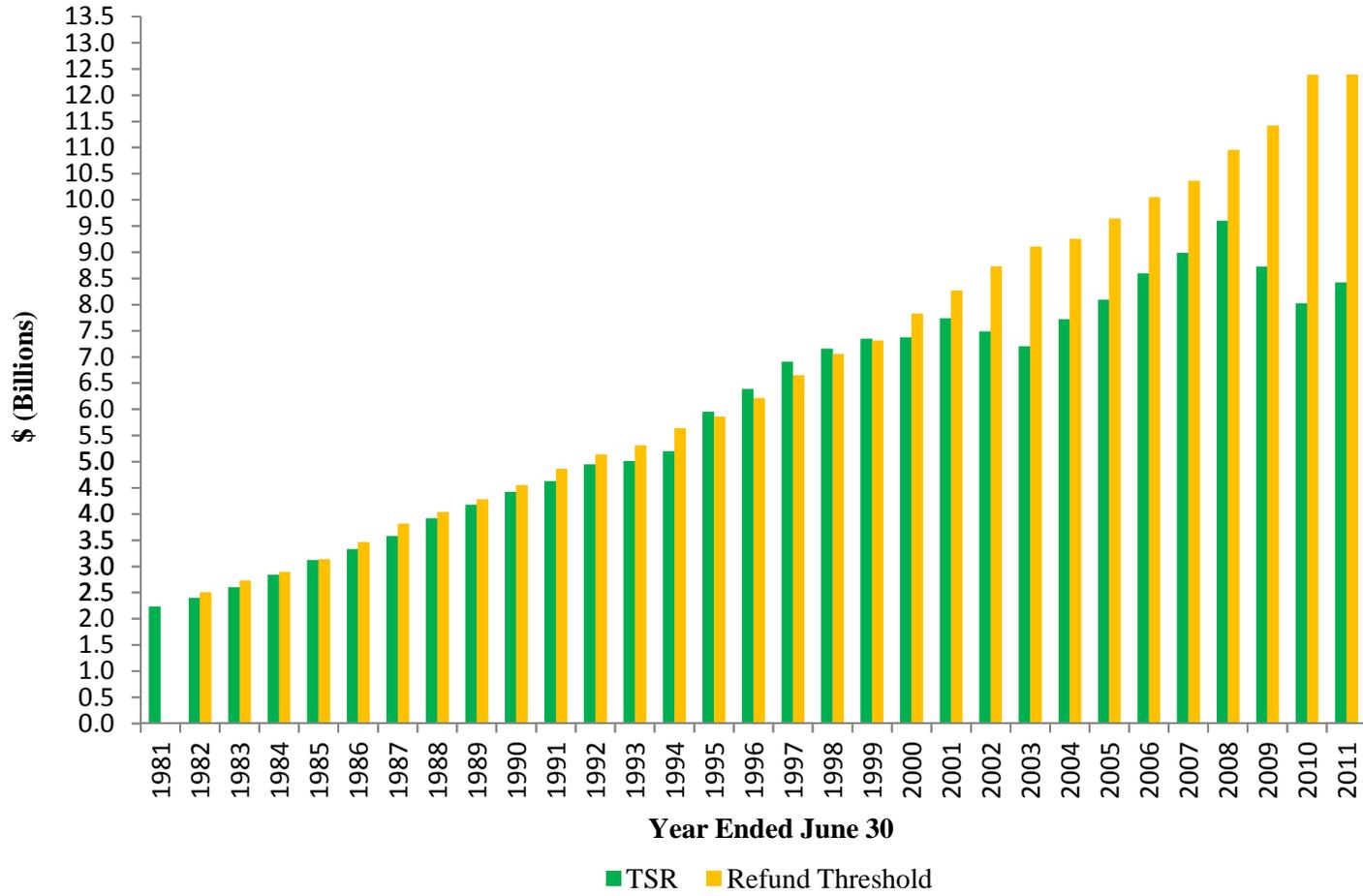


Exhibit A

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

	Year Ended June 30,				
	2007	2008	2009	2010	2011
TOTAL STATE REVENUE (TSR)					
Total state receipts	\$ 21,928.92	22,939.03	22,962.81	25,392.29	25,114.40
Less excluded revenue	(11,675.58)	(12,021.91)	(12,742.02)	(15,836.59)	(15,298.29)
Less expenditure refunds	(1,272.91)	(1,321.37)	(1,504.91)	(1,543.13)	(1,414.46)
Add refundable tax credits	5.08	2.75	5.66	9.95	22.77
TSR	\$ 8,985.51	9,598.50	8,721.54	8,022.52	8,424.42
REVENUE LIMIT AND REFUND THRESHOLD					
Missouri personal income	\$ 181,066.00	191,413.00	199,655.00	216,547.00	216,637.00
Base year ratio	x 0.056395	0.056395	0.056395	0.056395	0.056395
Base limit	10,211.22	10,794.74	11,259.54	12,212.17	12,217.24
Judicial article amendment	47.64	49.06	50.53	50.53	50.53
Revenue limit	10,258.86	10,843.80	11,310.07	12,262.70	12,267.77
1 percent adjustment	102.59	108.44	113.10	122.63	122.68
Refund threshold	\$ 10,361.45	10,952.24	11,423.17	12,385.33	12,390.45
REFUND CALCULATION					
TSR	\$ 8,985.51	9,598.50	8,721.54	8,022.52	8,424.42
Less refund threshold	10,361.45	10,952.24	11,423.17	12,385.33	12,390.45
Over (Under) Threshold	(1,375.94)	(1,353.74)	(2,701.63)	(4,362.81)	(3,966.03)
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,				
			2007	2008	2009	2010	2011
1001		Sales and use tax	\$ 2,035,863,087	2,029,365,907	1,927,035,752	1,839,221,316	1,860,913,153
1003	(l)	Parks sales and use tax	41,334,134	41,177,179	38,627,585	37,541,193	38,326,978
1005	(k)	Soil and water sales and use tax	41,334,138	41,177,637	38,627,589	37,541,196	38,326,982
1007		General revenue reimbursements - local sales and use tax	1,869,288	1,836,920	1,361,895	1,194,248	2,009,254
1009		Motor vehicle sales tax	63,299,893	29,084,872	2,974,344	2,870,175	2,470,456
1009	(bb)	Motor vehicle sales tax - Amendment 3	166,565,679	171,801,305	161,889,790	166,257,149	178,836,881
1011	(t)	Conservation sales and use tax	103,332,575	102,945,079	96,571,218	93,854,189	95,818,338
1013	(f)	Proposition C sales and use tax	815,417,913	807,214,841	758,897,169	737,027,830	751,790,411
1015		Sales and use taxes paid under protest	133,448	679,617	1,321,174	485,684	1,073,324
1016		Suspense holding	-	(1)	-	-	-
1022		Individual income tax	5,736,714,734	6,118,983,440	5,949,177,456	5,495,243,112	5,641,731,318
1024		Individual income taxes paid under protest	78,291	107,119	89,239	98,582	80,953
1026		Corporate income tax	553,946,111	520,955,635	434,036,242	408,935,647	455,662,447
1028		Corporate income taxes paid under protest	2,311	22,040	2,036	150	-
1033		County foreign insurance tax	199,210,713	209,554,552	203,798,991	194,396,970	211,060,727
1037		Worker's compensation insurance tax	6,289,512	13,945,412	12,043,776	9,386,753	12,452,781
1039		Worker's compensation insurance tax - second injury	64,288,526	60,287,228	54,647,952	43,216,506	37,800,696
1041		Excess lines of insurance tax	25,158,519	25,699,706	21,920,932	23,053,334	22,300,553
1049		Heavy beer tax	8,380,561	8,436,959	8,466,036	8,270,996	8,222,901
1051		Light beer tax	31,303	33,457	37,836	15,330	-
1053		Liquor tax	18,421,990	18,045,107	18,839,100	19,476,179	19,560,786
1055		Wine tax	4,496,356	4,657,885	4,646,495	5,023,673	5,175,458
1057		Cigarette tax	96,959,034	97,150,389	94,799,204	91,151,815	89,965,910
1059		Tobacco product tax	11,917,483	12,214,822	13,065,193	15,011,542	15,551,490
1060		Motor vehicle fuel tax	412,792,165	410,494,152	399,565,091	401,519,109	399,527,478
1060	(g)	Motor vehicle fuel tax	175,375,774	175,543,409	168,061,247	169,008,528	169,467,566
1060	(bb)	Motor vehicle fuel tax - Amendment 3	155,649,820	155,798,599	149,158,016	149,998,750	150,406,156
1062		Special fuel non-gas tax	1,312,257	3,331,931	1,483,582	782,210	370,352
1062	(bb)	Special fuel non-gas tax - Amendment 3	92,863	115,290	104,383	114,205	133,520
1064		Aviation fuel tax	336,589	343,894	254,811	251,472	254,394
1070		Corporation franchise tax	77,788,371	92,508,381	94,337,368	93,155,521	81,733,747
1073		Estate tax	5,971,861	3,451,099	3,068,343	263,642	2,117,782
1074	(p)	Bingo tax	2,282,012	2,154,878	2,142,815	2,198,919	2,157,214
1076	(q)	Gaming commission gross receipts tax	286,393,286	293,171,757	316,072,724	334,287,278	341,376,377
1080		Real and personal property tax	23,605,723	25,689,796	26,699,750	26,051,387	26,547,565
1082		Delinquent real and personal property tax	2,791,494	3,280,619	3,332,155	3,486,501	3,170,652
1084		Hazardous waste fees	1,860,180	1,713,325	1,594,056	1,466,805	1,417,393
1086		Miscellaneous taxes paid under protest	9,537	-	-	-	-
1088		Nursing facility reimbursement allowance	12,161,891	12,831,315	13,503,123	14,020,417	14,661,394
1089		Pharmacy reimbursement allowance	8,915,898	10,806,129	37,988,202	66,335,897	92,850,278
1090		Federal reimbursement allowance	8,700,416	11,284,451	6,320,261	6,292,537	7,693,473
1093		Athletic events tax	174,484	120,933	140,907	104,843	136,650
1095		Surcharges	14,141,291	396,680	410,904	317,448	288,301
1096		Special taxes and assessments	-	-	-	31,637	-
1097		Agency collected sales taxes	407,964	352,093	352,820	345,639	312,488
1099		Other taxes	76,928	83,118	12,151,473	12,411,499	12,013,430
1100		Professional licenses or permits	23,446,674	21,312,199	25,563,003	24,637,691	24,641,882
1102		Recreational licenses or permits	4,572,038	4,547,798	5,013,650	5,153,559	5,684,827
1104		All-terrain vehicle licenses or permits	2,044	326	1	2	0
1106		Motor vehicle licenses or permits	78,597,030	126,655,951	127,213,317	128,852,046	122,777,623
1106	(bb)	Motor vehicle licenses or permits - Amendment 3	81,093,455	55,960,916	52,894,364	54,833,952	54,761,828
1108		Interstate transportation licenses or permits	49,638,906	49,744,434	49,686,448	44,535,890	47,312,197
1108	(bb)	Interstate transportation licenses or permits - Amendment 3	22,381,807	21,632,031	21,591,711	20,092,995	21,406,443

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,				
			2007	2008	2009	2010	2011
	1110	Driver's licenses or permits	7,524,695	6,839,329	7,675,442	7,374,159	5,891,775
	1110	(bb) Driver's licenses or permits - Amendment 3	9,467,142	8,718,336	9,438,170	9,101,225	7,631,863
	1112	Land reclamation commission permits	541,457	674,024	645,713	593,636	563,010
	1114	Salesman licenses or permits	247,560	186,320	79,340	328,500	629,900
	1116	Vehicle and boat manufacturer and dealer licenses	980,078	977,540	920,472	892,228	891,432
	1118	Liquor licenses or permits	4,180,895	4,764,537	4,740,555	4,889,334	4,963,343
	1120	Gaming commission licenses	1,728,790	1,712,730	1,769,544	1,617,970	1,732,484
	1122	Beer licenses or permits	18,545	6,117	345,800	350	-
	1124	Motor carrier licenses	2,073,834	94,593	2,672,893	1,604,642	3,813,345
	1126	Hunting and fishing licenses and commission permits	29,535,358	29,390,276	30,505,122	31,059,506	30,206,611
	1127	Hunting and fishing special tags	1,161,514	1,154,059	1,243,205	1,188,356	1,068,541
	1128	Hazardous waste transporter licenses	376,836	303,265	315,291	310,352	288,314
	1130	Water pollution control permits	5,033,755	4,509,288	4,105,784	4,154,272	2,755,242
	1132	Overdimension/overweight permits	3,892	-	-	-	-
	1132	(bb) Overdimension/overweight permits - Amendment 3	6,620,053	8,155,732	7,836,787	7,304,243	7,716,060
	1134	Merchant licenses	1,267,445	1,196,319	1,291,850	1,312,555	1,379,239
	1136	Tobacco licenses	27,000	25,910	27,210	28,600	26,100
	1138	Temporary licenses	125	500	300	600	225
	1140	Duplicate plates	23,936	26,353	4,861	614,506	1,573,920
	1142	Duplicate driver license	-	-	-	739,436	1,943,208
	1149	Other licenses and permits	3,152,349	3,457,744	3,623,316	3,880,320	3,858,723
	1149	(bb) Other licenses and permits - Amendment 3	1,753,449	2,746,279	1,164,998	1,220,855	969,641
	1150	Lobbyist registration fees	13,510	12,190	12,000	10,630	11,400
	1152	Motorboat fees	10,266,665	9,600,457	8,351,195	8,752,777	9,779,949
	1154	Narcotics and dangerous drugs fees	778,581	714,987	1,018,475	811,160	811,020
	1156	Occupational boards exam fees - individual exam fees	616,843	644,623	694,968	699,961	714,469
	1160	(bb) Non-motor fuel decal fees - Amendment 3	83,977	74,587	70,820	75,514	67,474
	1162	Filing fees	19,269,826	19,875,870	19,086,452	17,575,031	17,653,490
	1163	Certifying/authenticating fees	49,425	43,727	34,797	29,439	141,542
	1164	Transfer fees	27,690	26,328	23,188	22,584	26,420
	1165	Service contract registration fee	62,500	73,250	79,300	82,600	86,950
	1169	Other registration fees	7,832,821	8,610,985	8,463,011	8,249,204	10,573,549
	1174	Asbestos fees	238,255	254,582	240,043	253,980	275,160
	1178	Milk control fees	43,058	62,986	75,681	2,737	224,549
	1180	Home health care license fees	129,100	115,450	131,350	114,600	123,300
	1182	Nursing home license fees	128,726	129,076	148,000	144,875	144,174
	1184	Title V emissions fees	8,638,247	9,928,734	9,475,409	8,418,337	8,294,850
	1185	Emission fees/non Title V facilities	356,012	414,460	360,787	354,253	376,707
	1186	Boarding home license fees	715,186	719,196	706,990	700,607	719,900
	1188	Public utilities fees	20,190,954	20,929,841	20,573,416	20,969,774	19,424,369
	1190	Hospital license fees	85,398	80,140	85,855	88,588	81,151
	1192	Grain warehouse license fees	34,159	35,493	35,662	35,307	34,920
	1194	Missouri primacy fees	3,558,666	4,430,383	4,769,823	4,733,196	4,581,461
	1198	Transport load fees	23,634,784	23,608,574	15,360,359	11,451,506	11,474,813
	1200	Storage tank registration fees	70,850	43,420	218,785	211,800	223,930
	1202	Tourist cabin permit fees	183,255	190,413	186,418	190,096	181,740
	1206	Solid waste disposal fees	12,735,973	12,708,281	12,062,594	10,801,800	11,062,761
	1208	New tire fees	2,104,673	2,193,715	2,075,192	2,126,713	2,139,197
	1209	Battery fee	722,637	770,341	689,178	659,823	688,745
	1210	Ground water protection fees	618,151	582,549	553,520	703,057	723,147
	1211	Radioactive waste transport fee	-	-	-	62,375	168,825
	1214	Insurance regulatory fees, renewals and purchasing groups	1,425,228	2,323,828	2,409,276	2,068,293	2,720,667
	1216	Air conservation commission permit fees	299,163	536,063	319,173	262,253	270,803
	1218	Bingo license fees	49,030	48,790	44,755	42,505	46,815
	1220	Lab fees	4,639,903	4,345,438	4,611,505	5,559,077	4,707,017
	1222	Program administration fees	785,700	958,714	1,126,032	1,084,579	1,059,357
	1223	Confined animal feed operation indemnity fees	29,517	9,176	2,143	3,882	1,993
	1224	Railroad assessments	863,313	817,934	1,215,231	251,242	665,300
	1227	Enhanced vehicle emission inspection fees	1,688,837	1,879,945	1,769,830	1,801,168	1,885,301
	1233	Grain warehouse inspection fees	1,508,603	1,868,115	1,608,105	2,061,344	2,158,349
	1235	Milk inspection fees	1,073,188	1,298,899	1,256,812	1,297,735	1,242,699

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,				
			2007	2008	2009	2010	2011
	1237	Ice cream products inspection fees	33,060	31,560	30,930	34,400	32,260
	1239	Mine inspection fees	72,498	66,054	66,435	54,881	63,038
	1241	Mobile home and recreational vehicle inspection fees	848,302	692,098	456,887	408,598	361,545
	1243	Oil inspection fees	2,527,235	2,529,258	2,421,394	2,405,616	2,424,084
	1249	Other inspection fees	1,436,877	1,669,840	1,788,609	1,877,287	2,020,607
	1250	Collection fees	22,675,134	23,608,199	23,539,510	22,382,813	24,645,325
	1251	Bankruptcy collections	-	-	14,045	-	-
	1252	Admission fees	1,326,303	1,163,583	1,083,498	1,206,370	1,221,915
	1252 (q)	Admission fees - riverboat gambling	50,902,479	50,443,830	52,232,350	54,445,159	54,296,354
	1254	State auditor fees	1,013,252	539,400	118,764	190,808	254,001
	1260	Grade crossing safety fees	1,548,723	1,252,031	1,409,774	1,269,468	1,285,657
	1262	Loan administration fees	5,163,127	5,521,764	5,738,930	6,297,549	6,240,808
	1262 (c)	Loan administration fees - Fund 881	5,537,769	6,725,473	915,043	94,643	2,781
	1264	Court fees	23,032,841	37,470,842	39,960,611	39,216,151	44,203,725
	1266	Financial institutions examination fees	7,911,716	7,909,159	8,669,478	10,226,204	8,962,723
	1268	Consumer finance license fees	1,053,225	1,208,234	1,007,100	1,064,775	1,087,800
	1270	Transcript fees	123,751	147,615	136,551	108,464	95,754
	1274	Marketing development fees	46,619	33,821	42,539	32,667	41,602
	1276	Miscellaneous insurance fees	500,230	223,250	101,120	93,180	91,920
	1278	Gaming commission administrative income	195	42	51	389	53
	1279 (a)	Lottery commission fees	320,659	310,335	291,569	268,130	273,771
	1280	Motor vehicle inspection sticker fees	4,569,287	4,528,447	4,518,331	4,165,029	3,701,375
	1282	Logo sign advertising fees	5,287,240	5,650,254	5,890,321	6,177,218	2,049,123
	1284	Public defender fees	1,732,334	1,838,506	1,675,741	1,656,372	1,598,188
	1286	Witness fees	12,598	7,315	8,961	10,188	14,068
	1288	County recorders fees	8,941,272	7,956,681	7,153,824	6,794,853	6,718,174
	1290	Training or conference fees	150,108	199,278	238,543	151,682	140,844
	1294	Electronic monitoring fee	1,299,497	758,683	390,939	212,126	140,469
	1298	Substance abuse offender program fees	3,966,623	4,044,125	4,506,829	4,512,493	6,288,725
	1302	Criminal records check fees	6,958,215	9,092,462	9,544,860	9,298,093	9,531,901
	1303	Other fees	23,408,294	25,639,072	24,715,293	23,499,863	22,636,060
	1305 (h)	Bond sales proceeds	829,993,881	591,204,336	135,638,581	1,107,698,801	74,305,145
	1306	Proceeds from capital leases	-	-	-	120	-
	1310	Land sales	3,836,054	4,796,703	6,069,069	4,651,641	5,051,065
	1312	Sales of natural resources products	4,418,501	4,104,935	4,096,409	3,366,092	4,601,621
	1314	Sales of agriculture products	1,711,914	1,718,766	1,872,632	2,023,963	2,168,597
	1316	Manufactured product sales	8,333,588	9,267,484	10,279,039	11,014,608	9,873,622
	1318	Information sales	3,273,720	3,108,519	4,147,230	2,409,400	2,474,349
	1320	Souvenir sales	566,016	484,982	516,912	476,837	543,123
	1322	Surplus property sales - state	3,030,067	1,838,028	1,969,908	2,028,011	2,423,525
	1322 (z)	Surplus property sales - state - Fund 710	1,038,204	2,406,296	1,442,420	1,220,352	1,523,162
	1324	Surplus property sales - federal	2,761,749	3,227,475	2,741,375	1,959,831	2,150,411
	1328	Sales of fixed assets - contro	27,501,823	8,610,355	6,314,677	7,797,363	7,876,231
	1330	Vital records sales	1,714,728	1,623,663	1,388,392	1,327,953	1,205,929
	1332 (a)	Lottery ticket sales	405,909,024	426,619,333	415,724,608	416,039,046	434,022,539
	1334	Cafeteria sales	678,666	810,586	947,866	699,433	586,874
	1338	Other sales	161,139	301,386	165,471	243,013	382,372
	1342	Supply sales	-	252	429	450	445
	1401	Land rentals/leases	802	802	5,020	5,406	5,405
	1403	State facilities rentals/leases	764,022	883,696	744,704	834,070	911,961
	1404	Parking rentals/leases	67,046	57,527	59,971	61,885	63,930
	1405	Concessions and recreational rentals/leases	2,265,352	2,118,733	2,312,217	2,552,306	2,542,114
	1407	Housing/building rentals/leases	483,807	490,125	479,543	1,092,018	393,486
	1409	Other leases and rentals	1,155,026	859,985	1,178,807	913,786	1,399,403
	1414 (e)	Medicare	14,355,763	15,286,228	16,766,843	10,975,222	8,768,553
	1418 (e)	Medicaid	94,774,725	91,248,819	103,783,950	85,028,450	92,207,991
	1420 (e)	Medicaid - community based	116,805,982	127,076,851	115,281,339	145,309,030	168,504,570
	1422	Private payments	6,705,792	6,404,747	7,510,050	5,934,601	5,613,049
	1424	Insurance payments	2,053,140	1,955,642	1,722,218	1,291,657	808,332
	1426	Other payments	6,913	23,242	13,444	120,433	5,416
	1434	Institutional support fees	98,527	32,466	-	-	66,796

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,				
			2007	2008	2009	2010	2011
	1436	Room and care	26,844,689	28,463,349	28,265,453	27,033,482	26,450,131
	1442	Mail/freight services	581	-	-	-	16
	1444	Telephone billing	-	-	-	-	1,010
	1446	Printing service	166,681	189,891	200,348	186,357	155,295
	1448	Computer services	3,897	3,739	3,412	1,980	1,040
	1450	Administration services	45	-	-	10	-
	1501	Private donations	2,944,164	4,957,335	5,918,919	5,523,556	3,796,587
	1502	Other governmental entity donations	-	232,942,595	1,077,338	50,000	30,000,000
	1504	Donated assets-state agencies	-	268,140	-	-	-
	1507	(e) NASAO (airport inspections)	16,500	29,603	11,000	33,000	17,400
	1510	(e) US Department of Agriculture	349,407,388	381,641,506	420,410,665	457,571,495	447,130,718
	1512	(e) US Department of Defense	3,893,101	4,060,015	4,651,803	23,767,533	31,454,764
	1513	(e) US Department of Homeland Security	1,252,634	682,977	2,042,282	39,057,825	9,471,900
	1514	(e) US Department of Housing and Urban Development	34,535,980	31,411,897	31,289,602	49,360,455	70,778,353
	1516	(e) US Department of Interior	27,365,634	20,279,925	23,070,474	22,699,053	26,612,937
	1518	(e) US Department of Justice	70,533,811	69,045,688	56,902,635	3,816,756	2,269,245
	1520	(e) US Department of Labor	74,373,262	68,105,755	58,743,547	152,277,061	144,779,543
	1522	(e) US Department of Education	638,057,083	645,983,360	658,786,433	619,202,729	637,105,051
	1522	(c) US Department of Education - Fund 880	7,878,432	8,583,560	9,240,882	9,889,521	6,182,000
	1522	(c) US Department of Education - Fund 881	54,336,871	68,627,016	69,496,551	87,353,849	103,667,608
	1524	(e) US Department of Transportation	894,887,794	966,375,333	907,815,007	929,620,189	1,402,202,201
	1526	(e) National Foundation for the Arts and Humanities	4,255,569	3,997,117	3,926,131	4,030,270	4,436,977
	1528	(e) US Veterans Administration	30,818,955	33,325,810	39,646,428	54,492,264	50,961,946
	1530	(e) US Environmental Protection Agency	83,034,587	77,554,953	68,660,802	35,838,751	44,310,100
	1532	(e) US Department of Energy	5,956,480	7,199,609	8,153,289	5,594,925	4,450,007
	1534	(e) Federal Emergency Management Agency	56,826,554	100,158,631	93,612,003	139,707,918	63,343,101
	1536	(e) US Department of Health and Human Services	4,852,243,251	5,173,517,451	5,962,380,121	6,016,121,798	6,034,950,237
	1540	(e) US Social Security Administration	29,882,066	31,986,280	34,225,980	40,514,268	43,705,857
	1542	(e) National Archives and Records	-	2,847	7,883	17,353	93,136
	1544	(e) Elections Assistance Commission	-	-	-	-	5,456,068
	1546	(e) US Department of Treasury	7,217	14,131	-	19,625	8,886,997
	1549	(e) Miscellaneous federal revenues	36,183,522	39,257,277	41,423,945	68,127,966	62,084,275
	1551	County mental health programs	13,875,319	14,145,722	17,279,085	18,167,071	19,286,288
	1557	(e) American Recovery and Reinvestment Act	-	-	218,840,784	2,002,794,267	1,788,700,092
	1558	(e) American Recovery and Reinvestment Act - other	-	-	-	8,023,274	2,440,576
	1560	(e) Federal pass-through grants	34,258,934	25,400,556	29,303,116	25,120,494	70,016,585
	1601	Time deposits interest	23,996,538	29,926,290	12,009,416	6,253,940	2,167,040
	1601	(f) Time deposits interest - Fund 688	612,653	641,067	216,290	163,391	37,851
	1601	(a) Time deposits interest - Fund 657	242,536	273,873	100,337	66,243	13,258
	1601	(k) Time deposits interest - Fund 614	292,342	358,018	140,951	103,734	20,915
	1601	(l) Time deposits interest - Fund 613	75,523	72,808	17,798	14,736	5,753
	1601	(b) Time deposits interest - Fund 905	42,128	48,307	18,420	14,778	3,691
	1601	(p) Time deposits interest - Fund 289	18,977	8,238	3,650	3,395	865
	1601	(q) Time deposits interest - Fund 285	136,919	148,375	56,151	47,805	10,069
	1601	(d) Time deposits interest - Fund 963	328	381	146	1,952	527
	1601	(t) Time deposits interest - Fund 609	173,506	249,889	93,732	75,531	17,373
	1601	(c) Time deposits interest - Fund 851	4	-	-	-	-
	1601	(c) Time deposits interest - Fund 880	136,386	254,027	110,497	101,593	19,456
	1601	(c) Time deposits interest - Fund 881	256,202	283,429	123,463	95,229	23,317
	1603	U.S./agency securities interest	136,046,244	165,547,425	98,431,256	38,510,748	31,640,226
	1603	(f) U.S./agency securities interest - Fund 688	2,360,935	2,378,829	1,292,741	503,800	353,267
	1603	(a) U.S./agency securities interest - Fund 657	790,655	885,649	549,694	235,454	128,797
	1603	(k) U.S./agency securities interest - Fund 614	978,599	1,168,927	770,521	319,530	201,400
	1603	(l) U.S./agency securities interest - Fund 613	270,821	252,923	98,993	42,694	50,430
	1603	(b) U.S./agency securities interest - Fund 905	138,138	156,670	100,277	44,708	34,139
	1603	(p) U.S./agency securities interest - Fund 289	61,420	26,900	20,342	10,444	8,338
	1603	(q) U.S./agency securities interest - Fund 285	491,769	513,853	316,656	136,156	90,728
	1603	(d) U.S./agency securities interest - Fund 963	2,271	2,594	2,330	6,043	6,917
	1603	(t) U.S./agency securities interest - Fund 609	599,606	821,176	515,226	232,165	161,971
	1603	(c) U.S./agency securities interest - Fund 851	13	-	-	-	-
	1603	(c) U.S./agency securities interest - Fund 880	444,875	813,773	593,614	294,831	193,399

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,				
			2007	2008	2009	2010	2011
1603	(c)	U.S./agency securities interest - Fund 881	838,339	908,536	684,046	305,371	221,653
1605		Other investment interest	669,229	611,213	414,850	102,828	128,207
1605	(d)	Other investment interest - Fund 963	-	-	-	194	-
1608		Realized gains and losses	-	-	-	19	7,891
1608	(d)	Realized gains and losses - Fund 963	-	-	-	1	273
1610		Interest on loans	1,343,034	1,105,177	1,237,598	1,453,361	3,031,747
1612		Interest - federal	11,749,631	4,213,149	125	70	-
1614		Interest on receivables	59,153	19,012	37,829	17,202	10,584
1616		Interest on settlements	65,220	66,588	108,045	805,015	9,653
1618		Other interest	53,160	157,670	34,041	194,809	39,240
1618	(c)	Other interest - Fund 880	96,985	57,651	-	-	4,796
1618	(t)	Other interest - Fund 609	-	431	88	-	-
1620		Safety responsibility	-	15	-	-	-
1621		Penalties	9,424,865	8,484,577	9,334,634	10,405,711	6,795,157
1621	(c)	Penalties - Fund 881	826	1,622	22,044	250	74
1624		Settlements	2,301,820	49,350,712	1,283,220	5,845,579	2,085,472
1626		Court awards	1,704,591	2,106,126	12,331,225	9,368,911	5,803,584
1628		Insufficient funds charges	4,936	5,600	5,061	6,575	6,420
1634		Estates	153	756	38,120	1,256	588
1636		Unclaimed properties	91,118,828	66,694,449	57,078,780	75,944,392	82,406,170
1700	(i)	Salary refunds - federal	758,548	589,826	614,761	537,615	685,275
1701	(i)	Salary refunds - state	35,771	25,423	18,399	15,712	15,075
1702	(i)	Salary refunds - local/other	20,238	17,151	16,418	24,360	20,491
1703	(i)	General relief pension refunds	70,586	16,784	4,955	5,291	2,086
1704	(i)	Blind pension refunds	11,895	9,433	10,319	4,777	1,994
1706	(i)	Dependent children pension refunds	356,687	290,147	275,511	326,393	443,858
1715	(i)	Day care refunds	183,536	191,875	53,530	35,345	25,126
1717	(i)	Medicare - Medicaid refunds	226,517,358	258,377,975	294,632,462	340,610,206	482,052,781
1719	(i)	Cost in criminal cases refunds	693,320	761,476	863,183	977,526	859,303
1720	(i)	American Recovery and Reinvestment Act refunds	-	-	-	591,913	2,027,020
1721	(i)	Vendor refunds - federal	1,213,162	1,657,882	777,934	2,629,247	1,280,623
1722	(i)	Vendor refunds - state	517,589	1,203,020	566,893	1,268,213	1,018,335
1722	(a)	Vendor refunds - state - Fund 657	3,189	831	5,318	989	1,974
1722	(c)	Vendor refunds - state - Fund 880	2,672	54,278	2,345	524	5
1722	(c)	Vendor refunds - state - Fund 881	-	945,118	-	-	-
1723	(i)	Vendor refunds - local/other	276,869	234,455	1,163,024	1,839,205	1,541,924
1723	(c)	Vendor refunds - local/other - Fund 880	-	-	-	2,279	-
1724	(i)	Political subdivision refunds	20,255	25,023	3,373	9,988	6,128
1725	(i)	Excess court payment refunds	1,900,561	818,399	1,359,396	1,384,433	3,460,515
1727	(i)	School refunds	4,691,784	8,222,948	6,649,921	12,773,166	10,205,891
1727	(c)	School refunds - Fund 880	-	-	-	-	7,758
1728	(i)	Scholarship refunds	355,827	274,898	240,482	227,907	173,655
1729	(i)	Audit findings - federal	35,091	-	43,331	7,880	823
1730	(i)	Audit findings - state	-	-	40,980	-	-
1731	(i)	Audit findings - local/other	175,203	434,776	104,984	349,002	84,447
1732	(i)	Utility refunds	18,141	17,744	32,023	26,130	37,472
1733	(i)	Fuel tax refunds	150,385	151,592	(106,840)	243,111	245,974
1737	(i)	Other refunds	4,433,171	5,873,148	4,096,155	6,804,856	3,968,580
1737	(a)	Other refunds - Fund 657	47,344	134,433	-	-	-
1737	(c)	Other refunds - Fund 880	25,211	3,503	-	-	244
1737	(c)	Other refunds - Fund 881	29	-	10,396	35	-
1806	(v)	Recovery costs	156,840,026	168,814,932	189,968,684	157,227,270	151,037,762
1806	(a)	Recovery costs - Fund 657	-	-	845	-	-
1808		Deposit of surplus property funds	-	-	-	921	4,599
1811	(y)	Local match	3,010,486	3,367,687	72,096,316	87,931,854	91,490,039
1812	(w)	Cost reimbursements - federal	859,539	528,325	1,447,120	1,046,340	638,071
1813	(w)	Cost reimbursements - state	32,758,124	24,793,321	75,467,210	55,264,763	79,229,100
1813		Cost reimbursements - state (included)	10,036,608	11,640,527	13,832,495	12,832,252	14,301,943
1813	(c)	Cost reimbursements - Fund 880	-	465	-	-	-
1814	(w)	Cost reimbursements - local/other	128,148,184	157,061,744	183,357,141	229,800,753	191,294,541
1814	(c)	Cost reimbursements - local/other - Fund 880	-	-	284	-	-

Exhibit B

Review of Article X, Sections 16 Through 24,
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Revenue Source	Code	Type of Revenue	Year Ended June 30,				
			2007	2008	2009	2010	2011
	1816	Bond account	6,305,705	7,677,792	7,110,689	7,513,599	7,368,307
	1818	(u) Employee expense reimbursement - federal	405	112	1,414	2,930	-
	1819	(u) Employee expense reimbursement - state	26,116	5,199	671	1,301	688
	1820	(u) Employee expense reimbursement - local/other	583	-	-	27	3
	1821	(u) Employee personal expense reimbursement	35,838	94,250	63,910	46,387	183,172
	1821	(c) Employee personal expense reimbursement - Fund 880	10	3	-	-	-
	1822	(n) Outlawed checks	7,228,137	5,993,548	5,619,566	8,545,958	7,037,537
	1822	(b) Outlawed checks - Fund 905	6,102	9,348	5,176	5,302	7,945
	1824	(x) Canceled checks	4,042,092	2,562,124	1,779,409	4,390,790	2,430,074
	1824	(a) Canceled checks - Fund 657	-	-	120	-	686
	1824	(b) Canceled checks - Fund 905	4	2,967	2,318	550	-
	1824	(c) Canceled checks - Fund 880	109	-	-	-	-
	1826	(m) Redeposit of investments principal	1,167,300	1,304,050	1,801,100	22,021,895	1,216,650
	1826	(d) Redeposit of investments principal - Fund 963	-	-	-	721,761	-
	1828	(o) Redeposit of loan principal	40,736,073	41,337,044	46,089,055	53,273,825	55,411,431
	1830	Telephone commissions	1,004,266	819,800	840,814	867,887	893,850
	1832	Commission on sales	25,670	28,177	27,522	15,629	11,653
	1834	Rebates	346,877	927,252	1,924,379	886,600	923,074
	1834	(a) Rebates - Fund 657	563	978	897	902	2,243
	1834	(c) Rebates - Fund 880	2,224	7,112	5,029	969	3,478
	1834	(aa) Rebates - WIC	38,046,323	39,542,659	43,522,102	44,278,144	44,989,878
	1836	Housing and maintenance receipts	70,788	61,735	47,823	47,394	47,609
	1838	Loan defaults	638,617	336,208	573,499	489,467	903,996
	1840	(s) Loan proceeds	7,861,815	42,630,952	25,878,784	10,458,915	20,704,819
	1842	(o) Loan repayment	103,409	109,797	84,983	120,767	134,928
	1842	(c) Loan repayment - Fund 880	-	-	-	-	(1,600)
	1842	(c) Loan repayment - Fund 881	49,202,530	51,746,648	58,430,783	44,714,602	56,958,607
	1843	(o) Loans receivable contra account	3,227,912	3,035,032	3,457,702	3,074,095	3,219,769
	1844	Insurance proceeds	2,448	500	2,343	100	26,989
	1846	Capital credits/dividends	53,045	67,838	56,056	70,718	67,873
	1846	(d) Capital credits/dividends - Fund 963	-	-	-	62	-
	1848	Recycling receipts	181,661	301,545	144,022	203,522	352,568
	1850	Forfeitures	1,960,425	1,803,287	1,699,515	3,012,793	1,572,364
	1852	Overpayments	6,004,394	2,654,717	1,286,358	794,761	250,613
	1852	(c) Overpayments - Fund 880	-	-	-	-	765
	1856	(e) Other miscellaneous receipts - federal	4,861,403	7,979,360	8,114,311	5,080,717	5,920,959
	1858	Other miscellaneous receipts - state	4,141,635	2,124,232	2,324,164	1,504,015	2,317,557
	1858	(a) Other miscellaneous receipts - state - Fund 657	6,496	4,902	9,667	4,131	4,865
	1858	(b) Other miscellaneous receipts - state - Fund 905	11,005,829	11,136,779	11,956,369	11,444,550	12,628,615
	1860	Other miscellaneous receipts - local/other	635,352	3,695,397	35,975,437	6,709,058	4,141,399
	1860	(a) Other miscellaneous receipts - local/other - Fund 657	1,024,385	410,501	2,460,146	2,644,908	862,178
	1860	(c) Other miscellaneous receipts - local/other - Fund 880	-	-	-	-	2,195
	1862	Fees for copying public records	394,686	304,600	260,326	276,682	249,776
	1862	(a) Fees for copying public records - Fund 657	124	6,653	1,340	12	55
	1866	Federal share of grantee sales	371,362	85,111	197,237	367,625	310,955
	1870	Receivable overpayment - state	4,384	4,936	5,989	6,036	6,584
	1872	Receivable overpayment - local	27	241	452	(61)	1,550
	6001	(j) Supply sales	231	1,240	1,354	275,708	521,662
	6002	(j) Open records fees	8,983	14,607	9,677	11,171	11,337
	6003	(j) Fleet services operations/maintenance	1,417,108	1,399,792	1,428,340	1,366,715	1,574,218
	6005	(j) Fleet services replacement	1,795,574	1,643,902	1,815,707	730,248	870,185
	6006	(j) Criminal records check fees	416,590	551,019	548,855	414,162	392,457
	6007	(j) Mail/freight services	1,103,960	4,623,797	5,206,206	8,561,257	11,506,019
	6009	(j) Telephone billing	27,984,063	29,296,050	30,228,498	30,585,852	30,773,403
	6011	(j) Printing service	6,772,408	6,758,675	7,245,959	6,440,656	5,682,997
	6013	(j) Reimbursement/recovery cost	46,816,635	27,588,347	37,796,274	28,796,499	28,033,182
	6015	(j) Leased facility	24,524,831	28,115,044	89,825,994	91,329,415	101,160,500
	6017	(j) Sale of material, supplies, and services	1,562,826	1,023,568	635,852	659,046	452,218
	6019	(j) Training	929,024	1,370,505	1,078,692	588,818	438,684
	6021	(j) Computer services	21,535,182	20,108,887	19,477,666	21,864,293	22,116,269
	6023	(j) Administration services	703,313	538,893	618,124	642,348	548,877

Exhibit B

Review of Article X, Sections 16 Through 24,
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Revenue Source	Code	Type of Revenue	Year Ended June 30,				
			2007	2008	2009	2010	2011
	6025	(j) Flight operations services	246,618	306,660	379,838	382,198	374,033
	6027	(j) Sale of manufactured products	20,523,336	27,259,106	29,179,527	21,134,511	21,070,342
	6029	(j) Interagency receipts	20,866,582	22,106,993	23,416,792	25,746,374	34,778,712
	6029	(c) Interagency receipts - Fund 881	390,026	439,461	491,591	474,062	659,991
	6030	(j) Sampling &/or analysis	60,421	19,023	614,983	607,533	797,593
	6031	(r) Redeposit of state funds	81,964	91,307	199,713	2,916,492	68,696
	6032	(j) Deposit of unclaimed property	99	-	300	-	-
	6033	(j) Permits	50,279	46,380	83,427	53,758	11,479
	6034	(j) Registration fees	95,400	85,920	81,635	51,715	45,642
	6035	(j) Taxes	939,124	1,028,358	7,671,468	6,462,818	7,500,691
	6036	(j) Transcript fees	4,807	6,563	8,658	17,296	15,825
		Total revenues	21,928,919,952	22,939,031,965	22,962,810,345	25,392,293,299	25,114,403,059
Fund Exclusions:							
	(a)	Lottery Enterprise - Fund 657	408,344,975	428,647,487	419,144,543	419,259,815	435,310,365
	(b)	Alternative Care Trust Fund - Fund 905	11,192,201	11,354,071	12,082,560	11,509,889	12,674,389
	(c)	Student Loan Funds 626, 851, 880, and 881	119,149,513	139,451,675	140,126,568	143,327,758	167,946,528
	(d)	Pansy-Johnson-Travis Memorial State Gardens Trust - Fund 963	2,599	2,974	2,476	730,013	7,717
Revenue Source Exclusions:							
	(e)	Federal funds	7,458,588,194	7,921,621,979	8,907,850,373	10,944,202,688	11,231,060,138
	(f)	Proposition C sales and use tax/interest	818,391,501	810,234,737	760,406,201	737,695,022	752,181,529
	(g)	Proposition A gas tax and license fee increases	175,375,774	175,543,409	168,061,247	169,008,528	169,467,566
	(h)	Bond sales	829,993,881	591,204,336	135,638,581	1,107,698,801	74,305,145
	(i)	Refunds	242,435,981	279,193,974	311,461,193	370,692,275	508,157,378
	(j)	Interagency sales and receipts	178,357,392	173,893,330	257,353,826	246,722,388	268,676,324
	(k)	Soil and water sales and use tax/interest	42,605,079	42,704,582	39,539,061	37,964,461	38,549,297
	(l)	Parks sales and use tax/interest	41,680,478	41,502,910	38,744,377	37,598,624	38,383,162
	(m)	Redeposit of investment principal	1,167,300	1,304,050	1,801,100	22,021,895	1,216,650
	(n)	Outlawed checks	7,228,137	5,993,548	5,619,566	8,545,958	7,037,537
	(o)	Redeposit of loan principal	44,067,394	44,481,873	49,631,740	56,468,687	58,766,128
	(p)	Bingo	2,362,408	2,190,015	2,166,806	2,212,759	2,166,417
	(q)	Riverboat gambling	337,924,453	344,277,815	368,677,880	388,916,398	395,773,528
	(r)	Redeposit of state funds	81,964	91,307	199,713	2,916,492	68,696
	(s)	Loan proceeds	7,861,815	42,630,952	25,878,784	10,458,915	20,704,819
	(t)	Conservation sales and use tax/interest	104,105,688	104,016,575	97,180,265	94,161,885	95,997,681
	(u)	State employee expense account reimbursement	62,942	99,562	65,995	50,645	183,863
	(v)	Recovery costs	156,840,026	168,814,932	189,968,684	157,227,270	151,037,762
	(w)	Cost reimbursements	161,765,847	182,383,390	260,271,471	286,111,856	271,161,711
	(x)	Canceled checks	4,012,092	2,562,124	1,779,409	4,390,790	2,430,074
	(y)	Local match	3,010,486	3,367,687	72,096,316	87,931,854	91,490,039
	(z)	Proceeds of surplus property sales - Fund 710	1,038,204	2,406,296	1,442,420	1,220,352	1,523,162
	(aa)	WIC rebates	38,046,323	39,542,659	43,522,102	44,278,144	44,989,878
	(bb)	Constitutional amendment No.3	443,708,243	425,003,075	404,149,038	408,998,888	421,929,866
		CMIA interest payment to the federal government	2,330,281	2,117,351	1,629,506	215,748	24,499
		Agency remitted sales tax	435,720	415,655	400,123	380,227	369,084
		Abandoned funds claim payments	21,635,424	30,642,979	25,133,509	33,675,322	34,703,091
		Federal interest	11,749,631	4,213,149	125	70	-
		Coding errors	1,399	-	-	-	-
		Total exclusions	11,675,583,344	12,021,910,458	12,742,025,558	15,836,594,412	15,298,294,024
		Total revenues after exclusions	10,253,336,608	10,917,121,507	10,220,784,787	9,555,698,887	9,816,109,035
		Less expenditure refunds (Exhibit C)	(1,272,907,957)	(1,321,367,348)	(1,504,906,007)	(1,543,126,545)	(1,414,459,977)
		Add refundable tax credits:					
		Business Facility	19,478	92,579	13,702	35,878	2,907,965
		Enterprise Zone	52,168	50,111	33,142	38,836	185,922
		BUILD	5,011,569	2,570,811	3,252,101	4,998,107	7,956,937
		Missouri Quality Jobs	-	37,366	1,877,275	3,116,592	5,322,994
		New Enhanced Enterprise Zone	-	126	16,842	1,246,148	2,885,117
		Residential Dwelling Accessibility	-	-	11,372	17,984	23,186

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,				
		2007	2008	2009	2010	2011
	Self-employed Health Insurance	-	-	451,605	476,471	1,558,354
	Public Safety Officer Surviving Spouse	-	-	6,170	18,149	20,899
	Brownfield Jobs and Investment Credit	-	-	-	-	1,906,660
	Total State Revenue	\$ 8,985,511,866	9,598,505,152	8,721,540,989	8,022,520,507	8,424,417,092

Exhibit C

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

Object Code	Description	Year Ended June 30,				
		2007	2008	2009	2010	2011
SAM II Expenditure Refunds:						
3200	Bond refunds	\$ 3,607,162	2,970,993	3,142,134	3,406,613	3,624,472
3206	Deposit and escrow refunds	100,990	79,807	75,915	53,517	75,167
3212	Federal share grantee sales refunds	-	-	-	386	-
3213	Tax credit debt offset	658,452	227,342	238,494	259,589	159,943
3215	Debt offset refunds	9,154,126	9,513,639	9,101,435	9,616,812	10,724,197
3218	Motor vehicle license fee refunds	1,551,837	1,162,009	450,450	458,604	342,352
3221	Driver's license fee refunds	89,678	71,902	69,368	57,742	58,495
3227	License and permit fee refunds	144,244	164,254	145,499	183,361	147,645
3230	Registration fee refunds	21,762	9,653	5,200	9,990	4,342
3233	Regulatory fee refunds	13,154	52,960	12,487	7,714	16,754
3236	Inspection fee refunds	41,017	32,265	51,104	52,865	41,178
3239	Miscellaneous fee refunds	401,386	265,248	468,145	321,503	298,548
3242	Sales refunds	11,076	4,995	19,375	9,829	3,455
3245	Lease and rentals refunds	5,490	4,108	13,281	4,996	4,551
3248	Medical services refunds	4,982,151	6,420,842	6,600,044	6,002,089	6,525,413
3251	Contributions refunds	-	50	5,857,204	14,488,536	16,298,595
3254	Federal refunds	112,019	375,453	441,708	3,621,387	355,286
3255	Financial institutions tax refunds	-	60	-	-	-
3257	Penalty and court award refunds	15,971	98,591	145,810	48,478	14,444
3260	Interagency billing refunds	3,294	1,277	-	12,061	-
3261	Receivable overpayment refunds	31,237	54,017	32,948	70,421	180,639
3266	Missouri consolidated check off refunds	(48)	-	-	-	-
3267	Deferred revenue refunds	1,468,220	4,754,448	2,415,893	4,176,769	1,545,606
3269	Other refunds	5,658,768	600,632	643,992	1,425,466	2,411,778
3272	Sales and use tax protested refunds	5,255,333	13,101	-	782	200,205
3281	County foreign insurance tax refunds	21,577,679	23,577,535	14,220,444	16,943,164	17,921,126
3287	Worker's compensation insurance tax refunds	78,341	1,447,545	2,118,877	725,543	2,212,394
3293	Cigarette tax refunds	31,563	39,838	-	-	146,382
3296	Tobacco products tax refunds	631	4,349	-	-	-
3299	Aviation fuel tax refunds	25,589	16,155	58,079	4,957	6,304
3305	Special fuel (non-gas) tax refunds	32,290,045	28,343,359	24,411,746	23,022,799	25,710,530
3308	Fuel tax refunds	8,885,478	9,336,130	11,297,330	10,599,366	10,237,237
3311	Sales tax refunds	1	3,612	262	468	36
3314	Food tax exemption refunds	-	831,966	-	-	-
3317	General sales and use tax refunds	88,368,480	69,427,541	70,654,335	60,007,381	49,875,140
3326	Motor vehicle sales tax refunds	3,981,005	3,867,997	2,883,786	2,889,341	3,110,419
3329	Motor vehicle use tax refunds	1,164,938	1,043,711	821,239	837,107	955,515
3335	Boat tax refunds	9,587	4,339	4,610	4,787	6,390
3338	Individual tax refunds	808,846,331	900,112,335	1,059,238,817	1,050,281,318	993,083,426
3341	Senior citizens tax refunds	93,118,292	100,165,523	118,574,491	118,595,070	114,887,118
3344	Corporation tax refunds	172,190,828	151,204,765	164,028,331	212,907,168	149,575,393
3347	Franchise tax refunds	1,188,431	3,760,724	6,133,165	1,512,990	2,189,789
3350	Inheritance tax refunds	7,429,565	310,823	38,417	18,345	172,440
3356	Other tax refunds	393,855	991,455	491,591	487,232	1,337,274
	Total SAM II Expenditure Refunds	\$ 1,272,907,957	1,321,367,348	1,504,906,007	1,543,126,545	1,414,459,977

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



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

Excluded Funds

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

- A. Lottery
In November 1984, the voters approved Article III, Section 39(b), Missouri Constitution, which authorized the creation of the Missouri State Lottery. This provision states that revenues produced from the conduct of a state lottery shall not be a part of TSR. Since the voters approved the state lottery, all revenue and expenditure refunds related to the state lottery are excluded.
- B. Alternative Care Trust Fund
The Alternative Care Trust Fund was established in 1989 under Section 210.560, RSMo. The Department of Social Services uses this fund to account for funds held in trust for the benefit of children who have been placed in the legal custody of the state. The Department of Corrections, Department of Mental Health, and the 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,
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Excluded Revenues

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

- E. Federal Funds Article X, Section 17, Missouri Constitution, specifically excludes federal funds.
- F. Proposition C Sales and Use Tax/Interest In November 1982, the voters approved Proposition C, which increased the state sales and use tax by 1 percent. Since Proposition C received direct voter approval as provided in Article X, Section 16, Missouri Constitution, the proceeds from the additional 1 percent sales and use tax, including any interest earned on the investment of such taxes, are excluded.
- G. Proposition A Gas Tax and License Fee Increases In April 1987, the voters approved Proposition A, which increased the motor fuel tax by 4 cents per gallon and increased the annual registration fee for certain motor vehicles, effective July 1, 1987. Since the increase in tax and fees received direct voter approval, these revenues are excluded. Also, see item BB. below.
- H. Bond Sales An attorney general opinion concluded that proceeds of the state's general obligation bonds were not to be included in TSR.
- I. Refunds Refunds received due to the overpayment of obligations by the state, as identified by certain revenue source codes, are excluded.
- J. Interagency Sales and Receipts Since interagency transactions do not generate additional revenue for the state as a whole, interagency sales and receipts, as identified by certain revenue source codes, are excluded.
- K. Soil and Water Sales and Use Tax/Interest
and
L. Parks Sales and Use Tax/Interest In August 1984, the voters approved a one-tenth of 1 percent sales tax for soil and water conservation and state parks. Article IV, Section 47(c), Missouri Constitution, states that the additional revenue provided by the tax shall not be part of TSR. Since the voters approved the sales tax, the sales tax and any interest earned on the investment of the balance in these funds are excluded.
- M. Redeposit of Investment Principal The redeposit of investment principal is excluded.
- N. Outlawed Checks Outlawed checks, which are state checks that were not cashed by the payee within the time allowed, are redeposited in the state treasury and are excluded.
- O. Redeposit of Loan Principal Redeposits of loan principal are excluded.



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P. Bingo

The August 1992 amendment to Article III, Section 39(d), Missouri Constitution, related to gaming activities also applies to bingo games, in that all state revenues derived from the conduct of gaming activities shall be appropriated beginning July 1, 1993, solely for public education and shall not be included in TSR. Section 313.007, RSMo, requires the bingo tax to be deposited in the Bingo Proceeds for Education Fund. The bingo tax, certain fees, and the interest earned on the investment of the fund are excluded from TSR.

Q. Riverboat Gambling

In August 1992, the voters approved an amendment to Article III, Section 39(d), Missouri Constitution. This constitutional amendment requires that all state gaming revenues must be appropriated for public education and excludes these revenues from TSR.

In 1993, the Missouri General Assembly enacted Senate Bills 10 and 11. This comprehensive gaming legislation established riverboat gaming in the state. This law repealed House Bill 149 related to riverboat gaming which had been enacted by voters as Proposition A in November 1992.

Under Senate Bills 10 and 11, the legislature imposed a 20 percent tax on adjusted gross receipts from gambling games. In November 2008, the voters approved increasing the tax to 21 percent. The state treats 90 percent of this revenue as state gaming revenues under Article III, Section 39(d), Missouri Constitution, and earmarks the revenues to the Gaming Proceeds for Education Fund. The remaining 10 percent of this revenue is allocated to the home dock city or county. Under Article III, Section 39(d), Missouri Constitution, the 90 percent portion of the adjusted gross receipts tax is exempted from TSR. The remaining 10 percent portion of the adjusted gross receipts tax is also excluded from TSR because these funds are distributed by the Department of Revenue without deposit in the state treasury and without appropriation.

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

On November 24, 1998, the Missouri Court of Appeals, Western District entered its final decision in Kelly v. Hanson, et. al., 984 S.W. 2d 540 (Mo. 1998). The Missouri Court of Appeals, Western District ruled that revenue from the one dollar portion of the state imposed two dollar admission fee payable to the state is not included in TSR, while the revenue from the payments to the state to recoup public safety and regulatory enforcement costs is included in TSR. The remaining one dollar portion of the two dollar admission fee is also excluded from TSR because these funds are distributed



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

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



Review of Article X, Sections 16 Through 24,
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receipts in TSR twice, the state excludes amounts disbursed from the Proceeds of Surplus Property Sales Fund to other state funds.

AA. WIC Rebates

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

BB. Amendment 3 Revenue
Derived From Highway
Users

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

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

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

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

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

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



Review of Article X, Sections 16 Through 24,
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**Other Exclusions and
Limits**

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

**Cash Management Improvement
Act**

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

Agency Remitted Sales Tax

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

**Abandoned Funds Claim
Payments**

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

Expenditure Refunds

According to Article X, Section 17(1), Missouri Constitution, total state revenue shall exclude the amount of any credits based on actual tax liabilities. Refunds disbursed due to the excess collection by the state of liabilities owed the state, largely tax refunds, as identified by certain expenditure object codes are excluded. The method used to determine expenditure refunds is not specified in the amendment. Although the OA-BP initially used the appropriation basis to determine expenditures refunds, during fiscal year 1984, the OA-BP changed to the cash basis. The SAO had consistently used the appropriation basis to measure refunds. As a result, a difference existed. However, in its decision of January 27, 1998, the Supreme Court indicated that a cash basis of accounting should be used to determine compliance with the Hancock Amendment. As a result, the SAO changed its calculation of expenditure refunds to the cash basis.

**Tobacco Master Settlement
Agreement Proceeds**

The OA-BP has excluded \$132,631,552 received from tobacco companies during fiscal year 2011. 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 2010 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

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

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

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



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Federal Reimbursement
Allowance and Nursing Facility
Reimbursement Allowance

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

Local use tax

The local use tax imposed by the state under Section 144.748, RSMo, until repealed on May 21, 1996, and distributed to local governments is not deposited in the state treasury and is not appropriated. As a result, this revenue is not included in TSR.

Compliance

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

Exhibit A presents a summary of the calculations of limited total state revenue (TSR) for the years ended June 30, 2011, 2010, 2009, 2008, and 2007. The results of our review determined that for the year ended June 30, 2011, TSR was approximately \$4.0 billion under the refund threshold. As a result, no refund is due for the year ended June 30, 2011.

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 2011, the OA-BP calculated these limits at \$103.4 million for the Missouri Personal Income amount and \$87.2 million for the 1 percent of total state revenues amount.

For fiscal year 2011, the OA-BP has determined that as a result of legislative actions net taxes and fees decreased by a total of \$98.1 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).