



May 2, 2008

## **An Open Letter to the Missouri Senate: Give Taxpayers the Chance to Vote on Spending Limit Amendment**

Dear Senator:

On behalf of the 7,300 Missouri members of the National Taxpayers Union, I urge you to support House Joint Resolution 70, which would allow taxpayers the chance to vote on a constitutional state spending limit. This important bill passed the Missouri House in April, and your approval would place the amendment on the fall election slate. Referring HJR 70 to the ballot could result in one of the strongest victories for Missouri taxpayers in 2008, and we urge you to support it.

If approved by voters, the state spending limit outlined in HJR 70 for general revenue funds would be set at the rate of inflation plus Missouri's population growth. The amendment is not designed to radically slash funding for state services. Instead, limiting state spending increases to "population plus inflation" will keep the government's rate of growth at an affordable level. Because the plan does not have a "ratchet-down" mechanism during recessions, the state's budget will still rise every year – but at a more prudent pace.

Furthermore, HJR 70 wisely plans for times of economic downturn by creating a Cash Operating Reserve Fund and a Budget Reserve Fund made up of surplus revenues collected beyond what the spending limit allows. Once the funds reach specified percentages, the remaining revenue would be used to lower the state income tax rate. Combined, these aspects provide the flexibility to accommodate changes in Missouri's fiscal picture while still protecting taxpayers. HJR 70 further helps taxpayers by requiring voter approval of new taxes and fees before the revenue from such hikes can be added to the appropriations growth limit.

The concepts behind HJR 70 are hardly radical. More than a dozen states feature voter approval or legislative "supermajority" mechanisms in their tax policies, and roughly two dozen states limit all or part of their budget increases to economic measurements such as inflation or personal income growth. We urge the Senate to pass HJR 70 and allow the voters a chance to consider a state spending limit this fall that will help secure a brighter fiscal future for Missouri.

Sincerely,

Kristina Rasmussen  
Director of Government Affairs