

Missouri's State and Local Revenues, Debt and Intergovernmental Revenues

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Public Finance Concerns

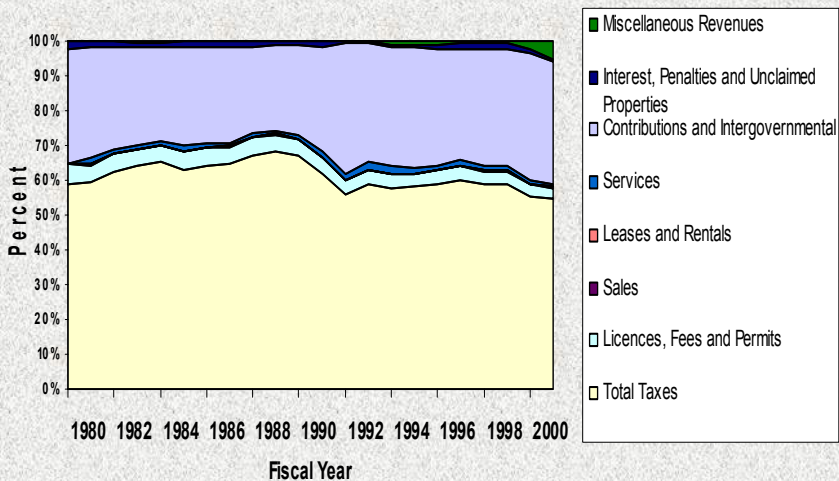
- Taxes
 - What is the mix?
 - How do we compare with other states?
- Other sources of revenues
- Expenditures
 - Where the money is spent
 - How the money is spent
 - How do we compare with other states?

Revenue sources

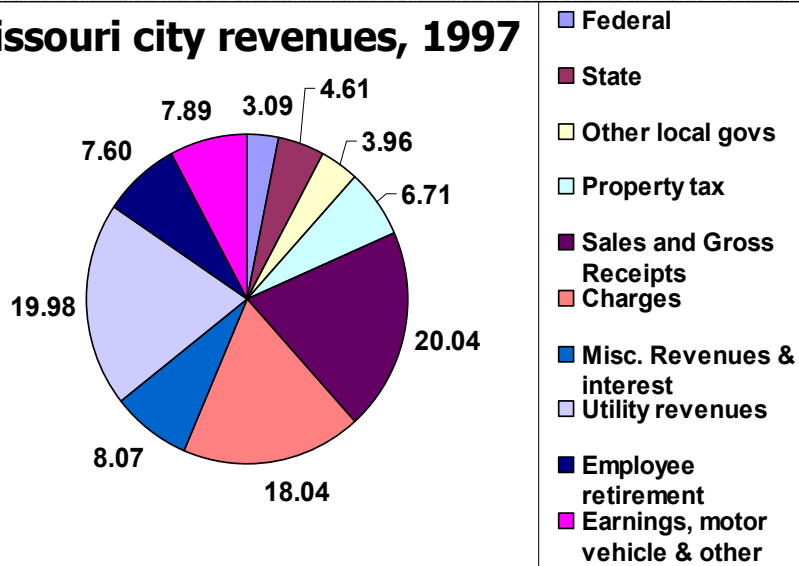
- Taxes
- Borrowing
 - General obligation bond
 - Revenue bond
- Special assessments
- Fees, charges, licenses & fines
- Payment in lieu of taxes
- Intergovernmental revenues
- Interest and investment income
- One-time revenues
- Grants from private sources

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Missouri State Revenues by Source, 1980-2001



Missouri city revenues, 1997



Data source: 1997 Census of Governments

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Intergovernmental Revenues

- Federal revenues to state and local governments
 - Federal provides 3.09% of municipal revenues
- State provides 4.61% of municipal revenues
- Other local governments provide 3.96% of municipal revenues

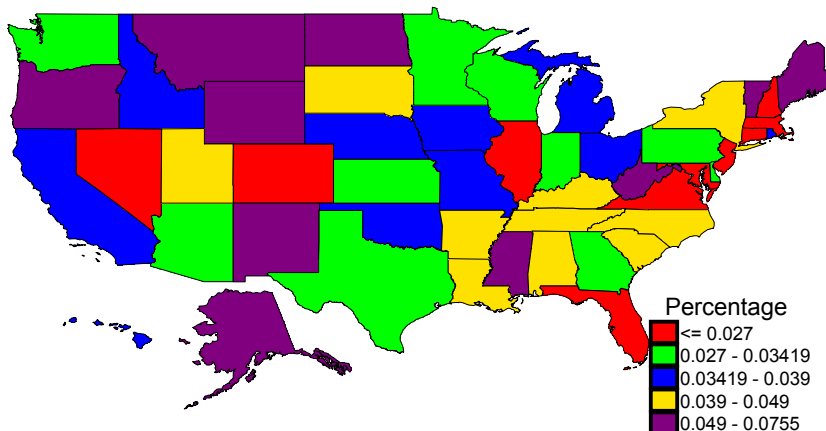
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Intergovernmental Revenues

- Often depend on the receiving government matching some % of federal revenues for a program
- A low tax state often does not have the revenues to participate to the fullest extent in such programs
- This lowers revenues from the federal government in comparison with other states

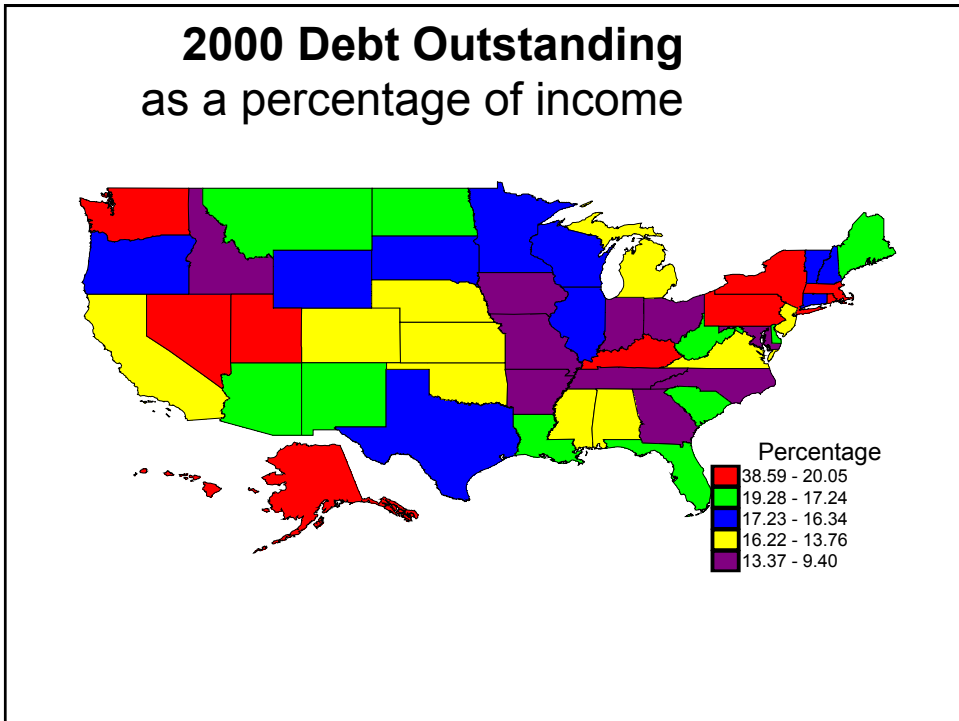
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2000 Federal Revenues as a Percentage of Income



Federal revenues, 2000	Revenues as a Percentage of Personal Income
United States Average	3.48%
Median	3.65%-3.69% Missouri and Idaho
Maximum	7.50% Alaska
Minimum	2.05% Nevada
Missouri Average and Rank	3.65% 26

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Debt, 2000	Debt as a Percentage of Personal Income
United States Average	17.29%
Median	16.86%-16.95% South Dakota and Vermont
Maximum	38.59% Alaska
Minimum	9.40% Iowa
Missouri Average and Rank	12.52% 46

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Local Government Borrowing (Art. 6 Section 26)

- Limited to income and revenue for year plus unencumbered balances from previous years (26(a))
- Exceptions provided in 26(b-e) for various purposes
- Any bond can be used only for the purpose for which it was issued (Art. 29)

Hancock Amendment

- Hancock # 1: The ratio of tax revenues and personal income shall not exceed their 1980 ratio
- Hancock # 2: State taxes cannot be raised by more than approximately \$75 million a year without voter approval

Hancock & local government

- If base of tax, license or fee is broadened, tax rate must roll back
- If assessed valuation of existing properties grows faster than the general price level, tax rates are to be reduced to produce previous level of revenue (Section 22a)
- Voter approval for increase in any "...tax, license or fees..." above those in existence November 4, 1980. (Section 22a)

Hancock & local government

- No reduction in state support for activities of local governments and other political subdivisions. Section 21
- No new activity or expansion of an existing activity may be required by state unless an appropriation is made and disbursed to pay the increased cost. Section 21

Why Increasing Local Taxes?

- With increasing incomes people expect more public services
 - Quantity
 - Quality
 - New services
- Mandates--state may be indirectly passing more costs to local
- Fewer people to pay taxes in some rural areas