GOVERNOR OF MISSOURI

JEFFERSON CITY

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JEREMIAH W. (JAY) NIXON
GOVERNOR

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June 24, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Conference Committee Substitute for Senate Committee Substitute for House Committee Substitute for House Bill No. 2013 entitled:

AN ACT

> To appropriate money for real property leases, related services, utilities, systems furniture, structural modifications, and related expenses for the several departments of state government and the divisions and programs thereof to be expended only as provided in Article IV, Section 28 of the Constitution of Missouri, and to appropriate money for capital improvements and the other expenses of the Office of Administration and the divisions and programs thereof, and to transfer money among certain funds for the period beginning July 1, 2014 and ending June 30, 2015; provided that no funds from these sections shall be expended for the purpose of costs associated with travel or staffing for the offices of the Governor, Lieutenant Governor, Secretary of State, State Auditor, State Treasurer, or Attorney General.

The General Assembly passed the Fiscal Year 2015 budget on May 8, 2014. One week later, during the final hours of the legislative session, the General Assembly passed a number of bills that put this budget severely out of balance. On June 11, 2014 I vetoed each of these bills, providing detailed reasons for my objections, including the General Assembly's failure to account for these measures in the Fiscal Year 2015 budget. Further, I objected to these measures because of the significant damage they would inflict on the budgets of local jurisdictions. Contained within these bills are loopholes and special breaks that would permanently and immediately begin reducing state revenue by more than $425 million annually and local revenue by more than $351 million annually.

Despite my veto of these bills, the Governor's Constitutional obligation to ensure a balanced budget requires that I account for their potential fiscal impact. I must consider all possible

actions that the legislature may take. Therefore, it is essential that I make the fiscally responsible decision to include the impact of these bills in the budget actions I am taking today.

Maintaining a balanced budget also requires the consideration of three other fiscal realities that were not taken into account in the Fiscal Year 2015 budget. First, the General Assembly counted on but ultimately failed to pass tax amnesty legislation, resulting in $51.8 million less in general revenue for the budget. Second, the General Assembly's budget included $50 million in tobacco settlement payments the Attorney General has indicated will likely not be available during Fiscal Year 2015. Third, the economic uncertainty facing all states is exacerbated in Missouri by the legislature's inaction on Medicaid expansion. The legislature's continued refusal to bring Missouri taxpayer dollars home and make up for federal health care cuts with an expansion of Medicaid is forcing hospitals to lay off workers and scale back services across the state. The fiscal consequences of these and other policies are already being seen in reduced revenue available to fund priority programs.

The combination of these fiscal realities and the 10 tax loophole bills passed by the General Assembly has resulted in a state budget that is severely out of balance. Compounding the problem, the General Assembly went on a spending spree, funding more than 30 new programs and the construction of new government buildings. In total, the General Assembly added funding above my recommendations for more than 100 spending items in the Fiscal Year 2015 budget.

The fiscal imbalance created by the General Assembly in enacting tax loopholes and exemptions without accounting for them in the budget, while at the same time adding funding for new government programs, must be corrected through my actions today to balance the state budget. In total, I am vetoing $275.7 million in spending authority from the Fiscal Year 2015 budget, including $144.6 million general revenue. In addition, I am restricting $846.3 million in spending, including $641.6 million general revenue; some or all of these restrictions may be released if funds are available. Combined, these actions will ensure the budget remains balanced and the state remains on a strong fiscal footing, one that will preserve resources for the highest priority state services and help to protect the state's spotless AAA credit rating.

For the aforementioned reasons and to ensure that the state budget remains balanced, I am vetoing the line-items specified below:

Section 13.005

I hereby veto $120,452 general revenue, including $46,568 for leasing costs of the Department of Natural Resources and $73,884 for leasing costs of the Department of Social Services.

For the Department of Natural Resources.
From $448,031 to $401,463 from General Revenue Fund.

For the Department of Social Services.
From $9,488,954 to $9,415,070 from General Revenue Fund.
From $41,384,740 to $41,264,288 in total for the section.

Section 13.010

I hereby veto $6,000,000 general revenue for the renovation and modification of the old St. Mary's Hospital.

From $6,000,000 to $0 in total from General Revenue Fund.
From $32,272,234 to $26,272,234 in total for the section.

On June 24, 2014, I approved said Conference Committee Substitute for Senate Committee Substitute for House Committee Substitute for House Bill No. 2013, except for those items specifically vetoed and not approved.

Respectfully submitted,

Jeremiah W. (Jay) Nixon
Governor