

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3166-03
Bill No.: SB 1071
Subject: Campaign Finance: Elections
Type: Original
Date: February 7, 2008

Bill Summary: Creates a method to publicly finance election campaigns for legislative and gubernatorial candidates.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(\$2,000,000)	Unknown to (\$2,000,000)	(\$2,000,000)
Total Estimated Net Effect on General Revenue Fund	(\$2,000,000)	Unknown to (\$2,000,000)	(\$2,000,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Missouri Clean Elections	\$1,541,454 to Unknown	Unknown to (Unknown)	Unknown to (Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	\$1,541,454 to Unknown	Unknown to (Unknown)	Unknown to (Unknown)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Missouri Clean Elections	5 FTE	5 FTE	5 FTE
Total Estimated Net Effect on FTE	5 FTE	5 FTE	5 FTE

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Missouri Ethics Commission** assume the bill would require their agency to create and implement a new system to track the information needed to comply with the Missouri Clean Election fund. It would require new forms to be created, additional auditing and investigations to be preformed. The fund is to pay for all administrative costs associated with implementation.

The legislation would require additional staff, contracting for a computer system to be developed, cubicles to be created, printing and other general office supplies/equipment.

Officials estimate the contracting for a computer system to be created to be approximately \$250,000. Officials are basing that on the current hourly rate of contractors (the state convenience contract) and 2,500 hours to complete that system.

Officials estimate they would need 5 additional staff. One staff member would be a Information Technology person (budget at CIT III- \$50,253), one person would be an Account Clerk II (\$27,000), two individuals would be Clerks (equivalent to an Account Clerk II-\$27,000) and then an Auditor/Investigator (\$42,000). The salaries were derived from the merit system pay scales except for the Auditor/Investigator that is our current rate for that type of position. For a total of \$173,253 plus fringes of \$69,301.20.

Equipment/Supplies needed would be computers, licensing for the computers, cubicles, printing, etc for a total of \$9,235.

The grand total of the fiscal impact is \$507,789.

Officials of the **Office of the Secretary of State - Rules** stated that many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$2,500. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs.

ASSUMPTION (continued)

However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials of the **Department of Elementary and Secondary Education** assume this legislation does not impact their department or local schools.

Officials of the **Office of State Treasurer** stated there would be no fiscal impact to their office.

Officials of the **Office of Attorney General** assumes any costs arising from this proposal can be absorbed with existing resources.

Office of Prosecution Services stated this proposal would not have a significant direct fiscal impact on County Prosecutors.

Officials of the **Office of State Courts Administrator** stated there would be no fiscal impact on the Courts.

Officials of the **Missouri State Senate** assume no fiscal impact.

Officials of the **Office of Administration - Budget and Planning** stated

Officials of the **Department of Corrections** stated there would be no fiscal impact to corrections department.

Officials of the **Department of Revenue** stated there would be no fiscal impact to their department.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
 GENERAL REVENUE FUND			
<u>Transfer In</u> - From Missouri Clean Elections Fund - From unspent monies remaining in the fund. (Section 130.509.1)	\$0	Unknown	\$0
<u>Transfer Out</u> - To Missouri Clean Elections Fund (Section 130.509.2 (2))	<u>(\$2,000,000)</u>	<u>(\$2,000,000)</u>	<u>(\$2,000,000)</u>
ESTIMATED NET EFFECT TO GENERAL REVENUE FUND	<u>(\$2,000,000)</u>	<u>Unknown to (\$2,000,000)</u>	<u>(\$2,000,000)</u>
 MISSOURI CLEAN ELECTIONS FUND			
<u>Income</u> - Missouri Clean Elections Fund: From:			
Qualifying contributions from candidates	Unknown	Unknown	Unknown
State Appropriation from General Revenue Fund	\$2,000,000	\$2,000,000	\$2,000,000
Tax Check Off Program	\$0	Unknown	Unknown
Unspent seed money contributions			
Unspent monies after primary loss by a candidate	\$0	Unknown	Unknown
Unspent revenues of other candidates that do not remain a candidate for primary or general elections.	\$0	Unknown	\$0
Voluntary donations to the fund.	Unknown	Unknown	Unknown
Fines collected under Sections 130.072 and 130.515.	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
<u>Total Estimated Income</u> to Missouri Clean Election Fund	<u>\$2,000,000 to Unknown</u>	<u>\$2,000,000 to Unknown</u>	<u>\$2,000,000 to Unknown</u>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2009 (10 Mo.)	FY 2010	FY 2011
<u>Transfer Out</u> - To State General Revenue Fund			
Balance remaining in fund at the end of the biennium. (Section 130.509.1) *	\$0	(Unknown)	\$0
<u>Cost</u> - To Missouri Clean Elections Fund			
From disbursement of funds to certified candidates.	\$0	(Unknown)	(Unknown)
<u>Cost</u> - To Missouri Ethics Commission for administration of implementing the clean election fund			
Personal Service (5 FTE)	(\$128,626)	(\$158,982)	(\$163,752)
Fringe Benefits	(\$56,878)	(\$70,302)	(\$72,411)
Equipment	(\$271,375)	(\$279,516)	(\$287,902)
Expense	(\$1,667)	(\$2,060)	(\$2,122)
<u>Total Cost</u> - MEC **	(\$458,546)	(\$510,860)	(\$526,187)
FTE Change - MEC	5 FTE	5 FTE	5 FTE
<u>Total Costs</u> to Missouri Clean Elections Fund	(\$458,546)	(\$510,860 to Unknown)	(\$526,187 to Unknown)
ESTIMATED EFFECT MISSOURI CLEAN ELECTIONS FUND	\$1,541,454 to Unknown	Unknown to (Unknown)*	Unknown to (Unknown)*

* Oversight assumes there will be timing differences between incoming funds and the amount of disbursements from the fund, but assumes fund balances would always be positive. Transfer of unspent funds to the General Revenue Fund are expected to be minimal.

** Oversight has, for fiscal note purposes only, changed the starting salary for Missouri Ethics Commission FTE to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees and policy of the Oversight Subcommittee of the

Joint Committee on Legislative Research.

FISCAL IMPACT - Local Government

FY 2009
(10 Mo.)

FY 2010

FY 2011

\$0

\$0

\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This act creates a method for publicly financing election campaigns for legislative and gubernatorial candidates.

Candidates certified as clean election candidates are eligible to receive public funding for their respective campaigns by raising qualifying contributions, in the sum of \$5 per voter, from a specified number of individuals, during a specified qualifying period. The candidates may, before certification, raise and spend seed money contributions of no more than \$100 per contribution, up to \$50,000 for candidates for Governor, \$1,500 for candidates for the Senate, and \$500 for candidates for the House of Representatives. Any individual may contribute to the fund at any time without limitation.

The Ethics Commission shall disburse funds from the Clean Election Fund to certified candidates to match the funds raised and spent by any non-certified opponent. The fund is comprised of \$2,000,0000 of income and sales and use taxes that shall be deposited into the fund yearly, all qualifying contributions, unspent funds, re-allocations, certain fines, and other donations.

The amounts of funds to be distributed to certified candidates are based on average expenditures of previous campaigns and whether or not the race is contested. Once certified, participating candidates may only receive and spend moneys allocated to the candidate from the fund. All unspent revenues originating from the fund must be returned by participating candidates defeated in primaries and all participating candidates after applicable general elections.

A process for challenging the certification of a candidate is included in the act. Fines may be imposed upon candidates in violation of the act and certain acts constitute a Class A misdemeanor.

DESCRIPTION (continued)

A Joint Committee on Clean Elections is also established to study and recommend legislation relating to the administration, implementation, and enforcement of the act.

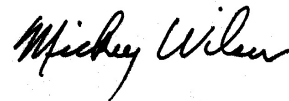
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Secretary of State
Office of State Treasurer
Office of Attorney General
Office of Prosecution Services
Missouri State Senate
Missouri Ethics Commission
Office of State Courts Administrator
Department of Corrections
Department of Elementary and Secondary Education
Department of Revenue

NOT RESPONDING

Office of Administration - Budget and Planning



Mickey Wilson, CPA
Director
February 7, 2008