

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4963-02
Bill No.: SB 629
Subject: Boards, Commissions, Committees, Councils; Campaign Finance; Ethics;
 Political Subdivisions; Public Officers
Type: Original
Date: February 21, 2014

Bill Summary: This proposal modifies the law relating to ethics.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on FTE	0	0	0

- 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 2015	FY 2016	FY 2017
Local Government	(\$0 to Unknown)	(\$0 to Unknown)	(\$0 to Unknown)

FISCAL ANALYSIS

ASSUMPTION

§8.925 Use of Public Buildings and §115.646 Funding of Ballot Issues

Officials at the **City of Columbia**, the **City of Jefferson City**, the **Francis Howell School District**, the **Fulton Public Schools**, the **Lincoln University**, the **Linn State Technical College**, the **Missouri Southern State University**, the **Missouri Western State University**, the **Northwest Missouri State University**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Office of the State Public Defender**, the **Platte County Board of Election Commission**, **St. Louis County**, the **St. Louis County Board of Election Commission**, the **University of Central Missouri** and the **University of Missouri** each assume there is no fiscal impact to their respective organizations from this proposal.

Officials at the **City of Kansas City** assume this part of the proposal could cost the City thousands of dollars a year, estimated to be \$200,000 this year. The City routinely leases certain facilities, particularly at its convention center, to the public for special events and would lose revenues if it was unable to lease its convention space for political fund-raisers.

Oversight will show the loss of revenue to local political subdivisions as zero to Unknown.

§105.450, 105.456, 105.463, 105.465, 105.473, 115.646, 130.032 Changes to ethics laws

Officials at the **Missouri Ethics Commission (MEC)** assume this part of the proposal would prohibit in certain instances the use of state or political subdivision property for campaign activities; define political consultant in Section 105.450; prohibit a member of the general assembly from acting, serving, or registering as a lobbyist; and implement campaign finance limits. The implementation of the above responsibilities would require the following additional resources:

\$15,120 in expense and equipment to develop the MEC internal search capabilities for oversight of the campaign finance committees' adherence to the specific contribution limits, as established in 105.955.14, RSMo. Current campaign finance data collection would allow the MEC to use search capabilities, providing for a manual review by MEC staff of adherence to the established limits.

One Half Business Analyst/ Trainer to conduct the routine work necessary in reviewing and providing oversight for the proposed legislation. The Business Analysts would provide the following:

ASSUMPTION (continued)

Lobbyist provisions would require the following oversight:

- reviewing of the lobbyist registrations to ensure compliance with the prohibition of general assembly member acting, serving or registering as a lobbyist until the conclusion of the Missouri General Assembly in which the member last served; requiring notices to be sent, answering necessary correspondence and communication and tracking the results;
- reviewing the monthly expenditure reports to ensure compliance with the restriction of accepting any item with a value of \$50 or more; also requiring notices to be sent; answering necessary correspondence and communication and tracking the results;
- the Commission's current resource assists all lobbyists with the monthly filing and bi-annual filings, answers all lobbyists questions, sends out all lobbyists late and non filer notices, handles the lobbyist annual registrations also provides the support for the Campaign Finance filers. This resource would be unable to provide any additional support for the increased work anticipated.

Campaign Finance provisions would require the following oversight:

- reviewing, auditing and cross-checking campaign finance disclosure reports to ensure compliance of contribution limits; also requiring notices to be sent, answering necessary correspondence and communication and tracking the results;
- preparing notices regarding surcharges, tracking receipt of payment and coordinating the necessary collection efforts;
- currently the Commission receives approximately 11,000 campaign finance reports annually.

For every 2,000 notices required to be sent out, the Commission would need one (1) Reporting Specialist. Any increase in late notices below this number, the Commission anticipates it would require hiring temporary help, at approximately \$985, to process the additional # of filings below 2,000.

One Half Business Analyst/Trainer to create and conduct the necessary educational information required in the following areas:

(Assumption: If the additional resource would not be funded the MEC would not be able to provide the current level of training and publications in regards to the provisions outlined in the proposed legislation.)

- prohibition of using state or political subdivision property for campaign finance activities;

ASSUMPTION (continued)

- incorporating the definition of paid political consultant in Section 105.450, RSMo.;
- prohibition of a member of the general assembly from acting, serving or registering as a lobbyist until the conclusion of the Missouri General Assembly in which the member last served;
- prohibition of a member of the general assembly from receiving any lobbyist gift of over \$50;
- implementation of campaign finance limits;

In 2008, Senate Bill 1038 repealed campaign finance contribution limits in Missouri. At that time, the MEC did not reduce its number of FTE due to the cutback in the number of complaints and investigations conducted, amount of training held or review of files completed, caused by the campaign limits being repealed. Therefore, **Oversight** assumes the current FTE should be able to handle the increased number of complaints and investigations, additional training and review of files, due to the limits being reimposed. **Oversight** assumes this part of the proposal would have no fiscal impact on the MEC.

Oversight assumes that the MEC has programmers on staff to handle the reprogramming of the computer systems and would not need to contract for these services. MEC did not reduce its programming staff when the campaign limits were repealed with SB 1038 and therefore the current FTE should be able to handle the increased programming responsibilities. **Oversight** assumes this part of the proposal would have no fiscal impact on MEC.

Oversight assumes that the proposed changes in §105.452 prohibits certain elected officials from registering as a lobbyist. It is unclear if the change would increase or decrease the number of individuals filing lobbyist reports. **Oversight** assumes that MEC should be able to absorb the cost of this proposal.

This proposal prohibits a lobbyist from providing items in a value greater than \$50. **Oversight** assumes that the once lobbyists are informed of the new requirements they will comply with the provisions. Due to the limited number of non-compilers, MEC should be able to handle the review of the files with existing staff.

Officials at the **Department of Corrections (DOC)** assume the penalty provisions, the component of the bill to have potential fiscal impact for DOC, is for a class D felony. Currently, the DOC cannot predict the number of new commitments which may result from the creation of the offense(s) outlined in this proposal. An increase in commitments depends on the utilization by prosecutors and the actual sentences imposed by the court.

ASSUMPTION (continued)

If additional persons are sentenced to the custody of the DOC due to the provisions of this legislation, the DOC will incur a corresponding increase of direct offender costs either through incarceration (FY13 average of \$18.014 per offender, per day, or an annual cost of \$6,575 per inmate) or through supervision provided by the Board of Probation and Parole (FY13 average of \$5.07 per offender, per day or an annual cost of \$1,851 per offender.)

The following factors contribute to DOC's minimal assumption:

- DOC assumes the narrow scope of the crime will not encompass a large number of offenders.
- The low felony status of the crime enhances the possibility of plea-bargaining or imposition of a probation sentence.
- The probability exists that offenders would be charged with a similar but more serious offense or that sentences may run concurrent to one another.

In summary, supervision by the DOC through probation or incarceration would result in some additional costs, but it is assumed the impact would be \$0 or a minimal amount that could be absorbed within existing resources.

Officials at the **Office of Prosecution Services (OPS)** assume no measurable impact to OPS. The creation of a new crime creates additional responsibilities for county prosecutors which may in turn result in additional costs which are difficult to determine.

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

Officials at **Cole County** anticipate a drop in sales tax revenues due to the provision that severely limits, and drastically reduces from current levels, lobbyist expenditures to Missouri legislators. Because the State Capitol is in Cole County, it would be reasonable to assume that a substantial portion of this amount was spent on goods and services in Cole County. Eliminating these expenditures would result in a loss of sales tax dollars to Cole County. Also lost would likely be the jobs of employees in those industries providing goods and services for lobbyist activities and expenditures or possibly the closing of those businesses altogether, which both would reduce even more sales tax revenues in Cole County.

Oversight assumes this proposal does not eliminate lobbyist expenditures all together but limits the amount spent. Oversight assumes this proposal would not fiscally impact Cole County.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
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LOCAL POLITICAL SUBDIVISION FUNDS

<u>Loss</u> - from restriction of use of building	<u>(\$0 to Unknown)</u>	<u>(\$0 to Unknown)</u>	<u>(\$0 to Unknown)</u>
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ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>(\$0 to Unknown)</u>	<u>(\$0 to Unknown)</u>	<u>(\$0 to Unknown)</u>
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FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This act modifies and enacts numerous provisions relating to ethics.

The act bars political fund-raising activities from being held in buildings owned by the state or political subdivisions.

Statewide elected officials and legislators shall not act as a paid political consultant for another statewide elected official or legislator or for a campaign committee, candidate committee, continuing committee, or political party committee.

Statewide elected officials and legislators and their staff, employees, and family shall not receive any lobbyist gifts with a value of over \$50.

Under current law, no contribution or expenditure of public funds shall be made by officers or employees of a political subdivision to advocate, support, or oppose any ballot measure or candidate. This act adds officers and employees of school districts and public institutions of higher education to the prohibition.

FISCAL DESCRIPTION (continued)

Legislators shall not lobby until 2 years after leaving office.

Appointees to boards and commissions are required to disclose 10 years of political contributions made by them, their spouses, and any business entity in which the appointee or the appointee's spouse has an interest.

Those who offer anything of value to any elected or appointed public official or employee of the state in exchange for an action affecting legislation or rule-making and those who accept such value in such instances are guilty of a class D felony.

The act establishes campaign contribution limits for individuals and political party committees. The limits are as follows for contributions made by or accepted from any person other than the candidate in an election:

- \$10,000 for Governor, Lieutenant Governor, Secretary of State, Treasurer, Auditor, or Attorney General.
- \$2,500 for Senators.
- \$1,000 for Representatives.
- \$600 any other office, including judicial office, if the population of the area is under 100,000.
- \$1,000 any other office, including judicial office, if the population of the area is between 100,000 and 250,000.
- \$2,000 any other office, including judicial office, if the population of the area is over 250,000.

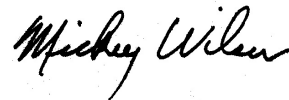
The limits are as follows for contributions made by or accepted from a political party committee in an election:

- \$10,000 for Governor, Lieutenant Governor, Secretary of State, Treasurer, Auditor, or Attorney General.
- \$2,500 for Senators.
- \$1,000 for Representatives.
- 10 times the allowable contribution limit for any other office.

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

City of Columbia
City of Jefferson City
City of Kansas City
Cole County
Francis Howell School District
Fulton Public Schools
Lincoln University
Linn State Technical College
Missouri Southern State University
Missouri Western State University
Northwest Missouri State University
Office of Administration
Office of Attorney General
Office of Prosecution Services
Office of State Courts Administrator
Office of the State Public Defender
Platte County Board of Election Commission
St. Louis County
St. Louis County Board of Election Commission
University of Central Missouri
University of Missouri



Mickey Wilson, CPA
Director
February 21, 2014

Ross Strope
Assistant Director

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