

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4308-01
Bill No.: SB 807
Subject: Elections; Campaign Finance; Ethics
Type: Original
Date: January 4, 2016

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Missouri Ethics Commission** assume the proposed legislation would implement campaign finance limits. The implementation of the above responsibilities would require the following additional resources:

- \$15,120 in expense and equipment to acquire contract services that would 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.
- 2 Business Analysts to conduct the routine work necessary in reviewing and providing oversight for the proposed legislation. The Business Analyst would review committee reports for compliance, prepare necessary notices, track the receipt of payment, and coordinate the necessary collection efforts. Currently two Business Analysts assist 2,800 committees in filing campaign finance reports, prepare and disseminate 15,000 notices, and review 11,000 campaign finance reports.
- If the Commission identifies significant violations during the process established in Section 105.955.14 (2), (3), RSMo or complaints received increase significantly an Investigator would be required to provide the proper oversight.

The Commission would anticipate that changes or additions to the proposed language set forth in this bill, may require additional associated costs for FTE, equipment, and expenses.

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 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 due to the limits being reimposed. Oversight assumes this proposal has no fiscal impact on the MEC.

In summary, the MEC assumes the need for 2 FTE Business Analysts (each at \$39,480) plus related costs totaling approximately \$123,000 per year to implement the changes in this proposal.

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

ASSUMPTION (continued)

current FTE should be able to handle the increased programming responsibilities.

Oversight assumes that should MEC have a significant increase in complaints, the MEC can seek additional resources through the appropriation process.

Officials at the **Department of Revenue** assume this proposal outlines the contribution limits authorized according to the individual's elected office. The provisions of this section set limitations from \$750 to \$5,000. This proposal limits the total aggregate amount of any one contributor to \$32,400. The legislation further establishes the base year amount as the contribution limits prescribed on January 1, 2016. The provisions of subsection 7 require the reporting of contributions before January 1, 2016 as a separate account. This will require 503.28 hours of programming to the Individual Income Tax system for a cost of \$37,746.

Oversight notes that the contribution limits will be monitored by MEC and would not fiscally impact DOR.

Oversight assumes that due to the severity of the penalties individuals would abide by the rules outlined in this proposal. Therefore, Oversight assumes there will be no surcharge transferred from MEC to DOR.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

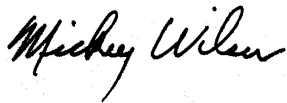
FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

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

Missouri Ethics Commission
Department of Revenue



Mickey Wilson, CPA
Director
January 4, 2016

Ross Strobe
Assistant Director
January 4, 2016