

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4593-04
Bill No.: SCS for HCS for HB 1474
Subject: Elections; Ethics
Type: Original
Date: May 4, 2016

Bill Summary: This proposal modifies provisions of law relating to the manner in which certain documents are filed with the Missouri Ethics Commission.

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

In response to a previous version, officials at the **Missouri Ethics Commission (MEC)** assumed §130.026.3 would require all candidates running for political office to file financial disclosure reports under subdivisions §130.026.2(2),(3),(4) with the Missouri Ethics Commission.

This change would require the MEC to do the following:

- Provide information to public officials and the public as specified in the Commission duties in §105.491, 105.955.14 (4), RSMo, about the new statutory requirements; examples include providing education, developing informational materials, and fielding telephone and email questions.
- Provide oversight to ensure the necessary information is being included in the campaign finance filings
- Provide oversight to ensure those individuals required to file the financial disclosure reports in a timely manner.
- Assess late fees for the required reports. Assessment of late fees requires identifying and tracking late or non-filers; creating late filer and/or non-filer notices; communicating with the late filer and/or non-filer through written correspondence, telephone, and email; tracking the receipt of payments; receipting and depositing collection of late fee; referring those individuals who do not pay the late fee assessment to the Attorney General's office for collection.
- Respond to written complaints, as established in §105.955.14, RSMo, through conducting investigations and any legal actions arising from those investigations.

The proposed legislation will require all candidates running for political office to file financial disclosure reports under subdivisions §130.026.2(2),(3),(4) with the Missouri Ethics Commission. The implementation will require the following resources.

MEC anticipated the need for 2 Business Analysts to conduct the routine work necessary in reviewing and providing oversight for the area of Campaign Finance and Assessment of Late Fees. The Business Analyst would review reports for compliance, prepare necessary notices, track the filings, assist the filers in completing the necessary reports, track non-filings and assess late fees for late filers. Currently, our office assesses a total of 761 late fees for late filers in the areas of campaign finance, lobbying and personal financial disclosure (PFD). Our current percentage of Campaign Finance filers assessed for filing late is approximately 1.5%. We estimate approximately 557 additional late Campaign Finance filings. Each non-filer and late filer must be notified via certified mail.

ASSUMPTION (continued)

1 Auditor/Investigator to perform investigative work which requires identifying necessary documentation and records to request and/or subpoena, identifying witnesses and interviewing witnesses, reviewing all relevant documentation, performing complex and detailed analysis of data and information and witness interviews, communicating with Commission management and legal staff; reviewing Missouri statutes and constitution; drafting investigative report; presenting report to Commission.

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.

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

In response to a previous version, officials at the **Office of the Attorney General (AGO)** assumed any potential costs arising from this proposal can be absorbed with existing resources. AGO may seek additional appropriations if the proposal results in a significant increase in cases.

Officials at the **Office of the State Courts Administrator** and the **Office of the State Auditor** each assume no fiscal impact from this proposal to their respective organizations.

In response to a previous version, officials from the **Office of the Secretary of State (SOS)** stated many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS 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 the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes 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 the office can sustain with the core budget. Therefore, the SOS reserves 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.

<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.

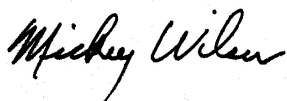
FISCAL DESCRIPTION

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
Office of the State Courts Administrator
Office of the Secretary of State
Office of the Attorney General
Office of the State Auditor



Mickey Wilson, CPA
Director
May 4, 2016

Ross Strope
Assistant Director
May 4, 2016