

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4620-01
Bill No.: SJR 16
Subject: Auditor, State; Attorney General, State; Campaign Finance; Constitutional Amendments; Elections; Ethics; General Assembly; Governor and Lieutenant Governor; Political Parties; Secretary of State; Treasurer, State
Type: Original
Date: January 15, 2016

Bill Summary: This proposal establishes the Missouri Anti-Corruption Amendment.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	\$0 or (Greater than \$16,666,021)	\$0 or (Greater than \$19,067,668)	\$0 or (Greater than \$19,129,601)
Total Estimated Net Effect on General Revenue	\$0 or (Greater than \$16,666,021)	\$0 or (Greater than \$19,067,668)	\$0 or (Greater than \$19,129,601)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Political Contribution Rebate Fund*	\$0	\$0	\$0
Ethics Commission Operations Fund	\$0 or (\$670,223)	\$0 or (\$13,615)	\$0 or (\$23,900)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 or (\$670,223)	\$0 or (\$13,615)	\$0 or (\$23,900)

*Transfers In and costs net to zero.

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 20 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
General Revenue	-14 FTE	-14 FTE	-14 FTE
Ethics Commission Operations	28 FTE	28 FTE	28 FTE
Total Estimated Net Effect on FTE	14 FTE	14 FTE	14 FTE

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

*Transfers In and Costs net to zero.

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Missouri Ethics Commission (MEC)** assume the proposed legislation would implement campaign finance limits and the Political Contribution Rebate Fund and the Anti-Corruption fund. 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.
- 7 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. Also, assist in the implementation of the funds and the continual monitoring of the funds. 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.
- 2 Auditor/Investigators 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.
- 2 Information Technologists IV to assist in maintenance of the computer system created.
- We are estimating the contracting for a computer system to be created to be approximately \$250,000. MEC is basing that on the current hourly rate of contractors (the state convenience contract) and 2500 hours to complete that system.

Implementation of new campaign finance committee requirements, transfer of money between committees, and paid for by requirements would require 1 Business Analyst 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. This would also require 1 Auditor/Investigator to perform investigative work which requires identifying necessary documentation and records to request and/or subpoena, identifying witnesses and interviewing

ASSUMPTION (continued)

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.

MEC also requests a Trainer III to assist in providing information to those individuals required to file reports with our office 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 via in person training, webinar, tutorials and developing informational materials.

In summary, MEC assumes the need for 14 FTE, related expenses and computer programming expenses totaling approximately \$1,100,000 per year.

Officials at the **Department of Corrections (DOC)** assume this legislation establishes the Missouri Anti Corruption Amendment and adds 39 new sections pertaining to elected officials, lobbyists and offer or receipt of payment in exchange for position, vote or services. Four felony penalties are provided in this bill.

Section 18 concerns position appointments. This section provides a class E felony in the case of the governor, or anyone acting on behalf of, offering an appointment to any member of the general assembly in exchange for official vote on any public matter. While this may occur, it will likely not result in charges very often.

Section 20 concerns failure to register as a lobbyist. This section provides a misdemeanor for a first violation but class E felony for any subsequent violation. As the first offense is a misdemeanor and may act as a deterrent, the probability of a repeated offense is not very high.

Section 22 addresses bribery of any elected or appointed official. The penalty provision is a class E felony for any person intentionally offering, or state official accepting any item or service in exchange for any vote or engagement in legislative action.

Section 27 establishes the Missouri Ethics Commission, with subdivision 22 (5) providing a class E felony for any person who knowingly makes a false statement, by omission or commission, to the Ethics Commission or designated auditor during an audit.

All offenses added in this bill are new, but with varying probabilities of resulting in a felony offense charge. Sections 18 and 20 combined are estimated to result in one new admission and 2 new probations. For Sections 22 and 27, each violation is expected to result in one new

ASSUMPTION (continued)

admission and two probations per year. Each new admission will serve 1.5 years in prison and two years on parole, and the probation term will be five years with three years served.

The total impact of all penalties is estimated to be 4.5 additional offenders in prison and 24 on field supervision by FY20.

The FY15 average cost of supervision is \$6.04 per offender per day or an annual cost of \$2,205 per offender. The DOC cost of incarceration is \$16.809 per day or an annual cost of \$6,135 per offender.

	# to Prison	Cost per year	Total Cost Prison	# to Probation & Parole	Cost per year	Total Cost P&P	Grand Total P&P
Year 1	3	(\$6,135)	(\$18,405)	6	(\$2,205)	(\$13,230)	(\$26,363)
Year 2*	4.5	(\$6,135)	(\$27,608)	13.5	(\$2,205)	(\$29,768)	(\$58,523)
Year 3*	4.5	(\$6,135)	(\$27,608)	22.5	(\$2,205)	(\$49,613)	(\$80,340)
Year 4*	4.5	(\$6,135)	(\$27,608)	24	(\$2,205)	(\$52,920)	(\$85,456)
Year 5*	4.5	(\$6,135)	(\$27,608)	24	(\$2,205)	(\$52,920)	(\$87,166)
Year 6*	4.5	(\$6,135)	(\$27,608)	24	(\$2,205)	(\$52,920)	(\$88,909)
Year 7*	4.5	(\$6,135)	(\$27,608)	24	(\$2,205)	(\$52,920)	(\$90,687)
Year 8*	4.5	(\$6,135)	(\$27,608)	24	(\$2,205)	(\$52,920)	(\$92,501)
Year 9*	4.5	(\$6,135)	(\$27,608)	24	(\$2,205)	(\$52,920)	(\$94,351)
Year 10*	4.5	(\$6,135)	(\$27,608)	24	(\$2,205)	(\$52,920)	(\$96,238)

*Includes 2% inflation

Officials at the **Office of the Secretary of State (SOS)** assume each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, a joint resolution proposing a constitutional amendment is submitted to a vote of the people at the next general election. Article XII section 2(b) of the Missouri Constitution authorizes the governor to order a special election for constitutional amendments referred to the people. If a special election is called to submit a joint resolution to a vote of the people, §115.063.2, RSMo, requires the state to pay the costs. The cost of the special election has been estimated to be \$7.1 million based on the cost of the 2012 Presidential Preference Primary. This figure was determined through analyzing and totaling expense reports from the 2012 Presidential Preference Primary received from local election

ASSUMPTION (continued)

authorities.

The SOS is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2013, at the August and November elections, there were 5 statewide Constitutional Amendments or ballot propositions that cost \$2.17 million to publish (an average of \$434,000 per issue). In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation and the SOS was appropriated \$1.19 million to publish the full text of the measures. Due to this reduced funding, the SOS reduced the scope of the publication of these measures. In FY 2015, at the August and November elections, there were 9 statewide Constitutional Amendments or ballot propositions that cost \$1.1 million to publish (an average of \$122,000 per issue). Despite the FY 2015 reduction, the SOS will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, we reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Oversight has reflected in this fiscal note, the state potentially reimbursing local political subdivisions the cost of having this joint resolution voted on during a special election in fiscal year 2017. This reflects the decision made by the Joint Committee on Legislative Research, that the cost of the elections should be shown in the fiscal note. The next scheduled statewide primary election is in August 2016 and the next scheduled general election is in November 2016 (FY 2017). It is assumed the subject within this proposal could be on that ballot; however, it could also be on a special election called for by the Governor. Therefore, Oversight will reflect a potential election cost reimbursement to local political subdivisions in FY 2017.

Officials at the **Office of the State Auditor (SAO)** assume an estimated cost of \$35,000. This estimate was based on the job cost totals from the last time the SAO audited the Missouri Ethics Commission. Since this legislation would require an audit every two years, this estimate would be for every other year.

ASSUMPTION (continued)

Oversight notes that the audit would be bid out to an independent auditor and assumes the first audit would be bid out in FY 2017.

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

Officials at the **Office of Prosecution Services, the Department of Agriculture, the Department of Economic Development, the Department of Health and Senior Services, the Department of Higher Education, the Department of Natural Resources, the Office of the Senate, the Office of the State Treasurer, the Office of the State Public Defender, Department of Mental Health, Department of Insurance, Financial Institutions, and Professional Registration, Office of the Governor, Office of Administration - Commissioner's Office, Office of Administration - Accounting, Department of Labor and Industrial Relations, Department of Transportation - Governmental Relations, Department of Public Safety - Highway Patrol, Department of Revenue - Motor Vehicle/Driver Licensing, Department of Social Services, Office of the Lieutenant Governor, House of Representatives, Department of Elementary and Secondary Education and the Office of State Courts Administrator** each assume this proposal will have no fiscal impact on their respective organizations.

Officials at the **Jackson County Board of Election Commission, the Platte County Board of Election Commission, St. Louis County Board of Election Commission, Mississippi County, Callaway County, City of Columbia, St. Louis County** each assume this proposal will have no fiscal impact on their respective organizations.

Officials at the **Wright City School, the Bloomfield School District, Everton Schools, Shelby County Schools, the Sarcoxie School District, the Shell Knob School District, Eldon Schools, the Kingston School District, Kansas City Public Schools, Tipton Schools, the Warren County School District, Malta Bend Schools, Middle Grove Schools, Parkway Schools, the St. Charles County School District, the Campbell School District, the Smithville School District, Brentwood Schools, Pettis County Schools, Hawthorn Leadership, West Plains Schools, the Kearney School District, St. Elizabeth Schools, Seymour School District, State Technical College of Missouri, University of Central Missouri, Jefferson College, Missouri State University, and Metropolitan Community College** each assume this proposal will have no fiscal impact on their respective organizations.

ASSUMPTION (continued)

Oversight notes that this proposal creates two new funds, the Political Contribution Rebates Fund and the Ethics Commission Operations Fund. Oversight will assume, for fiscal note purpose, that the provisions of this proposal are self-enforcing as of the effective date of the proposal.

The Ethics Commission Fund is created "solely to provide for operation, administration, and enforcement costs of the commission"; therefore, Oversight will assume the current appropriation for the Ethics Commission (22 FTE and \$1,390,885 from the General Revenue Fund) shall be transferred over to the Ethics Commission Fund. Section 27.27 states beginning January 1, 2017 the Director of Revenue shall provide to this new fund \$200,000 monthly. Oversight will assume that this will be a transfer from the General Revenue Fund, of \$2,400,000 annually (6 months in FY 2017).

The Political Contributions Rebates Fund is created solely to pay for political contributions rebates. Section 26(c).27 states beginning January 1, 2017 the Director of Revenue shall provide to this new fund \$1,500,000 monthly. Oversight will assume that this will be a transfer from the General Revenue Fund, of \$18,000,000 annually (6 months in FY 2017). Oversight will assume all proceeds into the new fund will be spend on rebates or MEC administrative expenses in the year appropriated from the General Revenue Fund.

Officials at the following boards of election commissioners: Kansas City Board of Election Commission, St. Louis City Board of Election Commission, and Clay County Board of Election Commission did not respond to **Oversight's** request for fiscal impact.

Officials at the following counties: Andrew, Atchison, Audrain, Barry, Bollinger, Boone, Buchanan, Camden, Cape Girardeau, Carroll, Cass, Christian, Clay, Cole, Cooper, DeKalb, Dent, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Maries, Marion, McDonald, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Phelps, Platte, Pulaski, Scott, Shelby, St. Charles, St. Francois, Taney, Warren, Wayne and Worth did not respond to **Oversight's** request for fiscal impact.

Officials at the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Dardenne Prairie, Des Peres, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kansas City, Kearney, Knob Noster, Ladue, Lake Ozark, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O'Fallon, Pacific, Peculiar, Pineville, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West

ASSUMPTION (continued)

Plains did not respond to **Oversight's** request for fiscal impact.

Officials at the following colleges: Crowder, East Central Community College, Harris-Stowe, Lincoln University, Moberly Area Community College, Missouri Southern State University, Missouri Western State University, Missouri State University, Northwest Southeast Missouri State University, State Fair Community College, St. Charles Community College, St. Louis Community College, Three Rivers Community College, Truman State University and the University of Missouri did not respond to **Oversight's** request for fiscal impact.

Officials at the following school districts: Arcadia Valley R-2, Aurora R-8, Avilla R-13, Bakersfield, Belton, Benton County R-2, Bismark R-5, Blue Springs, Bolivar R-I, Bowling Green R-1, Branson, Bronaugh R-7, Carrollton R-7, Caruthersville, Cassville R-4, Central R-III, Chilhowee R-4, Chillicothe R-II, Clarkton C-4, Cole R-I, Columbia, Concordia R-2, Crawford County R-1, Crocker R-II, Delta C-7, East Carter R-2, East Newton R-6, Fair Grove, Fair Play,

Fayette R-3, Forsyth R-3, Fox C-6, Fredericktown R-I, Fulton, Grain Valley, Hancock Place, Hannibal, Harrisonburg R-8, Harrisonville, Hillsboro R-3, Hollister R-5, Humansville R-4, Hurley R-1, Independence, Jefferson City, Kearney R-1, Kennett #39, King City R-1, Kirbyville R-VI, Kirksville, Laclede County R-1, Laredo R-7, Lee Summit, Leeton R-10, Lewis County C-1, Lindbergh, Lonedell R-14, Macon County R-1, Macon County R-4, Mehville, Mexico, Midway R-1, Milan C-2, Moberly, Monroe City R-I, Morgan County R-2, New Haven, Nixa, North St. Francois Co. R-1, Northeast Nodaway R-5, Odessa R-VII, Oregon-Howell R-III, Orrick R-11, Osage County R-II, Osborn R-O, Pattonville, Pierce City, Plato R-5, Princeton R-5, Raymore-Peculiar R-III, Raytown, Reeds Springs R-IV, Renick R-5, Richland R-1, Riverview Gardens, Salisbury R-4, Sarcoxie R-2, Scotland County R-I, Sedalia, Sikeston, Silex, Slater, Special School District of St. Louis County, Spickard R-II, Springfield, St Joseph, St Louis, Sullivan, Valley R-6, Verona R-7, Warrensburg R-6, Webster Groves, and Westview C-6 did not respond to **Oversight's** request for fiscal impact.

Oversight will range the fiscal impact of this joint resolution from \$0 (it is not approved by voters) to the estimates provided by state agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
GENERAL REVENUE			
Savings - MEC - current appropriation being moved to the new Ethics Commission Operations Fund	\$0 or \$695,342	\$0 or \$1,390,855	\$0 or \$1,390,855
Total FTE Change - MEC	0 or -14 FTE	0 or -14 FTE	0 or -14 FTE
<u>Cost - State Auditor</u>			
Contract for Ethics Commission audits	\$0 or (\$35,000)	\$0	\$0 or (\$35,000)
<u>Cost - DOC - incarceration of 4.5 offenders and supervision of 24 offenders</u>			
	\$0 or (\$26,363)	\$0 or (\$58,523)	\$0 or (\$85,456)
<u>Transfer Out - Political Contribution Rebates Fund (Section 26(c))</u>			
	\$0 or (\$9,000,000)	\$0 or (\$18,000,000)	\$0 or (\$18,000,000)
<u>Transfer Out - Ethics Commission Operations Fund (Section 27.27)</u>	\$0 or greater than (\$1,200,000)	\$0 or greater than (\$2,400,000)	\$0 or greater than (\$2,400,000)
<u>Transfer Out - Secretary of State - reimbursement of location election authority costs if a special election is called by the Governor</u>			
	\$0 or (Greater than <u>\$7,100,000</u>)	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 or (Greater than <u>\$16,666,021</u>)	\$0 or (Greater than <u>\$19,067,668</u>)	\$0 or (Greater than <u>\$19,129,601</u>)
Estimated Net FTE Change to General Revenue	0 or -14 FTE	0 or -14 FTE	0 or -14 FTE

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2017 (10 Mo.)	FY 2018	FY 2019
POLITICAL CONTRIBUTION REBATE FUND			
<u>Transfer In</u> - General Revenue (26(c))	\$9,000,000	\$18,000,000	\$18,000,000
Costs - MEC - allowed to utilize up to 3% of funding for administration	(\$270,000)	(\$540,000)	(\$540,000)
<u>Cost</u> - political contribution rebates (26(b))	<u>(\$8,730,000)</u>	<u>(\$17,460,000)</u>	<u>(\$17,460,000)</u>
ESTIMATED NET EFFECT ON POLITICAL CONTRIBUTION REBATE FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - State Government (continued)	FY 2017 (10 Mo.)	FY 2018	FY 2019
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**ETHICS COMMISSION
 OPERATIONS FUND**

<u>Transfer In</u> - General Revenue (27.27)	\$0 or Greater than \$1,200,000	\$0 or Greater than \$2,400,000	\$0 or Greater than \$2,400,000
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Costs - MEC - existing appropriation
 being moved from General Revenue to
 this new Fund

Personal Service	(\$550,516)	(\$1,101,033)	(\$1,101,033)
Expense and Equipment	(\$144,826)	(\$289,652)	(\$289,652)
<u>Total Costs</u> - MEC - for existing FTE being moved from General Revenue	\$0 or (\$695,342)	\$0 or (\$1,390,885)	\$0 or (\$1,390,885)
Total FTE Change - MEC	0 or 14 FTE	0 or 14 FTE	0 or 14 FTE

<u>Cost</u> - MEC	\$0 or...	\$0 or...	\$0 or...
Personal Service	(\$549,770)	(\$666,321)	(\$672,894)
Fringe Benefits	(\$285,908)	(\$346,520)	(\$349,985)
Equipment and Expenses	(\$89,093)	(\$9,889)	(\$10,136)
Computer Programming	<u>(\$250,110)</u>	<u>\$0</u>	<u>\$0</u>
<u>Total Cost</u> - MEC	\$0 or (\$1,174,881)	\$0 or (\$1,022,730)	\$0 or (\$1,033,015)
Total FTE Change - MEC	0 or 14 FTE	0 or 14 FTE	0 or 14 FTE

**ESTIMATED NET EFFECT ON
 ETHICS COMMISSION
 OPERATIONS FUND**

	<u>\$0 or</u> <u>(\$670,223)</u>	<u>\$0 or</u> <u>(\$13,615)</u>	<u>\$0 or</u> <u>(\$23,900)</u>
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Estimated Net FTE Change to Ethics Commission Operations Fund	0 or 28 FTE	0 or 28 FTE	0 or 28 FTE
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<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
LOCAL ELECTION AUTHORITIES FUND			
<u>Transfer In</u> - Local Election Authorities - reimbursement of election costs by the State for a special election	\$0 or Greater than \$7,100,000	\$0	\$0
<u>Costs</u> - Local Election Authorities - cost of a special election	\$0 or (Greater than <u>\$7,100,000</u>)	\$0	<u>\$0</u>
ESTIMATED NET EFFECT ON LOCAL ELECTION AUTHORITIES FUNDS	<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

This proposed constitutional amendment, if approved by the voters, establishes several new constitutional provisions relating to ethics.

COOLING-OFF PERIOD

A three year cooling off period is imposed for members of the General Assembly before they may become lobbyists or paid political consultants, with exceptions for lobbyists of religious or charitable associations. Paid political consultant is defined in the article. (Section 15(a)).

GIFT AND COMPENSATION LIMITS

The amendment prohibits any statewide elected official or any member of the General Assembly from accepting any consideration for performing any service for the state or political subdivision thereof except for that which is provided for the performance of his or her official duties. This provision is identical to Section 105.456.1(1).

FISCAL DESCRIPTION (continued)

No statewide elected official or member of the General Assembly shall attempt, for compensation except that provided for the performance of his or her official duties, to influence the decisions of any agency of the state on any matter. This provision is identical to Section 105.456.1(3).

No statewide elected official or member of the General Assembly shall solicit any registered lobbyist for any position with a hiring date beginning after such person is no longer an elected official. (Section 16).

No individual or business entity shall solicit a member of the General Assembly to become employed as a legislative lobbyist. Further, members of the General Assembly shall not solicit clients to represent as a legislative lobbyist. (Section 17).

Neither the Governor nor any person acting on behalf of the Governor shall offer or promise to confer an appointment to any board, commission, committee, council, county office, department directorship, fee office, judgeship, or any other position, to any member of the General Assembly in exchange for the member's official vote on a public matter. (Section 18).

All statewide elected officers and all members of the General Assembly are prohibited from accepting any tangible or intangible item, service, or thing of value from any lobbyist. Such persons may accept contributions to political committees under his or her control as well as informational materials. (Section 19(a)).

The amendment prohibits lobbyists from delivering any tangible or intangible item, service, or thing of value to any statewide elected official or member of the General Assembly, or such person's staff, employee, spouse, or children. Such persons may make contributions to political committees under the control of a public official as well as informational materials.

The amendment prohibits any person from intentionally offering to any elected or appointed official or employee of the state or political subdivision thereof any item, service, or thing of value in exchange for voting or acting in favor or against any specific state or local legislation, rule, or regulation. Violation of this provision is a Class E felony. (Section 22).

PUNISHMENTS

Persons who engage in lobbyist activities and knowingly fail to register as a lobbyist shall be guilty of a class B misdemeanor. Subsequent violations shall be class E felonies. (Section 20).

FISCAL DESCRIPTION (continued)

DISCLOSURES

The Governor is required to deliver a list of political contributions and expenditures made by a political appointee within the previous four years to the President Pro Tempore of the Senate within ten days of submitting such appointment letter to the Secretary of State. (Section 21).

ETHICS TRAINING

This amendment requires statewide elected officials and all members of the General Assembly to complete four hours of ethics training within 120 days of taking office and every two years thereafter. (Section 23).

CAMPAIGN FINANCE

Several provisions of current law relating to campaign contributions are incorporated into the amendment, albeit with several changes. (Section 24).

Any person acting as a treasurer or deputy treasurer for a committee shall not act as a treasurer or deputy treasurer for another committee.

Any person forming a new committee or serving as a treasurer or deputy treasurer of any committee may not do so until the person has filed all required campaign disclosure reports or other required statements. No candidate shall form or control a continuing committee.

Campaign committees are required to terminate either 30 days after the general election or upon the satisfaction of all committee debt after a general election, whichever is later. However, a committee retiring debt cannot engage in any other activities in support of a measure for which the committee was formed as specified in the amendment. (Section 24(c)).

The amendment prohibits concealing the identity of a contributor or recipient of a contribution or expenditure as well as circumvention of the contribution and expenditure limitations. Rebuttable presumptions are created concerning these prohibitions. (Section 24(d)).

All committees, beginning on January 1, 2017, must file required campaign financial disclosure reports with the commission in an electronic format as prescribed by the commission.

No committee may transfer any funds to another committee if the treasurer of the committee receiving the funds, or any other person acting as an agent for the committee in receiving

FISCAL DESCRIPTION (continued)

contributions, making expenditures, or incurring indebtedness for the committee, is the treasurer or acts as an agent in receiving contributions, making expenditures, or incurring indebtedness for the committee transferring the funds. (Section 24(f)).

No contribution of cash in an amount of more than \$100 shall be made by or accepted from any single contributor for any election by any single committee. Further, the amendment prohibits all anonymous contributions.

No candidate or committee in this state shall accept contributions from any out-of-state committee unless the out-of-state committee from whom the contributions are received has filed a statement of organization or has filed the reports required by Missouri law.

Individuals or entities making independent expenditures aggregating one thousand dollars or more are required to disclose certain information specific to the type of communication in which they are engaging.

No individual or entity, including the Ethics Commission, is permitted to disclose to the public identifying information of any individual who has contributed less than \$501 to a candidate, committee, or party.

Candidates are required to identify each person who has collected and transmitted contributions of \$5,000 or more to the candidate's committee within the previous 2 years. (Section 25).

The amendment establishes a rebate program to be run by the Ethics Commission in which natural persons are issued rebates to cover small contributions to participating candidates and participating political parties. (Section 26(a) and Section 26(b)).

The "Political Contribution Rebates Fund" is established as a dedicated fund for the purpose of paying political contribution rebates. (Section 26(c)).

Several provisions of current law relating to the Missouri Ethics Commission are restated in this amendment, albeit with several differences. The membership of the Commission may not consist of more than 3 persons from the same political party. The Commission is permitted to appoint an executive director who shall serve at the pleasure of the Commission. Moreover, the amendment establishes procedures for taking action on a particular enforcement action. The Enforcement Unit is created with the Enforcement Counsel as the head of the Unit. The amendment further establishes powers and duties of the Unit and the Counsel.

FISCAL DESCRIPTION (continued)

The Commission is permitted to conduct a thorough examination and pre-election audit of the contributions and qualified campaign expenses of a committee participating in the partial public financing program.

The Commission is required to submit a biennial report to the Governor, Speaker of the House Representatives, and the Senate Pro Tem. The amendment sets out the requirements of such report.

The amendment provides procedures for rulemaking and allows any natural person to petition the Commission for rulemaking.

The amendment further establishes the duties and responsibilities of the Commission. The Ethics Commission Operations Fund is established as a dedicated fund for the purpose of providing for the operation, administration, and enforcement costs of the Ethics Commission. (Section 27).

The amendment imposes the following contribution limits:

- For the primary or general election for any statewide office no natural person shall contribute, and no candidate or committee controlled by a candidate shall accept, more than \$1,500;
- For the primary or general election for state senator no natural person shall contribute, and no candidate or committee controlled by a candidate shall accept, more than \$1,000;
- For the primary or general election for state representative no natural person shall contribute, and no candidate or committee controlled by a candidate shall accept, more than \$500;
- Corporations, limited liability companies, labor organizations, cooperative associations, or mutual associations shall not make any contribution to any candidate or committee;
- No natural person may contribute more than \$3,000 to any political party during any election cycle;
- No natural person may contribute more than \$1,000 to any continuing committee during any election cycle;
- Political parties shall not accept contributions exceeding \$3,000 from any natural person or entity during any two-year election cycle;

FISCAL DESCRIPTION (continued)

- Continuing committees may not accept more than \$1,000 from any person or entity during any two-year election period;
- Continuing committees may not contribute more than \$3,000 to any candidate, political party, or other entity;
- Campaign committees may not contribute to any candidate, other than to support or oppose the retention of judges under the nonpartisan court plan, nor shall it contribute to any committee registered with the commission that is not a campaign committee;
- Lobbyists may not make contributions exceeding, in aggregate, two hundred dollars to any candidate or committee during any election cycle;
- Lobbyists may not solicit or coordinate funds in connection with an election for state office;
- Members of the General Assembly may not directly or indirectly solicit contributions in connection with election to state office from any lobbyist who has had lobbying contact with the member or such member's office.

The amendment prohibits the solicitation of funds, fund-raising activities, or fund-raising events supporting or opposing any candidate, ballot measure, political party, or political party committee on any property or any building owned or leased by the state or any political subdivision thereof, with exceptions. (Section 29).

This proposed constitutional amendment contains a severability clause

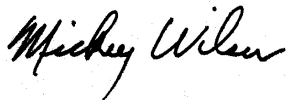
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Missouri Ethics Commission
Department of Corrections
Office of the Secretary of State
Office of the State Auditor
Office of the Attorney General
Office of Prosecution Services
Department of Agriculture
Department of Economic Development
Department of Health and Senior Services
Department of Higher Education
Department of Natural Resources
Office of the Senate
Office of the State Treasurer
Office of the State Public Defender
Department of Mental Health
Department of Insurance, Financial Institutions, and Professional Registration
Office of the Governor
Office of Administration - Commissioner's Office
Office of Administration - Accounting
Department of Labor and Industrial Relations
Department of Transportation - Governmental Relations
Department of Public Safety - Highway Patrol
Department of Revenue - Motor Vehicle/Driver Licensing
Department of Social Services
Office of the Lieutenant Governor
House of Representatives
Department of Elementary and Secondary Education
Office of State Courts Administrator
Jackson County Board of Election Commission
Platte County Board of Election Commission
St. Louis County Board of Election Commission
Mississippi County
Callaway County
City of Columbia
St. Louis County
Wright City School
Bloomfield School District
Everton Schools

SOURCES OF INFORMATION (continued)

Shelby County Schools
Sarcoxie School District
Shell Knob School District
Eldon Schools
Kingston School District
Kansas City Public Schools
Tipton Schools
Warren County School District
Malta Bend Schools
Middle Grove Schools
Parkway Schools
St. Charles County School District
Campbell School District
Smithville School District
Brentwood Schools
Pettis County Schools
Hawthorn Leadership
West Plains Schools
Kearney School District
St. Elizabeth Schools
Seymour School District
State Technical College of Missouri
University of Central Missouri
Jefferson College
Missouri State University
Metropolitan Community College



Mickey Wilson
Director
January 15, 2016

Ross Strobe
Assistant Director
January 15, 2016