

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0921-01  
Bill No.: SJR 16  
Subject: Department of Conservation; Constitutional Amendments; Elections; Governor and Lieutenant. Governor; Taxation and Revenue - Sales and Use  
Type: Original  
Date: March 27, 2017

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Bill Summary: This proposal would submit to the voters a proposition to amend the state Constitution to require voter re-authorization of the Conservation Sales Tax every 10 years.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>				
FUND AFFECTED	FY 2018	FY 2019	FY 2020	Fully Implemented (FY 2024)
General Revenue	\$0 or (More than \$7,800,000)	\$0	\$0 or (More than \$7,800,000)	\$0
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 or (More than \$7,800,000)</b>	<b>\$0</b>	<b>\$0 or (More than \$7,800,000)</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses. This fiscal note contains 9 pages.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>				
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>Fully Implemented (FY 2024)</b>
Conservation Commission	\$0	\$0	\$0	\$0 or (\$115,429,774)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0 or (\$115,429,774)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>				
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>Fully Implemented (FY 2024)</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>				
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>Fully Implemented (FY 2024)</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>				
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>Fully Implemented (FY 2024)</b>
<b>Local Government *</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Net of transfer in from state General Revenue Fund and election expenses.

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** stated that 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. 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, state law requires the state to pay the costs. The cost of the special election has been estimated to be \$7.8 million based on the cost of the 2016 Presidential Preference Primary. This figure was determined through analyzing and totaling expense reports from the 2016 Presidential Preference Primary received from local election authorities.

The SOS is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by the Missouri Constitution and state law. 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 publications 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.

ASSUMPTION (continued)

**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 2018. 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 2018 and the next scheduled general election is in November 2018 (both in FY 2019). It is assumed the subject within this proposal could be on one of these ballots; 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 2018.

Oversight notes this proposal would, if approved by the voters, also require an election in 2020 for the purpose of re-authorizing the Conservation Sales Tax. Although this vote could be held in conjunction with the general election in November 2020 (FY 2021) 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 2020.

Officials from the **Department of Conservation (MDC)** stated Conservation Sales Tax proceeds account for about 62% of the department's budget or about \$117 million in the current fiscal year. Assuming 2% per year growth in tax collections, losses would be over \$60 million for half of FY 2018, \$122,000,000 in FY 2019 and \$124,000,000 in FY 2020 if Missouri voters refused to renew the tax at the 2018 general election. MDC officials assume General Revenue Funds would be used to maintain the Department budget, or the loss of funds would lead to the elimination of many conservation services.

Officials from the **Office of Administration - Division of Budget and Planning (B&P)** assume FY 2016 Conservation Sales Tax revenues were \$115,429,774. Assuming first that the proposed amendment is approved by a majority of voters at the 2018 general election, second that a majority of voters fails to approve the re-authorization of the Conservation Sales Tax in calendar year 2020 (fiscal year 2021), and third that no recession occurs in the intervening period, Conservation Sales Tax revenues would be reduced by at least that amount or more, beginning in FY 2024. B&P officials also assume that the language providing for the termination of the tax "at the end of the second fiscal year after the last election was held" means that the tax would be terminated after two full fiscal years following the fiscal year in which the election is held. B&P officials deferred to the Missouri Department of Conservation for a more comprehensive estimate of any related revenue losses that would result from the tax not being renewed, including, but not limited to, permit fees, federal reimbursements, investment earnings, and interest.

ASSUMPTION (continued)

Because the Conservation Sales Tax was approved by a vote of the people, the revenues it brings in are currently not included in Total State Revenue. Therefore, this legislation would not directly affect Total State Revenue, even if the voters do not approve the renewal of the Conservation Sales Tax at any referenda held under measure's authority. Because the legislation's impact on state revenues is dependent upon a vote of the people, any resulting change in those revenues would not be included in any constitutional revenue limit calculation.

Officials from the **Department of Revenue** and the **Joint Committee on Administrative Rules** assume there would be no fiscal impact to their organizations from this proposal.

**Oversight** notes that any actual revenue reduction would depend on future events which are not currently subject to accurate prediction, and for fiscal note purposes will indicate a potential loss of revenue equal to FY 2016 revenues of \$115,439,774, the most recent information available. Oversight will assume, for convenience, the Conservation Sales Tax would be terminated at the beginning of FY 2024. Because that termination would be contingent on two separate popular election outcomes, the fiscal impact will be shown as \$0 or the amount estimated.

<u>FISCAL IMPACT -</u> <u>State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020	Fully Implemented (FY 2024)
<b>GENERAL REVENUE FUND</b>				
<u>Transfer Out - SOS</u> Reimbursement of local election costs <b>if</b> a special election is called by the Governor	\$0 or (More than <u>\$7,800,000</u> )	<u>\$0</u>	\$0 or (More than <u>\$7,800,000</u> )	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b>\$0 or (More <u>\$7,800,000</u>)</b>	<b>\$0</b>	<b>\$0 or (More <u>\$7,800,000</u>)</b>	<b><u>\$0</u></b>
<b>CONSERVATION COMMISSION FUND</b>				
<u>Revenue reduction -</u> MDC Conservation Sales Tax <b>if</b> not re- authorized	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0 or <u>(\$115,429,774)</u>
<b>ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b>\$0 or <u>(\$115,429,774)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020	Fully Implemented (FY 2024)
<b>LOCAL GOVERNMENTS</b>				
<u>Transfer In - Local governments</u>				
State reimbursement of election costs for a special election	\$0 or More than \$7,800,000	\$0	\$0 or More than \$7,800,000	\$0
<u>Costs - Local governments</u>				
Cost of a special election if called by the Governor	\$0 or (More than \$7,800,000)	<u>\$0</u>	\$0 or (More than \$7,800,000)	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS</b>	<b>\$0</b>	<b><u>\$0</u></b>	<b>\$0</b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

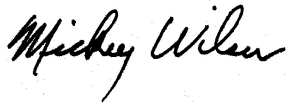
The proposed legislation would submit to the voters a proposition to amend the state Constitution to require voter re-authorization of the Conservation Sales Tax every 10 years.

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 the Secretary of State  
Joint Committee on Administrative Rules  
Office of Administration  
    Division of Budget and Planning  
Department of Conservation  
Department of Revenue



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Director  
March 27, 2017

Ross Strobe  
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March 27, 2017