

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4664-01
Bill No.: SJR 33
Subject: Appropriations; Constitutional Amendment
Type: Original
Date: February 19, 2018

Bill Summary: This proposal prohibits implementation of any program providing a public benefit without an appropriation.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue Fund	\$0 or (More than \$7,800,000)	\$0 or Unknown	\$0 or Unknown
Total Estimated Net Effect on General Revenue	\$0 or (More than \$7,800,000)	\$0 or Unknown	\$0 or Unknown

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Various State Funds	\$0	\$0 or Unknown	\$0 or Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0 or Unknown	\$0 or Unknown

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Federal Funds	\$0	\$0 or Unknown	\$0 or Unknown
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0 or Unknown	\$0 or Unknown

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
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 2019	FY 2020	FY 2021
Local Government*	\$0	\$0	\$0

* Transfer-in and Cost net to zero.

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of the Secretary of State (SOS)** assume 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, Joint Resolutions proposing a constitutional amendment are 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 \$7.8 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 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. Through FY 2013, 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 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017, the SOS was appropriated \$2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$2.4 million to publish (an average of \$400,000 per issue). 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.

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 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 2019.

Officials from the **Department of Economic Development - Business and Community Services (DED-BCS)** assume this bill, if passed, would go to voters. It amends section 23, Article IV, of the MO Constitution to state that "No state department or agency shall implement any program which confers a state public benefit without an appropriation for such program. "State public benefit" is defined to include tax credits.

This bill would require a direct appropriation before DED can issue any tax credits. DED's BCS issues an average of \$419 million in tax credits per year. Depending on the amount of the appropriation, the impact could be a savings of \$0-419 million. However, there will be lost economic activity and a lost return on investment to the state if the appropriation for tax credits is not large enough.

Officials from the **Department of Social Services (DSS)** state that the Family Support Division (FSD) does not currently have appropriation authority for the federal Food Stamp, or Supplemental Nutrition Assistance Program (SNAP). FSD contracts with FIS/eFunds Corporation to provide SNAP benefits via an Electronic Benefit Transfer (EBT) to eligible recipients. The funds currently pass from the United States Department of Agriculture (USDA) directly to FIS to pay retailers for EBT purchases. Passing the funds from USDA through FSD then to FIS will require an amendment to the current contract or a new contract with the vendor. When there is a state holiday that is not also a federal holiday, the state will have to deposit an estimated amount to FIS in advance in order for FIS to make the payments to the retailer. There could be additional costs for this contract change; however it is unknown at this time.

According to Food and Nutrition Service (FNS), there are currently eight states that operate with USDA funds running through their state.

If this legislation were to pass, FSD would need to request appropriation authority for SNAP benefits beginning in FY2019. There would be an increase in federal appropriations of approximately \$1,118,930,607 based on the annual SNAP benefits issued in FY2017.

ASSUMPTION (continued)

For future programs, the Department of Social Services would need to request appropriation authority annually through the state budget process for all state public benefit programs.

Officials from the **Department of Natural Resources (DNR)** states that in compliance with federal and state mandates, the DNR's SHPO utilizes a portion of its appropriated funds to review rehabilitation work for the state historic preservation tax credit program to ensure it conforms to the Secretary (of the United States Department) of the Interior's Standards for Rehabilitation. Any changes in the tax credit structure may have an impact on the number of rehabilitation projects the SHPO reviews. Additionally, with a reduced number of projects, the fee assessed per tax credit that in part funds the SHPO would also be reduced (Economic Development Advancement Fund 0783).

The Department of Economic Development (DED) tracks the financial side of the historic preservation tax credit program and SHPO assists with the rehab design review; therefore, DED is in a better position to quantify the potential economic impacts of limiting tax credits. With the possibility of a reduced program, there may continue to be a rush on the available funds, bringing an increased number of projects and greater workload to the SHPO prior to the November 5, 2018 general election date, due to the uncertainty of future funding and credit availability.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** assume the impact of this legislation is unknown, contingent on potential future actions of the General Assembly.

Officials from the **Office of Administration - Budget and Planning** assume this proposal has no TSR or 18(e) impact.

Officials from the **Attorney General's Office (AGO)** assume any potential cost 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 from the **Department of Transportation** assume the impact of this legislation to the cost share program is unknown.

Officials from the **Missouri Department of Conservation (MDC)** estimate the proposed legislation would have a potential negative fiscal impact on the MDC funds of more than \$100,000 annually as it could impact the services provided by agricultural crop permitted farmers.

FISCAL DESCRIPTION (continued)

Officials from the **Office of the State Courts Administrator** assume the proposed legislation prohibits implementation of any program providing a public benefit with an appropriation.

The proposed legislation regards state departments or agencies and does not appear to encompass the judicial branch. Accordingly, this fiscal note response is provided without acknowledgment that the provisions of this bill would apply to the judiciary.

Officials from the **Department of Agriculture, Department of Elementary and Secondary Education, Department of Higher Education, Department of Mental Health, Department of Corrections, Department of Labor and Industrial Relations, Department of Revenue, Department of Public Safety (Office of the Director, Capitol Police, Alcohol & Tobacco Control, Fire Safety, Gaming Commission, Missouri Highway Patrol, Missouri National Guard, State Emergency Management Agency and the Veterans Commission) Department of Health and Senior Services, Office of the Governor, Joint Committee on Administrative Rules, Missouri Lottery Commission, Missouri Consolidated Health Care Plan, Missouri Ethics Commission, Missouri House of Representatives, Office of the Lieutenant Governor, Office of Prosecution Services, Missouri State Employee's Retirement System, MoDOT & Patrol Employees' Retirement System, Office of Administration (Administrative Hearing Commission), Office of the State Auditor, Missouri Senate, Office of the State Public Defender, Office of the State Treasurer and the State Tax Commission** each assume the proposal will have no fiscal impact on their respective organizations.

For fiscal note purposes, **Oversight** will range the impact from \$0 (either the Joint Resolution is not approved by the voters or the General Assembly appropriates state department activity at levels sufficient to continue all existing programs at current levels) to an unknown savings depending upon the action of the General Assembly.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
GENERAL REVENUE FUND			
<u>Savings</u> - potential savings if current programs not appropriated	\$0	\$0 or Unknown	\$0 or Unknown
<u>Transfer- Out - SOS</u> - reimbursement of local election authority election costs if a special election is called by the Governor	<u>\$0 or (More than \$7,800,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$0 or (More than \$7,800,000)</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
VARIOUS STATE FUNDS			
<u>Savings</u> - potential savings if current programs not appropriated	<u>\$0</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
ESTIMATED NET EFFECT TO THE VARIOUS STATE FUNDS	<u>\$0</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
FEDERAL FUNDS			
<u>Savings</u> - potential savings if current programs not appropriated	<u>\$0</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
LOCAL POLITICAL SUBDIVISIONS			
<u>Transfer- In</u> - Local Election Authorities - reimbursement of election costs by the State for a special election	\$0 or More than \$7,800,000	\$0	\$0
<u>Costs</u> - Local Election Authorities - cost of a special election if called for by the Governor	\$0 or (More than \$7,800,000)	\$0	\$0
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

A small business that could receive payment from a federal grant or contract for which the appropriation authority is not enough would not be able to receive payment.

FISCAL DESCRIPTION

This constitutional amendment, if approved by the voters, prohibits state departments and agencies from implementing any program which confers a state public benefit without an appropriation for such program.

This amendment defines "state public benefit" as any grant, contract, loan, or tax credit provided by an agency of state government; or any retirement, welfare, health, disability, housing, or food assistance benefit under which payments, assistance, credits, or reduced rates or fees are provided.

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

Attorney General's Office
 Department of Agriculture

SOURCES OF INFORMATION (continued)

Department of Economic Development
 Public Service Commission
 Office of the Public Council
 Division of Energy
Department of Elementary and Secondary Education
Department of Higher Education
Department of Health and Senior Services
Department of Insurance, Financial Institutions and Professional Registration
Department of Mental Health
Department of Natural Resources
Department of Corrections
Department of Labor and Industrial Relations
Department of Revenue
Department of Public Safety
 Office of the Director
 Division of Alcohol and Tobacco Control
 Capitol Police
 Fire Safety
 Missouri Gaming Commission
 Missouri Highway Patrol
 Missouri National Guard
 State Emergency Management Agency
 Veterans Commission
Department of Social Services
Office of the Governor
Joint Committee on Administrative Rules
Missouri Lottery Commission
Missouri Consolidated Health Care Plan
Missouri Department of Conservation
Missouri Ethics Commission
Missouri House of Representatives
Office of the Lieutenant Governor
Department of Transportation
Office of Prosecution Services
Missouri State Employee's Retirement System
MoDOT & Patrol Employees' Retirement System

SOURCES OF INFORMATION (continued)

Office of Administration
 Administrative Hearing Commission
 Budget and Planning
Office of the State Courts Administrator
Office of the State Auditor
Missouri Senate
Office of the Secretary of State
Office of the State Public Defender
Office of the State Treasurer
State Tax Commission

Ross Strope



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