

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5287-02
Bill No.: SB 893
Subject: Attorney General; Constitutional Amendments; Crimes and Punishment;
Secretary of State; State Treasurer
Type: Original
Date: January 26, 2018

Bill Summary: This proposal modifies the initiative and referendum process.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Petition Publication Fund	\$25,500	\$31,500	(\$33,500)
Signature Verification Fund	\$0	\$296,369	(\$296,369)
Total Estimated Net Effect on <u>Other</u> State Funds	\$25,500	\$327,869	(\$329,869)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

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

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	\$296,369

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** assume the proposal adds two separate fees related to initiative petitions. Each petition filed with the SOS for preliminary approval to circulate would need to be accompanied by a \$500 filing fee, plus \$10 for each page over 10 pages in length. Those petitions which are submitted with signatures, if paid circulators were employed, would be required to submit a fee equal to \$0.40 times the minimum number of signatures required for the petition to be sufficient.

Between 11/9/16 (start of the new 2-year petitions cycle) and 11/8/17, 303 initiative petition samples have been submitted for approval in the 2018 election cycle. At \$500 each, this would equate to at least \$151,500 in fees (plus some additional money for those petitions exceeding 10 pages). It is expected that adding a filing fee will result in a reduction in the number of filed petitions. We assume a 75% reduction in filings, resulting in 76 filings per year with a revenue total of \$38,000. This money would be credited to the newly-created Petition Publications Fund and will help offset the costs associated with the SOS's statutory publication requirements, which are estimated to be \$180,123.15 per page of length. While this revenue would accrue in the fund throughout FY 2019 and FY 2020, we would not be able to determine which fees would be refunded and which would devolve to the state until FY 2021. Filing fees would be refunded to those petitions which are certified as sufficient to appear on the ballot, which was four of the five petitions submitted (as opposed to filed) during the previous petitions cycle from 2014 to 2016. The SOS assumes 4 successful petition submissions per petitions cycle. Expenditure of all available funds will happen in FY21 when publications costs are incurred, invoice should be paid in October.

Petition Publications Fund

FY2019

Revenue: \$25,500 (76 x 8/12 x \$500) - 8/12 because petitions can be filed from November 2018 through June 2019.

Expenditures: \$0

FY2020

Revenue: \$31,500 (76 x 10/12 x \$500) - 10/12 because petitions can be filed from July 2019 through very early May 2020.

Expenditures: \$0

ASSUMPTION (continued)

FY2021

Revenue: \$25,500 ($76 \times 8/12 \times \500) - 8/12 because petitions can be filed from November 2020 through June 2021.

Expenditures: \$57,000 (\$25,500 from FY19, \$31,500 from FY20) - FY21 monies not received until after election so will not be available for expenditure. Plus \$2,000 for refunds.

For the 2020 petition cycle, the minimum number of signatures required for sufficiency is 100,126 for a statutory initiative or a referendum petition and 160,199 for a constitutional initiative petition. At \$0.40 per signature, this would result in a fee of at least \$40,050.40 for statutory initiatives or referendums and \$64,079.60 for constitutional initiatives if any paid circulators are employed on a given petition drive. For reference, all initiative petitions filed with signatures in 2016 (four constitutional, one statutory) and the referendum filed in 2017 indicated that paid circulators were employed for at least part of their signature-gathering efforts. If the number of petitions received in 2020 is comparable to that of 2016, \$296,368.80 in fees ($\$64,079.60 \times 4 + \$40,050.40$) would be collected and deposited into the newly-created Petition Signature Verification Fund during FY 2020. These monies would be disbursed in FY 2021 to local election authorities on a pro-rata basis in compensation for processing and verifying petition signatures.

Signature Verification Fund

FY20

Revenue - \$296,368.80

FY21

Expenditure - \$296,368.80

Officials from the **Office of State Courts Administrator** assume the proposal may have some impact but there is no way to quantify that currently. Any significant changes will be reflected in future budget requests.

Officials from the **Office of the State Treasurer (STO)** assume the proposal will have no fiscal impact on their organization. STO states that the proposal creates the Secretary of State “Petition Publication Fund” and “Signature Verification Fund”, which would not be subject to the biennial transfer and would have interest credited back to them.

Officials from the **St. Louis County Directors of Elections** assume on average, for a state-wide petition St. Louis County processes 65,000 signatures for verification. Based on the reimbursement through the Signature Verification Fund, that would result in reimbursements of

ASSUMPTION (continued)

\$26,000 from the SOS.

Officials from the **Missouri House of Representatives, Missouri Senate, Office of Prosecution Services, Office of the State Public Defender, and Department of Corrections** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **Platte County Board of Elections** assume the proposal will have no fiscal impact on their organization.

Officials from the following **local election authorities and board of election commissions**: Kansas City Board of Elections, St. Louis City Board of Elections, Clay County Board of Election Commission, and Jackson County Election Board did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (8 Mo.)	FY 2020	FY 2021
PETITION PUBLICATION FUND			
<u>Revenue</u> - SOS - petition filing fees	\$25,500	\$31,500	\$25,500
<u>Cost</u> - SOS - publishing petitions and refunds for successful petitions	<u>\$0</u>	<u>\$0</u>	<u>(\$59,000)</u>
ESTIMATED NET EFFECT ON PETITION PUBLICATION FUND	<u>\$25,500</u>	<u>\$31,500</u>	<u>(\$33,500)</u>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2019 (8 Mo.)	FY 2020	FY 2021
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SIGNATURE VERIFICATION FUND

<u>Revenue</u> - SOS - signature verification fees	\$0	\$296,369	\$0
<u>Cost</u> - SOS - disbursement of fees to local election authorities	<u>\$0</u>	<u>\$0</u>	<u>(\$296,369)</u>
ESTIMATED NET EFFECT ON SIGNATURE VERIFICATION FUND	<u>\$0</u>	<u>\$296,369</u>	<u>(\$296,369)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
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LOCAL ELECTION AUTHORITIES

<u>Revenue</u> - Local Election Authorities - disbursement of fees from SOS	<u>\$0</u>	<u>\$0</u>	<u>\$296,369</u>
NET EFFECT TO LOCAL ELECTION AUTHORITIES	<u>\$0</u>	<u>\$0</u>	<u>\$296,369</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This proposal modifies and creates several new provisions relating to the initiative and referendum process.

Sections 116.050 and 116.332 - This proposal requires that on each page of a proposed measure, the text of the measure shall be double-spaced, in 12-point Times New Roman font with one inch margins. Furthermore, no initiative petition shall declare any federal law void or in violation of the United States Constitution, amend any federal law, or accomplish an act that the United States Constitution requires to be accomplished by the General Assembly.

FISCAL DESCRIPTION (continued)

The proposal stipulates that sample initiative sheets shall be filed no earlier than 12 weeks following a general election.

Sections 116.050 and 116.100 - The Secretary of State is required to collect a fee of \$500 for each petition sample sheet filed with its office, with an additional \$10 fee for each page that the measure exceeds ten pages. Fees shall be refunded if the measure is certified for the ballot. Additionally, the Secretary of State shall collect a fee of \$.40 per signature on a petition based on the minimum number of signatures constitutionally required if the circulator of the petition expects to be paid for his or her circulation.

Sections 116.160 and 116.230 - Current law provides that the official summary statement of an initiative petition shall contain no more than 50 words, excluding articles. This proposal provides that the statement shall contain no more than 150 words total. Furthermore, the proposal requires each sample ballot prepared by the Secretary of State to contain the words "Shall the measure summarized be approved?" with options to vote yes or no.

Sections 116.332 and 116.334 - Current law requires the Attorney General and the Secretary of State to each review an initiative petition only as to form and approve or reject the petition based on compliance with the procedural requirements of the law. This proposal specifies that both the Attorney General and the Secretary of State shall review each petition for compliance with statute regulating initiative petitions as well as Article III, Sections 50, 52(a), and 53 of the Missouri Constitution.

Section 116.334 - The proposal provides that in the event of a court-ordered change to the official ballot title, all signatures gathered prior to the change shall be invalidated.

Section 116.270 and 116.275 - The proposal creates two new funds: the Secretary of State's Petition Publications Fund and the Secretary of State's Signature Verification Fund. The purpose of the Petition Publications Fund is to pay any refunds to persons submitting petitions that become certified and to also pay publication expenses incurred in submitting statewide ballot measures to the voters. The purpose of the Signature Verification Fund is to make payments to local election authorities that have verified signatures for one or more petitions in the applicable two-year petition cycle pursuant to this proposal.

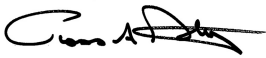
This act has a delayed effective date of November 7, 2018.

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
Missouri House of Representatives
Missouri Senate
Office of the State Treasurer
Office of Prosecution Services
Office of the State Public Defender
Department of Corrections
Office of State Courts Administrator
Platte County Board of Elections
St. Louis County Directors of Elections

Ross Strope

A handwritten signature in black ink, appearing to read "Ross Strope", with a stylized flourish at the end.

Acting Director
January 26, 2018