

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0316-02
Bill No.: SB 5
Subject: Attorney General; Constitutional Amendments; Crimes and Punishment;
 Elections; Secretary of State; State Treasurer
Type: Original
Date: January 29, 2019

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	\$0	\$39,000	\$0
Total Estimated Net Effect on General Revenue	\$0	\$39,000	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY2019/2020	FY 2021	FY 2022
Petition Publication Fund	\$39,000	(\$18,000)	\$26,000
Signature Verification Fund (Transfer out and transfer in net to zero.)	\$0	\$0	\$0
Total Estimated Net Effect on Other State Funds	\$39,000	(\$18,000)	\$26,000

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
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 2020	FY 2021	FY 2022
Local Government	\$0	\$544,000	\$0

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 Secretary of State's Office 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 submit signatures to appear on the ballot would be required to submit a fee equal to \$0.80 times the minimum number of required signatures if any paid circulators are employed (which almost all do).

With regard to the filing fee (116.050), 371 initiative petition samples were submitted for approval in the 2018 election cycle. At \$500 each, this would equate to at least \$185,500 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. SOS assumes a 75% reduction in filings, resulting in 93 filings (371 x 25%) per 18-month cycle with a revenue total of \$46,500. 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 \$65,000 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 petitions during the 2014-16 cycle and five petitions during the 2016-18 cycle. The SOS assumes 4 successful petition submissions per petitions cycle. Expenditure of all available funds will happen in FY21 when publications costs are incurred, with the invoice to be paid in October.

With regard to the submission fee if paid circulators are used (116.100), the minimum number of required signatures is currently approximately 160,000 for constitutional petitions and 100,000 for statutory measures. At \$0.80 per signature, this would result in fees of up to \$128,000 for constitutional initiative petitions and \$80,000 for statutory initiatives. If the number of petitions submitted in 2020 is comparable to that of 2018, three constitutional petitions and two statutory petitions would be submitted and \$544,000 in fees ($\$128,000 \times 3 + \$80,000 \times 2$) would be collected and deposited into the newly-created Petition Signature Verification Fund during FY 2021. These monies would be disbursed later in FY 2021 to local election authorities on a pro-rata basis in compensation for processing and verifying petition signatures.

ASSUMPTION (continued)

Petition Publications Fund (NEW)

FY19 Revenue: \$13,000 (93 x 5/18 x \$500) - 5/18 due to emergency clause - allowing time for debate, the bill could pass in January and fees could be accumulating by February.

FY20 Revenue: \$26,000 (93 x 10/18 x \$500) - 10/18 because petitions can be filed from July 2019 through early May 2020.

FY21 Revenue: \$21,000 (93 x 8/18 x \$500) - 8/18 because petitions can be filed from November 2020 through June 2021.

FY21 Expenditures: \$39,000 (\$13,000 from FY19, \$26,000 from FY20) - FY21 monies not received until after election so will not be available for expenditure.
(Approximately \$2,000 in Code 780, the rest in Code 400.)

FY22 Revenue: \$26,000 (93 x 10/18 x \$500) - 10/18 because petitions can be filed from July 2021 through early May 2022.

Signature Verification Fund (NEW)

FY21 Revenue - \$544,000
FY21 Expenditure - \$544,000
Net Impact to this Fund: \$0

Oversight will assume the \$39,000 expenditure in FY 2021 from the new fund will correspondingly reduce the amount of expenditures from the General Revenue Fund for ballot publication costs.

Officials from the **Office of Prosecution Services** assume the proposal will have no measurable fiscal impact on their organization.

Officials from the **St. Louis County Board 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 \$26,000 from the SOS.

ASSUMPTION (continued)

Officials from the **Kansas City Election Board** state that its difficult to determine the fiscal impact of the proposal. However, the board spends \$100,000 in temporary and overtime expense, most of which is for checking petitions every even numbered election year.

Officials from the **Jackson County Election Board** assume the proposal would have a positive fiscal impact if payments are made to the election authorities as authorized in 116.275. The fiscal impact would depend on the number of petitions circulated in a two year cycle and forwarded to the election board for verification. The positive fiscal impact is estimated at \$0-\$5,000.

Officials from the **Missouri House of Representatives, Missouri Senate, Office of the State Treasurer, Office of State Courts Administrator, Department of Corrections, and Office of the State Public Defender** each assume the proposal will have no fiscal impact on their organization.

Oversight notes that the Missouri House of Representatives, Missouri Senate, Office of the State Treasurer, Office of State Courts Administrator, Department of Corrections, and Office of the State Public Defender have stated the proposal would not have a direct fiscal impact on their respective organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other local election authorities were requested to respond to this proposed legislation but did not. For a general listing of political subdivisions included in our database, please refer to www.legislativeoversight.mo.gov.

<u>FISCAL IMPACT - State Government</u>	FY2019/2020	FY 2021	FY 2022
GENERAL REVENUE			
<u>Savings</u> - publication costs first being paid out of the Petition Publication Fund	<u>\$0</u>	<u>\$39,000</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$0</u>	<u>\$39,000</u>	<u>\$0</u>

FISCAL IMPACT - State Government FY 2020 FY 2021 FY 2022
 (continued)

PETITION PUBLICATION FUND

<u>Revenue</u> - SOS - petition filing fees	\$39,000	\$21,000	\$26,000
<u>Cost</u> - SOS - publishing petitions and refunds for successful petitions	<u>\$0</u>	<u>(\$39,000)</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON PETITION PUBLICATION FUND	<u>\$39,000</u>	<u>(\$18,000)</u>	<u>\$26,000</u>

SIGNATURE VERIFICATION FUND

<u>Revenue</u> - SOS - signature verification fees	\$0	\$544,000	\$0
<u>Cost</u> - SOS - disbursement of fees to local election authorities	<u>\$0</u>	<u>(\$544,000)</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON SIGNATURE VERIFICATION FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Local Government FY 2020 FY 2021 FY 2022

LOCAL ELECTION AUTHORITIES

<u>Revenue</u> - Local Election Authorities - disbursement of fees from SOS	<u>\$0</u>	<u>\$544,000</u>	<u>\$0</u>
NET EFFECT TO LOCAL ELECTION AUTHORITIES	<u>\$0</u>	<u>\$544,000</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 act modifies and creates several new provisions relating to the initiative and referendum process.

This act requires the Secretary of State to prescribe forms for the signature pages of initiative and referendum petitions. Such forms shall be made available in an electronic format and used for all initiative and referendum petitions.

This act 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 court decision to be void or in violation of the United States Constitution, amend any federal law or the United States Constitution, or accomplish an act that the United States Constitution requires to be accomplished by the General Assembly.

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

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 \$.80 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.

Current law provides that the official summary statement of an initiative petition shall contain no more than 50 words, excluding articles. This act provides that the statement shall contain no more than 150 words total. Furthermore, the act 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.

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 act 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.

The act 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.

FISCAL DESCRIPTION (continued)

The act 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 act.

This act contains an emergency 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

Office of the Secretary of State
Office of Prosecution Services
Missouri House of Representatives
Missouri Senate
Office of the State Treasurer
Office of State Courts Administrator
Department of Corrections
Office of the State Public Defender
St. Louis County Election Board
Kansas City Election Board
Jackson County Election Board



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