

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0316-04
Bill No.: SCS for SB 5
Subject: Attorney General; Constitutional Amendments; Crimes and Punishment;
 Elections; Secretary of State; State Treasurer
Type: #Updated
Date: April 1, 2019
 #Updated to include revised response for Office of the Secretary of State.

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	\$38,750 to 115,833	\$22,778 to (\$18,333)	\$25,833 to \$77,222
Signature Verification Fund (Transfer out and transfer in net to zero.)	\$0	\$0	\$0
#Total Estimated Net Effect on Other State Funds	\$38,750 to 115,833	\$22,778 to (\$18,333)	\$25,833 to \$77,222

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 8 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	\$272,000	\$0

FISCAL ANALYSIS

ASSUMPTION

In response to a previous version, officials from the **Office of the Secretary of State (SOS)** assumed 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 (Oversight notes this was changed to \$25 in the Senate Committee Substitute) 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 (Oversight notes this was changed to \$0.40 in the Senate Committee Substitute) 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 notes that in response to other legislation this year that required an initiative petition filing fee (2498H.01A), SOS changed their response regarding the reduction in filings. For this purpose, the SOS believes it will receive 50 - 93 filings per 18-month cycle (\$25,000 - \$46,500).

#Oversight notes that it is difficult to determine what percentage of reduction in filing initiative petitions may occur as a result of this proposal. Therefore, Oversight will reflect the potential reduction as a range from 25% - 75%, resulting in 93-278 filings per 18-month cycle (\$46,500 - \$139,000).

ASSUMPTION (continued)

FY 2019 would result in Revenue of \$12,917 to \$38,611 (93 to 278 x 5/18 x \$500)
FY 2020 would result in Revenue of \$25,833 to \$77,222 (93 to 278 x 10/18 x \$500)
FY 2021 would have net impact of \$20,667 to \$61,778 (93 to 278 x 8/18 x \$500) - \$39,000
FY 2022 would result in Revenue of \$25,833 to \$77,222 (93 to 278 x 10/18 x \$500)

Reduction Percentage	Reduction Number of Filings	Total Number of Filings per 18 Month Cycle
25%	93	278
50%	186	185
75%	278	93

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.

In response to a previous version, officials from the **Kansas City Election Board** stated 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.

In response to a previous version, 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.

Oversight notes that in this proposal 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 \$25 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 \$0.40 times the minimum number of required signatures if any paid circulators are employed (which almost all do). In the previous version, signature fee was \$0.80. Therefore, Oversight will reflect half the estimated cost to the signature verification fund that was provided in SOS's response.

ASSUMPTION (continued)

Signature Verification Fund (NEW)

FY21 Revenue - \$272,000
FY21 Expenditure - \$272,000
Net Impact to this Fund: \$0

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

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

Oversight notes that the Office of Prosecution Services, 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>
--	------------	-----------------	------------

#PETITION PUBLICATION FUND

<u>#Revenue</u> - SOS - petition filing fees	\$38,750 to \$115,833	\$20,667 to \$61,778	\$25,833 to \$77,222
<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>\$38,750 to</u> <u>\$115,833</u>	<u>\$20,667 to</u> <u>\$61,778</u>	<u>\$25,833 to</u> <u>\$77,222</u>

SIGNATURE VERIFICATION FUND

<u>Revenue</u> - SOS - signature verification fees	\$0	\$272,000	\$0
<u>Cost</u> - SOS - disbursement of fees to local election authorities	<u>\$0</u>	<u>(\$272,000)</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>\$272,000</u>	<u>\$0</u>
NET EFFECT TO LOCAL ELECTION AUTHORITIES	<u>\$0</u>	<u>\$272,000</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses involved in petition signature gathering could be impacted by this proposal.

FISCAL DESCRIPTION

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

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



Kyle Rieman
Director
April 1, 2019

Ross Strope
Assistant Director
April 1, 2019