

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0319-02
Bill No.: SJR 1
Subject: Constitutional Amendments; Elections
Type: Original
Date: February 11, 2019

Bill Summary: This proposal modifies the initiative petition process.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	\$0 or (More than \$7,800,000)	Up to (\$110,000)	\$0
Total Estimated Net Effect on General Revenue	\$0 or (More than \$7,800,000)	Up to (\$110,000)	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 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	(Unknown)	\$0

* Transfer out and transfer in net to zero in FY 2020.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** assume the proposal increases the number of required signatures for a successful initiative petition. The current requirement of 8% (constitutional) or 5% (statutory) of voters from the previous gubernatorial election in six out of eight congressional districts is slightly over 160,000 or 100,000 signatures respectively. The proposed change to 15% (constitutional) or 5% (statutory) in all eight congressional districts would increase that minimum number to over 420,000 (constitutional) or 140,000 (statutory). This increase in signatures would lead to an increase in pages submitted per petition and therefore an increase in processing costs when signatures are submitted for verification. The referendum petition submitted in 2017 contained over 250,000 valid signatures and cost approximately \$32,000 in state resources to process for sufficiency. To reach the new minimum of 420,000 signatures for a constitutional measure would require an approximately 70% increase in scope and a similar increase in cost, to an estimated \$54,000 per petition, an increase of \$22,000 per petition expended between FY 2020 and FY 2021. Based on an average amount of five petitions submitted for verification per election cycle, this would result in total increased costs of up to \$110,000. This increase does not include resources expended by local election authorities, nor does it include any additional costs that the Secretary of State's Office could incur in order to continue to meet all statutory processing deadlines.

SOS also assumes 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, 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.

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. Funding for this item is adjusted each year depending upon the

ASSUMPTION (continued)

election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over \$5.8 million was spent to publish the full text of the measures for the August and November elections. The SOS estimates \$65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

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.

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 2020. 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 2020 and the next scheduled general election is in November 2020 (FY 2021 for both). 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 2020.

Oversight notes that there could be a potential costs to local election authorities for petition processing costs in FY 2021 (and FY 2023, FY 2025, etc.). Therefore, Oversight will reflect a negative unknown fiscal impact.

Oversight assumes the new thresholds (15 percent of legal voters in each of the congressional districts instead of 8 percent of voters in two-thirds of congressional districts) may actually limit or reduce the number of initiative petitions that must be verified by local election authorities and the Office of the Secretary of State. Therefore, Oversight will range the fiscal impact as “Up to” the estimates provided by the SOS.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
GENERAL REVENUE FUND			
<u>Cost - SOS</u> Petition processing	\$0	Up to (\$110,000)	\$0
<u>Transfer Out - SOS - 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>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	\$0 or (More than \$7,800,000)	<u>Up to (\$110,000)</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
LOCAL ELECTION AUTHORITIES			
<u>Transfer In - Local Election Authorities - reimbursement of election costs by the State for a special election</u>	\$0 or More than \$7,800,000	\$0	\$0
<u>Costs - Local Election Authorities - cost of a special election if called for by the Governor</u>	\$0 or (More than \$7,800,000)	\$0	\$0
<u>Cost - Petition processing</u>	<u>\$0</u>	<u>(Unknown)</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON LOCAL ELECTION AUTHORITIES	<u>\$0</u>	<u>(Unknown)</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

Under current law, initiative petitions proposing constitutional amendments shall be signed by 8% of the legal voters in each of two-thirds of the Congressional districts. This constitutional amendment, if approved by the voters, requires such petitions to be signed by 15% of the legal voters in each Congressional district.

Furthermore, current law provides that initiative petitions proposing constitutional amendments shall take effect when approved by a simple majority. This amendment requires such initiatives to receive a two-thirds majority prior to taking effect, with the exception that an amendment proposing solely to repeal any amendment adopted through the initiative process prior to December of 2020 shall be approved after receiving a simple majority.

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

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February 11, 2019



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February 11, 2019