

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3222-02
Bill No.: SJR 46
Subject: Constitutional Amendments; Taxation and Revenue-General; Elections
Type: Original
Date: January 21, 2020

Bill Summary: This proposal modifies voter turnout thresholds for tax increase elections.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue	\$0 or (More than \$7,800,000)	\$0	\$0
Total Estimated Net Effect on General Revenue	\$0 or (More than \$7,800,000)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
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 2021	FY 2022	FY 2023
Local Government	\$0	\$0	\$0

*Local election expenditures and state reimbursements (if a special election is called) net to zero.

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of the Secretary of State (SOS)** assume 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 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 2021. 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

ASSUMPTION (continued)

(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 (on a different date). Therefore, Oversight will reflect a potential election cost reimbursement to local political subdivisions in FY 2021.

Officials from the **Missouri Senate, Missouri House of Representatives, Office of Administration-Budget and Planning, and Department of Revenue** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight notes that the Missouri House of Representatives, Missouri Senate, Office of Administration-Budget and Planning, and Department of Revenue each have each 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 for these agencies.

Officials from the **Jackson County Election Board, St. Louis County Board of Elections and Platte County Board of Elections** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **City of Kansas City** assume the proposal could have a negative fiscal impact on the City of Kansas City, of an indeterminate amount, if less than 22% of Kansas City's electors turn out for an election.

Officials from the **City of Cape Girardeau** assume they currently have three sale taxes which passed with less than 22% for the registered voters voting. If these tax measures failed, the projected loss is approximately \$10.4 million each fiscal year for FY 2020, 2021, and 2023. This results in over \$31 million loss for three years.

Officials from the **City of Springfield** assume there is no immediate fiscal impact to the City. However, voter participation can vary greatly from year to year. In 2018, turnout was over 70% for active Greene County voters. In November 2019, Springfield renewed two existing sales taxes despite turnout of approximately 11%, which generate roughly \$5 million for transportation projects and \$32 million a year for police and fire pensions, respectively. If existing sales taxes such as these are not renewed due to a lack of voter turnout, there would be a significant negative fiscal impact.

Officials from the **City of O'Fallon** assume the proposal will have no fiscal impact on their organization.

ASSUMPTION (continued)

Oversight notes that any fiscal impact to local governments would still depend on actions by the voters. As noted, this proposal may make it more difficult for local political subdivisions to pass or renew future tax ballot questions. However, Oversight assumes the proposal would have no direct fiscal impact.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other cities, counties and school districts were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
GENERAL REVENUE FUND			
<u>Transfer Out</u> - SOS - reimbursement of local election authority election costs if a special election is called by the Governor	\$0 or (More than <u>\$7,800,000</u>)	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	\$0 or (More than <u>\$7,800,000</u>)	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
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 <u>\$7,800,000</u>)	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0</u>	<u>\$0</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 constitutional amendment, if approved by the voters, provides that any proposal by the state or a county, municipality, or other political subdivision for a new tax or fee, an increase in an existing tax or fee, or a reauthorization of an existing tax or fee that is submitted to the voters for approval shall not become effective unless it receives a qualified majority in favor and at least 22% of qualified voters cast a ballot in the election.

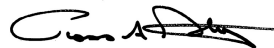
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State
Missouri Senate
Missouri House of Representatives
Office of Administration-Budget and Planning
Department of Revenue
Jackson County Election Board
St. Louis County Board of Elections
Platte County Board of Elections
City of Kansas City
City of Cape Girardeau
City of Springfield
City of O'Fallon



Julie Morff
Director
January 21, 2020



Ross Strope
Assistant Director
January 21, 2020

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