

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3746-07
Bill No.: Truly Agreed To and Finally Passed CCS for SCS for SB 631
Subject: Elections; Lobbying; Secretary of State; Campaign Finance; State Employees; Ethics
Type: Original
Date: June 3, 2020

Bill Summary: This proposal changes the law regarding elections.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue*	(Could exceed \$1,900,000 to \$5,700,000)	\$0	\$0
Total Estimated Net Effect on General Revenue	(Could exceed \$1,900,000 to \$5,700,000)	\$0	\$0

* §115.302.13 requires the state to pay a portion of the cost for mail-in ballots. Oversight assumed 25% of the number of votes cast in the 2016 primary and general election (roughly 3.8 million) would choose this option and would cost the state \$2-\$6 per such vote. Actual costs could vary significantly. Oversight assumed General Revenue (through the state appropriations) would be the funding source.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Technology Trust Fund (0266)*	\$0	\$1,411,250	\$2,822,500
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$1,411,250	\$2,822,500

* Reflects a continuation of a fee that is scheduled to expire on December 31, 2021.

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 10 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	(Unknown)	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§105.485 - Modifies Requirements for Public Disclosure

Officials from the **Missouri Ethics Commission (MEC)** assume the proposed legislation does not have fiscal impact on the Missouri Ethics Commission. It is assumed this prohibition would result in a minimal number of complaints; however, if this assumption is incorrect the Commission may require additional staff resources.

For informational purposes only, if the Commission were to receive complaints or identify alleged violations and if the Commission found probable cause a violation exists the Commission can recommend or agree to monetary penalties as established in 105.961.4, RSMo. The penalties received by the Commission in enforcement actions are forwarded to the appropriate school district.

Oversight notes that the MEC has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for this section.

§§115.302, 115.285, 115, 277, 115.291, 115.652 - Elections

Officials from the **Office of the Secretary of State** assumed the proposal this bill authorizes the use of absentee ballots for voters who are considered at risk of contracting COVID-19 or have tested positive for the disease. While this does not constitute a direct cost to the state, General Revenue may be impacted indirectly as a result of this change.

Return postage for absentee ballots is currently covered under the Business Reply Permit (BRP) program up to the limit appropriated by the General Assembly (normally \$50,000 in even fiscal years and \$100,000 in odd fiscal years). The cost of individual ballots in materials and postage is known to exceed a range of \$2-6 per ballot. It is not possible at this time to forecast the increase in absentee ballots as a result of this change, but could cost in excess of \$1,000,000. Additionally, LEAs may need additional equipment to count and process a greater than normal number of mail-in ballots. This equipment could cost several million dollars.

Oversight assumes these sections allow any registered voter in the state to cast a mail-in ballot in the year 2020. Oversight also assumes these sections allows a registered voter that has contracted or is in an at-risk category for contracting or transmitting severe acute respiratory syndrome coronavirus 2 to receive an absentee ballot by mail in the year 2020.

ASSUMPTION (continued)

Oversight assumes these sections of the proposal will have an unknown cost to local election authorities in FY 2021 for processing additional absentee ballots.

Oversight notes section 115.302.13 states all fees and cost for establishing and maintaining the business reply and postage-free mail for all ballots cast shall be paid by the Office of the Secretary of State through the state appropriations. Oversight assumes these sections may increase returned ballot postage and fees. According to the Office of the Secretary of State the cost of individual ballots in materials and postage is known to exceed a range of \$2-6 per ballot.

Oversight notes during the primary election in 2018, roughly 1,000,000 votes were cast in Missouri. During the 2016 general election (included presidential and most state-wides), roughly 2,800,000 votes were cast in Missouri. Oversight will assume a similar number in 2020 (1,000,000 + 2,800,000 = 3,800,000). For fiscal note purposes, Oversight will assume twenty five percent of voters will choose this option a cost of \$2 - \$6 per voter. This would equate to a range of \$1,900,000 (3,800,000 x 25% = 950,000 x \$2 = \$1,900,000) to \$5,700,000 (3,800,000 x 25% = 950,000 x \$6 = \$5,700,000). Actual numbers could vary greatly based upon the circumstances in August and November. Therefore, Oversight will assume a cost to General Revenue (although could be federal) of "could exceed \$1,900,000 to \$5,700,000" in FY 2021.

In response to a similar proposal from this year (HCS/SB 551), officials from the **St. Louis County Election Board** anticipated a fiscal impact of \$25,000 from this bill. The vendor will have to mail additional ballots, envelopes, postage; and they may need additional staff to process applications/ballots.

In response to similar legislation HCS for HB 1600, officials from the **Platte County Board of Elections** anticipated a marked increase in Provisional-No ID ballots cast at every election with the proposal to limit the types of voter identification accepted at the poll site. The increase will require additional specifically marked Provisional ballots at each poll site, thus increasing the costs for each election. That cost is unknown.

In response to similar legislation HCS for HB 1600, officials from the **Kansas City Election Board** assumed if the proposal becomes law, election day judges would need to be retrained at a cost of \$35,000.

ASSUMPTION (continued)

Oversight also notes there could be a potential increase in absentee ballots and additional training cost in FY 2021 as estimated by the Kansas City Election Board if this proposal were to be enacted. Oversight is unable to determine how many additional individuals during the 2020 election year will vote absentee in order to avoid risk of contracting or transmitting severe acute respiratory coronavirus 2; therefore, Oversight will reflect an unknown fiscal impact for the additional cost to local election authorities in FY2021.

§§347.740, 351.127, 355.023, 356.233, 359.653, 400.9-528, and 417.018 - Technology Trust Fund extension

Officials from the **Office of the Secretary of State (SOS)** stated:

This proposal extends the SOS’s technology trust fund. The fund pays for the establishing, procuring, developing, modernizing and maintaining:

1. An electronic data processing system and programs capable of maintaining a centralized database of all registered voters in the state;
2. Library services offered to the citizens of this state;
3. Administrative rules services, equipment and functions;
4. Services, equipment and functions relating to securities;
5. Services, equipment and functions relating to corporations and business organizations;
6. Services, equipment and functions relating to the Uniform Commercial Code;
7. Services, equipment and functions relating to archives;
8. Services, equipment and functions relating to record services; and
9. Services, equipment and functions relating to state and local elections.

A conservative estimate for each fiscal year was based on historical fee collections as follows:

Collected			Average
FY2017	FY2018	FY2019	
\$ 2,809,522	\$ 2,829,228	\$ 2,828,747	\$ 2,822,499

The Secretary of State states they reserve the right to offset or request additional resources for estimated fiscal note impacts during the budget process.

ASSUMPTION (continued)

Oversight notes that the Technology Trust Fund (0266) had a balance of \$4,880,175 as of December 31, 2019. Oversight notes the proposal extends the sunset of collection into the SOS' Technology Trust Fund from December 31, 2021 (FY 2022) to December 31, 2026. Oversight will reflect a continuation of this fee starting on January 1, 2022 (FY 22). Oversight will assume six months of impact in FY 2022.

Bill as a whole:

Officials from the **Attorney General's Office, Department of Economic Development, Department of Elementary and Secondary Education, Department of Higher Education, Department of Health and Senior Services, Department of Natural Resources, Department of Corrections, Department of Labor and Industrial Relations, Department of Revenue, Department of Public Safety (Office of the Director, Capitol Police, Alcohol & Tobacco Control, Fire Safety, Gaming Commission, Missouri Highway Patrol, Missouri National Guard, State Emergency Management Agency and the Veterans Commission) Department of Social Services, Office of the Governor, Missouri Lottery Commission, Missouri Consolidated Health Care Plan, Department of Agriculture, Missouri Department of Conservation, Missouri House of Representatives, Department of Transportation, Office of Prosecution Services, Office of Administration, Office of the State Courts Administrator, Office of the State Auditor, Missouri Senate, Office of the State Public Defender, Office of the State Treasurer and the State Tax Commission** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

Officials from the **Department of Commerce and Insurance** and the **Department of Mental Health** each defer to the Office of Administration to estimate the fiscal impact of the proposed legislation on their respective organizations.

ASSUMPTION (continued)

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year’s legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could require additional resources.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state this legislation is not anticipated to cause a fiscal impact beyond its current appropriation.

Oversight assumes JCAR will be able to administer any rules resulting from this proposal with existing resources.

FISCAL IMPACT - State Government	FY 2021	FY 2022	FY 2023
GENERAL REVENUE FUND			
Cost - SOS	(Could exceed	\$0	\$0
Returned ballot postage	\$1,900,000 to		
(§§115.302, 115.285, 115, 277, 115.291, 115.652) p. 4	\$5,700,000)		
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	(Could exceed \$1,900,000 to \$5,700,000)	\$0	\$0

SOURCES OF INFORMATION

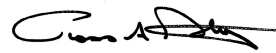
Attorney General's Office
Department of Economic Development
Department of Elementary and Secondary Education
Department of Higher Education and Workforce Development
Department of Health and Senior Services
Department of Commerce & Insurance
Department of Mental Health
Department of Natural Resources
Department of Corrections
Department of Labor and Industrial Relations
Department of Revenue
Department of Public Safety-Alcohol and Tobacco Control
Department of Public Safety-Office of the Director
Department of Public Safety-Capitol Police
Department of Public Safety-Fire Safety
Department of Public Safety-Gaming Commission
Department of Public Safety-Missouri State Highway Patrol
Department of Public Safety-National Guard
Department of Public Safety-State Emergency Management Agency
Department of Social Services
Office of the Governor
Joint Committee on Administrative Rules
Missouri Lottery Commission
Missouri Consolidated Health Care Plan
Missouri Department of Conservation
Missouri Ethics Commission
Missouri House of Representatives
Department of Transportation
Office of Prosecution Services
Missouri State Employees' Retirement System
MoDOT and Patrol Employees Retirement System
Office of Administration-Administrative Hearing Commission
Office of State Courts Administrator
State Auditor's Office

SOURCES OF INFORMATION (continued)

Missouri Senate
Office of the State Public Defender
Missouri Tax Commission
Office of the State Treasurer



Julie Morff
Director
June 3, 2020



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June 3, 2020