

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0501S.02C
Bill No.: SCS for SJR 2
Subject: Constitutional Amendments; Elections
Type: Original
Date: February 26, 2021

Bill Summary: This proposal modifies the process for getting an initiative petition on the ballot.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue*	\$0 or (More than \$7,000,000)	\$0	\$0
Total Estimated Net Effect on General Revenue	\$0 or (More than \$7,000,000)	\$0	\$0

*The potential fiscal impact of “(More than \$7,000,000)” would be realized only if a special election were called by the Governor to submit this joint resolution to voters.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	\$0*	\$0	\$0

*Transfer out and transfer in net to zero if the Governor calls a special election.

FISCAL ANALYSIS

ASSUMPTION

Officials from **Office of the Secretary of State (SOS)** assume this bill increases the number of required signatures for a successful constitutional initiative petition. The current requirement of 8% of voters from the previous gubernatorial election in six out of eight congressional districts is slightly over 160,000 signatures for the 2018 and 2020 petition cycles. The proposed change to 15% in all eight congressional districts would increase that minimum number to over 420,000 signatures, an increase of approximately 162%. 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, which SOS does with existing staff. Assuming that other petitions achieve a similar proportion of signatures above the minimum requirements, an increase of up to 162% in processing costs could reach or exceed \$52,000 per petition expended between FY 2022 and FY 2023 (and again in FY24/25), which the agency would absorb. Based on an average amount of four petitions submitted for verification per election cycle, this would result in total increased costs of up to \$208,000 per cycle. 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.

Additionally, 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, section 115.063.2 RSMo requires the state to pay the costs. The cost of the special election has been estimated to be \$7 million based on the cost of the 2020 Presidential Preference Primary.

The Secretary of State's office 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 Secretary of State's office 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, they 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 2022. 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 2022 and the next scheduled general election is in November 2022 (both in FY 2023). 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 (a different date). Therefore, Oversight will reflect a potential election cost reimbursement to local political subdivisions in FY 2022.

Officials from the **Kansas City Election Board** assume if the proposal becomes law, they would save roughly \$10,000 a year for reduced overtime checking petitions.

Officials from the **Platte County Board of Elections, Jackson County Board of Elections**, and **St. Louis County Board of Elections** both assume the proposal will have no fiscal impact on their organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Oversight assumes any additional costs to the state or to local election authorities for implementing this proposal (increased number of signature verifications) would be offset by fewer petitions that will meet the new higher thresholds and therefore, will result in fewer petitions to process.

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. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE FUND			
<u>Transfer Out - SOS -</u> reimbursement of local election authority election costs if a special election is called by the Governor	\$0 or (More than <u>\$7,000,000</u>)	\$0	\$0
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	\$0 or (More than <u>\$7,000,000</u>)	\$0	\$0

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
LOCAL POLITICAL SUBDIVISIONS			
<u>Transfer In - Local Election Authorities - reimbursement of election costs by the State for a special election</u>	\$0 or More than \$7,000,000	\$0	\$0
<u>Costs - Local Election Authorities - cost of a special election if called for by the Governor</u>	\$0 or (More than \$7,000,000)	\$0	\$0
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0	\$0	\$0

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 of the Congressional districts.

Current law additionally provides that initiative petitions proposing constitutional amendments shall take effect when approved by a simple majority of the votes cast thereon prior to taking effect. This constitutional amendment requires such initiatives to be approved by at least 60% of the votes cast thereon.

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

Kansas City Election Board

Platte County Board of Elections

St. Louis County Board of Elections

Jackson County Board of Elections



Julie Morff

Director

February 26, 2021



Ross Strope

Assistant Director

February 26, 2021