

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4139S.01I
 Bill No.: SB 862
 Subject: Attorney General; Elections; Secretary of State
 Type: Original
 Date: March 7, 2022

Bill Summary: This proposal modifies provisions relating to initiative and referendum petitions.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Secretary of State's Petition Publication Fund	\$20,500 to \$62,000	\$26,000 to \$77,200	\$2,000 to \$43,500
Total Estimated Net Effect on <u>Other</u> State Funds	\$20,500 to \$62,000	\$26,000 to \$77,200	\$2,000 to \$43,500

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
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 2023	FY 2024	FY 2025
Local Government	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** assume under this bill, each initiative 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 ten pages in length.

For the most recent petition cycle, the 2020 cycle, 148 initiative petition samples were submitted for approval. At \$500 each, this would equate to at least \$74,000 in fees (plus some additional money for those petitions exceeding ten 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 from this peak, resulting in approximately 37 filings per 18-month cycle with a revenue total of \$18,500. 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 \$70,000 per page of length. While revenue for the 2024 cycle would accrue in the fund throughout FY 2023 and FY 2024, the SOS would not be able to determine which fees would be refunded and which would devolve to the state until FY 2025. 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 for a refunded total of \$2,000. Expenditure of all available funds will happen in FY25 when publications costs are incurred, with the invoice to be paid in October.

Petition Publications Fund (NEW)

FY23 Revenue (2024 Petition Cycle): up to \$6,000 (37 x 5/15 x \$500) – 5/15 because petitions can be filed from late January 2023 through June 2023.

FY24 Revenue (2024 Petition Cycle): up to \$12,500 (37 x 10/15 x \$500) – 10/15 because petitions can be filed from July 2023 through the early May 2024 submission deadline.

FY25 Expenditures (2024 Petition Cycle): approximately \$18,500

Refunds for 2024 Petition Cycle: approximately \$2,000

Publication Costs: approximately \$16,500

FY25 Revenue (2026 Petition Cycle): up to \$6,000 (37 x 5/15 x \$500) – 5/15 because petitions can be filed from late January 2025 through June 2025.

Officials from the **SOS** also 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 its 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.

Oversight notes that according to **SOS** the most active petition cycle on record, was the 2018 cycle, with 371 initiative petition samples submitted for approval. At \$500 each, this would equate to at least \$185,500 in fees (plus some additional money for those petitions exceeding ten pages). It is expected that adding a filing fee will result in a reduction in the number of filed petitions. Based on SOS assuming a 75% reduction in filings from this peak, it would result in approximately 93 filings per 18-month cycle with a revenue total of \$46,500 ($\$500 \times (371 \times 25\%)$).

Oversight notes that it is difficult to determine what percentage of reduction in filing initiative petitions (IP) may occur as a result of this proposal (assumed to be a 75% reduction by SOS). 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). Oversight will assume, regardless of the reduction in IP filings, the number of IP's that are successfully placed on the ballot will remain constant at 4.

FY 2023 would result in Revenue of \$20,500 to \$62,000 ($93 \text{ to } 278 \times 8/18 \times \500)
FY 2024 would result in Revenue of \$26,000 to \$77,200 ($93 \text{ to } 278 \times 10/18 \times \500)
FY 2025 would result in Revenue of \$20,500 to \$62,000 ($93 \text{ to } 278 \times 8/18 \times \500)

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

Officials from the **Office of the State Treasurer, Missouri Senate, Missouri House of Representatives, Office of the State Courts Administrator, Attorney General's Office, Department of Corrections, Missouri Highway Patrol, and Office of the State Public Defender** each 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.

In response to similar legislation, SB 522 from 2020, officials from the **Platte County Board of Elections** assumed potential doubling of ballot costs per General and/or Special election conducted for the State of Missouri due to increase in words permitted in the question text. Additional words are likely to cause the current 19" ballot for General elections to run onto a second and/or third ballot page. All dependent upon the number of State questions/initiative/referendums placed on the General and/or Special election ballot.

Using the 2016 Presidential Election ballot as an example, ballot costs were \$26,000. If we were to go to a second page, an additional \$26,000 in increased ballots costs would be incurred per General/Special election conducted for the State of Missouri.

In response to similar legislation, SB 522 from 2020, officials from the **St. Louis County Board of Elections** assumed if the proposal lengthens a ballot to two pages, this could have a fiscal impact of about \$100,000.

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

Oversight assumes the proposal will potentially increase fiscal impact regarding ballot length and printing costs to local election authorities. Therefore, Oversight will reflect a zero to unknown cost on the fiscal note.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other local election authorities and county clerks were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (8 Mo.)	FY 2024	FY 2025
SECRETARY OF STATE'S PETITION PUBLICATION FUND			
<u>Revenue</u> - SOS - retained filing fees for initiative petitions that are not certified sufficient to be on the ballot (§116.050.2)	\$20,500 to \$62,000	\$26,000 to \$77,200	\$20,500 to \$62,000
<u>Cost</u> - SOS - filing fees refunded for initiative petitions that qualify to be on ballot (§116.050.2)	\$0	\$0	(\$2,000)
<u>Cost</u> - SOS - Publication Costs	<u>\$0</u>	<u>\$0</u>	<u>(\$16,500)</u>
ESTIMATED NET EFFECT ON THE SECRETARY OF STATE'S PETITION	\$20,500 to <u>\$62,000</u>	\$26,000 to <u>\$77,200</u>	\$2,000 to <u>\$43,500</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (8 Mo.)	FY 2024	FY 2025
LOCAL ELECTION AUTHORITIES			
<u>Cost</u> - increased ballot length (§116.160.2)	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL ELECTION AUTHORITIES	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

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

(Sections 116.030 to 116.130)

The act standardizes the use of signature sheets for purposes of initiative and referendum petitions by requiring the Secretary of State to prescribe forms for such sheets. Such sheets shall be made available in an electronic format and used for all initiative and referendum petitions. Furthermore, signatures in ink other than black or blue will not be counted.

(Sections 116.050 and 116.332)

This act requires that on each page of a proposed measure, the text of the measure shall be in 12-point Times New Roman font with one inch margins. Furthermore, no initiative petition shall declare any federal law or court decision to be void or in violation of the United States Constitution, amend any federal law or the United States Constitution, or accomplish an act that the United States Constitution requires to be accomplished by the General Assembly. The act stipulates that sample initiative sheets shall be filed no earlier than 12 weeks following a general election.

(Section 116.050)

The Secretary of State is required to collect a fee of \$500 for each petition sample sheet filed with its office, with an additional \$25 fee for each page that the measure exceeds ten pages. Fees shall be refunded if the measure is certified for the ballot.

(Sections 116.160, 116.230, and 116.334)

Current law provides that the official summary statement prepared by the Secretary of State for an initiative petition shall contain no more than 100 words and for a measure proposed by the General Assembly no more than 50 words, excluding articles. This act provides that both such statements shall contain no more than 150 words total. Furthermore, the act requires each sample ballot prepared by the Secretary of State to contain the words "Shall the measure summarized be approved?" with options to vote yes or no.

(Sections 116.332 and 116.334)

Current law requires the Attorney General and the Secretary of State to each review an initiative petition only as to form and approve or reject the petition based on compliance with the procedural requirements of the law. This act specifies that both the Attorney General and the Secretary of State shall review each petition for compliance with statutes regulating initiative petitions as well as Article III, Sections 28, 49, 50, 51 and 52(a) of the Missouri Constitution.

(Section 116.334)

The act provides that in the event of a court-ordered change to the official ballot title, all signatures gathered prior to the change shall be invalidated.

(Section 116.270)

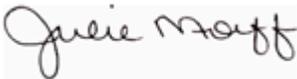
The act creates the Secretary of State's Petition Publications Fund. The purpose of the fund is to pay any refunds to persons submitting petitions that become certified and to also pay publication expenses incurred in submitting statewide ballot measures to the voters.

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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 the State Treasurer
Missouri Senate
Missouri House of Representatives
Legislative Research
Oversight Division
Jackson County Board of Elections
Platte County Board of Elections
St. Louis County Board of Elections
Kansas City Board of Elections



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