

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3698-01
Bill No.: HJR 63
Subject: Constitutional Amendments; Counties; Campaign Finance
Type: Original
Date: January 13, 2020

Bill Summary: This proposal changes the law regarding initiative petition signatures and financial disclosures.

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 6 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

*Potential costs and reimbursements from the state (if a special election is called) net to zero.

FISCAL ANALYSIS

ASSUMPTION

Officials from 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.

Oversight notes according to **SOS** this joint resolution 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 require that percentage in all eight congressional districts would increase that minimum number to over 224,000 (constitutional) or 140,000 (statutory), an approximately 40% increase. 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. Assuming that other petitions achieve a similar proportion of signatures above the minimum requirements, an increase of 40% in processing costs could reach or exceed \$12,800 per petition expended between FY 2022 and FY 2023. Based on an average amount of five petitions submitted for verification per election cycle, this would result in total increased costs of up to \$64,000. This increase does not include resources expended by local election authorities, nor does it include any additional costs that the SOS could incur in order to continue to meet all statutory processing deadlines.

Oversight notes that though the proposal will increase the petitions processing workload on the SOS, officials do not anticipate spending additional money to handle the increase and will absorb with existing staff.

Officials from the **Missouri Senate** and **Missouri House of Representatives** both assume the proposal will have no fiscal impact on their organization.

Oversight notes that the Missouri House of Representatives and Missouri Senate 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 **Kansas City Election Board** assume the work of checking the petitions would be spread out to all jurisdictions. They assume the election board would be checking 15% less signatures, saving \$5,000 in staff overtime and \$10,000 in temporary expense every even-numbered year.

ASSUMPTION (continued)

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

Oversight notes that there could be potential costs to local election authorities for petition processing; however, Oversight assumes that any costs to the state or to local election authorities for implementing this proposal (increased number of signature for verification) would be offset by a decrease in the number of petitions that meet the new higher thresholds to require signature verification. So fewer petitions to process, but more signatures to verify on those fewer petitions, resulting in offsetting costs and savings. Therefore, Oversight will assume no net fiscal impact to the SOS or to local election authorities from this joint resolution.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
GENERAL REVENUE FUND			
<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 <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 - Local Election Authorities - reimbursement of election costs by the State for a special election</u>	\$0 or More than <u>\$7,800,000</u>	\$0	\$0
<u>Costs - Local Election Authorities - cost of a special election if called for by the Governor</u>	\$0 or (More than <u>\$7,800,000</u>)	\$0	\$0
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

Upon voter approval, this proposed Constitutional amendment requires initiative petitions to be signed by a certain percent of voters in each county in the state. The Constitution currently requires that such petitions be signed by a certain percentage of voters in each of two-thirds of the congressional districts. The percentage of legal voters required to sign initiative petitions does not change under this resolution: 8% for petitions proposing amendments to the Constitution and 5% for petitions proposing laws. This resolution also requires every initiative petition to also include the name of the individual or group sponsoring the measure and requires that such individual or group to be subject to financial disclosure provisions under state law.

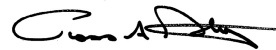
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State
Missouri Senate
Missouri House of Representatives
Kansas City Election Board
Jackson County Election Board
Platte County Board of Elections
St. Louis County Board of Elections



Julie Morff
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January 13, 2020



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January 13, 2020