

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4009-01
Bill No.: HB 1872
Subject: Ethics; Lobbying; State Employees
Type: Original
Date: February 3, 2010

Bill Summary: Establishes the Fair Influence in Government Act which prohibits the use of public funds for lobbying purposes.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Administrative Hearing Commission, Department of Agriculture, Budget and Planning, Department of Economic Development, Missouri Department of Transportation, Department of Insurance, Financial Institutions and Professional Registration, Department of Mental Health, Department of Corrections, Missouri Department of Conservation, Department of Labor and Industrial Relations, Department of Revenue, Department of Natural Resources, Alcohol and Tobacco Control, Capitol Police, Fire Safety, Missouri Highway Patrol, Missouri House of Representatives, Joint Committee on Public Employee Retirement, Missouri Consolidated Health Care Plan, Missouri Senate, Office of Administration, Office of the Adjutant General, Office of the Governor, Office of the Secretary of State, Office of the State Auditor, Office of the State Courts Administrator, Office of the State Public Defender, State Emergency Management Agency, State Tax Commission, Missouri Veterans Commission, Water Patrol** assume that there is no fiscal impact from this proposal.

Officials at the **Office of the Attorney General** assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials at the **Department of Higher Education** assume that this legislation would not impact the department's staffing or salaries because the department does not have any employees whose sole responsibilities include lobbying. A small number of the department's employees spend some time advocating on legislative issues, but each of those employees have significant other duties and would almost certainly be retained even if the advocacy part of their job was eliminated.

Officials at the **Joint Committee on Administrative Rules** assume an impact of \$305 because the Committee currently pays Missouri Bar dues for its General Counsel that would no longer be permitted under this legislation.

Officials at the **Missouri Senate** assume an impact of \$305 per staff bar dues because the Senate currently pays Missouri Bar dues for its research staff and General Counsel that would no longer be permitted under this legislation. The total dues paid in FY 2010 was \$2,440.

Officials at the **Missouri Department of Conservation (MDC)** assume certain MDC employees regularly provide information and insight to legislators with regard to proposed legislation. If, because of this legislation, these individuals could no longer communicate issues with the

ASSUMPTION (continued)

General Assembly, there would be an impact on MDC funds. However, the exact amount is unknown, but could exceed \$100,000 annually.

Officials at the **Department of Elementary and Secondary Education** assume there is no state cost to the foundation formula associated with this proposal. To the extent fine revenues exceed 2004-2005 collections, any increase in this money distributed to schools increases the deduction in the foundation formula the following year. Therefore the affected districts will see an equal decrease in the amount of funding received through the formula the following year; unless the affected districts are hold-harmless, in which case the districts will not see a decrease in the amount of funding received through the formula (any increase in fine money distributed to the hold-harmless districts will simply be additional money). An increase in the deduction (all other factors remaining constant) reduces the cost to the state of funding the formula.

Officials at the **Missouri Ethics Commission (MEC)** assume the proposed legislation would prohibit state agencies or political subdivisions from using public resources to pay for lobbying, to influence the passage or defeat of legislation or using public resources to pay membership dues on behalf of a state agency or political subdivision or officer or employee of such entities if those dues directly or indirectly pay all or part of the salary of any individual required to register as a lobbyist. Prohibits any person who accepts public funds as compensation from registering a lobbyist for a specific time period. The implementation of the above responsibilities would require the following additional resources: one Business Analyst to conduct the routine work necessary in reviewing and providing oversight for the proposed legislation. The Business analysts would review the lobbyist reports, principal reports and prepare necessary notices. Currently the Commission receives approximately 15,800 lobbyist reports annually.

The Commission would anticipate that changes or additions to the proposed language set forth in this bill may require additional associated costs for FTE, equipment, and expenses.

Oversight assumes this proposal does not increase the reporting requirements of lobbyist nor does it put any new requirements on the Missouri Ethics Commission. Therefore, **Oversight** assumes MEC has no fiscal impact from this proposal.

Officials at the **East Central College, Metropolitan Community College, Missouri State University, Missouri Southern State University, Missouri Western State University, Parkway School District, Truman State University** assume that there is no fiscal impact from this proposal.

ASSUMPTION (continued)

Officials at the **University of Central Missouri (UCM)** contracts with a governmental relations consultant at \$48,000 per year; however, only approximately 15 percent of that person's time is spent "in an attempt to influence the passage or defeat of any legislative measure." In addition, both UCM's President (salary, \$223,891 plus benefits) and Chief of Staff (salary, \$85,855 plus benefits) are registered lobbyists with the state of Missouri.

Savings would also occur from mandatory discontinuation of association membership in Missouri organizations that may employ people who undertake lobbying efforts as part of their job duties. UCM collectively pays more than \$44,000 in dues to such organizations as the Missouri Council on Public Higher Education, Missouri Biotechnology Association, Missouri Academy of Science, Missouri Campus Compact, and local and regional chambers of commerce.

In FY10, UCM was appropriated \$60,893,439 in state funds. If the university president, staff members and contracted governmental relations officials are limited in their capacity to petition the government on behalf of the institution, any or all of this amount, in addition to any future increases, could be in jeopardy.

Officials at the **Linn State Technical College** assume a savings of half an FTE for a savings of \$27,000.

Officials at the **City of Centralia, Kansas City Board of Election Commission, Sikeston R-6 School District, St. Louis County** assume that there is no fiscal impact from this proposal.

Officials at the **City of Kansas City** assume this legislation will have a negative fiscal impact on the City of Kansas City, Missouri, because Kansas City would lose the ability to hire someone to lobby the General Assembly in furtherance of Kansas City's interests. For example, Kansas City could lose \$200 million per year if it lost its earnings tax; if Kansas City could not lobby effectively then it couldn't argue persuasively on the importance of maintaining such tax.

Oversight assumes that the proposal would not have a direct effect on state revenue. The concern that the proposal would cost agencies and political subdivisions future appropriations is not a direct result of the proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<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

The proposed legislation appears to have no fiscal impact.

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

Metropolitan Community College
St. Louis County
East Central College
Parkway School District
Joint Committee on Public Employee Retirement
City of Kansas City
Administrative Hearing Commission
City of Centralia
Office of the State Auditor
Capitol Police
Department of Agriculture
State Tax Commission
Truman State University
Fire Safety
Office of the State Public Defender

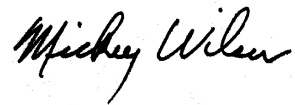
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SOURCES OF INFORMATION (continued)

Department of Higher Education
Missouri State University
Missouri Department of Conservation
Linn State Technical College
Kansas City Board of Election Commission
Sikeston R-6 School District
Office of the Secretary of State
State Tax Commission
Missouri Consolidated Health Care Plan
State Emergency Management Agency
Department of Elementary and Secondary Education
Office of Administration
University of Central Missouri
Alcohol and Tobacco Control
Missouri Department of Transportation
Department of Revenue
Department of Natural Resources
Missouri Western State University
Office of the State Courts Administrator
Missouri Highway Patrol
Office of the Attorney General
Water Patrol
Missouri Senate
Department of Insurance, Financial Institutions and Professional Registration
Budget and Planning
Office of the Adjutant General
Office of the Governor
Missouri House of Representatives
Missouri Southern State University
Missouri Veterans Commission
Department of Mental Health
Joint Committee on Administrative Rules
Missouri Senate
Department of Corrections
Department of Economic Development
Department of Labor and Industrial Relations
Missouri Department of Conservation
Missouri Ethics Commission

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A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
February 3, 2010

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