

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0261-02
Bill No.: Perfected HCS for HJR 41
Subject: Constitutional Amendments; Cities, Towns and Villages; Counties; County Government; Taxation and Revenue - General
Type: Original
Date: April 28, 2015

Bill Summary: This resolution proposes a constitutional amendment authorizing a downsizing state government commission.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2024)
General Revenue	\$0 to (More than \$7,100,000)	\$0	\$0	\$0 or (\$282,402)
Total Estimated Net Effect on General Revenue	\$0 to (More than \$7,100,000)	\$0	\$0	\$0 or (\$282,402)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2024)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$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 2016	FY 2017	FY 2018	Fully Implemented (FY 2024)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2024)
General Revenue	0	0	0	0 or 2 FTE
Total Estimated Net Effect on FTE	0 FTE	0 FTE	0 FTE	0 or 2 FTE

☒ 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 2016	FY 2017	FY 2018	Fully Implemented (FY 2024)
Local Government*	\$0	\$0	\$0	\$0

*Costs and Revenues net to zero fiscal impact.

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of the Secretary of State** assumed 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 \$7.1 million based on the cost of the 2012 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 Sections 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2013, at the August and November elections, there were 5 statewide Constitutional Amendments or ballot propositions that cost \$2.17 million to publish (an average of \$434,000 per issue). In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation and the Secretary of State's Office was appropriated \$1.19 million to publish the full text of the measures. Due to this reduced funding, the Secretary of State's office reduced the scope of the publication of these measures. In FY 2015, at the August and November elections, there were 9 statewide Constitutional Amendments or ballot propositions that cost \$1.1 million to publish (an average of \$122,000 per issue). Despite the FY 2015 reduction, 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, 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.

ASSUMPTION (continued)

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 FY 2016. 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 general election is in November 2016 (FY 2017). It is assumed the subject within this proposal could be on that ballot; however, it could also be on a special election called for by the Governor. Therefore, Oversight will reflect a potential election cost reimbursement to local political subdivisions in FY 2016 if a special election is held and a zero cost in FY 2017.

Officials from the **Office of Administration (OA)** assumes this proposal creates a 15 member state government commission. OA assumes there would be FTE and related costs for the commission. Commission members would be appointed in January 2023. OA assumes Missouri's population will be reported to the U.S. President in December 2020 (based on prior years reporting dates). The next general election would be in November 2022.

Thus, OA has estimated costs for FY2023, FY 2024, FY2025, FY2026 and FY2027. OA assumes that four years after the commission members are appointed occurs first and that the commission is disbanded in January 2027. OA assumes that 2 staff (Executive Director at \$92,119 annually and Administrative Assistant at \$45,030 annually) would be needed to assist the 15 member Commission in the performance of their duties. OA assumes that the Commission will meet at least monthly and hold at least two public hearings in each congressional district. OA assumes 12 meetings per year.

OA assumes a court reporter would be hired on an hourly basis to attend meetings and transcribe testimony and discussion.

- ▶ Court Reporter Costs - \$35.66 per hour x 8 hours x 12 meetings per year
- ▶ Transcription Costs - \$4.75 per page x 50 pages x 12 meetings

ASSUMPTION (continued)

OA assumes 12 meetings per year. It is assumed that the Commission will meet at least monthly and hold at least two public hearings in each congressional district. It is also assumed meetings would be held the following cities at college campuses: St. Louis, Kirkwood, Jefferson City, Warrensburg, Kansas City, Kirksville, Springfield & Cape Girardeau. 15 Committee members and 2 staff would travel to these cities and incur costs for mileage, meals, and lodging. It is also assumed that there will be costs for all members to travel to Jefferson City.

In summary, OA assumes cost of \$157,563 in FY 2023, \$282,402 in FY24, and \$287,012 in FY25.

Officials from the **Office of the Governor** assume there should be no added cost to their office as a result of this measure. However, if additional duties are placed on the office related to appointments in other TAFP legislation, there may be the need for additional staff resources in future years.

Officials from the **Missouri Senate** and **Missouri House of Representatives** each assume the current proposal would not fiscally impact their respective agencies.

Oversight will range the fiscal impact from \$0 (HJR is not approved by voters) to OA's estimated expenses. **Oversight** assumes the proposal would eventually result in downsizing (savings) to the state.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018	Fully Implemented (FY 2024)
GENERAL REVENUE FUND				
<u>Transfer Out</u> - Secretary of State - reimbursement of local election authority election costs if a special election is called by the Governor	\$0 or (More than \$7,100,000)	\$0	\$0	\$0
<u>Costs</u> - OA				
Salaries	\$0	\$0	\$0	\$0 or (\$138,520)
Fringe Benefits	\$0	\$0	\$0	\$0 or (\$78,001)
Equipment and Expense	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0 or (\$65,881)</u>
<u>Total Costs</u> - OA	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0 or (\$282,402)</u>
FTE Change - OA	0 FTE	0 FTE	0 FTE	0 or 2 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$0 or (More than \$7,100,000)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0 or (\$282,402)</u>
Estimated Net FTE Change on the General Revenue Fund	0 FTE	0 FTE	0 FTE	0 or 2 FTE

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018	Fully Implemented (FY 2024)
LOCAL ELECTION AUTHORITIES FUNDS				
<u>Transfer In</u> - Local Election Authorities - reimbursement of election costs by the State for a special election	\$0 or More than \$7,100,000	\$0	\$0	<u>\$0</u>
<u>Costs</u> - Local Election Authorities - cost of a special election	\$0 or (More than \$7,100,000)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON LOCAL ELECTION AUTHORITIES FUNDS	<u>\$0</u>	<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.

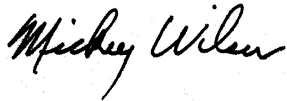
FISCAL DESCRIPTION

Upon voter approval, this proposed constitutional amendment creates a recurring commission which will examine downsizing state government with an eye toward making it more effective and efficient. The Speaker of the House of Representatives and the Senate Pro Tem each will appoint three members. The remaining membership and terms are specified in the bill.

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 Administration
Office of the Governor
Office of the Secretary of State
Missouri Senate
Missouri House of Representatives



Mickey Wilson, CPA
Director
April 28, 2015

Ross Strobe
Assistant Director
April 28, 2015