

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0995-01
Bill No.: HB 290
Subject: General Assembly; Constitutional Amendments; Secretary of State
Type: #Updated
Date: April 1, 2019
#Updated to include revised response from Office of the Secretary of State.

Bill Summary: This proposal modifies provisions for petitioning to amend the law.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	\$0	\$39,000	\$0
Total Estimated Net Effect on General Revenue	\$0	\$39,000	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY2019/2020	FY 2021	FY 2022
#Petition Publication Fund	\$38,750 to 115,833	\$22,778 to (\$18,333)	\$25,833 to \$77,222
Signature Verification Fund (Revenues and Transfers out net to zero.)	\$0	\$0	\$0
#Total Estimated Net Effect on <u>Other</u> State Funds	\$38,750 to 115,833	\$22,778 to (\$18,333)	\$25,833 to \$77,222

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
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 2020	FY 2021	FY 2022
Local Government	\$0	\$272,000	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** assume the proposal adds two separate fees related to initiative petitions. Each 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 10 pages in length. Those petitions which submit signatures to appear on the ballot would be required to submit a fee equal to \$0.40 times the minimum number of required signatures if any paid circulators are employed.

With regard to the filing fee (116.050), 371 initiative petition samples were submitted for approval in the 2018 election cycle. At \$500 each, this would equate to at least \$185,500 in fees (plus some additional money for those petitions exceeding 10 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, resulting in 93 filings (371 x 25%) per 18-month cycle with a revenue total of \$46,500. 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 \$65,000 per page of length. While this revenue would accrue in the fund throughout FY 2019 and FY 2020, we would not be able to determine which fees would be refunded and which would devolve to the state until FY 2021. 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. Expenditure of all available funds will happen in FY21 when publications costs are incurred, with the invoice to be paid in October.

With regard to the submission fee if paid circulators are used (116.100), the minimum number of required signatures is currently approximately 160,000 for constitutional petitions and 100,000 for statutory measures. At \$0.40 per signature, this would result in fees of up to \$64,000 for constitutional initiative petitions and \$40,000 for statutory initiatives. If the number of petitions submitted in 2020 is comparable to that of 2018, three constitutional petitions and two statutory petitions would be submitted and \$272,000 in fees (\$64,000 x 3 + \$40,000 x 2) would be collected and deposited into the newly-created Petition Signature Verification Fund during FY 2021. These monies would be disbursed later in FY 2021 to local election authorities on a pro-rata basis in compensation for processing and verifying petition signatures.

ASSUMPTION (continued)

Petition Publications Fund (NEW)

FY19 Revenue: \$13,000 (93 x 5/18 x \$500) - 5/18 due to emergency clause - allowing time for debate, the bill could pass in January and fees could be accumulating by February.

FY20 Revenue: \$26,000 (93 x 10/18 x \$500) - 10/18 because petitions can be filed from July 2019 through early May 2020.

FY21 Revenue: \$21,000 (93 x 8/18 x \$500) - 8/18 because petitions can be filed from November 2020 through June 2021.

FY21 Expenditures: \$39,000 (\$13,000 from FY19, \$26,000 from FY20) - FY21 monies not received until after election so will not be available for expenditure.
(Approximately \$2,000 in Code 780, the rest in Code 400.)

FY22 Revenue: \$26,000 (93 x 10/18 x \$500) - 10/18 because petitions can be filed from July 2021 through early May 2022.

Signature Verification Fund (NEW)

FY21 Revenue - \$272,000
FY21 Expenditure - \$272,000
Net Impact to this Fund: \$0

The **SOS** states they reserve the right to offset or request additional resources for estimated fiscal note impacts during the budget process.

#Oversight notes that in response to other legislation this year that required an initiative petition filing fee (2498H.01A), SOS changed their response regarding the reduction in filings. For this purposes, Oversight has updated the fiscal note to reflect the SOS receiving 50 - 93 filings per 18-month cycle (\$25,000 - \$46,500).

#Oversight notes that it is difficult to determine what percentage of reduction in filing initiative petitions may occur as a result of this proposal. 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).

ASSUMPTION (continued)

FY 2019 would result in Revenue of \$12,917 to \$38,611 (93 to 278 x 5/18 x \$500)
FY 2020 would result in Revenue of \$25,833 to \$77,222 (93 to 278 x 10/18 x \$500)
FY 2021 would have net impact of \$20,667 to \$61,778 (93 to 278 x 8/18 x \$500) - \$39,000
FY 2022 would result in Revenue of \$25,833 to \$77,222 (93 to 278 x 10/18 x \$500)

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

Oversight will assume the \$39,000 expenditure in FY 2021 from the new fund will correspondingly reduce the amount of expenditures from the General Revenue Fund for ballot publication costs.

Also, **SOS** assumes 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 the 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.

Officials from the **Office of Prosecution Services** assume the proposal will have no measurable fiscal impact on their organization.

ASSUMPTION (continued)

Officials from the **Office of the State Treasurer, Department of Corrections, Office of the State Public Defender, Office of State Courts Administrator, and Platte County Board of Elections** each assume the proposal will have no fiscal impact on their organization.

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 **St. Louis County Board of Elections** assume on average, for a state-wide petition St. Louis County processes 65,000 signatures for verification. Based on the reimbursement through the Signature Verification Fund, that would result in reimbursements of \$13,000 from the SOS.

In response to similar legislation SB 5 from 2019, officials from the **Kansas City Election Board** state that its difficult to determine the fiscal impact of the proposal. However, the board spends \$100,000 in temporary and overtime expense, most of which is for checking petitions every even numbered election year.

In response to similar legislation SB 5 from 2019, officials from the **Jackson County Election Board** assume the proposal would have a positive fiscal impact if payments are made to the election authorities as authorized in 116.275. The fiscal impact would depend on the number of petitions circulated in a two year cycle and forwarded to the election board for verification. The positive fiscal impact is estimated at \$0 - \$5,000.

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. For a general listing of political subdivisions included in our database, please refer to www.legislativeoversight.mo.gov.

<u>FISCAL IMPACT - State Government</u>	FY2019/2020	FY 2021	FY 2022
GENERAL REVENUE			
<u>Savings</u> - publication costs first being paid out of the Petition Publication Fund	<u>\$0</u>	<u>\$39,000</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$0</u>	<u>\$39,000</u>	<u>\$0</u>
#PETITION PUBLICATION FUND			
<u>#Revenue</u> - SOS - \$500 petition filing fee	\$38,750 to \$115,833	\$20,667 to \$61,778	\$25,833 to \$77,222
<u>Cost</u> - SOS - publishing petitions and refunds for successful petitions	<u>\$0</u>	<u>(\$39,000)</u>	<u>\$0</u>
#ESTIMATED NET EFFECT ON PETITION PUBLICATION FUND	<u>\$38,750 to</u> <u>\$115,833</u>	<u>\$22,778 to</u> <u>(\$18,333)</u>	<u>\$25,833 to</u> <u>\$77,222</u>
SIGNATURE VERIFICATION FUND			
<u>Revenue</u> - SOS - signature verification fees	\$0	\$272,000	\$0
<u>Cost</u> - SOS - disbursement of fees to local election authorities	<u>\$0</u>	<u>(\$272,000)</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON SIGNATURE VERIFICATION FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2020	FY 2021	FY 2022
LOCAL ELECTION AUTHORITIES			
<u>Revenue</u> - Local Election Authorities - disbursement of fees from SOS	<u>\$0</u>	<u>\$272,000</u>	<u>\$0</u>
NET EFFECT TO LOCAL ELECTION AUTHORITIES	<u>\$0</u>	<u>\$272,000</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

This bill changes the format of signature sheets and creates the class A misdemeanor crime of knowingly signing a petition using the wrong name, signing without being a registered voter, or signing the same petition more than once. The bill modifies the affidavit accompanying the signature to affirm the individual has not been convicted of, plead guilty to, or found guilty of perjury instead of forgery.

The Secretary of State shall make petition sheets available in an electronic format for printing and circulation.

There is a \$500 filing fee for each initiative or referendum petition sample sheet with an additional \$25 fee per page of text in excess of 10 pages.

Initiative petitions may not invalidate or modify federal statutes, regulations, executive orders, or court decisions, amend federal or constitutional provisions, or accomplish any act delegated to the General Assembly under the Constitution of the United States.

This bill creates the "Secretary of State's Signature Verification Fund." The fund consists of money's a \$.40 fee per signature that is collected when a paid circulator is used to gather signatures for initiatives or referendums.

The procedure for counting or evaluating signatures are specified in the bill. The bill specifies that any court ordered changes to a ballot title results in the invalidation of signatures collected prior to the order.

FISCAL DESCRIPTION (continued)

The bill has an emergency clause.

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 Prosecution Services
Office of the State Treasurer
Office of State Courts Administrator
Department of Corrections
Office of the State Public Defender
St. Louis County Election Board
Kansas City Election Board
Jackson County Election Board
Platte County Board of Elections



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