

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2206-01
Bill No.: HB 1055
Subject: Constitutional Amendments
Type: #Updated
Date: April 1, 2019

#Updated to include revised response from Office of the Secretary of State and exclude cost to Office of the State Treasurer after further analysis.

Bill Summary: This proposal changes the law regarding initiative petitions.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
#General Revenue	\$0	\$27,522 to \$85,088	\$0
#Total Estimated Net Effect on General Revenue	\$0	\$27,522 to \$85,088	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
#Petition Trust Fund (to be established by STO)	\$14,461 to \$43,244	(\$14,461) to (\$43,244)	\$18,084 to \$54,506
#Total Estimated Net Effect on <u>Other</u> State Funds	\$14,461 to \$43,244	(\$14,461) to (\$43,244)	\$18,084 to \$54,506

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 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			

☐ 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	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

#In response to similar legislation from 2019 (2498H.01A), officials from the **Office of the Secretary of State (SOS)** assumed the proposal adds a filing fee for initiative petitions. Each petition filed with the Secretary of State's Office for preliminary approval to circulate would need to be accompanied by a \$350 filing fee, refundable for petitions which qualify to appear on the ballot.

With regard to the filing fee (116.050), 371 initiative petition samples were submitted for approval in the 2018 election cycle. At \$350 each, this would equate to at least \$129,850 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. We assume there will be a reduction in filings, for this purposes of this fiscal note we believe the SOS will receive 50-93 filings per 18-month cycle (\$17,500 - \$32,550). This money would default to general revenue in the case of any petitions which do not qualify for the ballot. While this revenue would accrue in the fund during FY 2020, we would not be able to determine which fees would be refunded and which would devolve to the state until FY 2021. Four petitions during the 2014-16 cycle and five petitions during the 2016-18 cycle qualified to appear on the ballot; the SOS assumes 4 successful petition submissions per petitions cycle, for a refund total of \$1,400 in FY21. The remaining funds would default to general revenue during FY21 as well, after which filing fees for the 2022 petition cycle would begin accruing.

FY 2020 Revenue (2020 Petition Cycle): \$7,700 - \$14,350 (50-93 x 8/18 x \$350) - 8/18 because petitions can be filed from the late August 2019 effective date through the early May 2020 submission deadline.

FY 2021 Expenditures (Refunds for 2020 Petition Cycle): Fund 0101, Code 780, \$1,400 (\$6,300 - \$12,950 will default to GR from 2020 petition cycle)

FY 2021 Revenue (2022 Petition Cycle): \$7,700 - \$14,350 (50-93 x 8/18 x \$350) - 8/18 because petitions can be filed from November 2020 through June 2021.

FY 2021 Net Impact: \$12,950

FY 2022 Revenue (2022 Petition Cycle): \$9,800 - \$18,200 (50-93 x 10/18 x \$350) - 10/18 because petitions can be filed from July 2021 through the early May 2022 submission deadline.

ASSUMPTION (continued)

#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 (\$32,550 - \$97,300).

FY 2020 would result in Revenue of \$14,467 to \$43,244 (93 to 278 x 8/18 x \$350)

FY 2021 would have net impact of \$13,067 to \$41,844 (93 to 278 x 8/18 x \$350) - \$1,400

FY 2022 would result in Revenue of \$18,084 to \$54,056 (93 to 278 x 10/18 x \$350)

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 (STO)** assume Section 116.050 states that the state treasurer will establish a trust fund and refund the group filing an initiative petition if the petition qualifies for the ballot within two years after a summary statement has been prepared by the Secretary of State. The STO is requesting ½ FTE (\$24,744 per year for clerk) since we do not issue refunds and would need to modify our systems so that we can issue checks ourselves, since currently we're taking lists generated from other departments to produce checks.

In summary the STO assumes cost of \$39,887 in FY 2020, \$36,233 in FY 2021, and \$36,404 in FY 2022.

#Oversight notes that the legislation is not clear as to what office will be responsible for refunding the filing fees for initiative petitions that qualify to be on ballot. However, Oversight assumes if the STO is required to refund these filing fees (assumed to be 4 in this fiscal note estimate), they would be able to do so with existing resources. Therefore, Oversight will not reflect a fiscal impact to the Office of the State Treasurer.

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

ASSUMPTION (continued)

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

Oversight assumes that the majority of the monies will be transferred from the trust fund to General Revenue after the general elections (in FY 2021 and biennially thereafter).

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
#GENERAL REVENUE FUND			
<u>#Transfer In</u> - SOS - retained filing fees for initiative petitions that are not certified sufficient to be on the ballot	<u>\$0</u>	\$27,522 to <u>\$85,088</u>	<u>\$0</u>
#ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$0</u>	<u>\$27,522 to</u> <u>\$85,088</u>	<u>\$0</u>
#PETITION TRUST FUND			
<u>#Revenue</u> - SOS - retained filing fees for initiative petitions that are not certified sufficient to be on the ballot	\$14,461 to \$43,244	\$14,461 to \$43,244	\$18,084 to \$54,056
<u>#Cost</u> - SOS - filing fees refunded for initiative petitions that qualify to be on ballot	\$0	(\$1,400)	\$0
<u>#Transfer Out</u> to GR - initiative petition fees that have not been refunded.	<u>\$0</u>	(\$27,522) to <u>(\$85,088)</u>	<u>\$0</u>
#ESTIMATED NET EFFECT ON PETITION TRUST FUND	<u>\$14,461 to</u> <u>\$43,244</u>	<u>(\$14,461) to</u> <u>(\$43,244)</u>	<u>\$18,084 to</u> <u>\$54,056</u>

FISCAL IMPACT - Local Government

FY 2020
(10 Mo.)

FY 2021

FY 2022

\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This bill authorizes the Missouri Secretary of State to collect a \$350 filing fee for initiative petitions which will be refunded if the petition qualifies for the ballot within two years after a summary statement is prepared. Any fees that are not refunded shall revert to the General Revenue fund.

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



Kyle Rieman
Director
April 1, 2019

Ross Strobe
Assistant Director
April 1, 2019