

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3092-01
Bill No.: HJR 66
Subject: Constitutional Amendments; Secretary of State
Type: Original
Date: January 2, 2020

Bill Summary: This proposal modifies constitutional provisions for signatures on initiative petitions.

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

*Transfer out and transfer in net to zero.

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of the Secretary of State (SOS)** assume the proposal 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 of all registered voters in all eight congressional districts would increase that minimum number to over 337,000 (constitutional) or 210,000 (statutory), approximately doubling the prior requirement. 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 (over 320,000 signatures total) and cost approximately \$32,000 in state resources to process for sufficiency, which SOS does with existing staff. Assuming that other petitions achieve a similar proportion of signatures above the minimum requirements, a doubling in processing costs could reach or exceed an additional \$32,000 per petition expended between FY 2022 and FY 2023, which the agency would absorb. Based on an average amount of five petitions submitted for verification per election cycle, this would result in total increased costs of up to \$160,000. This increase does not include resources expended by local election authorities, nor does it include any additional costs that the Secretary of State's Office could incur in order to continue to meet all statutory processing deadlines.

Additionally, 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

ASSUMPTION (continued)

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 (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.

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

Officials from the **Kansas City Election Board** assume if the proposal becomes law more signatures would be needed to submit an initiative petition and that the work of checking the petitions would be spread out to all jurisdictions. The election board would be checking 25% less signatures, saving us \$10,000 in staff overtime and \$15,000 in temporary expense every even-numbered year.

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

ASSUMPTION (continued)

Oversight notes that the Missouri House of Representatives, Missouri Senate, Jackson County Election Board, and St. Louis County Board of Elections each have stated the proposal would not have a direct 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.

Oversight notes 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 fewer petitions that will meet the new higher thresholds and therefore, will result in fewer petitions to process.

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

Currently, initiative petitions shall be signed by 8% of the legal voters in each of two-thirds of the congressional districts in the state, and petitions proposing laws shall be signed by 5% of registered voters.

This proposed Constitutional amendment, upon voter approval, will change the description from legal to registered voters and will require that the necessary percentage of voters be in each of the congressional districts rather than just two-thirds of the congressional districts.

The number of signatures required is calculated by the Office of the Secretary of State.

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
Jackson County Election Board
St. Louis County Board of Elections
Kansas City Election Board



Julie Morff
Director
January 2, 2020



Ross Strobe
Assistant Director
January 2, 2020