

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3326-01
Bill No.: HB 1720
Subject: Constitutional Amendments; Secretary of State
Type: Original
Date: January 23, 2020

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue	\$0	\$0	\$44,500 to \$137,200
Total Estimated Net Effect on General Revenue	\$0	\$0	\$44,500 to \$137,200

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Secretary of State's Petition Publication Fund	\$20,500 to \$62,000	\$26,000 to \$77,200	(\$26,000 to \$77,200)
Total Estimated Net Effect on <u>Other</u> State Funds	\$20,500 to \$62,000	\$26,000 to \$77,200	(\$26,000 to \$77,200)

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

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** assume under this bill, each initiative petition filed with the Secretary of State's Office for preliminary approval to circulate would need to be accompanied by a \$500 filing fee.

For the most active petition cycle on record, the 2018 cycle, 371 initiative petition samples were submitted for approval. 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. We assume a 75% reduction in filings from this peak, resulting in approximately 93 filings per 18-month cycle with a revenue total of \$46,500 ($\$500 \times (371 \times 25\%)$). 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 2021 and FY 2022, we would not be able to determine which fees would be refunded and which would devolve to the state until FY 2023. 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 for a refunded total of \$2,000. Expenditure of all available funds will happen in FY23 when publications costs are incurred, with the invoice to be paid in October.

FY21 Revenue (2022 Petition Cycle): up to \$20,500 ($93 \times 8/18 \times \500) - (8/18 because petitions can be filed from November 2020 through June 2021).

FY22 Revenue (2022 Petition Cycle): up to \$26,000 ($93 \times 10/18 \times \500) - (10/18 because petitions can be filed from July 2021 through the early May 2022 submission deadline).

FY23 Expenditures (Refunds for 2022 Petition Cycle): approximately \$2,000 (up to \$44,500 ($\$46,500 - \$1,400$) will default to GR from 2022 petition cycle)

FY23 Revenue (2024 Petition Cycle): up to \$20,500 (same as FY 2021 - new petition cycle)

ASSUMPTION (continued)

Oversight notes that it is difficult to determine what percentage of reduction in filing initiative petitions (IP) may occur as a result of this proposal (assumed to be a 75% reduction by SOS). 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). Oversight will assume, regardless of the reduction in IP filings, the number of IP's that are successfully placed on the ballot will remain constant at 4.

FY 2021 would result in Revenue of \$20,500 to \$62,000 (93 to 278 x 8/18 x \$500)

FY 2022 would have net impact of \$26,000 to \$77,200 (93 to 278 x 10/18 x \$500)

FY 2023 would result in Revenue of \$20,500 to \$62,000 (93 to 278 x 8/18 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

Officials from the **Missouri Senate, Office of the State Treasurer, and Missouri House of Representatives** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight notes that the above agencies 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 assumes that the majority of the monies will be transferred from the trust fund to General Revenue after the general elections (in FY 2023 for the FY 2021-2022 filing season) and biennially thereafter).

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
GENERAL REVENUE FUND			
<u>Transfer In</u> - SOS - retained filing fees for initiative petitions that are not certified sufficient to be on the ballot (§116.050) from 18 month filing season	<u>\$0</u>	<u>\$0</u>	\$44,500 to <u>\$137,200</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$0</u>	<u>\$0</u>	\$44,500 to <u>\$137,200</u>
SECRETARY OF STATE'S PETITION PUBLICATION FUND			
<u>Revenue</u> - SOS - retained filing fees for initiative petitions that are not certified sufficient to be on the ballot (§116.050.2)	\$20,500 to \$62,000	\$26,000 to \$77,200	\$20,500 to \$62,000
<u>Cost</u> - SOS - filing fees refunded for initiative petitions that qualify to be on ballot (§116.050.2)	<u>\$0</u>	<u>\$0</u>	<u>(\$2,000)</u>
<u>Transfer Out</u> to GR - initiative petition fees that have not been refunded (§116.050) from previous 2 fiscal years	<u>\$0</u>	<u>\$0</u>	<u>(\$44,500 to \$137,200)</u>
ESTIMATED NET EFFECT ON THE SECRETARY OF STATE'S PETITION PUBLICATION FUND	<u>\$20,500 to \$62,000</u>	<u>\$26,000 to \$77,200</u>	<u>(\$26,000 to \$77,200)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
	<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

This bill authorizes the Missouri Secretary of State to collect a \$500 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



Julie Morff
Director
January 23, 2020



Ross Strobe
Assistant Director
January 23, 2020