

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0760H.03P
Bill No.: Perfected HCS for HJR Nos. 20, 2, 9 & 27
Subject: Elections; General Assembly
Type: Original
Date: March 10, 2021

Bill Summary: This proposal modifies provisions for initiative petitions and referendums.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|---|----------------|----------------|
| FUND AFFECTED | FY 2022 | FY 2023 | FY 2024 |
| General Revenue* | \$0 or (More than \$7,000,000) | \$0 | \$0 |
| Total Estimated Net Effect on General Revenue | \$0 or (More than \$7,000,000) | \$0 | \$0 |

*The potential fiscal impact of “(More than \$7,000,000)” would be realized only if a special election were called by the Governor to submit this joint resolution to voters.

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2022 | FY 2023 | FY 2024 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2022 | FY 2023 | FY 2024 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2022 | FY 2023 | FY 2024 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|----------------|----------------|----------------|
| FUND AFFECTED | FY 2022 | FY 2023 | FY 2024 |
| | | | |
| Local Government | \$0* | \$0 | \$0 |

*Transfer out and transfer in net to zero if the Governor calls a special election.

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

In response to similar legislation HJR 27 from 2021, officials from **Office of the Secretary of State (SOS)** assumed this bill 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 (2016) gubernatorial election in six out of eight congressional districts is slightly over 160,000 or 100,000 signatures respectively. The proposed change to require 10% (constitutional) or 5% (statutory) in all eight congressional districts would increase that minimum number to over 280,000 (constitutional) or 140,000 (statutory), an increase of 75% for constitutional measures and 40% for statutory petitions. When numbers from the 2020 gubernatorial election are available, this number will likely increase due to increased participation in the most recent gubernatorial race. 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 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, an increase of up to 75% in processing costs could reach or exceed \$24,000 per petition expended between FY 2022 and FY 2023 (and again in FY24/25), which the agency would absorb. Based on an average amount of four petitions submitted for verification per election cycle, this would result in total increased costs of up to \$96,000. 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, section 115.063.2 RSMo requires the state to pay the costs. The cost of the special election has been estimated to be \$7 million based on the cost of the 2020 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 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 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 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.

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 2022. 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 2022 and the next scheduled general election is in November 2022 (both in FY 2023). 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 (a different date). Therefore, Oversight will reflect a potential election cost reimbursement to local political subdivisions in FY 2022.

In response to a previous version, officials from the **Missouri Senate** and **Missouri House of Representatives** both assumed the proposal will have no fiscal impact on their respective organizations.

In response to a previous version, officials from the **St. Louis County Board of Elections**, **Kansas City Election Board** and **Platte County Board of Elections** each assumed the proposal will have no fiscal impact on their organizations.

Oversight notes that the Missouri House of Representatives, Missouri Senate, Platte County Board of Elections, Kansas City Election Board, and St. Louis County Board of Elections each have stated the proposal would not have a direct fiscal impact on their organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

House Amendments 1 and 2

Oversight assumes neither amendment will have any direct fiscal impact.

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. A general listing of political subdivisions included in our database is available upon request.

| <u>FISCAL IMPACT – State Government</u> | FY 2022 (10 Mo.) | FY 2023 | FY 2024 |
|--|--|-------------------|-------------------|
| GENERAL REVENUE FUND | | | |
| <u>Transfer Out - SOS - reimbursement of local election authority election costs if a special election is called by the Governor</u> | \$0 or (More than <u>\$7,000,000</u>) | <u>\$0</u> | <u>\$0</u> |
| ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND | \$0 or (More than <u>\$7,000,000</u>) | <u>\$0</u> | <u>\$0</u> |
| | | | |

| <u>FISCAL IMPACT – Local Government</u> | FY 2022 (10 Mo.) | FY 2023 | FY 2024 |
|--|---|-------------------|-------------------|
| 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 \$7,000,000 | \$0 | \$0 |
| <u>Costs</u> - Local Election Authorities - cost of a special election if called for by the Governor | \$0 or (More than <u>\$7,000,000</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

This proposal modifies provisions for initiative petitions and referendums.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Office of the Secretary of State

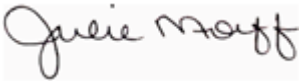
Missouri Senate

Missouri House of Representatives

Kansas City Election Board

Platte County Board of Elections

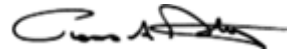
St. Louis County Board of Elections



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March 10, 2021



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