

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1171H.01P
Bill No.: Perfected HB 333
Subject: Elections
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	Fully Implemented (FY 2025)
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2022	FY 2023	FY 2024	Fully Implemented (FY 2025)
Secretary of State's Petition Publication Fund	\$26,000 to \$77,200	\$10,500 to \$52,000	\$26,000 to \$77,200	\$2,000 to \$43,500
Total Estimated Net Effect on <u>Other</u> State Funds	\$26,000 to \$77,200	\$10,500 to \$52,000	\$26,000 to \$77,200	\$2,000 to \$43,500

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2022	FY 2023	FY 2024	Fully Implemented (FY 2025)
Total Estimated Net Effect on All Federal Funds	\$0	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2022	FY 2023	FY 2024	Fully Implemented (FY 2025)
Total Estimated Net Effect on FTE	0	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	Fully Implemented (FY 2025)
Local Government	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

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 a previous version, officials from **Office of the Secretary of State (SOS)** assumed 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, plus \$25 for each page over two pages in length.

For the most recent petition cycle, the 2020 cycle, 148 initiative petition samples were submitted for approval. At \$500 each, this would equate to at least \$74,000 in fees (plus some additional money for those petitions exceeding two 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 from this peak, resulting in approximately 37 filings per 18-month cycle with a revenue total of \$18,500. 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 \$75,000 per page of length. While revenue for the 2024 cycle would accrue in the fund throughout FY 2023 and FY 2024, we would not be able to determine which fees would be refunded and which would devolve to the state until FY 2025 (extending beyond the scope of the fiscal note process) – 2022 cycle filing fees would be refunded in 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.

Petition Publications Fund (NEW)

FY22 Revenue (2022 Petition Cycle): up to \$10,000 (37 x 8/15 x \$500) – 8/15 because petitions can be filed from September 2021 through the early May 2022 submission deadline.

FY23 Expenditures (2022 Petition Cycle): approximately \$10,000

Approximately \$2,000 – refunds

Approximately \$8,000 – publication costs

FY23 Revenue (2024 Petition Cycle): up to \$6,000 (37 x 5/15 x \$500) – 5/15 because petitions can be filed from late January 2023 through June 2023.

NET IMPACT, FY23: (-\$4,000)

FY24 Revenue (2024 Petition Cycle): up to \$12,500 (37 x 10/15 x \$500) – 10/15 because petitions can be filed from July 2023 through the early May 2024 submission deadline.

OUTSIDE OF FISCAL NOTE SCOPE:

FY25 Expenditures (2024 Petition Cycle): approximately \$18,500

Refunds for 2024 Petition Cycle: approximately \$2,000 (up to \$44,500 \$46,500 - \$2,000) will default to GR from 2024 petition cycle), **Publication Costs: approximately \$16,500**

FY25 Revenue (2026 Petition Cycle): up to \$6,000 (37 x 5/15 x \$500) – 5/15 because petitions can be filed from late January 2025 through June 2025.

In response to a previous version, officials from the **SOS** also assumed 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.

Oversight notes that according to **SOS** the most active petition cycle on record, was the 2018 cycle, with 371 initiative petition samples submitted for approval. At \$500 each, this would equate to at least \$185,500 in fees (plus some additional money for those petitions exceeding two pages). It is expected that adding a filing fee will result in a reduction in the number of filed petitions. Based on SOS assuming a 75% reduction in filings from this peak, it would result in approximately 93 filings per 18-month cycle with a revenue total of \$46,500 (\$500 x (371 x 25%).

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 2022 would result in Revenue 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)
FY 2024 would result in Revenue of \$26,000 to \$77,200 (93 to 278 x 10/18 x \$500)
FY 2025 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

In response to similar legislation, SB 522 from 2020, officials from the **Platte County Board of Elections** assumed potential doubling of ballot costs per General and/or Special election conducted for the State of Missouri due to increase in words permitted in the question text. Additional words are likely to cause the current 19" ballot for General elections to run onto a second and/or third ballot page. All dependent upon the number of State questions/initiative/referendums placed on the General and/or Special election ballot.

Using the most recent Presidential Election ballot as an example, ballot costs were \$26,000. If we were to go to a second page, an additional \$26,000 in increased ballots costs would be incurred per General/Special election conducted for the State of Missouri.

In response to similar legislation, SB 522 from 2020, officials from the **St. Louis County Board of Elections** assumed if the proposal lengthens a ballot to two pages, this could have a fiscal impact of about \$100,000.

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

Oversight assumes the proposal will potentially increase fiscal impact regarding ballot length and printing costs to local election authorities. Therefore, Oversight will reflect a zero to unknown cost on the fiscal note.

House Amendment No. 2 to HB 333 – Section 116.153

Oversight notes that House Amendment 2 (HA2) will have minimal fiscal impact and any costs resulting from HA2 can be absorb. Therefore, Oversight will reflect a zero impact in the fiscal note for this amendment.

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</u> <u>IMPACT – State</u> <u>Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024	Fully Implemented (FY 2025)
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)	\$26,000 to \$77,200	\$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)	\$0	(\$2,000)	\$0	(\$2,000)
<u>Cost</u> - SOS - Publication Costs	<u>\$0</u>	<u>(\$8,000)</u>	<u>\$0</u>	<u>(\$16,500)</u>
ESTIMATED NET EFFECT ON THE SECRETARY OF STATE’S PETITION				\$2,000 to <u>\$43,500</u>

PUBLICATION FUND	\$26,000 to \$77,200	\$10,500 to \$52,000	\$26,000 to \$77,200	
<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024	Fully Implemented (FY 2025)
LOCAL ELECTION AUTHORITIES				
<u>Cost - increased ballot length (§116.160.2)</u>	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
ESTIMATED NET EFFECT ON LOCAL ELECTION AUTHORITIES	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

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 requires the Secretary of State to 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 two pages. The fee is refundable if the petition is approved for circulation.

This bill changes the maximum number of words that the official summary statement can contain from 50 to 150 words and requires signatures on petitions to be in black or blue ink.

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 changes the "Publications Fund" to the "Secretary of State's Petition Publications Fund".

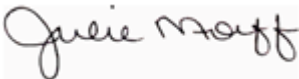
The deadline for submitting sample sheets to circulate petitions for signatures under Section 116.332, RSMo will be no earlier than 12 weeks following a general election.

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.

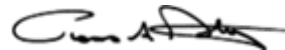
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State
Attorney General's Office
Missouri Senate
Office of the State Treasurer
Office of the State Public Defender
Department of Corrections
Office of State Courts Administrator
Missouri House of Representatives
Office of Prosecution Services
Platte County Board of Elections
St. Louis County Board of Elections
Jackson County Election Board
Kansas City Election Board



Julie Morff
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March 10, 2021



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