MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (16-117)

Subject

Initiative petition from Bradley Ketcher regarding a proposed constitutional amendment to Article VII. (Received September 17, 2015)

Date

October 7, 2015

Description

This proposal would amend Article VII of the Missouri Constitution.

The amendment is to be voted on in November 2016.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County Legislators, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** and the **Missouri Ethics Commission.**

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact for their department.

Officials from the **Department of Higher Education** indicated this initiative petition would have no fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated although the expectation is for minimal impact, the department is unable to determine the exact number of people who would be convicted under the provisions of this petition and whether or not additional inmate beds may be required. The cumulative effect of various new legislation, if adopted as statute, may require institutional facility expansion.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will have no impact on their department.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no fiscal impact to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact to their department.

Officials from the **Office of Administration** indicated this proposal will have no fiscal impact to their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their 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. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2013, at the August and November elections, there were 5 statewide Constitutional Amendments or ballot propositions that cost $2.17 million to publish (an average of $434,000 per issue). In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation and their office was appropriated $1.19 million to publish the full text of the measures. Due to this reduced funding, their office reduced the scope of the publication of these measures. In FY 2015, at the August and November elections, there were 9 statewide Constitutional Amendments or ballot propositions that cost $1.1 million to publish (an average of $122,000 per issue). Despite the FY 2015 reduction, their 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, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any substantial direct impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted.

Officials from the **University of Missouri** indicated this initiative petition will have no fiscal impact on the university.

Officials from the **Missouri Ethics Commission** (MEC) indicated the costs related to the proposed legislation are not currently included in their budget.

They estimate increased operating expenses of $67,478 for FY 2017, $61,107 for FY 2018 and $61,734 for FY 2019.

Summarize how this bill would affect the agency

Prohibiting a statewide official, member of the general assembly, employee of such office holders from accepting or receiving compensation of any as a paid political consultant for another individual who is a candidate or holding the office of a state representative or state senator, or the candidate committee of such candidate or office holder as defined in Chapter 130, RSMo

- Provide information to public officials and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo, about the new statutory requirements; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in adherence to the specific prohibition of receiving compensation as a political consultant from the entities outlined in Section 105.456, RSMo, including reviewing campaign finance reports as established in Section 105.955.14 (2), (3), RSMo.
- Respond to written complaints, as established in Section 105.955.14, RSMo, through conducting investigations and the related legal actions. Any significant increase of complaints would require additional Commission resources, including investigative staff.

Prohibiting a statewide official, member of the general assembly, employee of such office holders from acting, serving, or registering as a lobbyist for a specified period of time after leaving office would require the following of the MEC:

- Provide information to public officials and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo, about the new statutory requirements; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight to ensure those individuals leaving the general assembly do not register as a lobbyist with the MEC for the specified period of time. This would entail reviewing lobbyist registrations, at the time of receipt by the MEC, and comparing them to those members of the general assembly who have left office within the specified period

of time. For any individual submitting a registration and are not eligible to register or act as a lobbyist, create the necessary correspondence to the registrant and track the results of the correspondence.

- Respond to written complaints, as established in Section 105.955.14, RSMo, through conducting investigations and the related legal actions. Any significant increase of complaints would require additional Commission resources, including investigative staff.

Implementing prohibition for a statewide official, member of general assembly, spouse and/or dependent child of such office holders, department and/or division directors of executive brand agencies, judicial purchasing officers and local elected government officials to accept specified monetary lobbyist/lobbyist principal gifts would require the following of the MEC:

- Provide information to public officials and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo, about the new statutory requirements; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in adherence to the specific gift prohibition, including reviewing lobbyist reports as established in Section 105.959, RSMo. This oversight, it is assumed, would be primarily from receiving written complaints, as established in Section 105.955.14, RSMo, through conducting investigations and the related legal actions. It is assumed this prohibition would result in a minimal number of complaints; however, if this assumption is incorrect the Commission would require additional staff resources.

Implementing campaign finance limits would require the following of the MEC:

- Provide information to those committee officers and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo, about these limits; examples include providing education, developing informational materials, telephone and email assistance.
- Assess the specific monetary surcharge, as proposed; this includes identifying those committees failing to adhere to the campaign finance contribution limits, sending out the necessary notices, tracking the receipt of payments, and coordinating/conducting any necessary collection efforts. Prior to the repeal of campaign finance limits in 2007, the Commission assessed limited, if any surcharges, related to the previously established limits, due to resource constraints.
- Provide oversight in campaign finance committee adherence to the specific contribution limits, including reviewing, auditing, and performing cross checks of the reported contributions, as established in Section 105.955.14 (2), (3), RSMo. Prior to the campaign finance limit repeal in 2007, the Commission performed limited if any oversight to adherence to the previously established limits, due to resource constraints.
- Respond to written complaints, as established in Section 105.955.14, RSMo, through conducting investigations and the related legal actions.

If the Commission identifies significant violations during the process established in Section 105.955.14 (2), (3), RSMo, or complaints received increase significantly an Investigator would be required to provide the proper oversight.

Assumptions and methodology used in arriving at state fiscal impact

The fiscal impact was calculated using the Office of Administration's pay grid and the Office of Administrations expense and equipment guidelines.

The proposed legislation would implement campaign finance limits. The implementation of the above responsibilities would require the following additional resources:

- $15,120 in expense and equipment to acquire contract services that would develop the MEC internal search capabilities for oversight of the campaign finance committees' adherence to the specific contribution limits, as established in Section 105.955.14, RSMo. Current campaign finance data collection would allow the MEC to use search capabilities, providing for a manual review by MEC staff of adherence to the established limits.

- 1 Business Analyst to conduct the routine work necessary in reviewing and providing oversight for the proposed legislation. The Business Analyst would review committee reports for compliance, prepare necessary notices, track the receipt of payment, and coordinate the necessary collection efforts. Currently two Business Analysts assist 2,800 committees in filing campaign finance reports, prepare and disseminate 15,000 notices, and review 11,000 campaign finance reports.

- If the Commission identifies significant violations during the process established in Section 105.955.14 (2), (3), RSMo, or complaints received increase significantly an Investigator would be required to provide the proper oversight.

The Commission would anticipate that changes or additions to the proposed language set forth in this bill, may require additional associated costs for full-time employees, equipment, and expenses.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County Legislators, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College.**

Fiscal Note Summary

State governmental entities estimate increased annual operating costs of at least $61,000 and indicate there may be minimal incarceration costs if people are convicted under the provisions of this petition. Local governmental entities report no expected fiscal impact.