

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-025)**

Subject

Initiative petition from Damien Johnson regarding a proposed constitutional amendment to Article III. (Received December 27, 2018)

Date

January 16, 2019

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November 2020.

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**, **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**, **Malta Bend R-V School District**, **Mehlville School District**, **Wellsville-Middletown R-1 School District**, **State Technical College of Missouri**, **Metropolitan Community College**, **University of Missouri**, **St. Louis Community College**, **University of Central Missouri**, **Harris-Stowe State University**, **Lincoln University**, **Missouri State University**, **Missouri Southern State University**, **Missouri Western State University**, **Northwest Missouri State University**, **Southeast Missouri State University**, and **Truman State University**.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

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

Officials from the **Department of Economic Development** indicated they anticipate no impact as a result of the proposed initiative petition.

Officials from the **Department of Elementary and Secondary Education** indicated no cost to their department.

Officials from the **Department of Higher Education** indicated no impact for this initiative petition.

Officials from the **Department of Health and Senior Services** indicated this initiative petition has no 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 no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will not have a fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** 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 added costs or savings 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 the proposal.

Officials from the **Department of Transportation** indicated no fiscal impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated:

This proposal amends Article III, Section 50 of the MO Constitution with the following:

- Prohibits filing fees for initiative petitions and allows them to be filed following a November election.
- Allows any adult over age 18 to collect signatures as a volunteer or paid staff.
- Requires the Secretary of State to provide verified voters a unique identification number and collect identical information; host and maintain a web based system to provide an option for voters to sign petitions electronically; provide voters confirmation of electronic signatures; and provide a 20 day time period for the voter to respond with any corrections or objections to the electronic signature.

This should not impact 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 they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated:

Petition 2020-025 would require their office to develop a web page to allow electronic signature of initiative and referendum petitions. The Information Technology Division estimates the labor costs for this project at \$238,767.96. The Elections Division would require an additional FTE to process the queue of electronic signatures at an initial salary of \$38,148 beginning in FY (fiscal year) 2021.

This proposed amendment would also require their office to contact each voter within 20 days of receipt of an electronic petition signature. The proposal does authorize electronic methods such as e-mail or text messages to be used. However, currently the only contact information collected in the initiative petition process is the individual's registered voting address. This leaves a physical mailing to each voter utilizing an electronic signature as the only feasible option. While they cannot determine the specific number of voters that will

utilize the electronic system, they can determine an estimate based on the petitions received in the 2018 cycle.

For the 2018 cycle, their office processed signatures for five initiative petitions, with the largest petition having approximately 423,024 signatures checked by local election authorities. If five petitions with that number of signatures on each are received in one petition cycle, that number would total up to 2,115,120 signatures for the cycle, any or all of which could be submitted electronically. Assuming a going rate of postage and processing at \$0.35 per postcard, a reasonable estimated cost of mailing could equal up to \$740,292.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum 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 \$7.8 million based on the cost of the 2016 Presidential Preference Primary.

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. 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.

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 significant impact on their office.

Officials from the **State Treasurer's office** indicated this initiative petition would have no fiscal impact upon their office.

Officials from **Adair County** indicated they find no known impact.

Officials from **Greene County** indicated:

There are many factors and/or variables that are unknown as to the additional costs that the language of this amendment would add to the signature verification cost during the course of a fiscal year. For this reason it was determined that the best reference point to attain an estimated cost is the data from the 2018 initiative petition signature verification process.

The total cost for the 2018 initiative petition signature verification process as indicated in the spreadsheets below is \$57,051.22. There were a total of 136,149 signatures checked. The rounded cost per signature for the 2018 initiative petition signature verification process was 42 cents per signature.

The future is unknown, but based on the signatures verified in 2018; we estimate conservatively that the office will verify a minimum of 100,000 signatures in 2020 through the initiative petition process. We estimate conservatively that approximately 20,000 voters out of the 100,000 signatures will request a confirmation text, email or postcard if this amendment is passed into law.

The postcards will be purchased in advance to ensure a reduction in printing costs due to volume. A minimum of 50,000 postcards at an estimated 5.8 cents a postcard would be purchased for a total cost of \$2,900. In addition, the unique printing identifier information cost for the postcard is estimated to be 3.7 cents a postcard and so it will cost \$740.00 if 20,000 postcards are mailed. Postage for the postcards is currently at 47 cents a postcard. Assuming postage costs do not increase by 2022 and 20,000 postcards are mailed at 47 cents a postcard, the cost would be \$9,400.00. The estimated total costs for 20,000 postcards being mailed is \$13,040.

To send a text message it will cost approximately 7.5 cents a text. If 20,000 text messages are sent to each voter who requests a text, the current estimated cost would be \$1,500.

As stated earlier, it is hard to anticipate how many voters who sign a petition would request a confirmation text, email or postcard if this amendment is passed into law. If all costs remain the same prior to the signature verification process in 2022, the minimum cost if only a confirmation text is requested would be \$1,500, which means the estimated total cost per signature would be 43 cents. The maximum cost if all costs remain the same for a confirmation mailer would be \$13,040, which means the estimated total cost per signature would be 51 cents.

Greene County Hourly Cost Summary for 2018 Initiative Petition Signature Verification Process		
Cost Per Petition Breakdown	Hours	Total
R2W		9688.563
Bruce Earnhart	64	958.72
Craig O'Dear	8	149.2
18-204	780.88	10153.91
18-48	995.01	12934.5
18-271	390.75	5254.31
18-41	683	8018.33
18-51	785.13	9893.69
2018 Total		\$57,051.22

Greene County Employee Breakdown/Total Hours Cost for 2018 Initiative Petition Signature Verification Process			
Employee	Rate of Pay	Hours Worked	Total Cost
Employee	11.31	365.25	4130.9775
Employee	11.31	207	2341.17
Employee	11.31	400	4524
Employee	11.31	32	361.92
Employee	11.31	173.75	1965.1125
Employee	11.31	167	1888.77
Employee	11.31	429.5	4857.645
Employee	11.31	427.25	4832.1975
Employee	11.31	21.75	245.9925
Employee	11.31	137.5	1555.125
Employee	11.31	186.75	2112.1425
Employee	11.48	295.5	3392.34
Employee	18.65	701.02	13074.023
Employee	16.25	128.07	2081.244
Total Cost		3672.34	47362.66
R2W Cost			9688.563
2018 Total			\$57,051.22

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from **State Technical College of Missouri** indicated there is no fiscal impact to their college.

Officials from **Missouri State University** indicated there is no fiscal impact on their university.

The State Auditor's office did not receive a response from **Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, 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, Malta Bend R-V School District, Mehlville School District, Wellsville-Middletown R-1 School District, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, and Truman State University.**

Fiscal Note Summary

State governmental entities estimate one-time costs of \$239,000 and increased annual costs of \$38,000. State and local governmental entities estimate unknown costs during each 2-year election cycle of up to \$740,000.