

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-099)**

Subject

Initiative petition from Winston Apple regarding a proposed amendment to Chapters 130 and 143 of the Revised Statutes of Missouri. (Received July 1, 2019)

Date

July 22, 2019

Description

This proposal would amend Chapters 130 and 143 of the Revised Statutes of Missouri.

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**, and the **Missouri Ethics Commission**.

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, their office 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 no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Higher Education** indicated they report no cost 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 they see this initiative petition as having a positive impact to the Missouri Elections Trust Fund of \$0 - \$15.1 million. This in turn would reduce General Revenue by \$0 - \$15.1 million.

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

Officials from the **Department of Social Services** indicated they do not anticipate a fiscal impact as a result of this petition; however, general revenue could be impacted.

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 no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated this initiative petition is not expected to have a fiscal impact on their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated this proposal creates the Missouri Elections Trust Fund to provide public financing in the form of matching funds for candidates for office in Missouri who agree to, accept, and meet specified conditions. The Missouri Elections Trust Fund is to be administered by Department of Revenue.

This proposal would allow individuals and corporations to donate \$5 of their tax liability to the Missouri Elections Trust Fund beginning with tax year 2021. Individuals with a filing status of single or head-of-household must have paid \$25 in state income tax in order to donate. Individuals with a filing status of married filing joint must have paid \$50 in state income tax and each spouse may contribute \$5. Corporations that have paid \$25 in state income tax may also contribute \$5 to the fund.

OA Budget and Planning (B&P) notes that both individual and corporate income tax collections are deposited into the state General Revenue fund. B&P further notes that the proposal would direct \$5 or \$10 per donor to the newly created Missouri Elections Trust Fund. Therefore, for every \$5 or \$10 donation into the new fund, General Revenue will be reduced by \$5 or \$10.

B&P does not have the ability to determine the exact number of individuals and corporations that would choose to donate to the Missouri Elections Trust Fund. However, B&P can estimate the maximum potential impact. B&P further notes that while donations could begin for tax year 2021 income tax liabilities, such liabilities are not calculated until April of 2022. Therefore, donations to the new fund would not begin until FY 2022.

B&P estimates that up to 1,160,981 individuals with a filing status of single or head-of-household could choose to donate \$5 of their income tax liability to the new fund for a maximum total donation to the fund of \$5,804,905. In addition, up to 1,028,637 individuals with a filing status of married filing joint could choose to donate up to \$10 of their income tax liability for a maximum total donation to the fund of \$10,286,370. In addition, up to 118,129 corporations could choose to donate \$5 to the new fund for a maximum total

donation of \$90,643. Therefore, B&P estimates that this proposal could generate donations of \$0 to \$16,181,918 to the Missouri Elections Trust Fund, beginning with FY 2022. This proposal could also reduce General Revenue by \$0 to \$16,181,918, beginning with FY 2022.

This proposal should not result in additional costs for 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 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 (fiscal year) 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. They estimate \$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 no fiscal impact to their office, but it could have a significant fiscal impact to the state General Revenue Fund.

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 this initiative petition has no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated if limited to a maximum of \$5.00 per tax payer (who owes income tax to the state) they believe this will have a very small negative impact on all state funded operations, including their school.

Officials from the **Missouri Ethics Commission** indicated the proposed petition does not have fiscal impact on their office.

The State Auditor's office did not receive a response from **Adair County, 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, State Technical College of Missouri, Metropolitan Community College, University of Missouri, and St. Louis Community College.**

Fiscal Note Summary

State governmental entities anticipate decreased revenues in the General Revenue Fund of up to \$16.1 million annually by 2022 and anticipate corresponding increased annual revenues in the Missouri Elections Trust Fund. Local governmental entities expect no costs or savings from this proposal.