

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0095-03
Bill No.: HCS for HB 121
Subject: County Officials; Elections; Secretary of State
Type: Original
Date: March 14, 2011

Bill Summary: This proposal modifies provisions relating to elections.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Unemployment Compensation Administration Fund	(\$60,000,000)	(\$60,000,000)	(\$60,000,000)
Total Estimated Net Effect on <u>All</u> Federal Funds	(\$60,000,000)	(\$60,000,000)	(\$60,000,000)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development, Missouri Ethics Commission, City of Raytown, City of Kansas City, Office of State Courts Administrator, Department of Corrections** and **St. Louis County** assume that there is no fiscal impact from this proposal.

Officials from the **Office of Attorney General** assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Office of the Secretary of State (SOS)** state 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 \$2,500. 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 request funding through the appropriation process.

Section 33.291

In response to identical legislation filed this session (HB 478, 0569-01), officials at the **Missouri Department of Conservation** assumed unknown costs associated with the requirement to verify the eligibility to do business with the state. This cost could correlate to the value of time spent to run checks on entities doing business with the Department.

In response to identical legislation filed this session (HB 478, 0569-01), officials at the **Department of Elementary and Secondary Education** assumed this could result in significant costs or not depending upon whether there is a listing the department can access to determine which entities have been found guilty of or pled guilty to intentionally or willfully violating any election law, tax law, or immigration law.

ASSUMPTION (continued)

In response to identical legislation filed this session (HB 478, 0569-01), officials at the **Department of Social Services' MO HealthNet Division** assumed MO HealthNet contracts with and provides moneys to numerous entities; some examples are hospitals, physicians, information technology companies and managed care companies. It is assumed these entities currently adhere to existing election, tax and immigration law, however, it would be possible for an entity to be in violation of these laws. In most instances additional providers or contract companies could be found to continue providing necessary services. If a contractor was found in violation of these laws a cost may be incurred for finding a new contractor and implementing a new contract. Therefore, there would be a fiscal impact to MHD, but the amount is unknown.

In response to identical legislation filed this session (HB 478, 0569-01), officials at the **Department of Social Services' Children's Division (CD) and Family Support Division (FSD)** assumed it is unclear how this legislation will be monitored and by whom. If the Divisions are required to verify this information, there could be a significant fiscal impact as there are approximately 1,000 FSD contracts and 33,000 CD contracts in effect at any given time.

It is unknown how CD will proceed with contracts already in place if the proposed language does not fall under federal statutes which govern when a contract can be terminated. The Children's Division and Family Support Division are assuming an unknown fiscal impact.

Officials at the **Department of Social Services' Division of Finance and Administrative Services (DFAS)** develops and/or reviews all contracts for the Department of Social Services prior to receiving services or making payment to any contracted entity. Currently, DFAS is required to include OA standard language that requires contractors to enroll and participate in the E-Verify federal work authorization program prior to securing any contracting opportunities with DSS. Enrolling in E-Verify certifies the contractor shall only utilize personnel authorized to work in the United States in accordance with applicable federal and state laws. This includes but is not limited to the Illegal Immigration Reform and Immigrant Responsibility Act (IIRIRA) and INA Section 274A. This required language and others are developed by OA and distributed to state agencies. It is assumed the provision proposed in this bill would also be a requirement of OA. Therefore, language and verification systems will be developed by OA and distributed to state agencies. DFAS will defer to OA for the development of the verification system.

In response to identical legislation filed this session (HB 478, 0569-01), officials at the **Missouri Veterans Commission** assumed a zero to unknown impact.

ASSUMPTION (continued)

In response to identical legislation filed this session (HB 478, 0569-01), officials from the **Department of Labor and Industrial Relations (DOL)** stated the addition of this section would prohibit the DES from contracting with or providing any moneys to any entity that has been found guilty of or has pled guilty to violating any election, tax, or immigration law of this state.

This bill does not appear to be related to the payment of UI benefits; however, we want to clarify that the language in this proposed bill cannot be used to determine benefit eligibility under the UI program.

An informal review by the USDOL stated the proposed language may raise a conformity issue with federal law. If an individual were considered an entity under this bill, thereby preventing the Division from paying UI benefits to such individual, then the bill would raise a conformity issue with federal law. Intentionally or willfully violating election law, tax law or immigration law are not reasons that would allow a cancelation of wage credits or total reduction of benefit rights under federal law. Additionally, federal law requires that the payment of UI benefits must be based on the claimants' unemployment, not on other factors.

The federal government and state governments are jointly responsible for administering the unemployment insurance (UI) system. State laws must meet certain federal requirements for the state agency to receive administrative grants needed to operate its UI program and for employers to qualify for certain tax credits.

Non-conformity with federal law could jeopardize the certification of Missouri's UI program. If the program fails to be certified, Missouri would lose \$60 million in federal funds the state receives to administer the UI program.

The Federal Unemployment Tax Act (FUTA) imposes a 6.2% payroll tax on employers. Most employers never actually pay the total 6.2% due to credits they receive for the payment of state unemployment taxes and for paying reduced rates under an approved experience rating plan. FUTA allows employers tax credits up to a maximum of 5.4% against the FUTA payroll tax if the state UI law is approved by the Secretary of Labor. If the proposed legislation would cause Missouri's program to fail certification, Missouri employers could lose approximately \$885 million annually in FUTA credits.

ASSUMPTION (continued)

Sections 115.124

Officials from the **City of West Plains** assume a savings of up to \$6,000 per election not required. Each year one of the council positions is up for election. The next mayoral election is FY 2012.

Officials from the **Platte County Board of Election Commissioners** state if costs of publication outlined in this proposal are not to be passed onto the municipality, the costs would be borne by the Election Board. The cost for publication would depend on the number of municipalities that would fall into this category at each election. Publication costs currently range from \$200 to \$650 dependent upon the length of the notice.

Oversight assumes that any elections not held would be a savings to the Local Election Authorities. Oversight has shown an Unknown savings to Local Election Authorities.

Section 190.056

Officials from the **St. Charles County Ambulance District** state the District could incur election expenses on any given year from \$30,000 to \$60,000 dependent on the number of issues on the ballot at the time.

Oversight assumes this proposal could have fiscal impact to ambulance districts if one would have a board member recalled and an election were held to replace the member recalled. The amount of costs would be unknown and would depend upon the size of the district, how many other political subdivisions are holding an election at the same time and other variables.

Oversight will show fiscal impact to ambulance districts as \$0 to unknown costs for an election.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
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**UNEMPLOYMENT COMPENSATION
 ADMINISTRATION FUND**

<u>Losses</u> - Funds to administer the unemployment insurance program (§33.291)	<u>(\$60,000,000)</u>	<u>(\$60,000,000)</u>	<u>(\$60,000,000)</u>
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ESTIMATED NET EFFECT ON THE UNEMPLOYMENT COMPENSATION ADMINISTRATION FUND	<u>(\$60,000,000)</u>	<u>(\$60,000,000)</u>	<u>(\$60,000,000)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
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LOCAL GOVERNMENT FUNDS

<u>Savings</u> - Local Election Authorities Elections not held (§115.124)	Unknown	Unknown	Unknown
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<u>Costs</u> - Ambulance District Funds Cost of recall election (§190.056)	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
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ESTIMATED NET EFFECT ON LOCAL GOVERNMENT FUNDS	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Section 33.291

This bill prohibits state departments from contracting with or providing money to any entity that has been found guilty of or pled guilty to intentionally or willfully violating any election, tax, or immigration law of this state.

Section 115.124

Currently, in a nonpartisan election in any political subdivision or special district with the exception of municipal elections, candidates are allowed to take office without an election if the number of candidates is equal to the number of positions to be filled and proper notice has been published in at least one newspaper of general circulation in the district. This bill changes the exception to municipal elections in any city, town, or village with more than 35,000 inhabitants. If no election is held, the election authority must publish a notice containing the names of the candidates who will assume the responsibilities of the office. The notice must be published by April 1 of each year in at least one newspaper of general circulation in the political subdivision or district.

Section 190.056

This bill establishes a procedure by which an ambulance district board member may be recalled from office by the registered voters of the member's election district. No board member can be recalled during the first or last 180 days of the member's current term or if a previous recall election was in the member's favor during the current term.

A notice of intention to circulate a recall petition, including a short statement of the reasons for the proposed recall, must be served on the particular board member personally or by certified mail; and a copy of the notice must be filed with the election authority. If the member chooses to file a short answer with the election authority, the member has seven days after the filing of the notice to do so and must serve a copy of the answer to the petitioner personally or by certified mail.

The person circulating the recall petition must sign an affidavit attesting to the information in the petition, and the petition must be filed with the election authority within 180 days after the filing of the notice of intention. The number of qualified signatures needed to recall a board member must be equal to at least 25% of the number of voters who voted in the most recent gubernatorial election in the election district.

FISCAL DESCRIPTION (continued)

The election authority has 20 days to determine if the petition has the required number of qualified signatures. If the petition is certified to be insufficient, it may be supplemented by filing additional qualified signatures within 10 days of the certification. If the election authority finds the signatures on the petition and any supplements as sufficient, it must submit its certificate to the ambulance district board of directors prior to the board's next meeting. The election authority must order a recall election on a statutory election day, not less than 45 days but not more than 120 days from the date the ambulance board receives the certified petition.

If the ambulance district board member being recalled resigns at any time prior to 42 days before the election, the recall question must be removed from the ballot and the vacant seat will be filled as specified by law. The resigning member cannot fill the vacancy.

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

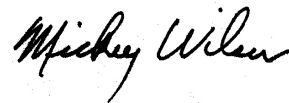
Department of Economic Development
Office of Attorney General
Missouri Department of Conservation
Department of Labor and Industrial Relations
Department of Elementary and Secondary Education
Office of State Courts Administrator
Department of Social Services
 MO HealthNet Division
 Children's Division and Family Support Division
 Division of Finance and Administrative Services
Missouri Veterans Commission
Office of Secretary of State
Department of Corrections
Missouri Ethics Commission
City of Raytown
City of West Plains
City of Kansas City
County of St. Louis
Platte County Board of Election Commissioners
St. Charles County Ambulance District

NOT RESPONDING

Jackson County Board of Election Commission
Kansas City Board of Election Commission
St. Louis City Board of Election Commission
Clay County Board of Election Commission
Valle Ambulance District
Taney County Ambulance District

Cities of: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Columbia, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kearney, Kirksville, Knob Noster, Ladue, Lake Ozark, Lebanon, Lee Summit, Liberty, Linn, Louisiana, Maryland Heights, Maryville, Mexico, Neosho, O'Fallon, Pacific, Peculiar, Popular Bluff, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring

Counties of: Andrew, Barry, Bates, Boone, Buchanan, Butler, Callaway, Camden, Cape Girardeau, Carroll, Cass, Clay, Cole, Cooper, DeKalb, Franklin, Greene, Hickory, Holt, Jackson, Jasper, Jefferson, Johnson, Knox, Laclede, Lafayette, Lawrence, Lincoln, Marion, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Pemiscot, Perry, Phelps, Platte, Pulaski, Scott, St. Charles, St. Francois, Taney, Texas, Warren, Webster



Mickey Wilson, CPA
Director
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