

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0788-01
Bill No.: HB 242
Subject: Secretary of State; Elections; Internet and E-Mail
Type: Original
Date: January 12, 2017

Bill Summary: This proposal specifies that the Secretary of State will create a website and allow citizens of Missouri to electronically sign ballot measures that are approved for circulation.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	(\$1,193,447)	(\$60,311)	(\$965,644)
Total Estimated Net Effect on General Revenue	(\$1,193,447)	(\$60,311)	(\$965,644)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 FTE

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

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.

Officials at the **SOS** also state this proposal would require the Secretary of State's Office to develop a web page to allow electronic signature of initiative and referendum petitions. The Information Technology Division estimates these costs at \$238,767.96 per the table below. The Elections Division would require an additional FTE to process the queue of electronic signatures at an initial salary of \$38,148.

Initial Development					
	Hrs / week	Total weeks	Cost per hour	Total Hours	Total Cost
BA	30	34	\$34.32	1020	\$35,008.17
App Dev	30	34	\$44.10	1020	\$44,983.53
App Dev	30	34	\$44.10	1020	\$44,983.53
App Dev	30	34	\$44.10	1020	\$44,983.53
Database	30	34	\$43.21	1020	\$44,074.20
PM	15	34	\$48.50	510	\$24,735.00
Development Total					\$238,767.96

ASSUMPTION (continued)

This proposal also requires the Secretary of State's Office to mail a postcard to each voter entering an electronic signature notifying them that their signature was received. While we cannot determine the specific number of voters that will utilize the electronic system, we can determine a reasonable maximum based on the petitions received in the 2016 cycle.

For the 2016 cycle, the Secretary of State's Office received five initiative petitions, with the largest petition having approximately 369,319 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 1,846,595 signatures for the cycle, any or all of which could be submitted electronically.

Assuming a going rate of postage and processing at \$0.49 per postcard, the reasonable maximum cost of mailing could equal up to \$904,831.55, calculated as follows:

$$369,319 \text{ signatures} \times 5 \text{ petitions} \times \$0.49 \text{ per signature} = \$904,831.55$$

Officials from the **Platte County Board of Elections** and **St. Louis County Board of Election Commissioners** each assume the proposal will have no fiscal impact on their respective organizations.

Officials at the following boards of election commissioners: Kansas City Board of Election Commissioners, St. Louis City Board of Election Commissioners, Clay County Board of Election Commissioners and Jackson County Board of Election Commissioners did not respond to **Oversight's** request for fiscal impact.

Officials at the following counties: Andrew, Atchison, Boone, Buchanan, Camden, Carroll, Christian, Clay, Cole, Cooper, Daviess, Franklin, Knox, Marion, Miller, Montgomery, New Madrid, Phelps, Platte, and Wayne did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
GENERAL REVENUE			
<u>Cost - SOS</u>			
Personal Service	(\$270,558)	(\$38,529)	(\$38,915)
Fringe Benefits	(\$18,057)	(\$21,782)	(\$21,897)
Mailings	(\$904,832)	\$0	(\$904,832)
<u>Total Cost - SOS</u>	<u>(\$1,193,447)</u>	<u>(\$60,311)</u>	<u>(\$965,644)</u>
FTE Change - SOS	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT TO GENERAL REVENUE	<u>(\$1,193,447)</u>	<u>(\$60,311)</u>	<u>(\$965,644)</u>
Estimated Net FTE change for General Revenue Fund	1 FTE	1 FTE	1 FTE
 <u>FISCAL IMPACT - Local Government</u>	 FY 2018 (10 Mo.)	 FY 2019	 FY 2020
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses which gather signatures for initiative petitions will be negatively affected by this proposal.

FISCAL DESCRIPTION

This proposal authorizes and requires the Office of the Secretary of State to implement a secure electronic signature system for the submission of initiative petition signatures by registered voters.

The system is based on a website hosted and maintained by the office. The office will provide a verified voter with a unique identification number and collect identical information as required by existing initiative petition law. The electronic signature process is in addition to existing signature requirements and allows an individual to choose between the electronic signature and personally signing a hard copy of a petition.

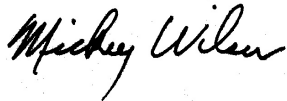
FISCAL DESCRIPTION (continued)

The office must mail a postcard advising the individual using the electronic signature website system that he or she has signed the petition and has 10 days to respond with any corrections or objections to the electronic signature.

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
Platte County Board of Elections
St. Louis County Board of Election Commissioners



Mickey Wilson, CPA
Director
January 12, 2017

Ross Strope
Assistant Director
January 12, 2017