

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

LR No.: 1632-07
Bill No.: SS for SCS for HS for HB 511 with Senate Amendments 1,2,3,4,5,6,9,11,and 14
Subject: Secretary of State: Elections
Type: Original
Date: May 6, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	(\$3,927,594 to Unknown)	(\$3,924,811 to Unknown)	(\$3,925,833 to Unknown)
Total Estimated Net Effect on General Revenue Fund *	(\$3,927,594 to Unknown)	(\$3,924,811 to Unknown)	(\$3,925,833 to Unknown)

* Unknown cost is for State's 5% match and is expected to exceed \$100,000.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Highway	(\$16,800)	\$0	\$0
Election Admin. Improvement	\$0	\$0	\$0
Revolving Loan	\$0	\$0	\$0
Election Subsidy	\$0	\$0	\$0
Total Estimated Net Effect on Other State Funds	(\$16,800)	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 15 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government *	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)

* **Cost on a statewide basis would be expected to exceed \$100,000 annually. Positive Unknown impact would only affect St. Louis Public Schools.**

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Office of Secretary of State** assume the state by making a 5% match from the General Revenue Fund would receive approximately \$9,000,000 to up-grade the state's election system, and provide for a centralized data-base system.

Oversight assumes the 5% matching money would come from the State's General Revenue Fund and would be greater than \$100,000. According to Secretary of State officials, the 5% matching monies are in current budget request; therefore, Oversight will not show them as a cost in FY 2004, but will show an Unknown Cost in FY 2005, and 2006.

Secretary of State Officials also assume there would be publication costs associated with the promulgation of rules and regulations as required. Officials estimate costs of \$500.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations
ASSUMPTION (continued)

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. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials of the **Office of State Treasurer** assume that with the creation of two new funds and with the wording in this proposal, their office would require 1 FTE, an Accounting Analyst I, to monitor disbursements. Officials estimate personal service cost for FY 2004 at \$28,130; and \$28,833 in FY 2005; and \$29,554 in FY 2006. Officials estimate equipment cost in FY 2004 at \$4,080; and in FY 2005 at \$309; and \$318 in FY 2006. Total cost estimated including fringe benefits are \$43,594 in FY 2004; \$40,811 in FY 2005; and \$41,833 in FY 2006.

Officials of the **Department of Health- Vital Statistics** assume no fiscal impact.

Officials of the **Department of Revenue- Division of Motor Vehicles** stated this proposal ASS requires changes to the voter registration process that is incorporated in the driver license application system. Officials assume programming modifications would be made to the over-the-counter driver licensing system. Officials estimate a one-time cost for contracted programming at \$8,000, internal programming and testing at \$8,800. **Total estimated cost to the Highway Fund in FY 2004 is \$16,800.**

Officials of the **Office of Administration- Budget and Planning** assume no fiscal impact to their office.

Officials of the **Office of Attorney General** assume costs of this proposal could be absorbed with existing appropriations.

Section 116.175 amends procedures to be followed in challenging ballot titles on petitions, bills etc. **In response to an almost identical proposal** the **Office of State Auditor** assumed no fiscal impact and the **Office of State Court Administrator** assumed no fiscal impact.

Oversight assumes there would be no cost to the Departments of Corrections..

Officials of the **Kansas City Board of Election Commission** stated that this proposal would increase the cost of elections in their jurisdiction by approximately 15%. Officials stated that a November (even year) election runs about \$350,000. 15% of \$350,000 would be \$52,500. Officials stated that the increase would not be one-time but ongoing.

ASSUMPTION (continued)

Franklin County officials assume they would have costs but are unable to estimate the amount of costs at this time.

Officials of the **Platte County Board of Election Commission** assume this proposal would cost their authority an estimated \$280,750 in FY 2004; \$35,000 in FY 2005; and \$36,000 in FY 2006.

Officials estimate cost in FY 2004 from the following:

\$1,000 - Section 115.417.2 Printing of new posters and notices to voters.

\$25,000 - Upgrading and replacement of existing workstations and printers for state voter registration system.

\$500 - Section 115.155 Postage and printing to track down voters not responding to questions on voter registration applications.

\$192,000 - Section 115.076 Purchase DRE machine for each polling site.

\$60,000 - Section 115.076 Purchase laptop computers for each polling site for use of DRE machine.

\$250 - Section 115.287.3 Cost to reprint Military/Federal ballot envelopes.

\$1,000 per election with state or federal issues/ candidates. - Cost to print used but uncounted provisional ballots as mandated by Sections 115.159.2; 115.159.3.2; 115.430.2

Officials estimate that the provisions of Section 115.073 would cost approximately \$25,000 annually for legal fees to determine disputes between city approved budget and county approved budget. Officials estimate FY 2004 costs at \$305,750.

Officials estimate on-going costs annually for mainly maintenance agreements and some printing that is required at \$35,000 in FY 2005; and \$36,000 in FY 2006.

Oversight assumes that costs to locals for equipment to upgrade statewide voter registration and to improve the election process would be partially reimbursed by the Secretary of State from federal funds acquired for that purpose. According to the Secretary of State, if the Help America Voter Act of 2002 were fully funded by Congress, the states' share would be approximately \$57,000,000. The current estimated share of Federal Funds for the state is \$9,000,000. Officials stated that this will not fully fund the federal mandate of the HAVA of 2002. Officials assume that local election authorities will have to share of some of the cost of upgrading the electoral process in the state. The amount of local costs are unknown. Until the Secretary of State promulgates rules for the expenditure of the federal funds, and until the amount of federal funds available is known, the amount of local costs is unknown. It is possible that Congress would increase the appropriation for the Help America Voter Act of

2002. If this would happen then locals might not have any cost other than maintenance costs of computers and other equipment. Oversight will show cost to locals as Unknown, and on a statewide basis cost is expected to exceed \$100,000 annually.

ASSUMPTION (continued)

Oversight would point out that there are two new funds created in the State Treasury, The Election Administration Improvements Fund, and the Revolving Loan Fund.

Section 115.078 establishes “The Election Administration Improvements Fund” which may receive monies from various sources, however, this fund is being created to distribute federal monies to local election authorities for the purpose of improving the administration of elections within Missouri. The amount of income and costs in a given year are unknown. **Fiscal impact to this fund will be \$0. Oversight assumes cost will not exceed income to the fund in any given year.**

Section 115.078.2 establishes “The Election Improvements Revolving Loan Fund” which may receive monies from appropriations, and from repayments of moneys from eligible lenders, and from monies transferred to it for the purpose of improving the administration of elections through loans. The amount of income and costs in a given year is unknown. **Fiscal impact to this fund will be \$0. Oversight assumes cost will not exceed income to the fund in any given year. Income to this fund is subject to appropriation.**

SENATE AMENDMENT 2: Section 115.077- State Election Subsidy Fund:

Officials of the Office of Administration- Division of Budget and Planning assumes that the annual transfer from the General Revenue Fund to the State Election Subsidy Fund would have to be in an amount that would be at least as much as was transferred in FY 2000. Officials stated that amount totaled \$4,284,000. Of that amount, \$3,709,670 was to cover the cost of that year’s Presidential Primary.

SA 2 goes on to say that any funds in the state election subsidy fund not spent to “meet the state’s obligations pursuant to section 115.065 and this section” (115.077) will be transferred to the election administration improvements fund.

Sections 115.065 and 115.077 pertain to the state’s obligation to pay a portion of elections costs other than the primary and general election. Section 115.077 also allows the state to pay transaction costs to local election authorities “subject to appropriation”. The new language in SA 2 does not refer to the state’s obligations pursuant to 115.063, which requires the state to pay all costs of a special election for a statewide issue or candidate(s). Nor does the language refer to the requirement in 115.785 that the state pay the costs of conducting a presidential preference

primary. Therefore, Budget and Planning assumes that the costs for special elections and presidential preference primaries would be an amount in addition to the required minimum transfer.

ASSUMPTION (continued)

The state does not now have an appropriation to pay transaction costs. Nor is one recommended by the Governor for FY 2004. Of the total FY 2004 amount recommended by the Governor for transfer from general revenue to the special elections subsidy fund, \$3,710,000 is for the presidential preference primary and \$400,000 is for the state's costs pursuant to 115.063 and 115.077. The amount spent on special elections varies greatly from year to year, so the transfer has an "E"; i.e. it is estimated and may be increased during the fiscal year. (In FY 1999, the special election for Proposition B cost the state \$1.12 million.)

Budget and Planning assumes that the cost per year to comply with SA 2 would be \$3,884,000 to unknown (\$4,284,000 less approximately \$400,000 for costs pursuant to 115.065 and 115.077).

SENATE AMENDMENT 11: Section 162.1100

In response to identical legislation of this session SB 634 the following statements were issued:

Officials from the **Department of Economic Development (DED)** state this proposal modifies the applicability of certain property taxes to certain tax increment financing projects. DED assumes the proposal would only affect local tax increment financing, and therefore, would have no fiscal impact on their agency.

Officials from the **St. Louis Public Schools** assumes this proposal would not fiscally impact their agency.

Officials from the **City of St. Louis** did not respond to our request for fiscal impact.

Oversight assumes that since this proposal states that effective January 1, 2002, the transitional district's operating levy will not be subject to any new or existing tax increment financing (with one exception), the proposal could result in additional income to the transitional school district. Oversight has reflected this as a fiscal impact of \$0 to Unknown.

FISCAL IMPACT - State Government

FY 2004

FY 2005

FY 2006

GENERAL REVENUE FUND

Cost to Office of Administration
transfer of funds to Election Subsidy
Fund (Senate Amend. 2) *

(\$3,884,000 to
Unknown)(\$3,884,000 to
Unknown)(\$3,884,000 to
Unknown)***Subject to Appropriation**

Cost to Secretary of State
5% federal match for HAVA

\$0(Unknown)(Unknown)**Cost** to State Treasurer Office

Personal Service (1.0 FTE)

(\$28,130)

(\$28,833)

(\$29,554)

Fringe Benefits

(\$11,384)

(\$11,669)

(\$11,961)

Equipment

(\$4,080)

(\$309)

(\$318)

Expense

\$0\$0\$0**Total** cost to State Treasurer(\$43,594)(\$40,811)(\$41,833)**ESTIMATED NET EFFECT TO
GENERAL REVENUE FUND**(\$3,927,594 to
Unknown)(\$3,924,811 to
Unknown)(\$3,925,833 to
Unknown)**ELECTION ADMINISTRATION
IMPROVEMENTS FUND**

Income to Election Admin.
Improvements Fund
from transfer from election subsidy fund
of unexpended funds (Sen. Amend. 2)

Unknown

Unknown

Unknown

Income to Election Administration
Improvements Fund
from federal monies

Unknown

Unknown

Unknown

Cost to Election Administration

Improvements Fund

Improving elections administration	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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Estimated Net Effect to Election

Administration Improvements Fund	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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REVOLVING LOAN FUND

Income to Revolving Loan Fund

from federal funds	Unknown	Unknown	Unknown
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Cost to Revolving Loan Fund

loans to locals for election administration	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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Estimated Net Effect to Revolving

Loan Fund	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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STATE ELECTION SUBSIDY FUND

(Senate Amend. 2)

Income to Election Subsidy Fund

from General Revenue *	\$3,884,000 to Unknown	\$3,884,000 to Unknown	\$3,884,000 to Unknown
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Cost to Election Subsidy Fund

funding state's share of election costs	<u>(\$3,884,000 to Unknown)</u>	<u>(\$3,884,000 to Unknown)</u>	<u>(\$3,884,000 to Unknown)</u>
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Total Effect to Election Subsidy Fund*

(Sen. Amend. 2)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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***Subject to Appropriation**

FEDERAL FUNDS

Income to Secretary of State

from Federal Match	\$9,000,000	Unknown	Unknown
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Cost to Secretary of State

	<u>(\$9,000,000)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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providing election services, loans, etc.

Total Effect to Secretary of State	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
HIGHWAY FUND			
Cost to Department of Revenue Programming and testing	(<u>\$16,800</u>)	<u>\$0</u>	<u>\$0</u>
Total Effect to Department of Revenue	<u>(\$16,800)</u>	<u>\$0</u>	<u>\$0</u>
<u>ESTIMATED NET EFFECT TO HIGHWAY FUND</u>	<u>(\$16,800)</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Local Government FY 2004 FY 2005 FY 2006

COUNTIES

Cost to Local Election Authorities for various provisions, maintenance contracts, ballots, match, etc. *	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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**ST. LOUIS PUBLIC SCHOOLS
(Senate amendment 11)**

Income - Possible income from additional taxes due to TIF projects	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
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ESTIMATED NET EFFECT TO THE ST. LOUIS PUBLIC SCHOOLS	<u>\$0 OR UNKNOWN</u>	<u>\$0 OR UNKNOWN</u>	<u>\$0 OR UNKNOWN</u>
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ESTIMATED NET EFFECT TO LOCAL GOVERNMENTS	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>
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* Cost on a statewide basis is expected to exceed \$100,000 in election years

FISCAL IMPACT - Small Business

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

DESCRIPTION

The Secretary of State is responsible for overseeing state compliance with HAVA, including the establishment of state-based administrative complaint procedures to remedy grievances concerning a violation of Title III of HAVA, and providing voter registration information to absent uniformed services voters regarding elections for federal office (Section 28.035).

This act provides that the governing body of Platte county shall approve all annual general operating expenditures from their general revenue fund to local election boards (Section 115.073).

The act provides that federal funds may be used for loan programs to local election authorities and allows, but does not require, local election authorities to match the federal funds (Sections 115.074, 115.076, 115.098, and 115.801). The "Election Administration Improvements Fund" is created for the purpose of improving the administration of elections in the state. A revolving loan fund is established for improving the administration of elections through loans (Section 115.078).

A statewide pool for election judges is created and requires election authorities, before appointing judges from another jurisdiction, to obtain written consent from the election authority of the jurisdiction where the prospective judges are registered to vote. Employees of the state and boards are allowed to serve as election judges (Section 115.085).

Election authorities are required to establish training courses for election judges to incorporate the curriculum developed by the secretary of state (Section 115.103). Procedures for the naming of challengers and watchers are created. Challengers and watchers must be registered voters from the jurisdiction of the election authority for which the challenger or watcher is designated (Sections 115.105 and 115.107).

Section 115.115 provides, subject to sufficient funds available, would require the Secretary of State to develop a comprehensive plan for increased polling accessibility. The Secretary of State would apply for section 261 funds of the Help America Vote Act.

Courts shall not have the authority to order a candidate or issue to be placed on the ballot less than six weeks before the date of election, except as otherwise authorized by law (Section 115.125).

Except for Kansas City and any political subdivisions or special districts located in such city, this act changes the opening day for filing a declaration of candidacy for offices in political subdivisions and special districts from the 15th Tuesday before the election in April to the 16th Tuesday before the election. Except for Kansas City and any political subdivision or special district in such city, the act also modifies the date before which the political subdivision or special district must notify the general public of the opening filing date, the offices to be filled, the place

for filing and closing filing date from the 15th Tuesday before the election to the 16th Tuesday before the election (Section 115.127).

As required by HAVA, certain information is added to the voter registration form in Section 115.155. An applicant that fails to answer a question on U.S. citizenship shall be notified by the DESCRIPTION (continued)

election authority and given the opportunity to complete the form. Election authorities are required to forward registration and other data to the Secretary of State in order to comply with HAVA (Section 115.157).

In order to comply with HAVA, the act creates the Missouri Voter Registration System, which is a computerized statewide voter registration list. The system shall be implemented by January 1, 2004, unless a delay is approved until January 1, 2006. The system replaces the "Centralized Voter Registration System". The Secretary of State and local election authorities shall cooperate in updating the system on a regular basis and may use the system for the collection and dissemination of election results. Information collected for the system shall not be used for commercial purposes, as defined in the act (Section 115.158).

The act modifies provisions relating to the identification requirements for persons registering by mail as mandated by HAVA (Section 115.159). A definition for "overseas voter" is created with regard to absentee voting and procedures are created for absentee voting by uniformed and overseas voters (Sections 115.275 and 115.279). No notary shall collect a fee for notarizing a signature on an absentee ballot or voter registration. Any notary that does so is guilty of official misconduct (Section 115.283).

Election authorities may deliver absentee ballots not earlier than 10 weeks before an election. Current law allows the ballots to be delivered not earlier than six weeks (Section 115.284). The act modifies provisions relating to certain confined persons who qualify for delivery of their absentee ballots by a team appointed by the election authority. The act repeals the ability of certain relatives to deliver the absentee ballot. The act changes the color of a stamp on the ballot envelope (Section 115.287). Special write-in absentee ballots may be requested for special or primary federal elections in addition to general elections (Section 115.292). The act modifies the information that must be included on a sample ballot posted on election day, as required by HAVA (Section 115.417).

The act provides that a provisional ballot cast at the wrong polling place will not be counted as authorized by HAVA, but that voters should be directed to the correct polling place. Pursuant to HAVA, the Secretary of State shall ensure that a toll-free number or internet website for provisional voters is established. An individual who votes after a court order extends the polling hours shall cast a provisional ballot which shall be separated from other provisional ballots, in accordance with HAVA (Section 115.430).

Section 115.436 would require the election authority, upon request by a physically disabled voter, to provide a voting place that would be accessible other than the polling place provided. The election authority could also assign members of the physically disabled household to also vote at the new assigned voting place.

DESCRIPTION (continued)

The act corrects a reference in Section 115.761 to indicate that the presidential primary is held in February. The Secretary of State is authorized to prepare fair ballot language statements on statewide measures within 20 days of receiving a statewide ballot measure. The Attorney General must approve the legal content and form of the proposed statements within 10 days (Section 116.025).

This act creates procedures for challenges to fiscal notes and fiscal note summaries prepared for initiatives and referenda. If the Attorney General or the circuit court of Cole County determine that a fiscal note or fiscal note summary has been incorrectly prepared, the note or summary shall be returned to the state auditor for revision. Such note or summary cannot be certified by the secretary of state until approved by the attorney general or the court. Any citizen challenging the fiscal note of a proposed measure shall include in the petition the reasons why such fiscal note or fiscal note summary is insufficient or unfair. The petition shall request a different fiscal note or fiscal note summary. The court shall consider the petition, hear arguments and decide to either certify the fiscal note or fiscal note summary or remand it to the state auditor for preparation of a new fiscal note or fiscal note summary (Sections 116.175 and 116.190).

Senate amendment # 2 provides that not later than the fifth Tuesday prior to any election, the election authority would estimate the election costs. Not later than the third Tuesday prior to the election those entities holding the election or participating in the election, would deposit with the election authority an amount equal to the estimate of costs. The election authority would place the funds in a special election cost account. If the costs estimated are greater than anticipated the participating district would by the fifth Tuesday after the election pay the election authority the difference. If the amount paid to the election authority is more than necessary the election authority would promptly refund the amount. Senate amendment 2 creates the "State Election Subsidy Fund" which would be funded by appropriations of the Legislature for the purpose of making advance payments of election costs. The Commissioner of Administration would annually transfer an amount not less than the amount expended in the fiscal year that ended June 30, 2000. Unexpended funds would be transferred to the Election Administration Improvements Fund.

Senate Amendment 3 changes the number of registered voters signatures required on a petition to detach from 25 voters within the water supply district, to one fourth of the registered voters from each subdistrict within the subdistrict or fifty registered voters from each subdistrict whichever, is

less. This amendment affects water supply districts that have been annexed to a city.

DESCRIPTION (continued)

Senate amendment 4 removes the prohibition on St. Louis School Board candidates being related to any employee of the school district.

Senate amendment 5 provides that when a fire protection district expands the number of directors from three to five, the initial term of office for the newly elected fire protection district director receiving the second highest number of votes shall be four years. Currently, the term of office is three years.

Senate amendment 11 prevents the transitional school district operating levy authorized in current law from being subject to certain tax increment financing projects. The tax will not be subject to any certificate of tax abatement issued after August 28, 1998, or, as of January 1, 2002, such tax will not be subject to any TIF project in St. Louis with the exception of a project concerning a convention headquarters hotel adopted by ordinance in St. Louis after August 28, 2003.

Senate amendment 14 adds the act of stealing or willfully defacing, mutilating, removing, or destroying, any campaign yard sign on private property as a class four election offense and deemed a misdemeanor. This would not be construed to interfere with the right of any private property owner to take any action with regard to campaign yard signs on the owner's property.

This substitute has an emergency clause.

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 State Auditor
Office of Attorney General
Office of Secretary of State
Department of Revenue- Motor Vehicles
Office of State Treasurer
Department of Economic Development

LR No. 1632-07

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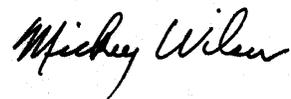
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Department of Health- Vital Statistics
Kansas City Board of Election Commission
Office of Administration- Budget and Planning
Office of State Court Administrator
Franklin County Clerk/Commission
St. Louis City Public Schools
City of St. Louis

NOT RESPONDING

The County Clerks of : Boone, Callaway, Cass, Warren, Butler, Greene, Jefferson, Marion, St. Louis County Board of Election Commission, and the Clay County Board of Election Commission



Mickey Wilson, CPA
Director

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