

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1940-01
Bill No.: HB 773
Subject: Elections
Type: Original
Date: March 25, 2013

Bill Summary: This proposes to change the laws regarding election ballots and audits.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(\$20,199,822)	(\$599,466)	(\$399,644)
Total Estimated Net Effect on General Revenue Fund	(\$20,199,822)	(\$599,466)	(\$399,644)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
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 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
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 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of the Secretary of State (SOS)** assume this proposal requires all voters to use a paper ballot that is hand marked. This would require election authorities that use direct-record electronic voting machines to replace them with a paper ballot marking device that can accept paper ballots that are hand marked. It is estimated there are at least 4,000 direct-record voting machines currently in use.

Assumptions Include = \$5,000 per voting machine multiplied by at least 4,000 voting machines = \$20,000,000 initial startup costs in FY 2014.

This proposal would also require that no election shall be certified until an audit shall have been completed on the elections returns. Based on the 2,664,294 million ballots cast in the 2012 general election, 5% of the ballots would be 133,215 ballots to be audited. The judges can process 12 ballots an hour and this would require two judges working at \$9 an hour which would cost at least \$199,822 per election to perform the required audit before certification. $(133,215/12 = 11,101.25 \times \$18 = 199,822)$

Oversight will reflect reimbursement for the equipment replacement and audit costs for one election (\$20,000,000 + \$199,822) in FY 2014. FY 2015 has three elections in which audit costs would be reimbursement for \$599,466. FY 2016 has two election in which audit costs would be reimbursement for \$399,644.

Officials at the **Kansas City Board of Election Commission** assume the impact would be a \$10,000 to \$20,000 increase in costs due to printing more paper ballots and temporary and overtime expenses to perform the 5% audit.

Officials at the **Platte County Board of Election Commission** assume cost for new equipment and software installation, as well as maintenance and training fees will range from \$500,000 to \$750,000 depending on system chosen. The audit costs would be \$15.62 an hour.

Officials at the **St. Louis County Board of Election Commission** assume this proposal would require the use of paper ballots in future elections, and restrict DRE usage to those with disabilities. Below is the number and cost of the additional paper ballots that we would have to produce for an election cycle.

1st Year (2014) = Additional Printing of 597,500 ballots at .29¢ each for 3 elections = \$173,275
2nd Year (2015) = Additional Printing of 210,000 ballots at .30¢ each for 1 election = \$ 63,000

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ASSUMPTION (continued)

3rd Year (2016) = Additional Printing of 842,500 ballots at .31¢ each for 4 elections = \$261,175

4th Year (2017) = Additional Printing of 210,000 ballots at .32¢ each for 1 election = \$ 67,200

We may have to reconfigure the warehouse area to accommodate the larger amounts of election materials that we are required to retain after an election. If construction is required, this cost could be \$50,000 to \$100,000.

Allowing any number of citizen groups access to election records without the need for a court order will also have a fiscal impact. Depending on the size of the election involved, it could take a bipartisan team 10 to 15 man hours @ \$20 per hour (\$200 to \$300 total) to prepare the election materials (binders, absentee applications, ballots, etc...) for review. We will also have to dedicate a bipartisan team of observers for each citizen review performed. This could be \$2,000 to \$2,500, if a review takes a week to perform.

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 following board of election commissions: St. Louis City Board of Election Commission, Clay County Board of Election Commission and the Jackson County Board of Election Commission did not respond to **Oversight's** request for fiscal impact.

Officials at the following counties: Andrew, Audrain, Barry, Bates, Boone, Buchanan, Callaway, Camden, Cape Girardeau, Carroll, Cass, Clay, Cole, Cooper, DeKalb, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Marion, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Phelps, Platte, Pulaski,

ASSUMPTION (continued)

Scott, St. Charles, St. Louis, St. Francois, Taney, Warren, Wayne and Worth did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE			
<u>Transfer Out</u> - Secretary of State - reimbursement of voting machines and audit staff	<u>(\$20,199,822)</u>	<u>(\$599,466)</u>	<u>(\$399,644)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$20,199,822)</u>	<u>(\$599,466)</u>	<u>(\$399,644)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
LOCAL ELECTION AUTHORITY FUNDS			
<u>Transfer In</u> - from Secretary of State for reimbursement of new voting machines and audit staff	\$20,199,822	\$599,466	\$399,644
<u>Cost</u> - Local Election Authority - purchase new voting machines and hire audit staff	<u>(\$20,199,822)</u>	<u>(\$599,466)</u>	<u>(\$399,644)</u>
ESTIMATED NET EFFECT ON LOCAL ELECTION AUTHORITY FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This bill proposes to change the laws regarding election ballots and audits.

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

Kansas City Board of Election Commission
Office of the Secretary of State
Platte County Board of Election Commission
St. Louis County Board of Election Commission



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