

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4376-01
Bill No.: SB 623
Subject: Elections; Secretary of State
Type: Original
Date: February 10, 2014

Bill Summary: This proposal establishes the paper ballot as the official ballot and requires audits before election certification.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	\$0	\$0	(\$20,965,000)
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	(\$20,965,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
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 2015	FY 2016	FY 2017
Local Government*	\$0	\$0	\$0

* Transfer In and costs net to zero.

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 4,193 direct-record voting machines currently in use. Assumptions Include:

\$5,000 per voting machine multiplied by at least 4,193 voting machines = \$20,965,000 initial startup costs in FY 2017.

The 4,193 direct-record voting machines currently in use were purchased in 2006 and have an estimated life span of ten years. Assuming that all direct-record voting machines purchased in 2006 will need to be replaced in 2016, the initial start up costs will be reflected in FY 2017.

Officials at the **Platte County Board of Election Commission** assume the board would need to purchase a new ballot counting system to implement this proposal at a cost ranging from \$500,000 to \$750,000. Without a vendor in mind payment options are unsure. This cost could be realized immediately, or be spaced out over several years.

Officials at the **Kansas City Board of Election Commission** assume the cost would be \$10,000 per election. Both printing expenses and temporary salaries would increase due to this proposal.

Officials at **Johnson County** assume additional costs of paper ballot marking devices ranging from \$9,000 to \$14,000 per polling site and 10 polling sites for a total of \$90,000 to \$140,000.

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 would have to be produced for an election cycle.

1st Year (2016)	
Additional Printing of 597,500 ballots at .29 ¢ each for 3 elections.....	\$173,275
2nd Year (2017)	
Additional Printing of 210,000 ballots at .30 ¢ each for 1 election.....	\$ 63,000
3rd Year (2018)	
Additional Printing of 842,500 ballots at .31 ¢ each for 4 elections.....	\$261,175

ASSUMPTION (continued)

4th Year (2019)

Additional Printing of 210,000 ballots at .32 ¢ each for 1 election..... \$ 67,200

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

St. Louis County already audits one hundred percent of their precincts and hand counts five percent of the ballots and the process is open to the public, so there should be no fiscal impact from that part of the proposal.

Officials at the **Clay County Board of Election Commission**, the **Jackson County Board of Election Commission**, **Lawrence County** and **Lincoln County** each assume there is no fiscal impact to their respective organizations from this proposal.

Oversight assumes this proposal will not fiscally impact the local election authorities as the State will reimburse the costs of the purchase of the new machines. Oversight will reflect reimbursement for the equipment replacement in FY 2017.

Officials from the **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.

ASSUMPTION (continued)

Officials at the St. Louis City 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, Knox, Laclede, Marion, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Phelps, Platte, Pulaski, 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 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE			
<u>Transfer Out</u> - Secretary of State - reimbursement of voting machines	<u>\$0</u>	<u>\$0</u>	<u>(\$20,965,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	<u>\$0</u>	<u>(\$20,965,000)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
LOCAL ELECTION AUTHORITY FUNDS			
<u>Transfer In</u> - Local Election Authorities - reimbursement of voting machine costs	\$0	\$0	\$20,965,000
<u>Costs</u> - Local Election Authorities - purchase of voting machines	<u>\$0</u>	<u>\$0</u>	<u>(\$20,965,000)</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 act requires that all electronic voting systems produce results from paper ballots marked by hand, or in the case of disabled voters who need assistance, from paper ballots marked by a paper ballot marking device designed to assist such voters.

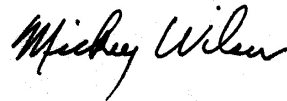
The use of remaining direct-record electronic voting machines shall be phased out upon mechanical failure.

Elections shall not be certified until an audit is performed.

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

Clay County Board of Election Commission
Jackson County Board of Election Commission
Johnson County
Kansas City Board of Election Commission
Lawrence County
Lincoln County
Office of the Secretary of State
Platte County Board of Election Commission
St. Louis County Board of Election Commission



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