

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1888S.10A
Bill No.: SS for HB 850 with SA2, SA3 and SA4
Subject: Attorney General; Auditor, State; County Officials; Elections; General Assembly;
Governor & Lt. Governor; Secretary of State; Treasurer, State
Type: Original
Date: May 13, 2021

Bill Summary: Modifies various provisions relating to elections.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue	Could exceed (\$8,801,142)	(\$11,988)	Could exceed (\$7,012,885)
Total Estimated Net Effect on General Revenue	Could exceed (\$8,801,142)	(\$11,988)	Could exceed (\$7,012,885)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	(Unknown)	Unknown to (Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Due to time constraints, **Oversight** was unable to receive some agency responses in a timely manner and performed limited analysis. Oversight has presented this fiscal note on the best current information that we have or on information regarding a similar bill(s). Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

§115.044 & §115.075 – Contributions for elections.

Oversight will reflect a potential loss of donations (or corresponding increase in costs) to local election authorities if no longer allowed to receive donations.

§§115.121 - 115.593 June Primary Elections

In response to a similar version, officials from the **Office of the Secretary of State (SOS)** noted this bill would cause primary elections for statewide officials and federal congressional seats (House and Senate) to be held in June and require a majority vote to win such primary. In the event no candidate achieves a majority on a given party ballot for an office, the top two vote-getters would compete in a runoff election to be held on the traditional August primary date. Such date would also be retained as the primary date for all other offices, including for the General Assembly and any judicial seats.

This bill creates a new statewide election to be held every two years (costs to be incurred in even-numbered fiscal years). The cost of such an election could reach or exceed \$7 million, based on the cost of the 2020 Presidential Preference Primary. However, the payment of such costs would be subject to budgetary appropriation by the General Assembly.

SOS assumes this could reach or exceed \$7,000,000 per even-numbered fiscal year

In response to similar versions, officials from the **Missouri Ethics Commission**, the **Office of the State Auditor**, the **Missouri House of Representatives** and the **Missouri Senate** each assumed no fiscal impact from the proposal.

In response to a similar version, officials from the **St. Louis County Board of Elections** state their office predicts a \$1.3 million election cost based on previous state-wide elections for each June primary and the same \$1.3 million for each potential runoff. There would also be an additional one-time cost of \$30,000 for another set of removable memory sticks for voting machines for a potential back-to-back-to-back election situation.

In response to a similar version, officials from the **Platte County Board of Elections** state last year's primary cost \$107,711. Each June primary would cost about that. Maybe a little less. A runoff election two weeks after certification would probably cost closer to \$80,000 due to ballot simplicity, but it would be logistically difficult and would exclude any mail absentee voting including by the military and disabled communities.

§116.155, §116.190 Ballot summary statements

In response to a previous version, officials from the **Office of the Secretary of State** assumed the proposal will have no fiscal impact on their respective organization.

§116.225, <116.220> – Label of ballot measures

In response similar provisions (HB 556), officials from the **Office of the Secretary of State** assumed the proposal will have no fiscal impact on their organization.

In response similar provisions (HB 556), officials from the **Kansas City Election Board, St. Louis County Board of Elections, and Platte County Board of Elections** each assume the proposal will have no fiscal impact on their respective organizations.

§115.306 - tax receipts (SA 2)

In response to a similar proposal (HB 665), officials from the **Office of the Secretary of State, Missouri Ethics Commission, and the Department of Revenue** each assumed the proposal will have no fiscal impact on their respective organizations.

In response to a similar proposal (HB 665), officials from **St. Louis County Board of Elections** assume the proposal will have no fiscal impact on their organization.

Oversight notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

Oversight notes that Section 115.306.2 (4) states that this subdivision shall only apply to a city not within a county's offices that perform county functions (City of St. Louis). Oversight assumes that any costs arising as a result of this proposal can be absorbed by City of St. Louis with current resources; therefore, Oversight will reflect a zero impact on the fiscal note.

§115.151, §115.160, §115.960 – Voter registration through DOR (SA 3)

In response to similar provisions to Perfected HB 738, officials from the **Department of Revenue (DOR)** stated

§115.151.3

Requires the Department to transmit voter registration application forms to the appropriate election authority and modifies the requirement to transmit no later than three business days after the form is completed by the applicant.

§115.160

Requires the Department to utilize electronic voter registration application forms and to ensure the confidentiality and integrity of the data collected, maintained, received, or transmitted.

§115.160.5

Requires the Department to transmit voter registration information in a secure and electronic manner, including electronic image of the signature of the applicant, in a format compatible with the Missouri voter registration system established in §115.158. The proposed changes further define that each election authority receiving application forms must forward any application that pertains to a different election authority to that election authority in a secure and electronic manner.

Administrative impact for §§115.151.3, 115.160, 115.160.5

FY 2022 – Driver License Bureau

Research/Data Assistant	320 hrs. @ \$15.98	= \$ 5,114
Research/Data Analyst	640 hrs. @ \$23.82	= \$15,245
Administrative Manager	80 hrs. @ \$22.24	= \$ 1,779
Total		= \$22,138

FY 2022 – Personnel Services Bureau

Associate Research/Data Analyst	20 hrs. @ \$19.09	= \$ 382
Total Costs		= \$22,520

The Department anticipates being able to absorb this administrative impact. If multiple bills are passed that require Department resources, funding may be requested through the appropriations process.

Cost Savings (based on FY 20 volumes)

Envelopes	16,416 x @\$0.07	= \$ 1,149
Postage	16,416 x @\$0.80	= \$13,133
Motor Voter Card Stock	213,600 x @\$0.045	= \$ 9,612
Total Cost Savings FY2022 and subsequent years		= \$23,894

Due to the set up for secure file transfers to each election authority and the timeframe to transmit these secure files the Department suggests the sponsor consider a delayed implementation of January 1, 2022 or later.

Oversight notes that IT costs for §§115.151.3, 115.160.3, and 115.160.5 according to **DOR** are contracted at \$95 per hour. This proposal would result in \$175,036 (1,842.48 hours x \$95) in FY 2022 with on-going support of \$35,882 in FY 2023 and \$36,779 in FY 2024.

In response to similar provisions to Perfected HB 738, officials from the **Platte County Board of Elections** assume the proposal will have no fiscal impact on their organization.

In response to similar provisions to Perfected HB 738, officials from the **St. Louis County Board of Elections** assume this proposal would save 350 hours of work a year. At the lowest temporary employee salary, this would save us \$13,000 annually. Electronic registrations are much less labor intensive and save quite a bit of time. Temporary employees would normally be processing paper registration forms. If made electronic, they wouldn't require as many temporary employees to process these registrations.

Oversight notes that §115.160 states the Director of Revenue shall utilize electronic voter registration application forms and provide for secure electronic transfer of voter registration information to election authorities. As stated above by the St. Louis County Board of Elections there would be a savings as a result of electronic registrations. Therefore, Oversight will reflect an unknown positive impact to local election authorities in the fiscal note.

§115.225 Paper ballots & voting machines (SS plus SA 4)

In response to a similar proposal (Perfected HB 738), officials from the **Office of the Secretary of State (SOS)** assumed this prohibits the use of electronic voting machines and requires that all voting be conducted using paper ballots and paper ballot marking devices. While most jurisdictions currently utilize paper ballots and marking devices, some jurisdictions use direct-record electronic (DRE) machines which would all need to be replaced no later than January 1, 2022, under the provisions of this bill. The state may be required to pay this cost under Article X, Section 21 of the Missouri Constitution.

The estimated cost for a replacement voting machine is \$5,000. Based on their ongoing survey of voting equipment, at least 330 DRE machines were in use throughout the state at the most recent election, with the possibility for that number to increase based on the responses still outstanding. The cost to replace these DREs could reach or exceed \$1,650,000 (330 x \$5,000) in FY 2022, depending on if more machines of this type are currently in use.

Oversight notes there are 116 local election authorities in the state. There were 2,748 polling places used statewide for the 2016 General Election per general election survey reports. The current November 2020 election survey results have not fully been processed. Oversight is unable to determine the exact amount of DRE machines that were used in the most recent

election. According to the SOS, the cost replacement estimate of \$5,000 for a voting machine is an average replacement cost based on actual invoices submitted from local election authorities (reimbursed under their Election Efficiency Grant). Oversight does not have any information to the contrary. Therefore, Oversight will reflect the estimated impact from SOS in the fiscal note.

In response to a similar proposal (HB 738), officials from the **Kansas City Election Board**, **Platte County Board of Elections**, **St. Louis County Board of Elections**, and **Boone County Clerk's Office** each assumed the proposal will have no fiscal impact on their organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other state agencies and local election authorities were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE			
Costs §115.121 - §115.593 – SOS – to implement June primary elections p. 3	Could exceed (\$7,000,000)	\$0	Could exceed (\$7,000,000)
<u>Savings</u> – DOR §115.160 Envelopes, postage, and card stock p. 5	\$23,894	\$23,894	\$23,894
<u>Cost</u> – DOR §§115.160 IT Cost and Maintenance p. 5	(\$175,036)	(\$35,882)	(\$36,779)
<u>Cost</u> – SOS §115.225.5 Voting Equipment p. 6	Could exceed <u>(\$1,650,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	Could exceed <u>(\$8,801,142)</u>	<u>(\$11,988)</u>	Could exceed <u>(\$7,012,885)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
LOCAL POLITICAL SUBDIVISIONS			
<u>Loss</u> – of donations to local election authorities no longer allowed §115.044 & §115.075 p. 3	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> – to implement June primary elections §115.121 - §115.593 p. 3-4	(Unknown)	\$0	(Unknown)
<u>Savings</u> - §115.160.3 Electronic registrations p. 5-6	Unknown	Unknown	Unknown
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>(Unknown)</u>	<u>Unknown to (Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT – Small Business

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

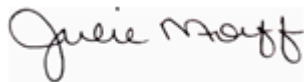
FISCAL DESCRIPTION

The proposed legislation changes legislation regarding elections.

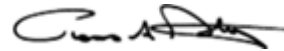
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State
Office of the State Treasurer
Department of Revenue
Missouri Ethics Commission
Office of the State Auditor
Missouri House of Representatives
Missouri Senate
St. Louis County Board of Elections
Platte County Board of Elections
Kansas City Election Board
Boone County Clerk's Office



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