

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3370S.02I
Bill No.: SB 679
Subject: County Officials; Elections; Secretary of State
Type: Original
Date: February 8, 2022

Bill Summary: This proposal modifies provisions relating to elections.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
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 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
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 2023	FY 2024	FY 2025
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** note this bill would require all direct-record electronic voting machines (DREs) be removed from service by January 1, 2024, with the exception of any machine used solely for disabled voters. Based on the most recent survey conducted in 2020, there are 330 DREs in service statewide. All local election authorities (LEAs) which disclosed the use of DREs on the survey have already replaced or have indicated that they are actively planning to replace those machines prior to the date specified in the bill. Therefore, the SOS does not anticipate being required to cover the costs under Article X, Section 21, but will provide assistance to those LEAs using existing grant programs.

Oversight notes this response from the SOS is different from previous years. SOS' response to similar proposals in 2021 (i.e. HB 925) included a per-machine replacement cost of \$5,000 for the 330 DREs in service statewide (for a total of \$1.65 million). Oversight will utilize SOS' assumption that this change is already in progress and that this bill will not create an additional fiscal impact to the state.

The **SOS** also assumes many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office 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 Secretary of State's office for Administrative Rules is less than \$5,000. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, 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 our office can sustain with our core budget. Therefore, 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 from the **Department of Revenue (DOR)** state:

§115.427.4(3)

The proposed change removes the language requiring the individual to certify they have no other form of personal identification that meets the current requirements of §115.427.2(1) when applying for a Nondriver for voting transaction. Verbiage remains stating the director shall design a statement to be used for this purpose.

Based on the language, the department assumes it will still display a statement when issuing a no cost nondriver for voting, but will modify the verbiage to remove the self-certification that they have no other acceptable form of identification for voting purposes.

Administrative Impact

Currently the Department is required to have the individual who is applying for a Nondriver license for voting purposes, sign a statement at time of application, certifying under penalty of perjury that they have no other form of personal identification that would meet the current requirements of §115.427.2(1).

To implement the proposed change, the Department would be required to:

- Update policies, procedures, and the Uniform License Issuance Manual (ULIM);
- Update forms, manuals, and the Department website;
- Complete business requirements and design documents to modify the current nondriver for voting statement in the Missouri Electronic Driver License (MEDL) issuance system and MEDL central application;
- Complete programming and user acceptance testing of the Missouri Electronic Driver License (MEDL) issuance system;
- Train staff.

FY 2023 - Driver License Bureau

Research/Data Assistant	130 hrs. @ \$16.30 per hr.	= \$2,119
Research/Data Analyst	140 hrs. @ \$24.29 per hr.	= \$3,401
Administrative Manager	20 hrs. @ \$26.37 per hr.	= \$528
Total		\$6,048

FY 2023 - Personnel Services Bureau

Associate Research/Data Analyst	30 hrs. @ \$19.46 per hr.	= \$584
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Total Costs \$6,596

Oversight notes that IT costs for §115.427.2(1) according to **DOR** are contracted at \$95 per hour. This section would result in \$2,873 (30.24 hours x \$95) in FY 2023.

Revenue Impact

Currently persons who already hold an acceptable identification for voting are not allowed the no cost nondriver for voting since they cannot complete the required affidavit statement. The removal of this limitation may allow persons who already have a valid driver license or other eligible document to apply for the no cost nondriver for voting. The estimated number of potential applicants who may have a current acceptable identification document for voting and

yet request an NDL for voting purposes is 53. This number was determined by reviewing the maximum office denial count statewide in 2021.

The estimated loss of revenue below reflects the office transaction fee and office processing fee since currently the offices are reimbursed for processing fees related to no fee nondriver for voting transactions not collected at the time of issuance.

Potential annual loss of NDL Transaction Fee = $\$6.00 \times 53 =$	\$318
10 months (FY23) = \$265	
Total Loss of State General Revenue FY 24, FY 25 and on-going	\$318

Potential savings from General Revenue by removing reimbursement of processing fees to license offices for current issuance volumes of nondriver for voting documents would be:

$\$12.00 \times 1,001(948 \text{ annual NDL Voting issuance} + 53 \text{ denials}) = \$12,012$ potential revenue savings.

Vendor per card cost including postage for NDL $\$2.44112 \times 53 = \129 annually FY 24, 25 and on-going (this is assuming thee applicants would not have completed application today if fee not waived).

This impact could potentially increase on election years when more citizens will utilize the provisions.

**Oversight notes that there may be a potential increase in loss of revenue during an election year when more citizens will utilize the provisions. According to DOR, the denial count statewide out of 182 offices was 1,442 persons YTD in 2020 (Presidential Election Year). The loss of revenue is reflected below:

NDL Transaction Fee (Loss) = $\$6.00 \times 1,442 =$	(\$ 8,652)
Office Processing Fee (Savings) = $\$12.00 \times 1,442 =$	<u>\$17,304</u>
Total Effect on State General Revenue FY 23, FY 24 and on-going	\$8,652

Oversight assumes that Department of Revenue will be able to accomplish the requirements of §115.427.2(1) with existing resources; however, during presidential election years, the cumulative impact may require additional appropriations.

Officials from the **Office of the State Courts Administrator** assume 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 this agency.

Officials from the **Jackson County Board of Elections** notes currently they use ballot marking devices for absentee voting. Limiting the use of the ADA ballot marking devices to only those with disabilities will increase ballot printing costs substantially.

The Jackson County Election Board can have up to three hundred (300) different ballot styles in an election and would have to print absentee ballots for each ballot style for absentee voting at a cost of .35 cents per ballot. They have no way of knowing who will be voting absentee so at least 2% of each ballot style would have to be printed to cover the walk-in and permanent absentee voters. Currently they print enough for permanent/disabled voters to mail to them and have a small amount for walk-in absentees if they choose a paper ballot over the ballot marking device. The ballot marking device allows them to pull up any individuals' particular ballot style while also producing a paper ballot at a substantial cost savings.

The Jackson County Election Board along with other Missouri election authorities have invested millions of dollars in ADA machines which are not widely used at the polling locations so making use of them in our absentee department is fiscally responsible and our voters like the machines.

Cost to Election Authority/County:

Small Elections \$3,500 per election/per year
Large Elections \$10,000 per election/per year

Officials from the **St. Louis County Board of Elections** assume the proposal will have no fiscal impact on their organization.

Oversight also notes that at the beginning of January 1, 2024, no electronic voting systems shall be used. The use of remaining direct-record electronic voting machines shall be phased out upon mechanical failure. Based on most recent survey conducted in 2020, there are 330 DREs in service statewide. All local election authorities (LEAs) which disclosed the use of DREs on the survey have already replaced or have indicated that they are actively planning to replace those machines prior to the date specified in the bill. Therefore, Oversight does not anticipate fiscal impact to LEAs.

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

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
	<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.

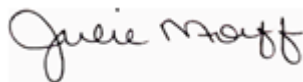
FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

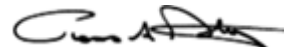
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State
Department of Revenue
Office of the State Courts Administrator
Jackson County Board of Elections
Platte County Board of Elections
St. Louis County Board of Elections



Julie Morff
Director
February 8, 2022



Ross Strobe
Assistant Director
February 8, 2022