

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

LR No.: 1632-08
Bill No.: Truly Agreed to and Finally Passed CCS for SS for SCS for HS for HB 511
Subject: Secretary of State: Elections, Water Districts, Fire Protection Districts, Boards
Type: Original
Date: May 30, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	(\$3,884,000 to Unknown)	(\$3,884,000 to Unknown)	(\$3,884,000 to Unknown)
Total Estimated Net Effect on General Revenue Fund *	(\$3,884,000 to Unknown)	(\$3,884,000 to Unknown)	(\$3,884,000 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)	(Unknown)	(Unknown)

*** Cost on a statewide basis would be expected to exceed \$100,000 annually.**

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 \$738.

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 ASSUMPTION (continued)

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

Officials of the **Office of State Treasurer** assumes no fiscal impact.

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.

Officials of the **Office of State Auditor** assumed no fiscal impact.

Officials of the **Office of State Court Administrator** assumed no fiscal impact to the Courts.

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 at least 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.

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

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2006.

Officials estimate cost in FY 2004 from the following:

ASSUMPTION (continued)

\$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.

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
ASSUMPTION (continued)

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.**

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.

The Section goes on to state 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 state does not now have an appropriation to pay transaction costs. Nor is one included in the budget truly agreed to and finally passed 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 was for the presidential preference primary and \$400,000 was for the state’s costs pursuant to 115.063 and 115.077. The TAFP amount approved by the General Assembly was \$400,000 E; the E allows the estimated appropriation to be increased as needed.

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

<u>FISCAL IMPACT - State Government</u>	FY 2004	FY 2005	FY 2006
GENERAL REVENUE FUND			
Cost to Office of Administration transfer of funds to Election Subsidy Fund (Senate 115.077) *	<u>(\$3,884,000 to Unknown)</u>	<u>(\$3,884,000 to Unknown)</u>	<u>(\$3,884,000 to Unknown)</u>
*Subject to Appropriation			
Cost to Secretary of State 5% federal match for HAVA	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT TO GENERAL REVENUE FUND	<u>(\$3,884,000 to Unknown)</u>	<u>(\$3,884,000 to Unknown)</u>	<u>(\$3,884,000 to Unknown)</u>
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>
Estimated Net Effect to Election Administration Improvements Fund	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

REVOLVING LOAN FUND

Income to Revolving Loan Fund from federal funds	Unknown	Unknown	Unknown
Cost to Revolving Loan Fund loans to locals for election administration	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
Estimated Net Effect to Revolving Loan Fund	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**STATE ELECTION SUBSIDY FUND
(Section 115.077)**

Income to Election Subsidy Fund from General Revenue *	\$3,884,000 to Unknown	\$3,884,000 to Unknown	\$3,884,000 to Unknown
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>
Total Effect to Election Subsidy Fund* (Section 115.077) *Subject to Appropriation	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FEDERAL FUNDS

Income to Secretary of State from Federal Match	\$9,000,000	Unknown	Unknown
Cost to Secretary of State providing election services, loans, etc.	<u>(\$9,000,000)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
Total Effect to Secretary of State	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

HIGHWAY FUND

<u>Cost</u> 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

<u>Cost</u> to Local Election Authorities for various provisions, maintenance contracts, ballots, match, etc. *	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT TO LOCAL GOVERNMENTS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

* 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

This bill revises the election laws to facilitate compliance with the federal Help America Vote Act of 2002 (HAVA). In its main provisions, the bill:

- (1) Authorizes the Governor to appoint additional nonvoting representatives to the boards of election commissioners (Section 15.027, RSMo);
- (2) Requires that the annual general operating expenditures from the general revenue fund of Platte County or any city in Platte County be subject to the budgeting approval of the county

(Section 115.073);

DESCRIPTION (continued)

(3) Specifies that federal funds may be used for loan programs to the local election authorities and authorizes the Secretary of State to allow, rather than require, local election authorities to match the federal funds (Sections 115.074, 115.076, 115.098, and 115.801);

(4) Establishes a fund within the state treasury for grants for election administration improvements and establishes a revolving loan fund for improving the administration of elections through loans. The bill also clarifies that the money deposited in the Elections Administration Improvements Fund may be transferred to the loan fund. No moneys obtained through the fund will be made a part of the general operating budget of an election authority, and moneys from the fund will not be used to supplant other federal, state, or local funds expended for elections. There is an emergency clause for this section to expedite the receipt of federal funds (Section 115.078);

(5) Establishes a statewide pool of election judges 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. In addition, employees of the state and of boards and commissions of political subdivisions are allowed to serve as election judges (Section 115.085);

(6) Makes the establishment of training courses for election judges mandatory rather than discretionary and requires that the courses include substantially the curriculum developed by the Secretary of State in accordance with HAVA (Section 115.103);

(7) Clarifies that 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);

(8) Allows election authorities to designate up to four additional common sites as central polling places designed for accessibility to voters with physical disabilities, the elderly, and other voters authorized to vote at central polling places. Subject to sufficient funding, the Secretary of State will develop a comprehensive plan for increased polling place accessibility (Section 115.115);

(9) Prohibits a court from ordering an issue or candidate placed on the ballot less than six weeks prior to an election, except as otherwise authorized by law (Section 115.125);

(10) Changes the opening filing date from the fifteenth Tuesday to the sixteenth Tuesday prior to an election for an office in a political subdivision or special district, except for municipal elections in Kansas City, where the filing deadline remains the fifteenth Tuesday prior to an election

(Section 115.127);

DESCRIPTION (continued)

(11) Includes technical changes in sections revised by Senate Bill 675 in 2002 (Sections 115.133, 115.135, and 115.277);

(12) Adds information to the voter registration form as required by Section 303(b)(4) of HAVA (Section 115.155);

(13) Requires election authorities to forward registration and other information to the Secretary of State in a manner that complies with HAVA (Section 115.157);

(14) Establishes the Missouri Voter Registration System to comply with Section 303 of HAVA. The bill also includes voter registration verification provisions required by Section 303 of HAVA, clarifies the meaning of "commercial purposes," and specifies that local election authorities must forward data in accordance with the requirements of HAVA (Section 115.158);

(15) Adds provisions concerning identification requirements and fail-safe voting for mail-in registrants as required by Section 303 of HAVA (Section 115.159);

(16) Defines "overseas voter" (Section 115.275);

(17) Makes changes relating to uniformed and overseas citizens as required by Sections 703, 704, 705, and 707 of HAVA (Section 115.279);

(18) Clarifies that notary publics cannot charge or collect a fee for notarizing absentee ballots or absentee voter registrations, repeating language already in current law, Section 486.350 (Section 115.283);

(19) Allows election authorities to deliver absentee ballots not earlier than 10 weeks before an election. Current law allows the ballots to be delivered not earlier than six weeks before an election (Section 115.284);

(20) Clarifies language regarding confined voters, requires a team to deliver absentee ballots to confined voters, and changes the color of a stamp on the ballot envelope (Section 115.287);

DESCRIPTION (continued)

(21) Specifies that a special write-in absentee ballot may be requested for special or primary federal elections in addition to general elections (Section 115.292);

(22) Adds language concerning voter education provisions as required by Section 302(b) of HAVA (Section 115.417);

(23) Clarifies that a provisional ballot cast at the wrong polling place will not be counted as authorized by Section 302(a)(4) of HAVA; requires that persons voting provisional ballots because their eligibility in a particular jurisdiction cannot be immediately verified may vote at a central polling place established in Section 115.115; requires the Secretary of State to ensure that a toll-free access system for provisional voters is established; and addresses the handling of ballots for persons who vote after the polls close, which is required by Section 302(c) of HAVA (Section 115.430);

(24) Provides that, upon request, an election authority will designate a polling place more accessible to a disabled voter than the voter's regular polling place (Section 115.436);

(25) Adds to class four election offenses the stealing or willful defacing, mutilating, or destroying of campaign yard signs, with certain exceptions (Section 115.637);

(26) Changes the month for the presidential primary from March to February (Section 115.761);

(27) Adds new language intended to facilitate fair ballot language on statewide measures (Section 116.025);

(28) Modifies procedures for the review and approval of ballot summaries, fiscal notes, and fiscal note summaries for measures placed on the ballot by the General Assembly and for petitions being circulated for signatures to place measures on the ballot. Any court challenge to a ballot summary, fiscal note, or fiscal note summary must state the reason or reasons they are insufficient or unfair. If the court considers a fiscal note or fiscal note summary, it will either certify the note

or summary to the Secretary of State or remand the fiscal note or fiscal note summary to the State Auditor for revision. If a fiscal note or fiscal note summary is found to be insufficient by the Attorney General, the note or summary will be returned to the State Auditor for revision (Sections 116.175 and 116.190);

DESCRIPTION (continued)

(29) Deletes a prohibition against school district employees or certain relatives running for the school board in the City of St. Louis (Section 162.601);

(30) Allows 5% of the registered voters who are patrons of a water supply district or 20 registered voters who are patrons of each subdistrict, whichever is less, to petition to detach and exclude that part of the public water supply district lying within the corporate limits of the city as the limits have been extended (Section 247.170); and

(31) Changes the term of office from three to four years for the fire protection district director receiving the second highest number of votes (Section 321.120).

The bill has an emergency clause for Section 115.078.

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 Health- Vital Statistics

Kansas City Board of Election Commission

Office of Administration- Budget and Planning

Office of State Court Administrator

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Franklin County Clerk/Commission

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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

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA

Director

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