

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0571-01  
Bill No.: SB 399  
Subject: Elections; Secretary of State  
Type: Original  
Date: March 16, 2015

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

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	Greater than (\$20,965,000)	Greater than (\$100,000)	Greater than (\$100,000)
<b>Total Estimated Net Effect on General Revenue</b>	<b>Greater than (\$20,965,000)</b>	<b>Greater than (\$100,000)</b>	<b>Greater than (\$100,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials at the **Office of the Secretary of State** 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. 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 **St. Louis County Board of Election Commission** assume this proposal would require the use of paper ballots in future elections, and restrict Direct Recording Electronic (DRE) machine 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 .32¢ each for 1 election..... \$ 67,200

3rd Year (2018)

Additional Printing of 842,500 ballots at .31¢ each for 4 elections..... \$261,175

4th Year (2015)

Additional Printing of 210,000 ballots at .30¢ each for 1 election..... \$ 63,000

St. Louis County Board of Election Commission may have to reconfigure the warehouse area to accommodate the larger amounts of election materials that they are required to retain 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 our precincts and hand counts five percent. This audit process is open to the public.

ASSUMPTION (continued)

Officials at the **Kansas City Board of Election Commission** assume the financial impact of this proposal on their operations would be approximately \$10,000 per jurisdiction-wide election. There are between 3-4 elections per year, therefore, the increase in election expense would be between \$30,000 to \$40,000 per year.

Officials at the **Platte County Board of Election Commission**, the **Jackson County Board of Election Commission**, and the **Lincoln County Clerk's Office** each assume no fiscal impact from this proposal to their respective organizations.

**Oversight** has requested additional information from the Office of the Secretary of State. At this time, Oversight was unable to receive a response. Oversight has presented this fiscal note on the best current information that we have. Upon the receipt of the Office of the Secretary of State's response, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

**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 and printing expenses. Oversight will reflect reimbursement for the equipment replacement in FY 2016 as the proposal becomes effective August 28, 2015.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
<b>GENERAL REVENUE</b>			
<u>Cost - SOS - replacement of machines</u>	Greater than (\$20,965,000)	\$0	\$0
<u>Cost - SOS - ballot printing</u>	Greater than (\$100,000)	Greater than (\$100,000)	Greater than (\$100,000)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>Greater than <u>(\$20,965,000)</u></b>	<b>Greater than <u>(\$100,000)</u></b>	<b>Greater than <u>(\$100,000)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<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.

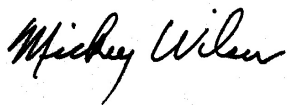
The use of remaining direct-record electronic voting machines shall be phased out upon mechanical failure.

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

Office of the Secretary of State  
St. Louis County Board of Election Commission  
Platte County Board of Election Commission  
Kansas City Board of Election Commission  
Jackson County Board of Election Commission  
Lincoln County Clerk's Office



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