

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1239H.01I  
Bill No.: HB 738  
Subject: Elections  
Type: Original  
Date: February 26, 2021

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Bill Summary: This proposal modifies several provisions relating to elections.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
General Revenue	Could exceed (\$17,412,500)	(\$47,287,500)	(\$31,525,000)
<b>Total Estimated Net Effect on General Revenue</b>	<b>Could exceed (\$17,412,500)</b>	<b>(\$47,287,500)</b>	<b>(\$31,525,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<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.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</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 2022</b>	<b>FY 2023</b>	<b>FY 2024</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 \$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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Local Government</b>	<b>\$0 or Unknown to (Unknown)</b>	<b>\$0 or Unknown to (Unknown)</b>	<b>\$0 or Unknown to (Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from **Office of the Secretary of State (SOS)** assume this bill requires that all future elections in Missouri use paper ballots only and that all ballots be counted by hand. Such a requirement will necessitate increased numbers of election judges to assist in the counting process. This is a new responsibility that must be provided for under Article X, Section 21 of the Missouri Constitution.

At the November 2020 general election, at least 3,025,962 ballots were cast statewide. Our assumption is that it will require two teams of judges to process ballots at a rate of one ballot every five minutes (one team to handle and read the ballot, one team to record the votes). Based on this estimation, it would take the equivalent of 63,050 eight-hour team shifts to count all ballots. Since there are two judges in each team (one from each major party), this equates to 126,100 judge-days to be paid. Based on an average cost of \$125 per election judge (previously obtained by surveying a sample of local election authorities), this process would incur a cost of up to \$15,762,500 per election.

This cost would be fully incurred at least once in FY22 (April 2022), three times in FY23 (August 2022, November 2022, April 2023), and twice in FY24 (March 2024, April 2024). There would also be additional partially-incurred costs to cover costs of elections outside of the normally-scheduled primary, general, and municipal elections (such as special elections or municipal elections in charter cities/counties). The exact scope of such potential expense is unknown.

FY22 - \$15,762,500  
FY23 - \$47,287,500  
FY24 - \$31,525,000

This bill also 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, with the exception of those used for voters with disabilities, 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 our 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 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.

**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 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 \$5,000. 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 require additional resources.

Officials from **Kansas City Election Board** assume if this legislation is passed, timely election results will no longer occur in this jurisdiction. Election results will be delayed 2+ hours. Cost for temporary expense and staff overtime will increase by at least \$10,000 per election to process these votes once all vote are received.

Officials from **St. Louis County Board of Elections** assume this bill would require their office to do the following things:

- Hire double the amount of Election Day poll workers, which would equal about \$675,000 per election.
- Print additional ballots since they are currently print on-demand, for a total of about \$75,000 per election.
- Rent an auditorium or arena for two weeks in order to have enough room to count ballots for a total of about \$80,000 per election.
- Hire security for auditorium or arena for two weeks for a total of about \$10,000 per election.
- Pay poll workers to count ballots around the clock for ten days, for a total of about \$225,000 per election.

- Pay poll workers to assist in the required audit for four days, for a total of about \$56,250 (a quarter of the counting amount).

In total, this bill would cost their office about \$1,121,250 per election.

Officials from **Platte County Board of Elections** assume along with increased staffing costs and less accurate counts, this plan will delay results by days to a week.

**Oversight** notes that as the beginning of January 1, 2022, no electronic voting systems or automatic tabulating equipment shall be used. The use of remaining direct-record electronic voting machines shall be phased out upon mechanical failure. Oversight assumes the local election authorities will have a significant negative unknown fiscal impact. The costs include printing additional paper ballots, increased staff and overtime and longer rentals of poll sites in order to county ballots by hand.

**Oversight** also assumes a savings to local election authorities for not replacing the current inventory with like machines and decreased maintenance and programming.

<u>FISCAL IMPACT –</u> <u>State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
<b>GENERAL REVENUE</b>			
<u>Cost – SOS</u> <u>Voting Equipment</u>	Could exceed (\$1,650,000)	\$0	\$0
<u>Cost – SOS</u> <u>Counting Judges</u>	<u>(\$15,762,500)</u>	<u>(\$47,287,500)</u>	<u>(\$31,525,000)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b>Could exceed</b> <b><u>(\$17,412,500)</u></b>	<b><u>(\$47,287,500)</u></b>	<b><u>(\$31,525,000)</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
<b>LOCAL ELECTION AUTHORITIES</b>			
<u>Savings</u> - not replacing the DRE machines and decrease maintenance expense	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Cost</u> - increased cost for printing paper ballots and staff	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<b>ESTIMATED NET EFFECT ON LOCAL ELECTION AUTHORITIES</b>	<b>\$0 or Unknown to (Unknown)</b>	<b>\$0 or Unknown to (Unknown)</b>	<b>\$0 or Unknown to (Unknown)</b>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This bill changes election laws. In its main provisions the bill:

- (1) Prohibits changes to election laws in the six months preceding a presidential election;
- (2) Beginning January 1, 2022, the bill requires the use of a paper ballot that will be counted by hand and repeals electronic voting system language with certain exceptions for voting equipment used for the disabled;
- (3) Allows candidates to select poll watchers at their own expense to monitor an election;
- (4) Requires absentee ballots to be counted after regular ballots when the polls are closed. Absentee ballots mailed to an election authority must be received by the close of polls, under current law, to be counted;
- (5) Requires identification to register to vote and to vote in person using an absentee ballot;

(6) Modifies affidavit language concerning provisional ballots to clarify current voter identification requirements;

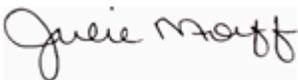
(7) Requires election authorities to count ballots after they have been returned from each polling place in a locked box and requires that election authorities audit ballots to ensure the proper number are returned to the election authority; and

(8) Repeals expired Section 115.302, RSMo., which allowed mail in ballots during the COVID-19 crisis.

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  
Kansas City Election Board  
St. Louis County Board of Elections  
Platte County Board of Elections



Julie Morff  
Director  
February 26, 2021



Ross Strobe  
Assistant Director  
February 26, 2021