

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3819-02
Bill No.: HB 1594
Subject: Elections; Secretary of State; Department of Revenue
Type: Original
Date: March 9, 2020

Bill Summary: This proposal creates provisions for automatic voter registration.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue	Unknown Could exceed (\$500,000)	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue	Unknown Could exceed (\$500,000)	(Unknown)	(Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Technology Trust Fund (0266)	(\$500,000)	\$0	\$0
Total Estimated Net Effect on Other State Funds	(\$500,000)	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Elections Administration Improvement Fund (0157)*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

*Transfer-in and costs net to \$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on FTE	0	0	0

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** assume 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.

SOS also assumes HB 1594 implements an automatic voter registration program. The bill would require the Department of Revenue (DOR) to transmit to the Secretary of State (SOS) records containing information of eligible voters, based on driver's license records. Likewise, the Division of Probation and Parole within the Department of Corrections (DOC) would be required to transmit lists of individuals who have completed all aspects of their felony convictions, including probation and parole. This information is then made available to each local election authority, which will then send notice to each person giving them the opportunity to decline to be registered. For the purposes of this fiscal note, this office assumes that this information will be transmitted in an electronic format.

To implement these requirements, significant programming changes would need to be made to the centralized voter registration database (MCVR) to develop multiple new interfaces, to allow electronic transmission of electronic DOR/DOC data, to sync DOR driver's license data and DOC probation/parole data with currently existing voter information in MCVR, to allow local election authorities to generate and send notices of opportunity to decline registration, to create a queue of individuals who have been sent notice of opportunity to decline registration, and to allow information to be transferred between counties. Based on the implementation of similar systems in other states, this section would result in an estimated one-time cost of \$1,000,000 in FY 2021.

ASSUMPTION (continued)

The SOS would split the funding for these changes between the Technology Trust Fund and Elections Administration Improvement Fund as follows:

Fund 0266 (TTF) - \$500,000 in FY 2021
Fund 0157 (EAIF) - \$500,000 in FY 2021

Oversight notes the money used from Elections Administration Improvement Fund comes from an annually appropriated GR transfer. Therefore, Oversight will reflect the cost of \$500,000 for MCVR Programming to GR. The Elections Administration Improvement Fund will net to zero.

The **SOS** anticipates no NDI will be necessary for this software change. The money used from Fund 0157 (designated by OA as a federal fund) comes from an annually appropriated GR transfer. Should this transfer be withheld or not fully funded, or if the total cost of MCVR changes from multiple pieces of legislation exceeds the money available, the SOS reserves the right to offset or request additional resources for estimated fiscal note impacts during the budget process.

This bill also requires local election authorities to send notice of opportunity to decline registration to each individual in the DOR or DOC databases with a driver's license that is not currently a registered voter. This is a new responsibility that must be funded by the state under Article X, Section 21 of the Missouri Constitution. Based on a recent comparison of voter records to driver's license records, a total of 743,280 individuals were found to have a driver's license but were not identified as registered voters. Sending notice to each individual would cost \$0.90 to mail (\$0.55 for outgoing postage, \$0.35 for the endorsement on the paid return postcard) plus the costs of printing. Postage would amount to \$668,952 and printing is estimated at \$33,270, for a total of up to \$702,222 beginning in FY 2021. This number may increase depending on the number of voters who would receive mailings based on DOC records.

Future notice mailings would also incur costs to the state of Missouri. The cost of notice mailings in future fiscal years is unknown due to several variable factors including voter registration rates, the number of individuals applying for drivers and non-drivers licenses, and the number of individuals completing felony conviction sentences.

Fund 0101 - \$702,222 in FY 2021

ASSUMPTION (continued)

Oversight notes future notice mailings would incur costs to the state of Missouri. The cost of notice mailings in future fiscal years is unknown due to factors including voter registration rates and the number of individuals completing felony conviction sentences who would receive mailings based on DOC records. Therefore, Oversight will reflect an unknown cost for postage and printing on the fiscal note.

Officials from the **Department of Revenue (DOR)** assume:

§115.970.2

The proposed language will require the Department to periodically send information to the Secretary of State they determine necessary to conduct recommendations for automatic voter registration.

The "necessary" information is not defined within this proposal, however the Department assumes that it will be required to send name, date of birth, address and at a minimum the last 4 digits of the social security number. The Department also assumes there may also be a requirement to send a copy of the applicant's signature for final voter registration processing.

§115.970.7

The provisions of this section with regard to the secretary of state, department of revenue, and local election authorities shall be subject to the appropriation and payment of funds necessary to conduct automatic voter registration and verification procedures.

Since there is not a specific time frame defined within the proposed language, the Department assumes we will provide a regularly scheduled file of all driver license, nondriver license and permit applicants who meet the minimum age criteria and who, based on application data entered, have submitted documents verifying United States citizenship. This file would include the applicants who responded that they were currently registered to vote, applicants who responded that they were not registered and did not want to register to vote, and applicants who completed the voter registration applications at the time of license or permit application.

ASSUMPTION (continued)

Administrative Impact

The Department would be required to:

- Coordinate with the Secretary of State to develop requirements for the data and signature file specifications and file submission schedule.
- OA-ITSD must develop a data pull process for defining records for submission to Secretary of State.
- OA-ITSD must develop a secure process for tying the required signature file to the data file for submission to the Secretary of State.
- Test the file generation and transfer process to ensure all required data elements and signature are sent as required.
- Develop website information to link inquirers to the Secretary of State for information regarding the new automatic voter registration and provisions for declining automatic registration.
- Obtain approvals from Secretary of State and others as applicable.

To implement this constitution amendment the administrative cost may be estimated as:

PSB FY 2020

Update Webpage - Administrative Analyst III	10 hrs. x \$19.80 = \$198.00
	Total = \$198

DLB FY 2020

Administrative Analyst II	160 hrs. x \$17.13 per hr. = \$2,740.80
Management Analysis Spec II	240 hrs. x \$20.57 per hr. = \$4,936.80
Revenue Manager	40 hrs. x \$20.59 per hr. = \$ 823.60
Total	Total = \$8,501

Oversight notes that IT costs according to **DOR** are contracted at \$95 per hour. This proposal would result in \$3,899 (41.04 hours x \$95) in FY 2021.

Oversight assumes that Department of Revenue will be able to accomplish the requirements of the proposal with existing resources; however, if multiple bills pass, the cumulative impact may require additional FTE.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state this legislation is not anticipated to cause a fiscal impact beyond its current appropriation.

ASSUMPTION (continued)

Oversight assumes JCAR will be able to administer any rules resulting from this proposal with existing resources.

Officials from the **Department of Corrections (DOC)** assume the proposal will have no fiscal impact on their organization.

In response to similar legislation HB 1396, officials from the **Kansas City Election Board** assumed if this proposal were passed, they would need to hire two additional Data Entry staff at \$40,000 each, including benefits. Also, postage and printing to process these individuals would increase by \$15,000 and \$10,000, respectively, on an annual basis.

Officials from the **Platte County Board of Elections** anticipate an additional annual expense of \$10,000 for production of and mailing expenses related to the required Notice of Registration form and the postage-paid postcard for purposes of declining the registration.

In response to similar legislation, officials from the **Henry County Clerk** assumed production of cards, postage, and personnel costs will increase due to providing postage paid postcards for those that wish to decline registration, which they do already while at the DMV. Estimated cost would be \$3500 annually.

Officials from the **St. Louis County Board of Elections** assume a fiscal impact of about \$14,000 per annum in order to sent postage-paid postcards to each automatically registered voter.

Officials from the **Madison County Clerk** assume the proposal will have no fiscal impact on their organization.

Oversight notes there could be a potential increase in costs for postage and processing if this proposal were to be enacted. We are unable to determine the number of individuals who would receive mailings; therefore, Oversight will reflect an unknown fiscal impact for the additional cost to local election authorities.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
GENERAL REVENUE FUND			
<u>Transfer Out</u> - to Elections Administration Improvement Fund - MCVR Programming (Section 115.970)	(\$500,000)	\$0	\$0
<u>Cost</u> - SOS - printing and postage	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	Unknown Could exceed <u>(\$500,000)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
TECHNOLOGY TRUST FUND (0266)			
<u>Cost</u> - SOS MCVR Programming (Section 115.970)	<u>(\$500,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON TECHNOLOGY TRUST FUND	<u>(\$500,000)</u>	<u>\$0</u>	<u>\$0</u>
ELECTIONS ADMINISTRATION IMPROVEMENT FUND (0157)			
<u>Transfer In</u> - from General Revenue - MCVR Programming (Section 115.970)	\$500,000	\$0	\$0
<u>Cost</u> - SOS MCVR Programming (Section 115.970)	<u>(\$500,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON ELECTIONS ADMINISTRATION IMPROVEMENT FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
LOCAL ELECTION AUTHORITIES			
<u>Cost - ballots, postage and printing</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL ELECTION AUTHORITIES	<u>(Unknown)</u>	<u>(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

This bill requires the Secretary of State's office to implement voter registration based on information provided by specified state agencies and institutions. The Department of Revenue will provide driver license information as specified in the bill. Local election authorities will accept nonbinding recommendations and verify whether individuals should be added to voter registration lists. They will retain ultimate authority over voter registration lists and the removal of names. An option to decline registration is available and shall be kept confidential. The automatic registration provisions of this bill are subject to appropriation.


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
Joint Committee on Administrative Rules
Kansas City Election Board
Platte County Board of Elections
Henry County Clerk
St. Louis County Board of Elections
Laclede County Clerk
Madison County Clerk



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March 9, 2020



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