

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3995-02
Bill No.: HCS for HB 1639
Subject: Elections
Type: Original
Date: February 28, 2020

Bill Summary: This proposal changes the law regarding primary elections.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue	Up to (\$1,816,000)	\$0	(\$343,500)
Total Estimated Net Effect on General Revenue	Up to (\$1,816,000)	\$0	(\$343,500)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Technology Trust Fund (0266)	(\$350,000)	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	(\$350,000)	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 9 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

*Transfers in and costs net to zero.

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	\$0	\$0	Could exceed (\$3,600,640)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** state this bill authorizes state political party organizations to adopt a closed primary system for elections. This will require significant amendments to the Missouri Centralized Voter Registration Database to allow for the electronic data field "Party Affiliation" to be added along with internal processing, data table linking, sorting, searching and reporting modifications. These changes would have an estimated one-time cost of \$700,000 for seven (7) technical resources paid \$100 dollars per hour for 1000 hours each in FY21.

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

Technology Trust Fund - \$350,000 in FY21

Elections Administration Improvement Fund - \$350,000 in FY21

Oversight notes that as of January 2020 the Elections Administration Improvement Fund (0157) had a balance of \$15,802,083.19 and the Technology Trust Fund (0266) had a balance of \$4,813,850.23

Oversight notes the money used from Elections Administration Improvement Fund (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.

Oversight notes the money used from Elections Administration Improvement Fund comes from an annually appropriated GR transfer. Therefore, Oversight will reflect the cost of \$350,000 for MCVR Programming to GR. The Elections Administration Improvement Fund will result in a net zero.

SOS notes that voters who have been registered as party voters would also need to be identified with their chosen affiliation in the Missouri Centralized Voter Registration Database in order to be included on the party lists provided to local election authorities. Subsection 8 of the proposed new section 115.628 establishes that an appropriate software be available at polling places during 2022 and 2024 primary elections to facilitate voters' initial party selections. This, in turn, requires that a portable electronic device (such as a tablet computer) be made available at each polling place to utilize the software provided. Since the proposed law requires this software (and by

ASSUMPTION (continued)

extension, the device bearing the software) to be available, the state must pay for this mandate as required by Article X, Section 21 of the Missouri Constitution. While a majority of counties currently utilize electronic poll books which could be adapted to add a party registration field, the SOS estimates that 43 counties with a total of 733 precincts would need to be equipped with two devices per precinct to adequately accommodate voter turnout. Each device would cost about \$1,000 to purchase, for a total of \$1,466,000 in FY21.

Oversight notes that electronic poll books will vary in price depending on the vendors each election authority chooses to use. SOS has based their estimate off an invoice from Randolph County last year, in which all components (software, tablet, software license, flip and share stand, transport case, and charging cable) were added for total cost of close to \$1,000. Some counties are able to acquire the devices at a lower cost. Therefore, Oversight will reflect the cost of the portable electronic devices as Up to \$1,466,000 in FY 2021 on the fiscal note.

SOS also notes for each of the 2,748 polling places statewide, we anticipate that at least one additional poll worker will need to be available to help coordinate the party selection process. Using an estimate of \$125 as the average poll worker stipend (previous fiscal notes have indicated a range between \$100 and \$170), at least \$343,500 in state funds will be required to pay the poll workers operating the devices bearing the software (again, some polling places will need more than one). These poll worker stipends will be paid in FY23 for the 2022 primary election.

In summary SOS estimates a cost to the General Revenue Fund of Up to \$1,816,000 in FY21 and \$343,500 in FY23.

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.

ASSUMPTION (continued)

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.

In response to similar legislation HB 1258, officials from the **Kansas City Election Board** assumed with the State providing the Primary voter lists, only the election day tablets would need to be re-programmed at \$10,000 and all election day judges would need to be retrained at \$35,000. Also, legal notices to notify public about the changes to the Primary election would cost \$10,000 to publish.

In response to similar legislation HB 1258, officials from the **Jackson County Election Board** assumed the State of Missouri will appropriate funding needed to the Missouri Secretary of State for changes needed to the Missouri Centralized Voter Registration system to allow party affiliation and/or unaffiliation. The Jackson County Board of Election Commissioners would see an increase in printing of no less than \$5,000 and no more than \$15,000 to make changes to our current poll notification cards, registration forms and any other printing changes.

In addition, if a mailing to all registered voters in Eastern Jackson County is required to obtain political party affiliation information an additional \$140,000 would be required for postage, envelopes and printing of informational material. Total fiscal impact would range from \$130,000 - \$155,000.

In response to similar legislation HB 1258, officials from the **Madison County Clerk's Office** assumed every voter will need to be re-registered after knowing their party. This results in an unknown cost estimated over \$30,000 to either state or county plus cost of lawsuits by citizens that don't want to register for one party.

In response to the previous version, officials from the **Henry County Clerk's Office** assumed administrative costs of \$3,500 to maintain and change affiliation requests and postage of \$1,000.

In response to the previous version, officials from the **St. Louis County Board of Elections** assumed they will have to buy new software to re-program our electronic poll books and mail registrations prior to August 2026, the proposal will have a fiscal impact of \$50,000.

In response to the previous version, officials from the **Livingston County Clerk** assumed a fiscal impact of \$39,590 in 2020, \$15,140 in FY 2021, and \$33,250 in 2022 for additional employee hours, postage, media, and security at polling places.

ASSUMPTION (continued)

In response to similar legislation HB 1258, officials from the **Laclede County Clerk** assumed an estimated fiscal impact of \$40,000 for additional staff, hours, postage, media, educational publications, and security.

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

Oversight notes according to Section 115.628.5 of the proposal, that the state will pay the costs of implementing the closed primary system. However, Oversight will reflect a negative fiscal impact to local election authorities for postage/printing costs and additional staff required to implement the closed primary elections. Oversight has calculated the average cost (\$31,040) of the responses submitted from local election authorities on HB 26 from 2019 and will show a cost that could exceed \$3,600,640 (\$31,040 x 116 local election authorities) in FY 2023.

Oversight notes the collection of reporting requirements are required by August 2022. Therefore, Oversight will reflect cost to local election authorities in FY 2023.

Oversight notes that according to Section 115.628.4 any political party entitled to ballot access as established under section 115.315 shall be allowed to exempt itself from a closed primary and conduct a caucus or primary election at its own expense. This may result in savings to the state if a party chooses to do so. Oversight is unable to know if this will take place and will not reflect an impact for this section on the fiscal note.

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

Oversight notes that the bill has an effective date of January 1, 2021. For fiscal note purposes the costs will be reflected in FY 2021 and FY 2023.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (6 Mo.)	FY 2022	FY 2023
GENERAL REVENUE FUND			
<u>Transfer Out</u> - to Elections	(\$350,000)	\$0	\$0
Administration Improvement Fund - MCVR Programming			
<u>Costs</u> - SOS	Up to	\$0	\$0
Portable Electronic Devices	(\$1,466,000)		
Additional Poll Workers at primaries	\$0	\$0	(\$343,500)
<u>Total Costs</u> - SOS	Up to (\$1,466,000)	\$0	(\$343,500)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	Up to <u>(\$1,816,000)</u>	<u>\$0</u>	<u>(\$343,500)</u>
TECHNOLOGY TRUST FUND			
<u>Cost</u> - SOS	(\$350,000)	\$0	\$0
MCVR Programming			
NET EFFECT ON TECHNOLOGY TRUST FUND	<u>(\$350,000)</u>	<u>\$0</u>	<u>\$0</u>
ELECTIONS ADMINISTRATION IMPROVEMENT FUND			
<u>Transfer In</u> - from General Revenue - MCVR Programming	\$350,000	\$0	\$0
<u>Cost</u> - MCVR Programming	(\$350,000)	\$0	\$0
NET EFFECT ON ELECTIONS ADMINISTRATION IMPROVEMENT FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2021 (6 Mo.)	FY 2022	FY 2023
LOCAL ELECTION AUTHORITIES			
<u>Cost</u> - Implementation of closed primary	<u>\$0</u>	<u>\$0</u>	Could exceed <u>(\$3,600,640)</u>
NET EFFECT ON LOCAL ELECTION AUTHORITIES	<u>\$0</u>	<u>\$0</u>	Could exceed <u>(\$3,600,640)</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

Beginning January 1, 2021, this bill allows established political parties to use a state funded, closed political primary system conducted by local election authorities. The local election authority will allow registration of voters as members of a particular political party and enforce time limits on registration or changing political parties as specified in the bill. The Secretary of State shall maintain voter registration and party affiliation records and provide such information to local election authorities as specified in the bill. If the state funded closed primary system is not employed, then political parties may submit candidates chosen by caucus or some other method funded by the political party for a general election to the requisite election authority.

Persons not previously registered to vote in Missouri may choose a party affiliation and register until the fourth Wednesday before a primary election. Independent candidates must be unaffiliated with a political party no later than the 23rd Tuesday before a primary election in order to run for office. Political party candidates must be affiliated with their party no later than six months prior to the last Tuesday in February. Any candidates selected by nominating committees must be affiliated with the requisite political party no later than six months prior to the date of selection.

This bill establishes the "Integrity in Political Party Voting Act". Local election authorities shall notify registered voters of the primary election system using current notices mailed to voters and party affiliation changes will be noted beginning January 1, 2021. The voter registration application form will allow an initial choice of party affiliation during the presidential primary, August primary, or general election. Party identity will be required to remain the same for one

year after a primary election held after January 1, 2021.

FISCAL DESCRIPTION (continued)

The closed primary system applies to the presidential primary as well as other state and federal races (Section 115.628, RSMo).

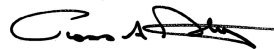
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State
Kansas City Election Board
Jackson County Election Board
Madison County Clerk
Henry County Clerk
St. Louis County Board of Elections
Livingston County Clerk
Laclede County Clerk
Platte County Board of Elections



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