

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0616H.03I
Bill No.: HB 1065
Subject: Elections
Type: Original
Date: February 26, 2021

Bill Summary: This proposal modifies provisions relating to elections.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
	\$0 to (Less than \$100,000)	\$0 to (Less than \$100,000)	\$0 or More than \$6,900,000
Total Estimated Net Effect on General Revenue	\$0 to (Less than \$100,000)	\$0 to (Less than \$100,000)	\$0 or More than \$6,900,000

*Savings of approximately \$7 million in March 2024 (FY 2024) for not holding a Presidential Preference Primary Election (§115.123.2 & §115.785)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	0	0	0

☐ 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.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** assume this bill removes the requirement to hold a Presidential Preference Primary Election (PPP) every four years. As a result, the State of Missouri would no longer be obligated to pay the costs of such an election.

The payment of election costs is subject to appropriation by the General Assembly. However, if we assume that the Presidential Preference Primary were to be fully appropriated as it has been in years past, we anticipate a cost savings to the state of approximately \$7 million, based on actual expenditures from the 2020 Presidential Preference Primary. Such savings would next occur in FY 2024 as a result of not holding the presidential preference primary in March 2024.

Oversight has reflected, in this fiscal note, the state saving due to removing the requirement to hold a PPP. The next scheduled Presidential Preference Primary election is March 2024 (FY24). Therefore, Oversight will reflect a potential election cost savings for reimbursement to local political subdivisions in FY 2024.

SOS also notes many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office 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 Secretary of State's office for Administrative Rules is less than \$5,000. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, they also recognize 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 our office can sustain with our core budget. Therefore, they reserve 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 request funding through the appropriation process.

Oversight notes §115.277 of the proposal allows use of absentee ballots without stating a reason beginning the third Tuesday before an election provided that photo identification is provided or other exceptions are met. Oversight assumes there could be a potential increase in absentee ballots if this proposal were to be enacted. There may be additional mailing expense for returned voted ballot postage that will be charged to the State of Missouri. In response to similar legislation, SB 657 (2020), the **SOS** stated there may be an increase, but the SOS is not able to

quantify it beyond an “unknown.” Oversight assumes the cost will not be material, and will reflect a zero to a (Less than \$100,000) annual fiscal impact to the State of Missouri.

In response to similar legislation SB 14 from 2021, officials from the **Department of Revenue (DOR)** stated:

§115.427.2(1)

The proposed change removes the language requiring the individual to sign a statement certifying the individual has no other form of personal identification that meets the current requirements of §115.427.2(1) when applying for a Nondriver license for voting transactions.

Administrative Impact

Currently the Department is required to have the individual who is applying for a Nondriver license for voting purposes, sign a statement at time of application, certifying under penalty of perjury that they have no other form of personal identification that would meet the current requirements of §115.427.2(1).

To implement the proposed change, the Department would be required to:

- Update policies, procedures, and the Uniform License Issuance Manual (ULIM);
- Update forms, manuals, and the Department website;
- Complete business requirements and design documents to modify the Missouri Electronic Driver License (MEDL) issuance system;
- Complete programming and user acceptance testing of the Missouri Electronic Driver License (MEDL) issuance system;
- Train staff.

FY 2022 - Driver License Bureau

Research/Data Assistant	260hrs. @ \$15.98 per hr.	= \$4,155
Research/Data Analyst	280hrs. @ \$23.82 per hr.	= \$6,670
Administrative Manager	40 hrs. @ \$22.24 per hr.	= \$ 890
Total		\$11,715

FY 2022 - Personnel Services Bureau

Associate Research/Data Analyst	20 hrs. @ \$19.09 per hr.	= \$382
Associate Research/Data Analyst	10 hrs. @ \$19.09 per hr.	= \$191
Total		\$573

Total Costs \$12,288

Revenue Impact

Currently persons who hold an acceptable identification for voting are not allowed the no cost nondriver for voting since they cannot complete the required affidavit statement. The removal of

this limitation may allow persons who already have a valid driver license or other eligible document to apply for the no cost nondriver for voting. The Department reflects an office denial count for one office YTD in 2020, of 1,025 persons. This amount is significantly higher than normal, with the same office only showing 3 denials in CY 2019 for free nondriver license transaction due to the applicant already having a valid driver license or other eligible document on file. Statewide, this would calculate to an estimated 546 denials. For the purpose of this fiscal note, the Department will use CY 2019 to calculate the impact.

The estimated loss of revenue below reflects the office transaction fee and office processing fee since currently the offices are reimbursed for processing fees related to no fee nondriver for voting transactions not collected at the time of issuance.

NDL Transaction Fee = \$6.00 x 546=	\$ 3,276
Office Processing Fee = \$12.00 x 546=	<u>\$ 6,552</u>
Total Loss of State General Revenue FY 23, FY 24 and on-going	\$ 9,828

Vendor per card cost including postage for NDL \$2.4018 x 546 = \$1,311 annually FY 23, 24 and on-going.

This impact could potentially increase during election years when more citizens will utilize the provisions.

Oversight notes that IT costs according to **DOR** are contracted at \$95 per hour. This proposal would result in \$2,873 (30.24 hours x \$95) in FY 2022.

Oversight notes that there may be a potential increase in loss of revenue during an election year when more citizens will utilize the provisions. According to DOR, the denial count for 1 out 182 offices was 1,025 persons YTD in 2020 (Presidential Election Year). The loss of revenue is reflected below for that office:

NDL Transaction Fee = \$6.00 x 1,025=	\$ 6,150
Office Processing Fee = \$12.00 x 1,025=	<u>\$12,300</u>
Total Loss of State General Revenue FY 23, FY 24 and on-going	\$18,450

Assuming that all 182 offices had the same denial counts, the total loss of revenue would be \$3,357,900 (18,450 x 182). DOR noted that this amount is significantly higher than normal.

Vendor per card cost including postage for NDL \$2.4018 x 1,025 = \$2,461.85 annually FY 23, 24 and on-going.

Oversight assumes that Department of Revenue will be able to accomplish the requirements of the proposal with existing resources; however, during presidential election years, the cumulative impact may require additional appropriations.

In response to similar legislation, HB 412 from 2021, officials from the **Kansas City Election Board** assumed the fiscal impact of this proposal would be to hire 2 new permanent employees at \$40,000 each including benefits (2 x \$40,000 = \$80,000). Postage and printing per election would increase \$10,000 to handle the increased volume of absentee voters. Legal notices to notify the public about changes to absentee voting would be \$5,000.

In response to similar legislation, SB 657 (2020), officials from the **Jackson County Election Board** anticipate a 30% increase in mail outs within their jurisdictional boundaries if the proposal should pass. Jackson County Election Board has 250,000 who could qualify under this proposal.

Using Presidential Year 2016 as a guide, the increase in postage costs would be:

March Mail Outs	1,996	30% increase (599) x .70 cents =	\$419.30
April Mail Outs	918	30% increase (276) x .70 cents =	\$193.20
August Mail Outs	1,915	30% increase (575) x .70 cents =	\$402.50
November Mail Outs	11,025	30% increase (3,308) x .70 cents =	<u>\$2,315.60</u>
Total Postage			\$3,330.60

Additional part-time help to assemble additional mail-outs of absentee ballots:

\$12.00 per hour x 10 minutes per additional mail-outs (6 per hour) 793 hours = \$9,516.00

Reprinting of absentee ballot envelopes and instructions: = \$6,500.00

Total Fiscal Note for Jackson County Election Board = \$19,346.60

Oversight notes there could be an increase in absentee ballots if this proposal were to be enacted. We are unable to determine how many additional individuals will cast an absentee ballot; therefore, Oversight will reflect an unknown fiscal impact for the additional cost to local election authorities.

Officials from the **Platte County Board of Elections** and **St. Louis County Board of Elections** both assume the proposal will have no fiscal impact on their organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in 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.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE FUND			
<u>Savings</u> - SOS - reimbursement of local election authority election costs for PPP	\$0	\$0	More than \$7,000,000
<u>Cost</u> - SOS - returned ballot postage	\$0 to (Less than <u>\$100,000</u>)	\$0 to (Less than <u>\$100,000</u>)	\$0 to (Less than <u>\$100,000</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	\$0 to (Less than <u>\$100,000</u>)	\$0 to (Less than <u>\$100,000</u>)	\$0 or More than <u>\$6,900,000</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
LOCAL POLITICAL SUBDIVISIONS			
<u>Savings</u> - Local Election Authorities - cost of a PPP election	<u>\$0</u>	<u>\$0</u>	\$0 or More than \$7,000,000
<u>Loss of Revenue</u> - Local Election Authorities - reimbursement of election costs for PPP	<u>\$0</u>	<u>\$0</u>	\$0 or (More than \$7,000,000)
<u>Cost</u> - processing additional absentee ballots	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<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 changes election laws. In its main provisions the bill:

- (1) Removes a one year residency requirement for serving as an election commissioner while retaining the registered voter and resident of the district requirement at the time of appointment and service (Section 115.031);
- (2) Allows appointment of election judges who reside outside the requisite election authorities jurisdiction without the need for written consent from the election authority in whose jurisdiction the potential judge resides (Section 115.085);

(3) Repeals a provision allowing challengers to presidential primary elections to collect information about party ballots and disclose such information after polls close (Section 115.105);

(4) Repeals provisions allowing a presidential primary election to be held in March (Sections 115.123, 115.237, 115.349, 115.351, 115.755, 115.758, 115.761, 115.765, 115.767, 115.770, 115.773, 115.776, and 115.785);

(5) Restricts voter information released by election authorities by eliminating the date of birth and prohibiting uses for commercial purposes. Certain requirements to release such information to the general public are also repealed or modified (Sections 115.157 and 115.289);

(6) Prohibits the payment of persons for soliciting voter registration applications and requires registration of any person soliciting more than 10 voter registration applications (Section 115.205);

(7) Defines absentee ballots as those authorized to be cast away from a polling place or in the office of the election authority or other authorized location designated by the election authority (Sections 115.257 and 115.275);

(8) Allows use of absentee ballots without stating a reason beginning the third Tuesday before an election provided that photo identification is provided or other exceptions are met. Notarization requirements are also specified in the bill and affidavit forms are modified (Sections 115.277 and 115.279);

(9) Authorizes the counting of absentee ballots received in person prior to Election Day and those received by mail or authorized drop box prior to the closing of polls on Election Day (Section 115.286);

(10) Allows voter assistance in cases of temporary confinement due to illness or physical disability, but repeals specific Covid-19 references that have expired (Sections 115.287, 115.291, and 115.652);

(11) Specifies photographic identification requirements for voting a regular ballot, but allows use of provisional ballots with any type of documentation currently allowed for voting. A line item appropriation for the Secretary of State's Office regarding notice of personal identification is repealed. Certain affidavit requirements are repealed and requirements for provisional ballots are specified in the bill (Section 115.427);

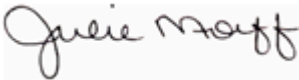
(12) Specifies that once a ballot is completed by the voter and submitted into the ballot box, then the ballot is deemed cast (Section 115.435);

(13) Creates class four election offense of gathering petition signatures within 50 feet of a polling place on election days (Section 115.637); and (14) Repeals mail-in ballot process related to Covid-19 pandemic which is expired (Section 115.302).

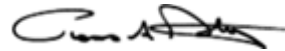
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State
Platte County Board of Elections
St. Louis County Board of Elections
Kansas City Election Board
Jacksons County Board of Elections
Department of Revenue



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February 26, 2021



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