

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 13-0527 **Date:** April 15, 2013
Prime Sponsor(s): Rep. Hullinghorst; Pabon **Bill Status:** House SVMA
 Sen. Giron **Fiscal Analyst:** Bill Zepernick (303-866-4777)

TITLE: CONCERNING MEASURES TO STRENGTHEN THE PARTICIPATION OF INDIVIDUALS IN THE ELECTORAL PROCESS, AND, IN CONNECTION THEREWITH, REDUCING THE MINIMUM DURATIONAL REQUIREMENT FOR AN ELECTOR TO QUALIFY AS A STATE RESIDENT, ALLOWING ELECTORS TO REGISTER TO VOTE THROUGH ELECTION DAY, REPEALING THE CATEGORY OF VOTER INACTIVITY TRIGGERED BY AN ELECTOR'S FAILURE TO VOTE, REQUIRING MAIL BALLOTS TO BE SENT TO ACTIVE ELECTORS FOR ELECTIONS CONDUCTED UNDER THE "UNIFORM ELECTION CODE OF 1992", AND REPLACING POLLING PLACES WITH VOTER SERVICE AND POLLING CENTERS AND BALLOT DROP-OFF LOCATIONS FOR MAIL BALLOT ELECTIONS.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015
State Revenue		
State Expenditures		
Cash Funds		
Department of State Cash Fund	\$1,029,181	\$250,527
FTE Position Change	4.0 FTE	3.2 FTE
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.		
Appropriation Summary for FY 2013-2014: See State Appropriations section.		
Local Government Impact: See Local Government impact section.		

Summary of Legislation

The bill makes numerous changes in election and voter registration processes in Colorado. Key changes under the bill are highlighted below.

Mail ballot elections. Under the bill, all general, primary, odd-year, coordinated, presidential, special legislative, recall, and congressional vacancy elections are to be conducted as mail ballot elections. In these elections, county clerks are required to mail a ballot to all active registered voters. Voters have the option of returning the ballot by mail, dropping the mail ballot off at a voter service and polling center (voter service centers), or casting a ballot in person at the voter service center. Permanent mail-in ballot status is removed from statute, as it is no longer required because all active voters receive a mail ballot in elections under the bill.

Voter service and polling centers. County clerks are required to operate voter service centers in all elections under the bill. Precinct polling places are eliminated. Voter service centers must be open for at least 15 days prior to and including election day (Sundays excluded) and must have the ability to:

- register a person to vote;
- allow a voter to cast a ballot, including a provisional ballot;
- accept mail ballots deposited by electors;
- allow a registered voter to update his or her address;
- allow a registered voter to update his or her name, if legally changed;
- allow an unaffiliated voter to affiliate with a political party and cast a ballot in a primary election;
- access the statewide voter registration database (SCORE) through a secure computer connection, except that counties with less than 25,000 registered voters may, upon demonstrating hardship, seek approval from the Secretary of State of a plan to access SCORE and conduct real-time verification of voter eligibility by telephone or other means;
- provide mail ballots to requesting voters; and
- provide original and replacement ballots.

Voter service centers serve all voters in the county regardless of their location in the county. In addition, the bill specifies the number and type of ballot drop off locations that large counties must offer separately from voter service centers. County clerks are required to establish a minimum number of voter service centers in their county for the early voting period and on election day, as outlined below:

- 1 voter service center during early voting and on election day in counties with less than 10,000 active voters;
- 1 voter service center during early voting and 3 voter service centers on election day in counties with between 10,000 and 25,000 active voters; and
- 1 voter service center for every 30,000 active voters during early voting and 1 voter service center for every 15,000 active voters on election day in counties with more than 25,000 active voters, with a minimum of 3 voter service centers on election day.

Voter registration. Under current law, voter registration may occur no later than 29 days before an election. The bill make numerous changes to voter registration, including allowing voters to:

- register by mail or through a voter registration agency or voter registration drive up to 22 days before an election;
- register online through the Secretary of State website up to 8 days before an election;
- register in person at a county clerk's office, when registrations are permitted; and
- register at a voter service center up to and including election day.

Residency. Under current law, a voter must have lived in both the state and the precinct where he or she intends to vote for at least 30 days. The bill eliminates the time period that a voter must reside in a precinct to register to vote, and reduces the time required for state residency to 22 days.

Inactive voter status for failure to vote. The bill eliminates the status of "Inactive - Failed to Vote" (I-FTV) and shifts all voters with this status to active status. As a result, these voters will receive a mail ballot in future elections.

Voter communication. The bill permits county clerks, with voter permission, to send certain election-related communications to voters electronically. Ballots and confirmation cards may not be sent electronically.

Voter verification and data sharing. The bill requires the Secretary of State to conduct a National Change of Address (NCOA) database search on all registered voters in the SCORE database, and to transmit the results monthly to county clerks. Currently, the Secretary of State conducts this type of search quarterly. The bill specifies the procedures for county clerks to confirm the address of voters flagged through the search as possibly having moved. In addition, the Secretary of State is required to enter into data sharing agreements with the Department of Public Health and Environment and the Department of Corrections to cross-check persons registering to vote with death records and felon lists, respectively.

Election commission. The bill creates the Voter Access and Modernized Elections Commission (commission) to evaluate the implementation of this bill and conduct other evaluations and assessments. Commission members must be appointed by June 1, 2013, and members serve two-year terms. Members serve without compensation, but are entitled to be reimbursed for reasonable expenses. The Secretary of State is required to support the commission in completing its duties. The commission is required to hold its first meeting no later than June 15, 2013, and all meetings are open to the public. The commission consists of the following 11 members, or their designees:

- the Secretary of State;
- the chief information officer from the Governor's Office of Information Technology;
- 2 members of the General Assembly of different political parties from the Joint Technology Committee of the General Assembly, if the committee is created by House Bill 13-1079, or otherwise 2 members from the House or Senate State, Veterans, and Military Affairs Committees, as appointed by the committees;
- 2 representatives of different political parties from the Colorado County Clerks Association, with 1 member from a county with more than 25,000 voters and 1 member from a county with fewer than 25,000 voters;
- a person representing the interests of persons with disabilities, appointed by the Secretary of State;
- 2 persons with expertise on voting rights, appointed by the Governor; and
- 2 persons representing a major political party, as appointed by the chairperson of each parties.

The commission is required to prepare and present the following reports to the State, Veterans, and Military Affairs Committees of the General Assembly:

- by **July 15, 2013**, an independent needs assessment that examines the current state of voting and registration system technology, including SCORE and the online voter registration system;
- by **September 2, 2013**, an independent needs assessment that examines the current state of technology pertaining to voting systems, the certification of voting systems, and the replacement of voting systems, including costs and funding sources;
- by **January 15, 2014**, recommendations generated from the first two assessments and an outline of a process for evaluating the use of technology in the 2014 general election; and
- by **February 16, 2015**, an evaluation of the technology used in the 2014 general election and technical recommendations for the 2016 general election.

State Expenditures

The bill increases costs in the Department of State by **\$1,029,181 and 4.0 FTE in FY 2013-14 and \$250,527 and 3.2 FTE in FY 2014-15**. These costs, paid from the Department of State Cash Fund, are summarized in Table 1 and the discussion below.

Table 1. Expenditures Under HB 13-1303		
Cost Components	FY 2013-14	FY 2014-15
Personal Services	\$187,569	\$150,487
FTE	4.0	3.2
Operating Expenses and Capital Outlay	22,612	3,040
SCORE Modifications	644,400	0
Other Information Technology Costs	77,600	48,000
National Change of Address Search	14,000	14,000
Commission Member Reimbursement	11,000	11,000
Consulting Services - Assessments	72,000	24,000
TOTAL	\$1,029,181	\$250,527

Personal services, operating, and capital outlay expenses. The Secretary of State will require an additional 4.0 FTE in the first year and 3.2 FTE in the second year to implement the changes in the bill at a cost of \$187,569 in FY 2013-14 and \$150,487 in FY 2014-15 and beyond. Standard operating and capital outlay costs for these staff will be \$22,612 in the first year and \$3,040 in subsequent years. Specifically, staff is required to:

- update election forms, procedures, and rules and assist the commission (General Professional II - 2.0 FTE in FY 2013-14 and 1.0 FTE in FY 2014-15);

- oversee additional NCOA searches and data sharing with other state departments (Data Analyst III - 1.0 FTE beginning in FY 2013-14);
- review general election mail ballot plans submitted by county clerks (General Professional I - 0.2 FTE beginning in FY 2014-15); and
- provide technical support to counties operating voter service centers to ensure consistent access to SCORE (IT Technician I - 1.0 FTE beginning in FY 2013-14).

SCORE modifications. Changes are required to SCORE, the statewide voter registration database, at a one-time cost of \$644,400. These modifications require 6,000 hours of contract programming at a cost of \$100 per hour, as well as 600 hours of consultant time for planning, testing, and quality assurance at the standard common policy rate of \$74 per hour.

These system modifications are required to create a new web-based application in SCORE that will allow county election staff at voter service centers, during early voting and on election day, to access the statewide voter registration rolls; register new voters and perform checks against existing voter rolls and other state databases; update existing registration information (name, address party affiliation, etc); issue and receive mail ballots and replacement ballots, print ballots on demand, record in-person ballot box voting, and other required tasks. In addition, system changes are needed to incorporate multiple voter registration deadlines for different methods of registration, implement the new residency deadline, verify information by accessing state vital records and incarceration records, and update the logic of the system for tracking, receiving, and issuing ballots when voter registration, mail ballot voting, and in-person voting are occurring at the same time.

Other IT costs. The Secretary of State will have costs of \$77,600 in FY 2013-14 and \$48,000 in FY 2014-15 and beyond for other information technology costs. These costs include a one-time cost of \$26,900 for minor modifications to the online voter registration system (400 hours of programming at the standard rate of \$74 per hour) to remove the permanent mail-in voter status option, handle applications consistently with the deadlines and dates in the bill, and to allow voters to sign up for electronic communications from county clerks. In addition, annual system load testing is required (\$48,000 per year) to ensure that SCORE can handle the increased number of county users and increased system workload in the peak general election voting environment.

National change of address search. The Secretary of State currently conducts quarterly searches of the NCOA database to identify voters who have moved within or out of the state. This bill requires that NCOA searches be conducted monthly. This change will increase costs to the Secretary of State by \$14,000 per year. The current vendor charges \$0.0005 per voter to search for the approximately 3.5 million registered voters in Colorado. Currently, costs are \$7,000 per year (4 x 3.5 million x \$0.0005); under the bill, NCOA costs will be \$21,000 (12 x 3.5 million x \$0.0005), resulting in a net increase of \$14,000 per year.

Reimbursement of commission expenses. The Voter Access and Modernized Elections Commission is assumed to meet 10 times per year in both FY 2013-14 and in FY 2014-15 and members' expenses are estimated at \$100 per meeting. Thus, costs for reimbursement of expenses are estimated to be \$11,000 per year (11 members x 10 meetings x \$100).

Consulting services. The bill requires the commission to submit 4 reports assessing and evaluating election technology and making recommendations. The assessments are also required to be independent. It is assumed that the committee will require expert consultants to assist with these duties. Assuming 400 hours of consultant time is required for each report at a cost of \$60 per hour, costs for these reports and evaluations will be \$72,000 in FY 2013-14 and \$24,000 in FY 2014-15, based on the required timing of the reports.

Expenditures Not Included

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are summarized in Table 2.

Table 2. Expenditures Not Included Under HB 13-1303*		
Cost Components	FY 2013-14	FY 2014-15
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$26,815	\$21,453
Supplemental Employee Retirement Payments	11,513	10,450
TOTAL	\$38,328	\$31,903

*More information is available at: <http://colorado.gov/fiscalnotes>

Local Government Impact

The bill is expected to reduce the cost of conducting elections in most counties. While costs for county clerks may increase in some areas, savings are expected in others. Potential costs and savings depend on a variety of county-specific factors such as county size, population, current voting equipment replacement cycle, availability of public buildings for election purposes, and the number of early voting centers currently offered. **Potential savings** under the bill, among other things, include:

- reduced costs for staffing, supplies, and voting equipment purchases from the elimination of precinct polling places;
- fewer provisional ballots, which will save staff and election judge time and processing costs;
- consolidated and eliminated mailing to registered voters prior to and after elections and the option for voters to receive certain notices electronically; and
- reduced transportation costs for moving voting equipment and staff to and from precinct polling places.

Potential costs for county clerks under the bill include:

- additional printing and postage to mail ballots to all active voters, including voters who are currently classified as "Inactive - Failed to Vote;"
- internet connectivity to ensure consistent access to SCORE at voter service centers during early voting and on election day;
- additional rental costs if public buildings are not available for use as voter service centers; and
- increased number of voter service centers for some counties that offer a limited number under current law.

Nine counties submitted information on anticipated costs and savings for this fiscal note. For large counties, total savings ranged from about \$450,000 to \$3.5 million per election, and one large county estimated costs of about \$700,000 per election. Medium-size counties estimated savings of between \$25,000 and \$80,000 per election and small counties reported savings of between \$40,000 and \$70,000 per election. Extrapolating this sample of 9 counties by population, **total saving statewide for counties may be approximately \$9.5 million per year.** However, because the sample is small and not necessarily representative of all counties, the probable range of county savings statewide may differ from this amount, likely in the range of \$5 million to \$15 million per year.

Departmental Difference

The Department of State estimates that the costs of the bill will be \$1,506,198 and 5.3 FTE in FY 2013-14 and \$368,744 and 4.7 FTE in FY 2014-15. The Department of State cost estimate in FY 2013-14 includes the following:

- \$969,400 for SCORE modifications (6,240 hours of contract programming at \$148 per hour and 600 hours at \$74 per hour);
- \$125,600 for other IT costs, including modifying the online voter registration system and twice yearly load testing for SCORE;
- \$273,586 for personal services and \$14,375 for operating and capital outlay expenses for 5.3 FTE, including an ongoing SCORE developer;
- \$9,277 for commission expenses;
- \$100,000 for assessments and evaluations; and
- \$13,960 for monthly NCOA searches.

The fiscal note indicates costs of \$1,029,181 and 4.0 FTE in FY 2013-14 and \$250,527 and 3.2 FTE in FY 2014-15, and does include all the costs indicated in the Department of State's estimate for several reasons. First, the fiscal note includes a rate (\$100) that is closer to the standard rate for IT services. In the event that total project costs are higher than indicated in the fiscal note, this can be address through a supplemental budget request to increase spending authority from the Department of State Cash Fund, after more information on the project scope and hourly rate have been established.

The fiscal note also concludes that existing staff will support SCORE after the modifications have been made, and that any additional need for ongoing development work is more appropriately addressed through the annual budget process rather than in this bill. In addition, the fiscal note assumes that one load test per year (\$48,000 per test) is sufficient. Lastly, the fiscal note has other minor differences with the Department of State's estimate concerning the amount of legal/policy staff, the application of common policies, assumptions on election commission meetings and expenses, and the timing of commission reports.

State Appropriations

In FY 2013-14, the Department of State requires an appropriation of \$1,029,181 from the Department of State Cash Fund and an allocation of 4.0 FTE.

Departments Contacted

State
Revenue

Corrections
County Clerks

Public Health and Environment