

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0332-01  
Bill No.: SB 41  
Subject: Elections; Political Subdivisions  
Type: Original  
Date: January 15, 2015

---

Bill Summary: This proposal modifies the law relating to election authorities.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(\$27,500)	\$0	\$0
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$27,500)</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<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.  
This fiscal note contains 9 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</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 2016</b>	<b>FY 2017</b>	<b>FY 2018</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 \$100,000 in any Of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Local Government</b>	<b>(Unknown could exceed \$1,000,000)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Kansas City Board of Election Commission (KCBEC)** assume that combining KCBEC with the JCBEC would result in a significant fiscal impact and operational impact. KCBEC anticipates that millions of dollars in additional general expenses and election costs will be incurred to combine the boards. They anticipate little future savings. Potential areas of fiscal impact include:

**Funding** - Although a separate autonomous entity, KCBEC's general operating expenses are funded equally by the City of Kansas City, Missouri and by Jackson County. This proposal is unclear as to whether and, if so how, §115.071.1, applies to the combined board of election commissioners. The fiscal impact is Unknown.

**Offices** - KCBEC does not anticipate any savings in the cost to lease office space. To the contrary, there may be significant additional costs. For the convenience of the residents and registered voters of Jackson County, including Kansas City, the Board anticipates that the combined commission must have a significant and full service presence in both Kansas City and eastern Jackson County outside the city limits of Kansas City. This will require the combined commission to staff significant multiple offices, likely in Kansas City and eastern Jackson County.

Moreover, KCBEC has a long-term lease for its current office space in Union Station. In 2010, KCBEC, with the assistance of the Jackson County Administration, conducted an extensive search for office space conveniently located within the core of Kansas City. With the approval of the Jackson County Administration, KCBEC executed a twelve and one-half year lease commencing on January 1, 2011, and terminating on July 31, 2023. In accordance with the lease, KCBEC is obligated to pay annual rent ranging from \$218,006 in 2013 to \$274,631 in 2023, for a total payment of \$2,369,753 in base rent over the remaining life of the lease.

Although we believe it unlikely that the combined board will have one central office, if there is one central office, then there will be significant moving costs and may be increased leasing costs. When KCBEC moved offices in 2011, it incurred moving costs in the approximate amount of \$150,000. Given the size and complexity of moving and combining the boards, we anticipate that the moving cost would be at least twice the costs incurred by KCBEC in the 2011 move or approximately \$300,000.

If the KCBEC and JCBEC are combined, there will likely be significant costs to integrate, update, and/or expand the telephone and computer systems. Please note that such

ASSUMPTION (continued)

systems must be designed to accommodate the increase in calls and data entry required for the Presidential Election. We anticipate that the current telephone and computer systems of either board will not accommodate the requirements of a combined commission and will need to be updated or replaced. The fiscal impact is significant, but the extent of the impact is dependent on how the boards are combined, including the selection of offices, telephone and computer equipment.

Staff - KCBEC does not anticipate a significant reduction in the staff levels. The combined commission will be required to maintain active and inactive voter registrations, totaling 482,000 (235,000 KCBEC and 247,000 for JCBEC). The combined commission will need sufficient permanent staff to conduct elections (find and administer polling locations, find and recruit election judges, etc.), to maintain voter registration, and to conduct the day-to-day operations of an election authority. We believe it unlikely that staff levels will be reduced. In the long term, there may be some annual savings for executive staff (directors), commissioners and attorneys. However, in the short term, there is likely to be additional costs (temporary employees) to combine the operations of the boards, while still conducting elections and maintaining voter registration. The fiscal impact is increased costs in the near term with minimal long term savings.

Voting Equipment - KCBEC and the JCBEC use different voting equipment and electronic poll books. The two readily apparent options are to either purchase equipment for the Jackson County Board's jurisdiction that is compatible with the KCBEC's equipment or purchase new equipment for the combined board. Either option involves a significant expenditure.

In 2002, Congress enacted the Help America Vote Act (HAVA) to modernize the administration of federal elections, specifically, the purchase of voting equipment to replace punch card voting machines. HAVA provided federal funding to assist States and local election authorities in meeting HAVA's requirement to replace voting systems in time for the first Federal election held after January 1, 2006. Through HAVA and the Missouri Secretary of State, the KCBEC and the JCBEC were eligible to receive federal funding to assist in procuring new voting equipment.

In 2005/2006, using the federal program administered by the Missouri Secretary of State, the KCBEC purchased new voting equipment and tabulation system for Kansas City, consisting of optical scan and touch screen voting machines. At the same time, the JCBEC also purchased a new voting system.

In 2005/2006, the KCBEC purchased approximately 424 voting machines with testing, training, and initial warranty at a value of \$6,363 per unit. The voting equipment is certified by the

ASSUMPTION (continued)

Missouri Secretary of State. The voting equipment was anticipated to have a useful life of approximately 12 to 15 years and the KCBEC does not anticipate purchasing new voting equipment for a minimum of 5 to 8 years.

The current price to purchase updated optical scan and touch screen voting equipment with training and warranty is approximately \$7,500 per polling location. In order to purchase a new comprehensive voting system for the combined commission or to purchase voting equipment to replace the JCBEC's equipment will require a significant expenditure estimated in the range of \$1,500,000 to in excess of \$3,000,000. The fiscal impact is significant and potentially in excess of \$3,000,000 depending on the decision that is made to purchase compatible voting equipment.

Elections - KCBEC anticipates that the cost of conducting elections will increase because of the necessity to require election judges to be trained on new processes, equipment, etc., that are used or implemented by the combined commission. Election costs, not general expenses, are directly charged to the jurisdictions for which an election is conducted, such as school districts, levee districts, cities, etc., in accordance with state law. The increased cost of training election judges in new processes, procedures, and equipment is estimated at \$100,000 to \$150,000 during the first year.

Additionally, until the combined commission has purchased and installed new voting equipment, the cost and efficiency of conducting elections will be impacted because of the use of incompatible voting equipment and tabulation systems. This may result in the need for additional time to report election results and increased costs. The fiscal impact is estimated to be \$100,000 to \$150,000.

Officials at the **Jackson County Board of Election Commission (JCBE)** assume the following are several cost issues of combining JCBE and the KCBEC:

Equipment - The JCBE currently utilizes Unisyn's Ink-A-Vote voting system for our polls. In addition, JCBE has purchased 38 Unisyn OVI (ADA units) to utilize in our absentee voting process and 2 Unisyn OVCS units for tabulation. The OVI and OVCS units are one of the few pieces of equipment certified by the State of Missouri achieving 2005 standards set by the EAC (Election Assistance Commission). The KCBEC utilized ES&S's touch screen and optical scan systems. Both systems were purchased in 2006 with HAVA funds. It would be quite difficult to purchase enough of either system (with the age of each system being 8 years) to accommodate a combined Board and it would be extremely daunting for a single Board to attempt to run two totally separate systems. In addition - running two totally separate systems could possibly violate federal law. This one issue alone would require Jackson County to budget approximately \$4.5

ASSUMPTION (continued)

million to purchase new voting equipment, software and maintenance agreements.

E-Pollbooks - Three years ago the JCBEC invested several thousand dollars purchasing laptops and software thru Votec for E-Pollbooks. The KCBEC recently purchased E-Pollbooks from EA (Election Administrators). Again we have two totally different vendors, equipment and software which are not compatible. One vendor would need to be chosen for the newly formed Board and more equipment and software would need to be purchased to accommodate the extra polling sites. Both Boards have contracts with their individual E-Pollbook vendors. One vendor's contract would need to be terminated, most likely costing additional dollars. Estimated Cost - \$700,000.

Office Space - Currently Jackson County owns the building where the JCBEC offices are located. The KCBEC currently pays approximately \$290,000 in rent to Union Station with a long term lease in place (12 years). (There may be legal fees involved in attempting to break the lease at Union Station) Neither office will accommodate the number of people it would take to operate one Board for the entire County. Finding new office space and moving the two separate boards could cost over \$400,000.

In addition to office space cost there would be additional cost for copier & postage machine leases, phone systems, letterhead, envelopes, brochures, cell phones, warehouse supplies etc. Combining both Boards into one County Board will have a domino affect changing many things that have not yet been considered. It is unclear who will budget for all of these changes. Estimated Cost - \$200,000.

Computers/Software - Since there are so many differences in all other aspects of the JCEB/KCEB operations it is not surprising that our computer operations fall into the same category. Differences in software, programming and off-site back-up operations could also be a problem and additional monies would be needed to merge all systems. Estimated Cost - \$80,000

Warehouse Operations - JCEB's warehouse would not have enough space to store equipment and supplies for the combined Board scenario. New warehouse space would have to be purchased or leased to accommodate the growing numbers of items needed to be stored. Estimated Cost - Unknown.

Statewide Database - There is no fiscal note from the Secretary of State concerning combining two Board's voters into one Board. Since this involves approximately 450,000 voters the Secretary of State should definitely have an opinion on the cost and man hours required to transfer these voters. Estimated Cost - Unknown.

ASSUMPTION (continued)

Training - As everyone in elections is well aware recruiting, training and retaining good qualified judges is a difficult part of our job. Each election board hosts our training sessions in our individual offices. If there is a single election board office for the entire County the chance of losing some of these judges will increase if there are issues concerning travel time and transportation concerns. This not only affects our judges but also our voters who must travel additional distance to a central office location.

**Oversight** will reflect the impact to the Kansas City and Jackson County Board of Election Commissions as Unknown could exceed \$1,000,000 in the FY 2016 and Unknown costs in FY 2017 and FY 2018, due to the combining of the two commissions. Oversight assumes there is a potential in the future for some savings due to the economy of scale of one Commission instead of two, but will not reflect that savings at this time.

Officials at the **Office of the Secretary of State** assume that currently, the Kansas City Board of Elections and Jackson County of Board of Elections operate as separate entities. This proposal would merge the Kansas City Board of Elections and Jackson County Board of Elections, to be known as the “Kansas City Jackson County Board of Election Commissioners”. Substantial changes to the Missouri Centralized Voter Registration (MCVR) system will be required to meet this proposals new requirements. Modifications to MCVR are estimated to cost \$27,500.

Officials at the **St. Francois County Clerk’s Office, Platte County Board of Election Commission, St. Louis County Board of Election Commissions, and Lincoln County Clerk’s Office** each assume no fiscal impact to their respective organizations from this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
<b>GENERAL REVENUE</b>			
<u>Costs - Secretary of State - one time modifications to MCVR</u>	<u>(\$27,500)</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(\$27,500)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
<b>KANSAS CITY &amp; JACKSON COUNTY BOARD OF ELECTION COMMISSION FUNDS</b>			
<u>Costs</u> - to combine the election commissions into one organization	(Unknown could exceed <u>\$1,000,000</u> )	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON KANSAS CITY &amp; JACKSON COUNTY BOARD OF ELECTION COMMISSION FUND</b>	<b>(Unknown could exceed <u>\$1,000,000</u>)</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This act combines the Kansas City Board of Election Commissioners with the Jackson County Board of Election Commissioners into one board that serves the entire county. Until a new board is appointed, an interim board composed of the chair and vice chair of both existing boards shall serve as the election authority. The act stipulates that the Board of Elections shall be the election authority in counties that have Board of Election Commissioners. The act also stipulates that within such jurisdiction, there shall be at least one central polling place within Kansas City and at least one central polling place within the portion of Jackson County outside the city. The designated central polling place in Jackson County shall be situated in Independence

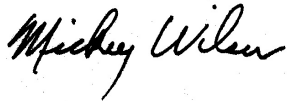
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.



L.R. No. 0332-01  
Bill No. SB 41  
Page 9 of 9  
January 15, 2015

SOURCES OF INFORMATION

Platte County Board of Election Commissions  
Lincoln County Clerk's Office  
St. Louis County Board of Election Commissions  
St. Francois County Clerk's Office  
Office of the Secretary of State



Mickey Wilson, CPA  
Director  
January 15, 2015

Ross Strope  
Assistant Director  
January 15, 2015