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FISCAL IMPACT REPORT

ORIGINAL DATE 02/23/09

SPONSOR Sandoval LAST UPDATED _____ HB 864

SHORT TITLE Voting System Budget Adjustment SB _____

ANALYST Ortiz

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
NFI	NFI		

(Parenthesis () Indicate Expenditure Decreases)

*** This bill prevents the loss of \$6.3 million in general fund money that would have to be paid to the federal government.**

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		(\$6,300.0)			Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Secretary of State (SOS)

No Responses Received From
Attorney General's Office (AGO)

SUMMARY

Synopsis of Bill

House Bill 864 amends Section 67, Chapter 111 of Laws 2006 to expand the use of the general fund appropriation for purchase and installation of voting systems to include election-related advertising, other voter education and reimbursement to San Juan County for costs related to its voter registration and election management system.

FISCAL IMPLICATIONS

This bill prevents the loss of \$6.3 million in general fund money that would have to be paid to the federal government related to the Help America Vote Act (HAVA) federal grant.

SIGNIFICANT ISSUES

The federal auditors reviewing Secretary of State spending of a Help America Vote Act federal grant has rejected \$6.3 million spent on advertising with media consultant A. Gutierrez and Associates and \$36 thousand expended prior to the HAVA award for voter registration software in San Juan County. A possible resolution to the audit finding is to make an accounting shift of the unaccepted expenditures to an \$11 million state appropriation made in 2006 to purchase voting machines and apply voting machines expenditures to the HAVA grant. The accounting shift, which would resolve the amount owed to the federal government, would also include \$215 thousand plus interest for the unaccounted state match. However, this shift requires the Legislature to expand and reauthorize the \$11 million appropriation made in 2006, as indicated in this bill, to include education and outreach expenses and reimbursement to San Juan County. In addition, the Attorney General’s Office is pursuing other options to recover any misspent funds.

ADMINISTRATIVE IMPLICATIONS

The Secretary of State notes that if the bill is enacted it will request the budget adjustments for the current or any fiscal year necessary to effectuate the provisions provided in this legislation and the Department of Finance and Administration will review and approve the requests submitted by the Secretary of State to satisfy the federal audit.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If the bill is not enacted the state will owe \$6.3 million to cover federal audit finding related to its HAVA grant.

EO/mt:svb