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FISCAL IMPACT REPORT

ORIGINAL DATE 1/30/06
 LAST UPDATED 2/6/06 HB 530/aHVEC

SPONSOR García, M.H.

SHORT TITLE Voting Machine Purchase in Certain Counties SB _____

ANALYST Medina

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$4,000.0	Non-Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB 430 and SB 295

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)
 Secretary of State (SOS)

SUMMARY

Synopsis of HVEC Amendment

House Voters and Elections Committee amendment to House Bill 530 clarifies that the purpose of the appropriation is for the Secretary of State to purchase from counties the voting machines on which those counties have outstanding debt, removing the provision that the counties must only have purchased voting machines to meet new voting systems standards. A requirement that the county agree to immediately repay any money owed on those voting machines upon receipt of payment from the Secretary of State is added to the provision that legislation be enacted requiring the replacement of those voting machines. Finally, the amendment changes the receiving fund of any revenue received by the Secretary of State from the sale of the counties' voting machines from the electronic voting machine revolving fund to the general fund.

Synopsis of Original Bill

House Bill 530 appropriates \$4,000.0 from the general fund to the Secretary of State for the purpose of purchasing voting machines from counties that purchased voting machines to meet new

voting system standards. The appropriation would be made if legislation is enacted requiring the replacement of those voting machines. The bill requires the Secretary of State to then sell the voting systems purchased from the counties and deposit the revenue in the Electronic Voting Machine Revolving Fund.

FISCAL IMPLICATIONS

The appropriation of \$4,000.0 contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2007 shall revert to the general fund.

The analysis from the Secretary of State does not include an itemization of the appropriation contained in this bill. The closest that the State Budget Division and LFC analyses can come to deriving the \$4,000.0 appropriation is the amount for which the counties have borrowed from the State Board of Finance for the initial purchase of voting machines that would be compliant with federal Help America Vote Act (HAVA) standards and with state election reform mandates (Laws 2005, Chapter 270). As of January 30, 2006, eighteen counties had outstanding voting machine loan balances with the State Board of Finance totaling \$3,791.6. These counties purchased the following types of voting systems in order to comply with federal and state election mandates: AVC Edge Touchscreen, Optical Insight and AVC Advantage from Sequoia Voting Systems, and ADA iVotronic Touchscreen and Optech III P-Eagle systems from Election Systems & Software.

SIGNIFICANT ISSUES

There is no indication from the Secretary of State as to how many voting machines would need to be purchased from the counties. According to LFC and DFA analysis, there are approximately 1,400 precincts throughout the state and federal HAVA mandates require that at least one HAVA-compliant voting machine be made available at a single polling place. Precincts are often consolidated into groups to form a polling place for HAVA purposes. Nevertheless, it remains unclear how many voting machines would need to be purchased or what the fair market price would be for these machines. Just as unclear as to whom the machines would then be sold by the Secretary of State is where the machines would be stored for the period between the purchase from the counties and the sale to prospective buyers.

ADMINISTRATIVE IMPLICATIONS

The Department of Finance and Administration states that the administrative implications of this bill would be considerable. The Secretary of State would require staff to travel to the different counties to inspect the voting machines to determine a fair purchase price, as well as staff familiar with procurement procedures and the vouchering process that would ensure proper payment to the counties. Just as unclear as to whom the machines would then be sold by the Secretary of State is where the machines would be stored for the period between the purchase from the counties and the sale to prospective buyers.

COMPANIONSHIP

This bill is a companion to House Bill 430 and Senate Bill 295 which both amend the Election Code to require that all voting systems used in elections covered by the Election Code have use a

paper ballot on which the voter physically or electronically marks the voter's choices on the ballot itself rather than require simply that elections have a voter-verifiable and auditable paper trail. Those bills include a caveat that voting systems owned or voting systems used by a county on March 1, 2006 that do not use a paper ballot may be used until the sufficient federal, state or local funds are available to replace the voting system and an adequate supply of voting systems is available or December 31, 2007.

TECHNICAL ISSUES

The bill does not include language tying it to contingency language related to the enactment of either House Bill 430 or Senate Bill 295.

OTHER SUBSTANTIVE ISSUES

According to the Department of Finance and Administration, there may not be sufficient time or resources for the Secretary of State to divert attention to the process of purchasing machines from the counties.

The Secretary of State has stated that regardless of any legislative action taken during this legislative session, the counties' voting systems would be HAVA compliant in time for the 2006 general election. The Secretary of State is in the process of spending \$9,000.0 in federal HAVA funds to purchase machines for the counties.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Without House Bill 430/Senate Bill 295 and this bill, House Bill 530, the state Election Code would continue to provide for the requirement that voting systems maintain a voter verifiable and auditable paper trail.

POSSIBLE QUESTIONS

How do House Bill 430/Senate Bill 295, which require paper ballots statewide, and this bill, which appropriates general fund dollars for the purchase of voting machines from the counties, affect the state's ability to remain compliant with federal HAVA election mandates?

Is there adequate time to focus on the purchase of new voting machines which are HAVA and Chapter 270 compliant?

DXM/yr:nt