

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3095S.01I  
Bill No.: SB 816  
Subject: Elections; Secretary of State  
Type: Original  
Date: February 4, 2024

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Bill Summary: This proposal modifies requirements for electronic voting systems.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<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.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</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 2025</b>	<b>FY 2026</b>	<b>FY 2027</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 \$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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Local Government</b>	<b>(Unknown, Could be substantial)</b>	<b>(Unknown, Could be substantial)</b>	<b>(Unknown, Could be substantial)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Platte County Board of Elections** estimate an initial cost of \$350,000 for new election equipment and an increase of \$10,000 annually for maintenance costs.

Officials from the **St. Louis County Board of Elections** state this would violate the contract we have in place with our voting equipment vendor and preclude us from acquiring a new vendor. Consequently, all votes would have to be tabulated manually. The fiscal impact of prohibiting electronic voting machines is as follows: \$9,375,000 to hire ballot counters to count election day ballots (@\$25/hr, 250 election workers per polling place x 300 polling places = 75,000 workers per election): \$1,875,000 to train workers for one hour (75,000 workers @\$25/hr); \$555,000 to hire workers to count absentee ballots (22,200 hours @\$25/hr); \$194,400 to hire security/officers for election day (\$36/hr x 18 hours = \$648 x 300 polling places); Total cost estimated per election: \$12,299,400.

Officials from the **Jackson County Board of Elections (JCEB)** assume there is currently no technology manufactured wholly in the United States. This includes but is not limited to cell phones, computers, iPads, automobile parts and election equipment.

If there were an election vendor that could procure their own American made chips and mother boards the cost of such equipment would be prohibitive. Such vendor would have a difficult time finding investors that are mostly United States citizens. The time and investment it would take for anyone to produce every piece of election equipment in the USA would leave local election officials without the ability to purchase equipment for years and once the equipment would finally make it to the market the cost to election officials/counties would be millions of dollars.

The Jackson County Board of Election Commissioners (JCEB) is in the process of purchasing new equipment for our polling locations for the 2024 Primary and General Elections. Should SB 816 pass, this equipment would not qualify under the law as it is written. The cost for polling location equipment is \$1,119,120.

Additional equipment currently owned by the Board; firmware, software, supplies, and storage units purchased for this equipment and currently utilized would be an additional \$1,000,000.

New equipment to meet the standards of SB 816 would cost no less than \$6,000,000 for our jurisdiction.

### **SOURCE CODE**

At a time when election officials are under extreme scrutiny regarding physical security and cybersecurity it seems irresponsible to release any information, such as the source code or any software or firmware information to the public. Election equipment is vetted at the Federal level by the EAC and approved by the Office of the Secretary of State. Allowing the public access to secure information would be a detriment to the security of election equipment. SB 816 allows this information to be released to any resident (does not have to be a citizen) or citizen of the state.

Releasing such information would open the door for bad actors which is something no one should advocate.

JCEB is attaching a statement from Unisyn Voting Solutions (JCEB's election vendor) to this fiscal note.

Reimbursement to the County for Poll Equipment	-	\$1,119,120.00
Equipment, software, firmware, supplies, security cages, supplies	-	\$1,000,000.00
American Made Voting Equipment Replacement for JCEB NO LESS THAN	-	\$6,000,000.00
TOTAL FUNDING NEED FROM THE STATE	-	\$8,119,120.00

Officials from the **Greene County Clerk's Office** state in subsection 2 (11), the requirement is for equipment to be "developed, owned, and maintained by" a qualified business entity. If this refers to the component parts of the equipment as well, and/or in the absence of any business entity to so qualify, then the following would be estimated fiscal impact for our county to administer/tabulate elections by alternative (non-electronic) means:

- Voter history shall be updated and made available for a fee not later than 48 hours following such election: \$14,278.33
- Additional 4 ExpressVotes at all polling locations: (3,605 x 320): 1,153,600
- List for those eligible to use an accessibility ballot marking device: 1,520 per election.
- Watermark and Missouri State seal on ballot: No cost increase or savings.
- Absentee ballots must be postmarked from the same county in which the office is located: 1,000 per election
- Retention would be 5 years for ballots: 5 10'x15' storage units for 5 years: 12,060/yr
- **Hand tallying ballots: The range of costs based off of these hand-tallying would be \$95,772.69 to \$513,065.34 for a Presidential Election.**

If these Sections are to institute that ONLY two election judges are to be the designated counters and then, the other two election judges would be the recording judges at each polling location, it is estimated that Greene County would need one polling location per 400 active voters. This

would take the Greene County polling location number from 76 assigned locations to 576 (575.80) polling locations.

Average Polling Location Cost per Location: \$1,451.84 (416.29 for supplies, 100 for rent, 10.55 for delivery, and 925 for election judge stipends).

Total Polling Location Estimated Cost: \$836,259.84

**The cost estimate would be in total for the range of \$95,772.69 to \$836,259.84 in addition to all of the other election costs required by statute and standard practices.**

Officials from the **St. Louis City Board of Elections** assume no fiscal impact from this legislation.

**Oversight** notes this proposal modifies the standards for electronic voting systems to be approved by the Secretary of State. Specifically, electronic voting systems must:

- Be developed, owned, and maintained by a business entity registered in the United States and owned by United States citizens. If the business entity is publicly held, the board of directors and the majority stockholders shall be United States citizens. The business entity shall not be a subsidiary of any multinational firm and shall have its principal place of business located within the United States; and
- Have any software, or hardware containing software or firmware, used in the system in this state shall have the full corresponding source code of the software or firmware made publicly available by the secretary of state at no cost, upon request of any resident or citizen of this state.

**Oversight** assumes based on the above responses by local election authorities that if they are unable to procure an election vendor that meets the requirements of this proposal, they in turn would be required to hand count ballots. LEAs would see an increase in ballot cost, staff overtime, and training. Therefore, this would be a substantial unknown cost to local election authorities.

**Oversight** notes there are currently 116 local election authorities in Missouri, all but one of them have election equipment. Per Office of the Secretary of State, Missouri currently uses the following vendors for election equipment: ES&S, Hart InterCivic Verity, Unisyn and Dominion. Oversight is uncertain if these vendors would still qualify as eligible business that LEAs could utilize under this proposal. Oversight is uncertain the potential costs as each LEA will have varying needs for their specific jurisdiction to meet the requirements of this proposal. Therefore, Oversight will reflect an unknown cost that could be substantial on the fiscal note.

**Oversight** received limited responses from local election authorities related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information

available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note. Oversight only reflects the responses received from state agencies and political subdivisions; however, local election authorities and county clerks were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

Rule Promulgation

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS 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 the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes 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 the office can sustain with its core budget. Therefore, the SOS reserves 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.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Costs – Local Election Authorities - New voting equipment and ongoing maintenance</u>	(Unknown, Could be <u>substantial</u> )	(Unknown, Could be <u>substantial</u> )	(Unknown, Could be <u>substantial</u> )
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b>(Unknown, Could be <u>substantial</u>)</b>	<b>(Unknown, Could be <u>substantial</u>)</b>	<b>(Unknown, Could be <u>substantial</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 modifies the standards for electronic voting systems to be approved by the Secretary of State. Specifically, electronic voting systems must:

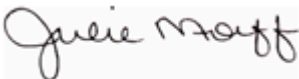
- Be developed, owned, and maintained by a business entity registered in the United States and owned by United States citizens. If the business entity is publicly held, the board of directors and the majority stockholders shall be United States citizens. The business entity shall not be a subsidiary of any multinational firm and shall have its principal place of business located within the United States; and
- Have any software, or hardware containing software or firmware, used in the system in this state shall have the full corresponding source code of the software or firmware made publicly available by the secretary of state at no cost, upon request of any resident or citizen of this state.

This act is effective on January 1, 2025.

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 City Board of Elections  
Greene County Clerk  
Jackson County Board of Elections



Julie Morff  
Director  
February 4, 2024



Ross Strope  
Assistant Director  
February 4, 2024