

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 11, 2021

TO: Honorable Dan Patrick, Lieutenant Governor, Senate

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB7 by Hughes (Relating to election integrity and security, including by preventing fraud in the conduct of elections in this state; increasing criminal penalties; creating criminal offenses.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for SB7, As Passed 2nd House : a negative impact of (\$1,242,638) through the biennium ending August 31, 2023.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2022	(\$773,553)
2023	(\$469,085)
2024	(\$469,370)
2025	(\$469,661)
2026	(\$469,958)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Change in Number of State Employees from FY 2021</i>
2022	(\$773,553)	6.0
2023	(\$469,085)	6.0
2024	(\$469,370)	6.0
2025	(\$469,661)	6.0
2026	(\$469,958)	6.0

Fiscal Analysis

The bill would amend various codes as they relate to election integrity, the prevention of fraud in the conduct of an election, and certain unopposed candidates for office. Under the provisions of the bill, several new election fraud-related criminal offenses would be created that would be punishable at the felony and misdemeanor level with the level and degree based on the specific circumstances of the offense.

The bill would require certain counties, cities, and independent school districts to post on their public Internet websites certain information about elections. The bill specifies certain requirements for the location of the

required information.

This bill would require the Secretary of State (SOS) to maintain a publicly accessible database containing certain specified election information. Local election authorities would be required to provide the required information to the SOS in an electronic format prescribed by the agency. The bill would also require the SOS to maintain a database containing certain specified information about each office holder of, and candidate for, any elected office in the State.

The bill would require the SOS to develop and implement a system that allows a voter to track the status of vote-by-mail applications and ballots and would amend various other provisions related to voting by mail.

The bill requires the SOS to provide voter registration application forms to each high school at least once per semester.

Methodology

The provisions of the bill relating to the a public election database would require SOS to collect information from approximately 1,400 school districts, over 1,200 cities, and more than 5,000 water districts as well as an unknown number of library districts, hospital districts, special utility districts, and various other special purpose districts. The SOS does not currently have an inventory of these districts nor a way of monitoring them to maintain a list of current entities.

The SOS anticipates that implementing the database provisions would require six additional FTEs in the Elections Division to assist local election officials with submitting the specified information, supplying technical assistance, and providing training about the new reporting process. These FTEs would be Program Specialist I positions at a cost of \$39,000 per FTE and a total of \$79,607 in associated benefits. The new positions would require \$27,252 in setup costs for fiscal year 2022 with ongoing operating expenses of \$15,024 per year beginning fiscal year 2023 and increasing at the rate of inflation thereafter.

For the provisions of the bill relating to mailing of voter registration forms to high schools, the SOS assumes that, based on information provided by the Texas Education Agency, the number of students who would need to be served would be 444,649 per year. The SOS estimates the printing cost for these registrations would be \$17,786, assuming a cost of \$0.04 per application, and that postage costs would be \$2,668 at \$0.006 per application for a total cost of \$20,454.

The Texas Ethics Commission indicate the modifications outlined in the bill's provisions that would affect the agency would not result in a significant fiscal impact.

This analysis assumes implementing the provisions of the bill addressing felony sanctions would not result in a significant impact on the demand for state correctional resources.

According to the Office of Court Administration, no significant fiscal impact to the state court system is anticipated.

Technology

For the provisions of the bill relating to the public election database, the SOS estimates that complying with the requirements of the bill would require 1,894 hours for configuration, implementation, and testing of changes in Texas Elections Administration Management (TEAM) system. The agency assumes a contractor cost of \$132 per hour and estimates the total cost of these modifications would be \$250,000. The SOS also indicates there would be an increase in bandwidth and storage costs of \$10,000 per month for the new database and this would also represent an increase in operational costs for the TEAM system in subsequent years.

For the provisions of the bill relating to implementing a system to allow tracking of voting by mail, the SOS estimates that enhancing its TEAM database to allow this tracking would require 320 hours at \$132 per hour for a contractor at a total cost of \$42,240.

Local Government Impact

According to Cameron County, the provision of the bill that would require the Early Voting Ballot Board to meet more frequently could have a significant fiscal impact. Additional required compensation could add anywhere from \$1,000 to \$5,000 per election for the county depending on the number of members, days that the Board would convene, and number of voters who would be affected.

The bill would create and would repeal various Class A misdemeanors. A Class A misdemeanor is punishable by a fine of not more than \$4,000, confinement in jail for a term not to exceed one year, or both. The creation and repeal of the Class A misdemeanors would offset any fiscal implication.

The bill would create a Class B misdemeanor. A Class B misdemeanor is punishable by a fine of not more than \$2,000, confinement in jail for a term not to exceed 180 days, or both. Costs associated with enforcement, prosecution and confinement could likely be absorbed within existing resources. Revenue gain from fines imposed and collected is not anticipated to have a significant fiscal implication.

The bill would expand a Class C misdemeanor. A Class C misdemeanor is punishable by a fine of not more than \$500. In addition to the fine, punishment can include up to 180 days of deferred disposition. Costs associated with enforcement and prosecution could likely be absorbed within existing resources. Revenue gain from fines imposed and collected is not anticipated to have a significant fiscal impact.

Source Agencies: 212 Office of Court Admin, 304 Comptroller of Public Accounts, 307 Secretary of State

LBB Staff: JMc, LBO, LCO, GP, SLE