

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 28, 2021

TO: Honorable Briscoe Cain, Chair, House Committee on Elections

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB598 by Kolkhorst (Relating to auditable voting systems.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for SB598, As Engrossed : a negative impact of (\$38,724,679) 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. The Secretary of State is required to implement a provision of this Act only if the legislature appropriates money specifically for that purpose. If the legislature does not appropriate money specifically for that purpose, the Secretary of State may, but is not required to, implement a provision of this Act using other appropriations available for that purpose.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2022	(\$38,647,033)
2023	(\$77,646)
2024	(\$77,883)
2025	(\$78,125)
2026	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable (Cost) from General Revenue Fund 1</i>	<i>Change in Number of State Employees from FY 2021</i>
2022	(\$38,647,033)	1.0
2023	(\$77,646)	1.0
2024	(\$77,883)	1.0
2025	(\$78,125)	1.0
2026	\$0	0.0

Fiscal Analysis

This bill would amend the Election Code to require the Secretary of State (SOS) to create a pilot program to

conduct risk-limiting audits beginning with the November 8, 2022 election. This requirement expires August 31, 2026.

The bill would prohibit the use of direct recording electronic machines unless the system contains an auditable voting system. The bill would allow certain entities to seek reimbursement of the costs of retrofitting or replacing non-auditable voting systems and provides an exception for curbside voting machines. The bill would prohibit certain communications links relating to voting machines.

Methodology

According to the SOS, the provisions of the bill that would require the agency to create a risk-limiting audit program would require additional staff. In addition, according to the SOS, the provisions of the bill that would provide a reimbursement of 100 percent to certain counties that purchased non-auditable voting system equipment would have a significant fiscal impact to the state.

For the provisions of the bill related to the risk-limiting audit, the SOS states that the agency would need to hire a Program Specialist V at \$48,278 per year with \$16,863 in associated benefits. The position would require \$6,941 in start up and other operating expenses in fiscal year 2022. Operating expenses (such as travel to meet with county election officials) would then rise to \$12,504 in fiscal year 2023 and increase at the rate of inflation thereafter.

The SOS assumes that 49 counties that have purchased direct-recording electronic voting systems would be subject to reimbursement under the provisions of the bill. In counties using these systems, 9,492 voting machines would have to be retrofitted at a total cost of \$21,635,000. Another 1,347 machines would have to be replaced at a total cost of \$5,539,900. The total cost for replacement or retrofitting of these machines would be \$27,174,900.

In addition to upgrading or replacing voting machines, counties would also be able to seek reimbursement for tabulation machines compliant with the upgraded systems. At least one scanning device would be required for each polling place. The SOS assumes that there would be one polling place for each of 1,629 precincts. In addition, scanners would also be required for an estimated 240 early voting locations. At a list cost of approximately \$6,100 per scanner, the SOS estimates these reimbursements would result in an additional potential reimbursement to counties of \$11,401,400.

Technology

According to SOS, the agency's IT Division would be impacted by requirements to track federal and state funding for purchase of, or conversion to, auditable voting systems.

Local Government Impact

According to the SOS, in addition to reimbursable equipment costs, counties would also have to secure additional software updates, perform acceptance testing of new equipment, and receive training from the vendor on the new equipment. The agency estimates the average cost to the counties for the additional training would be approximately \$4,000 for a week of on-site training.

According to Hidalgo County, the cost for upgrading its existing voting system to meet the requirements of the bill would be \$4.0 million for 1,419 conversions and 250 scanning machines. Of this amount, \$48,515 would either not be eligible for reimbursement or would represent an ongoing operational expense.

According to Brazos County, the cost for upgrading its existing voting system to meet the requirements of the bill would be \$1.7 million for 480 conversions and 60 scanning machines. Of this amount, \$15,728 would either not be eligible for reimbursement or would represent an ongoing operational expense.

According to Randall County, it would cost the county \$750,000 to retrofit the current system to a system that could provide a paper audit trail. The county also adds that the current system was purchased in 2017.

According to Brazoria County, the cost to retrofit the current system would be \$2.6 million.

According to El Paso County, the county anticipates the fiscal impact of the bill would be approximately \$6.2 million.

According to Chambers County, the county anticipates the fiscal impact of the bill would be approximately \$1.1 million.

Source Agencies: 307 Secretary of State

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