

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7022

BILL NUMBER: SB 398

NOTE PREPARED: Jan 6, 2004

BILL AMENDED:

SUBJECT: Various Election Law Changes.

FIRST AUTHOR: Sen. Landske

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill has the following provisions:

- (1) Provides that a majority vote (rather than the unanimous vote) of a county election board is sufficient to appoint a precinct election officer when a county chairman has failed to make a nomination.
- (2) Establishes additional specifications for the Statewide Voter Registration File (SVRF).
- (3) Authorizes the state's participation in a project to permit military voters to cast ballots over the Internet.
- (4) Permits the Election Administration Assistance Fund (EAAF) to be administered in accordance with amendments to the state's HAVA plan.
- (5) Provides that the standards used to determine residency for voters are the same standards that must be used to determine residency for applying for a driver's license.
- (6) Repeals statutes relating to printing of ballots.
- (7) Voids a provision of an administrative rule of the Bureau of Motor Vehicles relating to residency.
- (8) Legalizes certain actions taken after deadlines set in statutes enacted in 2003.
- (9) Makes various changes to election law relating to the following: (a) voter registration; (b) the Statewide Voter Registration File; (c) administration of election law under HAVA; and (d) certification of voting

systems.

Effective Date: Upon passage; May 7, 2003 (retroactive); July 1, 2004; December 1, 2004.

Explanation of State Expenditures: (2) *Summary:* Under the bill, the Statewide Voter Registration File (SVRF) would be required to have additional abilities and features. The additional abilities and features would include: a means to input additional voter information, absentee ballot management, document imaging, election and poll worker management features, security, a signature digitizing feature, street file management, and registration management. The SVRF must also include a help desk support feature staffed by individuals who would provide assistance to county voter registration offices.

SVRF History: Under 42 U.S.C. 15483 (SEC 303 of HAVA) the Secretary of State must implement the SVRF by January 1, 2006. The Statewide Voter Registration File was established by P.L. 199-2001 to accurately tabulate the voter registration in the state. P.L. 291-2001 appropriated \$5 M from the Build Indiana Fund (BIF) for the implementation of the SVRF. However, the appropriation has not been allocated to date due to BIF transfers to the state General Fund for deficit management.

With the passage of P.L. 224-2003, the appropriations above were cancelled. P.L. 224-2003 appropriated the amount sufficient to meet the state match for federal funds provided under HAVA to the Voter Registration and Procedures Account and the Voter System Improvement Account of the state General Fund. The state appropriation consists of money transferred to the General Fund from the June 30, 2003, balance of unclaimed prize money of the Indiana state lottery. About \$100,000 of this appropriation would be used for the state match for the SVRF expenditure. This provision is set to expire July 1, 2005.

The amount that goes into the unclaimed prize fund varies from \$10.0 M to \$12.0 M per year. However, the amount of unclaimed prize money in the fund varies at any given time and cannot be estimated.

(3) Under the bill, the Indiana Secretary of State (SOS) may participate in a project conducted by the United States Department of Defense (DOD) to permit absent uniformed services voters to cast ballots in electronic form through secured Internet-based sites under control of the DOD. This provision does not specify any funding for participation by the SOS. The impact to state expenditures by this provision is currently indeterminable and would depend on the action taken by the SOS. If the SOS were to participate in this project, the source of funds would depend on state and federal action.

(6) Under the bill, the Election Division would no longer be required to print either standard or provisional ballots for federal or state office. This provision would present a savings to the Election Division. For the 2000 general election, the cost of paper ballots per 1,000 voters was about \$54.75.

The Election Division expended less than \$10,000 for paper ballots in 2002. The Division expended less than \$15,000 for paper ballot production in 2000. In 2000, the Division had printed about 107,000 official presidential ballots, 29,900 sample presidential ballots, 88,950 official statewide office ballots and about 16,000 sample statewide ballots.

As the number of lever voting machines continues to decline, the costs to the state to produce paper ballots will decline.

(7) Under the bill, the publisher of the Indiana Administrative Code and Indiana Register would be required to remove 140 IAC 7-3-1(r), a reference to the definition of residency for a state commercial driver's license.

The effective date of this provision is January 1, 2006.

Commercial Driver's License- Under the bill, the Bureau of Motor Vehicles would need to revise and reprint driver training manuals for commercial driver's licenses (CDL). The Bureau estimates that there would be expenditure necessary to revise training manuals. However, this cost could be mitigated at the next scheduled update and printing of the CDL manuals.

(9) State form 45487 IEC-11 (the application for voting system certification) would need to be revised to account for the changes proposed in the bill regarding voting system certification, which would require additional expenditure.

Explanation of State Revenues: (7) Under the bill, the change in residency requirement to acquire a CDL would prohibit the use of an Indiana commercial driver school by out-of-state residents to obtain an Indiana CDL. Presently, out-of-state students may attend an Indiana CD school to receive an Indiana CDL upon completion of the course that, in turn, may be used to receive an out-of-state CDL by means of reciprocity. According to the Bureau of Motor Vehicles, out-of-state students who are intending to return to their state for employment may no longer attend an Indiana school to receive a CDL, resulting in a loss of revenue. According to the Bureau, there are ten schools in Indiana that provide instruction in commercial driving.

Under current regulations, the Bureau charges CD students \$16 for a learners permit and, upon completion of the school, the Bureau charges \$30 for the CDL.

Based on information obtained from the Department of State Revenue, the largest Indiana CD school trained 2,830 students, with 473 of those students entering training from outside of Indiana in 2003. The smallest Indiana school trained 731 students, with 287 of those students residing out of state. Based on this information, the revenue loss from CD permits and license fees of out-of-state students could range from an estimated \$132,000 to \$218,000 per year. Revenue from CD permits and licenses are distributed into the Motor Vehicle Highway Account, the License Branch Fund, and the State Motor Vehicle Technology Fund.

(9) Under the bill, a voting system that has been certified for use before January 1, 2005, would expire October 1, 2005. Therefore, for voting machine vendors that were to apply for recertification of a voting system after January 1, 2005, the application fee would be waived provided the hardware, software, and firmware of the system were unchanged. This provision may have an indeterminable impact to state revenue. Under current law, applications for certification must be accompanied by a \$1,500 fee. Fees collected for voting machine certification are deposited into the state General Fund. Typically, the Election Division receives five to six applications for voting system certifications per year for about \$7,500 to \$9,000 in revenue collected.

Explanation of Local Expenditures: The provisions of the bill could require that county voting officials will have increased administrative responsibility.

(6) The bill would require counties to produce all ballots (regular and provisional) for elections. However, the dwindling number of counties that use paper ballots (primarily lever machines) would reduce or eliminate most of the potential impact to local expenditure. Counties using DRE machines would likely not be affected (it is likely, these counties' software already includes state and federal offices). Those counties using optical scan would be minimally affected if the county does not produce absentee ballots for statewide or federal offices.

(9) Under the bill, neither lever machine nor punch card voting systems would be allowed to be marketed in Indiana after the enactment date.

Explanation of Local Revenues:

State Agencies Affected: Indiana Election Commission, Indiana Election Division.

Local Agencies Affected: Counties, circuit court clerk, county voter registration office, precinct election boards.

Information Sources: Brad King, Co-Director, Indiana Election Division, 317-232-3939; Bureau of Motor Vehicles; Department of State Revenue.

Fiscal Analyst: Chris Baker, 317-232-9851.