

**JBC STAFF FISCAL ANALYSIS
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING MODIFICATIONS TO MISCELLANEOUS PROVISIONS OF THE "UNIFORM ELECTION CODE OF 1992".

Prime Sponsors: Representative Lontine
Senator Fenberg

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Phone: 303-866-4963
Date Prepared: April 17, 2019

Fiscal Impact of Bill as Amended to Date

The most recent Legislative Council Staff Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 04/12/19.

XXX	No Change: Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
	Update: Fiscal impact has changed due to <i>new information or technical issues</i>
	Update: Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	Non-Concurrence: JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
J.001	Staff-prepared appropriation amendment
L.069	Bill Sponsor amendment - does not change state fiscal impact
L.058/J.002	Bill Sponsor amendment - changes fiscal impact <i>and</i> appropriation
L.068/J.003	Bill Sponsor amendment - changes fiscal impact <i>and</i> appropriation

Current Appropriations Clause in Bill

The bill requires but does not contain an appropriation clause.

Description of Amendments in This Packet

J.001 Staff has prepared amendment **J.001** (attached) to add the following provisions for FY 2019-20:

- appropriate \$2,874,000 from the Department of State Cash Fund to the Local Elections Assistance Cash Fund, which is administered by the Department of State;
- appropriate \$22,590 General Fund to the Department of State;
- appropriate \$204,153 cash funds from the Department of State Cash Fund to the Department of State; and
- appropriate \$2,790 General Fund to the Department of Personnel.

L.069

Sponsor amendment **L.069** (attached) reduces the operational hours and days of voter service and polling centers. This amendment does not change the state fiscal impact of this bill in FY 2019-20; however, it may affect the local government fiscal impact. Legislative Council Staff concurs with this analysis.

L.058 and J.002

Sponsor amendment **L.058** (attached) allows the Secretary of State to utilize for FY 2019-20, \$350,000 from the continuously appropriated Federal Elections Assistance Fund for county reimbursements for voting equipment, consistent with federal laws. The amendment further directs the General Assembly to transfer General Fund to the Local Elections Assistance Cash Fund for FY 2019-20 to cover the remaining costs of reimbursing counties for voting equipment necessary to implement this act. This amendment changes the fiscal impact of the bill, requiring \$2,549,380 General Fund and \$204,153 from the Department of State Cash Fund for FY 2019-20. Legislative Council Staff concurs with this analysis.

Staff has prepared amendment **J.002** (attached) to add the following provisions for FY 2019-20:

- appropriate \$2,524,000 General Fund to the Local Elections Assistance Cash Fund, which is administered by the Department of State;
- appropriate \$22,590 General Fund to the Department of State;
- appropriate \$204,153 cash funds from the Department of State Cash Fund to the Department of State; and
- appropriate \$2,790 General Fund to the Department of Personnel.

L.068 and J.003

Sponsor amendment **L.068** (attached) includes the same provisions as **L.058** and also reduces the number of ballot drop boxes in counties with at least 250,000 active electors, reducing the overall number of new drop boxes identified in the Revised Fiscal Note to 30. This amendment changes the fiscal impact of the bill, requiring \$2,121,380 General Fund and \$204,153 from the Department of State Cash Fund for FY 2019-20. Legislative Council Staff concurs with this analysis.

Staff has prepared amendment **J.003** (attached) to add the following provisions for FY 2019-20:

- appropriate \$2,096,000 General Fund to the Local Elections Assistance Cash Fund, which is administered by the Department of State;
- appropriate \$22,590 General Fund to the Department of State;
- appropriate \$204,153 cash funds from the Department of State Cash Fund to the Department of State; and
- appropriate \$2,790 General Fund to the Department of Personnel.

The committee may adopt J.001, it may adopt L.058 and J.002, or it may adopt L.068 and J.003, but it should adopt only one set of amendments.

The committee may adopt L.069 regardless of any other amendments adopted.

Points to Consider

General Fund Impact

The Joint Budget Committee has proposed a budget package for FY 2019-20 based on the March 2019 Legislative Council Staff revenue forecast. The budget package leaves approximately \$47.9 million General Fund unallocated. Thus, the General Assembly could appropriate up to \$44.7 million General Fund to fund 2019 legislation and maintain a 7.25 percent General Fund reserve. This bill requires a General Fund appropriation of \$25,380 for FY 2019-20, reducing the excess General Fund reserve by \$27,220.

If sponsor amendments **L.058 and J.002** are adopted, this bill is anticipated to reduce General Fund revenues by \$2,524,000 for FY 2019-20, reducing the excess General Fund reserve by the same amount.

If sponsor amendments **L.068 and J.003** are adopted, this bill is anticipated to reduce General Fund revenues by \$2,096,000 for FY 2019-20, reducing the excess General Fund reserve by the same amount.

Future Fiscal Impact

As reflected in the Legislative Council Staff Revised Fiscal Note dated April 12, 2019, this bill requires the Department of State to expend \$3,078,153 from the Department of State Cash Fund (Fund). Current fees may not generate enough revenue to meet anticipated expenses starting in FY 2021-22 and ongoing. The Secretary of State is granted the authority to adjust fees by Section 24-21-104 (1)(a), C.R.S. Furthermore, subparagraph (3) of the same section gives the Secretary the authority to adjust fees “so that the revenue generated from the fees approximates its direct and indirect costs.” The Department will be able to cover anticipated expenditures and annual appropriations by adjusting their schedule of fees to generate sufficient revenue; however, this will impact the private sector as fees for business filings increase over time.

DEPARTMENT OF STATE CASH FUND CASH FLOW ANALYSIS				
FISCAL YEAR	YEAR-BEGINNING CASH BALANCE	TOTAL REVENUE	TOTAL EXPENDITURES	ANNUAL NET SURPLUS/(DEFICIT)
FY 2014-15	\$5,136,942	\$19,878,791	\$20,341,285	(\$462,494)
FY 2015-16	5,263,862	21,462,890	20,429,464	1,033,426
FY 2016-17	6,597,459	22,446,407	21,771,557	674,850
FY 2017-18	7,031,658	23,075,111	22,138,190	936,921
FY 2018-19 ^{1,2}	\$5,831,092	\$23,851,291	\$24,837,783	(\$986,492)
	5-year percentage change	20.0%	22.1%	
	5-year compound annual growth rate	3.7%	4.1%	
PROJECTIONS (REVENUE AND EXPENDITURES CALCULATED USING 5-YEAR CAGR, UNLESS NOTED)				
FY 2019-20 ^{1,2}	\$4,844,600	\$24,803,000	\$27,594,707	(\$2,791,707)
FY 2020-21 ¹	2,052,893	25,795,000	27,803,125	(2,008,125)
FY 2021-22	44,768	26,752,226	28,925,251	(2,173,025)
FY 2022-23	(2,128,257)	27,744,973	30,093,105	(2,348,132)
FY 2023-24	(\$4,476,389)	\$28,774,560	\$31,308,550	(\$2,533,990)

¹ Revenue data is estimated by the Department of State.

² Expenditure data is estimated by the Department of State.

Sponsor amendments **L.058 and J.002** address this issue by providing a General Fund transfer, rather than relying on the Department of State Cash Fund to cover elections costs.

Sponsor amendments **L.068 and J.003** address this issue by providing a General Fund transfer, rather than relying on the Department of State Cash Fund to cover elections costs.

Legislative Authority

Is it necessary to "continuously appropriate" money in the Local Elections Assistance Cash Fund? This method of funding county reimbursements for voting equipment essentially moves related expenditures off-budget, and thus expenditures are not reported or accounted for through the budget process.