



Legislative Council Staff
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Fiscal Note

Drafting Number: LLS 22-0555
Prime Sponsors: Rep. Hanks

Date: February 10, 2022
Bill Status: House SCMVA
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Bill Topic: PAPER BALLOT FRAUD COUNTERMEASURES

- Summary of Fiscal Impact:
- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- Statutory Public Entity

The bill requires that elections use paper ballots provided by accredited vendors that include specific ballot fraud countermeasures. The bill also requires General Fund appropriations to the Department of State (DOS) to pay county clerk and recorders for costs related to the bill. The bill increases state and local workload and expenditures on an ongoing basis.

Appropriation Summary: For FY 2022-23, the bill requires appropriations totaling \$5.7 million to the Department of State.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under HB 22-1085

Table with 4 columns: Category, Sub-category, Budget Year FY 2022-23, and Out Year FY 2023-24. Rows include Revenue, Expenditures (General Fund, Cash Funds, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and Other Budget Impacts (General Fund Reserve).

## Summary of Legislation

The bill requires that any primary, general, coordinated statewide, or statewide recall election use paper ballots that include specific ballot fraud countermeasures. The bill lists required security specifications for all election paper ballots, which includes various technical specifications similar to those for bank notes such as optically variable ink, holographic images, embedded/stealth numbering, among others.

Ballots must be provided by vendors with specific accreditations from the Joint Technical Committee of the International Organization for Standardization and the International Electrotechnical Commission. The bill requires that the General Assembly appropriate General Funds to the Department of State to pay county clerk and recorders for costs related to replacing current paper ballots and vendor contracts.

## State Expenditures

The bill increases state expenditures in Department of State (DOS) by \$5.7 million in FY 2022-23 and \$4.5 million in FY 2023-24. Costs for county reimbursements are paid from the General Fund, and staffing-related costs for the DOS are from the Department of State Cash Fund. Expenditures are shown in Table 2 and detailed below.

**Table 2**  
**Expenditures Under HB 22-1085**

<b>Cost Components</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>
<b>Department of State</b>		
Personal Services	\$166,879	\$166,879
Operating Expenses	\$4,185	\$4,185
Capital Outlay Costs	\$18,600	-
County clerk reimbursement (ballots)	\$4,270,000	\$4,270,000
County clerk reimbursement (equipment)	\$1,226,652	-
Centrally Appropriated Costs <sup>1</sup>	\$46,011	\$46,011
FTE – Personal Services	3.1 FTE	3.1 FTE
<b>Total</b>	<b>\$5,732,327</b>	<b>\$4,487,075</b>
<b>Total FTE</b>	<b>3.1 FTE</b>	<b>3.1 FTE</b>

<sup>1</sup> Centrally appropriated costs are not included in the bill's appropriation.

**County clerk payments.** The bill requires new paper ballots in all statewide elections, which increases costs for county clerks for ballots, vendor contracts, upgraded equipment, software, testing, and licensing fees. The General Assembly is required to appropriate General Funds to cover these costs under the bill, which are estimated to be \$5.5 million in FY 2022-23, as described below. Actual costs incurred by county clerks may differ from this estimate and the reimbursement amount may need to be adjusted through the annual budget process.

- *Ballots.* Current ballots cost roughly \$1.10 each and there are approximately 4.27 million registered voters in Colorado, all of whom receive a ballot in the mail. The actual cost to replace current ballots with new ballots meeting the standard of the bill is unknown. At a minimum, it is assumed that costs for paper ballots will increase by \$1 each, resulting in increased costs of \$4,270,000. It is assumed these costs will occur each year.
- *Equipment.* Counties use ballot printers at voter service centers to provide ballots-on-demand to voters who need a replacement ballot or request one to vote in person. These would likely need to be upgraded to meet the requirements of the bill. One currently available ballot printer costs \$714. If the 1,718 printers statewide need to be replaced, increases costs by a total of \$1,226,652, assuming the new printers cost a similar amount. Costs could be higher to the extent printers are more expensive than this estimate or other equipment must be replaced.

**Staffing and administration.** The DOS will require additional staff, including two Elections Specialist II to develop and implement a certification program ensuring the print vendors obtain and maintain required accreditations and certifications, and that the processes result in printed paper ballots that incorporate the necessary security features; and one Elections Specialist III to oversee the new program, manage staff, and work with counties and the Finance Unit in the Administration Division to reimburse county clerks. Staff will also be required to review county documentation for receiving payments, including checking compliance, performing follow-up, and approving the payments in the state financial system. It is estimated that this work will take approximately 4 hours per county for a total of 256 hours, or about 0.1 FTE.

**Centrally appropriated costs.** Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 2.

## Other Budget Impacts

**General Fund reserve.** Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve beginning in FY 2022-23. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, which will decrease the amount of General Fund available for other purposes.

## Local Government

The bill will increase costs for counties to obtain new paper ballots and equipment, and these costs will be reimbursed by the state (see State Expenditures section above). It is assumed that reimbursement from the DOS will cover direct costs only and that overhead or other associated administrative costs will be borne by the counties.

**Other potential costs.** There is uncertainty that current tabulation equipment will be usable with the new ballot paper, and counties may not be able to use their current equipment for the November 2022 election. In that event, counties will be required to hand count their ballots. Mesa County recently hand counted 52,472 ballots with a cost of about \$71,500, or \$1.36 per voter. Mesa County was able to sort by style and verify number of ballots cast and vote results as they went, reducing overall costs; not all counties will have this capability. The cost to hand count the ballots for the 3 million ballots expected to be cast statewide in the November 2022 election is estimated to be \$4.1 million across all counties. It is assumed that this cost would not be reimbursed by the state, if incurred.

## Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

## State Appropriations

For FY 2022-23, the bill requires the following appropriations

- \$189,664 from the Department of State Cash Fund to the Department of State, and 3.1 FTE; and
- \$5,496,652 from the General Fund to the Department of State for county reimbursement.

## State and Local Government Contact

County Clerks  
Local Affairs  
Secretary of State

Information Technology  
Municipalities

Law  
Personnel