



Legislative Council Staff
Nonpartisan Services for Colorado's Legislature

Final Fiscal Note

Drafting Number:	LLS 23-0298	Date:	June 20, 2023
Prime Sponsors:	Rep. Bockenfeld	Bill Status:	Postponed Indefinitely
		Fiscal Analyst:	Kristine McLaughlin 303-866-4776 kristine.mclaughlin@coleg.gov

Bill Topic: PROHIBIT WIRELESS NETWORKING VOTING SYSTEMS

Summary of Fiscal Impact:	<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
	<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill would have prohibited the use of voting systems that are capable of establishing a wireless connection, starting January 1, 2024. The bill would have resulted in a one-time increase in state and local government expenditures, and may have increased state revenue.

Appropriation Summary: For FY 2023-24, the bill would have required an appropriation of \$125,434 to the Department of State.

Fiscal Note Status: The fiscal note reflects the introduced bill. This bill was postponed indefinitely by the House State, Civic, Military, and Veterans Affairs Committee on February 13, 2023; therefore, the impacts identified in this analysis do not take effect.

Table 1
State Fiscal Impacts Under HB 23-1055

	Budget Year FY 2023-24	Out Year FY 2024-25
Revenue	-	-
Expenditures		
Cash Funds	\$125,434	-
Centrally Appropriated	\$32,270	-
Total Expenditures	\$157,704	-
Total FTE	2.0 FTE	-
Transfers	-	-
Other Budget Impacts	-	-

Summary of Legislation

The bill prohibits the use of voting systems that are capable of establishing a wireless connection, starting January 1, 2024.

Background

There are two certified voting systems providers and voting systems currently in use in Colorado—Clear Ballot Group’s ClearVote® 2.1.5 and Dominion Voting System’s Democracy Suite® 5.13-A. Both providers use hardware components in their voting systems that are equipped with Wi-Fi or Bluetooth functionality. The Department of State’s Voting Systems team disables wireless connectivity on all components when they install the certified version of the voting system software at individual counties in a process known as “trusted build.”

Assumptions

It is assumed that the bill prohibits the use of systems with hardware that have the capacity to establish a wireless connection via WiFi or Bluetooth, even if that capability has been disabled.

State Revenue

Fee impact on businesses and professions. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. Under current law, the Department of State (DOS) is authorized to adjust fees so that the revenue generated approximates its direct and indirect costs. The DOS is primarily funded through business filing fees. To cover the costs described in the State Expenditures section below, fees may need to be raised to cover all or some of the costs of this bill. The fees affected and the actual amount of fee charges will be set administratively by the DOS based on cash fund balance, total program costs, and the estimated number of professional activities subject to fees. This revenue is subject to TABOR.

State Expenditures

The bill increases expenditure in the Department of State by \$157,636 and 2.0 FTE in FY 2023-24 only, paid from the Secretary of State Cash Fund. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under HB 23-1055

	FY 2023-24	FY 2024-25
Department of State		
Personal Services	\$109,394	-
Operating Expenses	\$2,700	-
Capital Outlay Costs	\$13,340	-
Legal Services	-	-
Centrally Appropriated Costs ¹	\$32,270	-
Total Cost	\$157,704	-
Total FTE	2.0 FTE	-

¹ Centrally appropriated costs are not included in the bill's appropriation.

Temporary staff. Two election specialists are required to work with the voting system vendors to find hardware that is incapable of connecting to the internet and develop a new "trusted build" process for the new equipment. This staff would also need to rework current changes to voting systems that are in the process of being implemented, specifically for House Bill 21-1071, which required changes to voting systems regarding instant runoff voting system. See the Technical Note section regarding the timing of work under the bill.

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.

Local Government

County clerks will have one-time costs of around \$8 million to identify and purchase new voting systems equipment, as well as to test, roll out, and train staff on the new equipment. It is estimated that 47 counties will need to purchase new equipment. Seventeen counties will not be effected by the bill, either because their systems are scheduled to be replaced this year or because they are already compliant. The counties that must purchase new systems will need to acquire various types of equipment that range between \$2,000 and \$28,000 per unit. In total, more than 1,200 units of equipment must be replaced under the bill, resulting in a statewide cost of \$8 million dollars to counties.

Technical Note

Timing. Certifying a vendor to meet the new requirements will take approximately four months if such a vendor is available. Once a new vendor is contracted, it will take approximately three months to complete the trust build process. Under these limitations, the bill cannot be implemented by January 1, 2024, as required.

Product availability. Most commercial off-the-shelf hardware components have internet connectivity capabilities. Additionally, the bill's timeline and economic supply chain issues may make it impossible to find a vendor who can meet the bill's requirements.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2023-24, the bill requires an appropriation from the Department of State Cash Fund of \$125,434 to the Department of State, and 2.0 FTE.

State and Local Government Contacts

Counties

County Clerks

Municipalities

Secretary of State