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Fiscal Note

Drafting Number: LLS 24-0692 Date: February 8, 2024
Prime Sponsors: Rep. DeGraaf Bill Status: House State Affairs
Fiscal Analyst: Hamza Syed | 303-866-4976 hamza.syed@coleg.gov

Bill Topic: MODIFY VOTER REGISTRATION PAGE ON SOS WEBSITE

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

The bill requires voters to update their voting preferences on the Secretary of State's website each election cycle to receive mail ballots. The bill increases state expenditures and may increase state revenue beginning FY 2024-25.

Appropriation Summary: For FY 2024-25, the bill requires an appropriation of \$9.3 million to the Department of State.

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

Table 1
State Fiscal Impacts Under HB 24-1145

Table with 4 columns: Category, Sub-category, Budget Year FY 2024-25, and Out Year FY 2025-26. Rows include Revenue (Cash Funds, Total Revenue), Expenditures (General Fund, Cash Funds, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and Other Budget Impacts (TABOR Refunds, General Fund Reserve).

## **Summary of Legislation**

Beginning July 1, 2024, the bill requires that the Secretary of State's (SOS) website allow registered voters to confirm their mailing address and choose whether to vote by mail or in person. The SOS website must allow unaffiliated voters and voters affiliated with a minor party an option to select which major party ballot to receive in the mail. A voter must make these selections at least 60 days prior to an election, and must repeat the process each election cycle. Any registered voter who does not make a selection on the website is required to vote in person.

The SOS is required to include a specified information in a declaration on the web page, and post notice of these changes on their website and through local media publications. A portion of any reduction in the election reimbursement paid to counties by the state as a result of limiting mail ballots must be used for anti-hunger programs.

## **Background and Assumptions**

Between 2018 and 2023, for all primary, midterm, and general elections, between 94-99% of all Colorado voters used mail ballots. Based on historical data, if voters must proactively request a mail ballot, it is estimated that about one-third of current voters will request a mail ballot and the remainder will be required to vote in person.

[Senate Bill 23-276](#) changed the way counties are reimbursed by the Department of State (DOS) for certain election costs. Starting July 1, 2024, counties will be reimbursed 45% of the cost incurred in conducting an election. Any increase to the cost to reimburse counties may come from the General Fund or Department of State Cash Fund. For now, it is assumed the state reimbursement for these costs will come from the General Fund; however, the General Assembly could also choose to appropriate a portion of this cost from the cash fund.

## **State Revenue**

The bill may increase state revenue by up to \$2.5 million in FY 2024-25 and potentially by additional amounts, as described below. This revenue is from business filing fees and is deposited to the Department of State Cash Fund.

**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 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. Should the General Fund portion of costs under this bill be paid from the Department of State Cash Fund, an additional revenue increase would occur.

**State Expenditures**

This bill will increase state expenditures in DOS by about \$9.3 million and 1.5 FTE in FY 2024-25 and \$3.1 million and 1.5 FTE in FY 2025-26. These costs, paid from the General Fund and the Department of State Cash Fund, are displayed in Table 2 and described below

**Table 2  
Expenditures Under HB 24-1145**

	FY 2024-25	FY 2025-26
<b>Department of State</b>		
Personal Services	\$99,285	\$99,285
Operating Expenses	\$1,920	\$1,920
Capital Outlay Costs	\$20,010	-
Computer Programming	\$471,040	-
Outreach Campaign	\$2,000,000	-
County Reimbursement	\$6,681,448	\$3,000,781
Centrally Appropriated Costs <sup>1</sup>	\$26,678	\$26,678
FTE – Personal Services	1.5 FTE	1.5 FTE
<b>Total Cost</b>	<b>\$9,300,381</b>	<b>\$3,128,664</b>
<b>Total FTE</b>	<b>1.5 FTE</b>	<b>1.5 FTE</b>

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

**Personal.** The DOS will require two 0.5 FTE Election Specialists to assist with the increase in county reimbursement submissions, as well as to provide support and oversight to county voting service and polling centers. DOS will also require 0.5 FTE Accountant to gather county data to determine the bills impact on election administration.

**Computer programming.** DOS will need to update the Online Voter Registration page and statewide voter registration system to confirm mailing addresses, primary ballots, create new reports, track voting type, and reset each election cycle. This is estimated to require 3,680 hours of programming time at a rate of \$128 per hour.

**Outreach campaign.** The DOS will engage in a public voter education campaign from to inform voters about election changes. Based on expenses in the DOS to conduct voter education following the changes to primary elections in 2018 and 2020, the DOS will require \$2.0 million for a statewide public awareness campaign.

**County reimbursement.** Starting in July 1, 2024, the DOS is required to reimburse 45% of a county's election costs. County costs will increase due to an increase in in-person voting. This is estimated to cost the state an additional \$6.7 million in general election years, and \$3.0 million for off-year elections. Reimbursement from the state is assumed to be paid from the General Fund. The breakdown of these costs is show in Table 3.

**Table 3  
State Reimbursement to Counties Under HB 24-1145**

	<b>FY 2024-25</b>	<b>FY 2025-26</b>
<b>County Increased Costs</b>		
Voting System Fees	\$462,740	\$217,760
Primaries and Other Elections	\$6,450,642	\$6,450,642
General Elections	\$7,934,280	\$0
<b>Total Increased County Costs Statewide</b>	<b>\$14,847,662</b>	<b>\$6,668,402</b>
<b>State Reimbursement Costs (45% of County Costs)</b>	<b>\$6,681,448</b>	<b>\$3,000,781</b>

Counties will be required to add in more voting machines and other voting systems to keep up with increased in-person voting demand. There will also be an increase to the cost of running an election, as counties will need to operate additional voting service and polling centers, hire more staff and election officials, and incur additional administrative costs.

**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**

**TABOR refunds.** The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by up to \$2.5 million in FY 2024-25. This estimate assumes the December 2023 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2025-26. Because TABOR refunds are paid from the General Fund, increased cash fund revenue will reduce the amount of General Fund available to spend or save.

**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. 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, decreasing the amount of General Fund available for other purposes.

## Local Government

As described in the State Expenditures section and shown in Table 3 above, counties will have increased costs to conduct additional in-person voting. 45 percent of these county election costs will be reimbursed by the state. In addition, the bill will necessitate the purchase of allowable electronic voting equipment. One-time costs will be incurred to purchase these resources for in-person voting, which are assumed as not eligible for state reimbursement. By county size, these equipment costs are estimated to be:

- \$600,000 for a large county;
- \$107,500 for a medium county; and
- \$37,500 for a small county.

## Effective Date

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

## State Appropriations

For FY 2024-25, the bill requires the following appropriations:

- \$6,681,448 from the General Fund to the Department of State for county election cost reimbursement; and
- \$2,592,255 from the Department of State Cash Fund to the Department of State, and 1.5 FTE, for administrative, staffing, and IT costs.

## State and Local Government Contacts

County Clerks

Information Technology

Secretary of State

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The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).