



## Fiscal Note

### Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

## HB 25-1193: VOTE TRANSPARENCY PROTOCOL ACT

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**Prime Sponsors:**

Rep. Suckla

**Fiscal Analyst:**

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### Summary Information

**Overview.** The bill creates a new process for voter registration and voter verification, requires the use of distributed ledger voting for all statewide elections.

**Types of impacts.** The bill is projected to affect the following areas on an ongoing basis:

- State Revenue
- State Expenditures
- State Transfers
- TABOR Refunds
- Local Government

**Appropriations.** For FY 2025-26, the bill requires an appropriation of \$27.8 million to the Department of State.

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**Table 1**  
**State Fiscal Impacts**

<b>Type of Impact</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
State Revenue (Cash Funds)	\$27,769,208	\$11,297,448
State Expenditures (Cash Funds)	\$27,769,208	\$11,297,448
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$27,769,208	\$11,297,448
Change in State FTE	50.6 FTE	41.5 FTE

## Summary of Legislation

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The bill requires the use of distributed ledger voting for all elections conducted in the state. A distributed ledger allows information to be entered into a publicly available common database from multiple locations at different times. The ledger is public but uses a code that makes the personal information in the ledger private but still verifiable.

The bill requires all voters to reregister to vote annually. To obtain a mail-in-ballot, voters must provide specified information and voter verification on the Department of State's (DOS) website, or in connection with payment of an electricity, gas, or water bill;

Additionally, the bill requires that the DOS:

- use the distributed ledger system to confirm that no voter voted more than once;
- perform an audit to ensure that all votes were recorded correctly;
- upon request and for a fee of no more than \$20, allow a voter to see how their vote was recorded;
- hire a non-state agency to verify that voter registrations are deleted annually; and
- withdraw from the Electronic Registration Information Center (ERIC).

## State Revenue

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The bill increases fee revenue in DOS by up to \$27 million in FY 2023-24 and up to \$11 million in future years to the Department of State Cash Fund. These impacts are described below.

### Fee Impact on Businesses

Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. Under current law, 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 will need to be raised to cover the costs. 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 business activities subject to fees. This revenue is subject to TABOR

### Fee Impact on Voters

The bill allows the DOS to charge a fee of up to \$20 to allow a voter to see how their vote was recorded. The fiscal note cannot estimate how many voters will choose to pay for this service but given the small fee amount assumes that any impact to state revenue will be minimal.

**State Expenditures**

The bill increases state expenditures in the DOS by about \$27.8 million in FY 2025-26, and by about \$11.3 million in FY 2026-27. These costs, paid from the Department of State Cash Fund, are summarized in Table 2 and discussed below. The bill also minimally affects workload in the Legislative Department.

**Table 2  
State Expenditures  
Department of State**

<b>Cost Component</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
Personal Services	\$3,619,924	\$3,064,780
Operating Expenses	\$64,768	\$53,120
Capital Outlay Costs	\$266,800	\$0
All Employee Insurance	\$645,098	\$529,523
Supplemental PERA	\$320,121	\$271,028
Distributed Ledger Creation: IT	\$10,000,000	\$350,000
Distributed Ledger Creation: Contract	\$0	\$0
Distributed Ledger Population: Contract	\$9,028,600	\$5,665,600
Distributed Ledger Population: Savings	-\$2,774,080	-\$2,774,080
Clear Voter Registrations: Outreach	\$3,000,000	\$3,000,000
Clear Voter Registrations: Contract	\$104,000	\$104,000
Mail-in-Voting Changes: IT Costs	\$2,460,500	\$0
Mail-in-Voting Changes: Net Reimbursement	\$1,102,500	\$1,102,500
Withdraw from ERIC: Alternative Data Sources	\$0	\$0
Withdraw from ERIC: Savings	-\$69,023	-\$69,023
<b>Total Costs</b>	<b>\$27,769,208</b>	<b>\$11,297,448</b>
<b>Total FTE</b>	<b>50.6 FTE</b>	<b>41.5 FTE</b>

**Department of State**

The DOS will have the following costs and savings beginning in FY 2025-26:

- staff and IT costs to create the distributed ledger;
- staff and contract costs, and some savings, to assume responsibility for counting votes to populate the information in the ledger;
- staff costs for the continued operation of the ledger including the audit requirements;
- outreach and contract costs to clear all voter registrations annually;

- staff, IT, reimbursement, and indeterminate contract costs and savings to implement the changes to mail in voting; and
- indeterminate costs and savings to withdraw from ERIC.

## Distributed Ledger System Creation

The DOS will require an estimated \$10 million in FY 2025-26 and 7.0 ongoing FTE to redesign the voting system to allow for use of a distributed ledger. These costs were informed by a pilot project and other work funded by Tusk Philanthropies, a nonprofit organization investing in mobile voting secured through distributed ledger systems.<sup>1</sup>

## Distributed Ledger Population

To populate the ledger with individualized election information, the fiscal note assumes that the DOS will be responsible for counting votes at state elections. This work is currently done at the county level and the DOS reimburses counties for 45 percent of their costs.

The DOS will require about \$9 million in FY 2025-26 and \$5.6 million in future years and 7.3 ongoing FTE to count all votes in all elections. This includes one-time costs for equipment and warehouse purchases and ongoing costs for equipment customer support access and warehouse security. The 7.5 FTE represent 46 employees who will be hired for 1-3 months of the year per election. In FY 2025-26, this work will be conducted for the November and June elections, totaling 15 FTE.

The DOS will save costs by not reimbursing counties for 45 percent of their costs to do this work. The fiscal note assumes that current county costs statewide are similar to the estimated costs to conduct the work under the DOS after the first year of implementation.

## Clear Voter Registrations

The bill requires all voter registrations to be cleared annually. The DOS will conduct outreach efforts to remind voters to reregister every year. Additionally, the bill requires the DOS to contract with a non-state agency to confirm that all voter registrations are cleared. This contract is estimated to require 80 hours of work annually.

## Mail-In Voting Changes

The bill requires voters to apply for a mail-in ballot not sooner than one month in advance of each election, and allows a request to be made along with a utility bill. Collecting requests through the utility companies will require IT costs, contract costs and 15.9 FTE in FY 2025-26, and 12.5 FTE in future years. The contract costs will be adjusted for through the annual budget process once negotiated. The IT costs and staffing costs were informed by an estimate that 867 relevant utility companies operate in Colorado.

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<sup>1</sup> Freed, B. (2021, October 4). Mobile voting booster Bradley Tusk to spend another \$10 million to build new system. StateScoop. <https://statescoop.com/mobile-voting-bradley-tusk-10-million>

Additionally, the change is expected to decrease the number of votes cast through mail-in ballots. This will drive a decrease in mail-in ballot costs and an increase in in-person-voting costs, resulting in a net increase in costs. These costs are incurred by counties and the DOS then reimburses counties for 45 percent. The fiscal note based the net impact to reimbursement costs on the savings estimate associated with [House Bill 13-1303](#), which made mail-in ballots universal.

## Withdraw from Electronic Registration Information Center

The bill requires the DOS to withdraw from ERIC. The DOS currently pays about \$70,000 in ERIC fees that it will no longer incur. ERIC currently provides the DOS with maintenance reports that alert them if a voter has moved away from their jurisdiction, has died, or moved into a different jurisdiction. The DOS may have costs to collect this information from other sources but this impact is indeterminate.

## Additional Employee Costs

Pursuant to a Joint Budget Committee policy, certain costs are typically addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills. Since the bill requires over 20 FTE, these costs are addressed through a direct appropriation in the bill instead. These costs include employee insurance, supplemental employee retirement payments, and leased space as shown in Table 2.

## Other Agency Impacts

The bill requires the General Assembly ensure that the distributed ledgers are easily searchable, accurate, and secure. Since the DOS is responsible for developing and maintain the ledgers, the fiscal note assumes that workload for the Legislative Department will be minimal.

## TABOR Refunds

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The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section above. This estimate assumes the December 2024 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2026-27. 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.

## Local Government

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As discussed in the State Expenditure section, election costs in counties are expected to:

- decrease as the DOS assumes responsibility for counting votes;
- increase to operate additional in-person voting centers; and
- decrease to send fewer mail ballots.

On net, these impacts are expected to decrease costs to counties by up to \$2 million per year on a statewide basis. However, given the significant changes to voting systems and processes, additional costs may also be incurred by county clerks for voter outreach, new equipment, and other expenses. Counties are reimbursed by the state for 45 percent of their election costs, so any costs and savings at the county level will be offset by this reimbursement.

## Effective Date

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

## State Appropriations

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For FY 2025-26, the bill requires an appropriation of \$27,769,208 from the Department of State Cash Fund to the Department of State, and 50.6 FTE.

## State and Local Government Contacts

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Counties	Secretary of State
County Clerks	Legislative Council Staff

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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](#).