

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2021-22</b>		<b>FY 2022-23</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$388,201		\$172,530	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	\$388,201		\$172,530	

**Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.**

LB 125 amends the Election Act by allowing for ranked-choice voting in certain elections.

Based on the bill’s provisions, the Secretary of State identifies the need for each county to have a specific type of voting tabulation software. In 2020, the Secretary of State provided new software and computers for 80 of the state’s 93 counties. The cost estimate to provide new software and hardware for the remaining 13 counties is \$111,241. There is no basis to disagree with this estimate.

The Secretary of State also estimates the cost for a public education program to inform and teach the public about the changes will be approximately \$400,000, spread over the biennium. This estimate is based on similar experiences in other states. There is no basis to disagree with this estimate.

Finally, the Secretary of State includes estimates for postage and travel costs. Postage costs will address reporting of ranked-choice ballots from each county. Travel costs will be utilized to travel to counties and teach county election officials about the changes.

The Secretary of State identifies that the cost of printing ranked-choice ballots will increase the cost to the counties, who bear this cost. It is estimated that the cost to counties will double under LB 125’s provisions. The cost to counties is not included in the table at the top of this fiscal note.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 125	AM:	AGENCY/POLT. SUB: Secretary of State	
REVIEWED BY: Jacob Leaver	DATE: 02/16/2021	PHONE: (402) 471-4173	
COMMENTS: The fiscal estimate provided by the Secretary of State seems reasonable given the assumptions used.			

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2021

LB<sup>(1)</sup> 125

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> Secretary of State

Prepared by: <sup>(3)</sup> Joan Arnold Date Prepared: <sup>(4)</sup> 1/27/2021 Phone: <sup>(5)</sup> 402-471-2384

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$388,201		\$172,530	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$388,201</u>		<u>\$172,530</u>	

Explanation of Estimate:

LB125 would change the voting process to a ranking system in the elections for the offices of Representative in Congress, United States Senator, member of the Legislature, and Governor. The new voting method would require all counties statewide to have a specific type of voting tabulation software, as well as a hardened computer. In 2020, our office purchased the software and computers for 80 of the 93 counties as part of the statewide voting equipment replacement project. The cost to provide the software and computers to the additional 13 counties would be \$111,241. At the state level, our office would also need a new type of software to allow for tabulation of ranked choice voting. This new software costs \$15,000 per election according to our system vendor (primary and general elections are considered two separate elections). This \$15,000 would be an ongoing cost, while the \$111,241 would be a one-time cost.

Our existing Election Night Reporting (ENR) System vendor has indicated that there would be no cost to modify that system. However, we do anticipate an increase in postage costs in order to receive the final results from all counties as expediently as possible given the additional complexity of tabulating ranked choice voting results. We anticipate ranked choice voting would require purchasing overnight postage for all 93 counties, estimated at \$4,600 per election based on overnight shipping rates. This would be an ongoing cost.

We also estimate about \$10,290 in travel expenses (\$7,360 in FY22 and \$2,930 in FY23) for Elections staff to train county officials and poll workers on the new election process over the next two fiscal years. These would be one-time costs.

LB125 requires the Secretary of State to “Provide for the proper and efficient administration of elections determined by ranked-choice voting...” Ranked choice voting is a change of such magnitude that “proper and efficient administration” will require a large-scale public education campaign to explain the modifications that candidates and voters should expect to see on their ballot on election day. We estimate the cost of an educational campaign to be at least \$400,000, with \$250,000 expected during fiscal year 2022, leading up to the first primary election, and \$150,000 during fiscal year 2023, in preparation for the first general election. The educational campaign is likely to include TV, radio, newspaper, and social media marketing, as well as direct mail to voters. It is anticipated that we would utilize an experienced marketing firm for the campaign. This cost is very difficult to quantify, but our estimate is based on amounts spent in other cities/states for ranked choice voting and historic costs incurred by our office for voter communications. Examples are outlined below:

- For a ranked choice voting election in Minneapolis, MN, \$109,500 was spent on voter education. On a per capita basis, that would amount to \$500,000 to conduct a similar education effort across the entire state of Nebraska.
- Utah introduced a similar bill this year and included \$500,000 for voter education.
- The costs related to statewide notification of petition initiatives in 2020 from the Nebraska Press Association amounted to \$318,140. This was for newspaper publications only. We anticipate needing

additional marketing avenues for a mass educational campaign.

- The costs to mail early ballot request forms to 300,000 registered voters leading up to the May 2020 primary election were \$172,500. This is only the cost incurred by our office as several of the larger counties had already sent these request forms. Statewide, this mailing alone likely cost \$690,000 to reach every registered voter (1.2 million).

Lastly, it is important to note that this legislation will likely have a significant fiscal impact on the counties. According to our vendor, ballot printing costs, historically paid by the counties, will double as the ballots will be more complex and lengthier. During the 2019/2020 election cycle, ballot printing costs statewide were \$700,000. Likewise, postage costs will increase, and ballot coding expenses are expected to be higher. It is difficult to estimate the exact costs for each county as county sizes and ballots differ significantly. The increased costs to the counties would be ongoing for each election and funding unlikely to be available in the existing county budgets.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....			\$380,841	\$169,600
Travel.....			\$7,360	\$2,930
Capital outlay.....				
Aid.....				
Capital improvements.....				
<b>TOTAL.....</b>			<b>\$388,201</b>	<b>\$172,530</b>