

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2023-24		FY 2024-25	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$6,092,500			
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$6,092,500			

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

LB 457 requires every official ballot to include a serialized number, readable by humans, but not by machines. Ballots shall include at least three of four specified features:

- A watermark
- A Holograph
- A taggant
- Other anti-counterfeiting techniques developed and used to protect United States paper currency

Section 2 requires each polling place to be equipped so that every ballot distributed is under video surveillance from the time the ballot is handed to the voter until it is sealed in the appropriate storage box. The election commissioner or county clerk shall ensure that each polling place is provided with appropriate video surveillance equipment. Section 5 requires all ballots and recorded video surveillance be kept for three years.

Section 6 requires any vote scanning device or vote tabulation equipment be verified and certified by election officials to be incapable of reading or executing any embedded code or triggers on scanned ballots.

The Secretary of State (SoS) estimates the cost for continuous video surveillance and storage to be \$5,350,000. This is a one-time cost based on a quote from an existing state contractor. In regard to the certification of voting equipment requirement, SoS estimates a cost of \$742,500. Again, this is a one-time cost based on a vendor's quote.

SoS notes that the certification process would likely void the warranty on all voting equipment.

There is no basis to disagree with SoS's estimates.

The cost of printing ballots is borne by counties. The special feature requirements listed above will result in additional costs for ballot printing. Thermal paper, which is more expensive, would need to be used. Douglas county estimates an additional cost of \$144,000 for each election. Douglas county also estimates a cost for video surveillance equipment. Since SoS estimated video surveillance equipment as a state cost, it would appear that counties will not incur this cost.

Lancaster County was unable to confirm certain costs and provided their best estimate regarding LB 457's fiscal impact to be \$1,210,000 in fiscal year 2023-24 and \$490,000 for ongoing costs beginning in fiscal year 2024-25.

It is assumed that all counties will realize an increase in the costs associated with future elections due to the higher cost of printed ballots.

The dollars in the table above do not reflect county costs.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 457	AM:	AGENCY/POLT. SUB: Secretary of State	
REVIEWED BY: Kimberly Burns	DATE: 03/21/2023	PHONE: (402) 471-4171	
COMMENTS: No basis to disagree with the Secretary of State's assessment of fiscal impact resulting from LB 457.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 457	AM:	AGENCY/POLT. SUB: Douglas County, Nebraska	
REVIEWED BY: Kimberly Burns	DATE: 01/26/2023	PHONE: (402) 471-4171	
COMMENTS: No basis to dispute the Douglas County, Nebraska's estimate of new and ongoing fiscal impact resulting from LB 457.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 457	AM:	AGENCY/POLT. SUB: Lancaster County Election Commissioner	
REVIEWED BY: Kimberly Burns	DATE: 01/23/2023	PHONE: (402) 471-4171	
COMMENTS: No basis to dispute the Lancaster County Election Commissioner's estimate of fiscal impact from LB 457.			

Please complete ALL (5) blanks in the first three lines.

2023

LB⁽¹⁾ 457

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Secretary of State

Prepared by: ⁽³⁾ Joan Arnold Date Prepared: ⁽⁴⁾ 3-13-2023 Phone: ⁽⁵⁾ 402-471-2384

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$6,092,500			
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$6,092,500</u>			

Explanation of Estimate:

Section 1 of LB457 requires watermarks, holographs, taggants, and other anti-counterfeiting techniques to be used on ballots. The cost of purchasing and printing ballots is historically a county cost, but such costs are estimated to increase by \$2.3 million statewide per FY. This amount is not included in our costs. This estimate does not include additional costs for the ballots used on the ADA ballot marking devices as those devices only work with thermal paper. At this time, it is unclear how that thermal paper would accommodate the techniques required by this bill.

LB457 sections 2, 3, and 4 require ballots distributed at polling places to be under video surveillance from when they are handed to the voter until they are put in the ballot box. Based on a quote from an existing state contractor, this is estimated to cost \$5.35 million. This cost also includes storage of the videos as required by section 5 of the bill.

Lastly, section 6 of LB457 appears to require that all vote tabulation equipment be certified to be incapable of reading or executing embedded code. Based on a quote from SLI Compliance, which is a voting system test laboratory approved by the US Election Assistance Commission, this certification process was estimated to cost \$742,500. Please note that this quote did not include shipping or travel costs. Additionally, this certification process would likely void the warranty on all voting equipment.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....			\$6,092,500	
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			<u>\$6,092,500</u>	

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2023

LB457⁽¹⁾ *Require video surveillance of voting and provide requirements for paper ballots, vote scanning devices, and vote tabulating equipment*

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ DOUGLAS COUNTY, NEBRASKA

Prepared by: ⁽³⁾ Brian W. Kruse, Douglas County Election Commissioner Date Prepared: ⁽⁴⁾ 1/23/2023 Phone: ⁽⁵⁾ 402-444-8683

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>NEW COST</u>	<u>N/A</u>	<u>ON-GOING NEW COST</u>	<u>N/A</u>

Explanation of Estimate:

NEGATIVE (DETRIMENTAL) FISCAL IMPACT TO DOUGLAS COUNTY

Category	Additional Election Cost	Notes
Official Ballot additions	\$144,000.00	Current price per ballot sheet is \$0.09. For a Presidential General Election, approximately 800,000 sheets are used if a two-page ballot. Vendor estimates the cost would increase for ballot stock by three times. Current cost 0.09 x 2 x 800,000 = Additional Cost
Software and printers for official ballot additions	Unknown	If the additions to the official ballots would require new software and/or printing equipment, there would be additional costs
Video recording devices at polling places	\$552,000.00	Estimating cost of a video recording storage device of \$600. 230 precincts x 4 per precinct x \$600
TOTAL	\$696,000.00	

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2023

LB⁽¹⁾ 457

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Lancaster County Election Commissioner

Prepared by: ⁽³⁾ David J. Shively Date Prepared: ⁽⁴⁾ 1/18/2023 Phone: ⁽⁵⁾ 402 441-7311

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$1,210,000		\$490,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$1,210,000</u>		<u>\$490,000</u>	

Explanation of Estimate: Please note that this is an estimate. Our office was unable to confirm certain costs so our estimate is what we think it could be.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
IT Specialist	1	1	\$100,000	\$105,000
Benefits.....			\$10,000	\$10,000
Operating.....			\$200,000	\$350,000
Travel.....				
Capital outlay.....			\$900,000	\$25,000
Aid.....				
Capital improvements.....				
TOTAL.....			<u>\$1,210,000</u>	<u>\$490,000</u>