
MEMORANDUM

Legislative Fiscal Office
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To: General Government Subcommittee

From: Steve Bender, Legislative Fiscal Office
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Date: February 11, 2015

Subject: HB 2177 – Relating to elections
Work Session Recommendations

HB 2177 allows certain electronic records of the Oregon Department of Transportation (ODOT) to be constituted as a completed voter registration card. The bill directs ODOT to provide the Secretary of State (SOS) with electronic records containing name, age, residence and citizenship information, along with electronic signatures, for this purpose. Persons identified as qualified to vote but not already registered will be added to the elector registration list unless they decline within 21 calendar days of notification.

The House Committee on Rules held a public hearing on HB 2177 on February 2, 2015, and voted on February 4, 2015 to recommend the measure do pass and be referred to the Joint Committee on Ways and Means. The measure, the previously-released fiscal impact statement, and the original staff measure summary are available on the Oregon Legislative Information System (OLIS), and are attached to the memorandum.

The provisions of the measure directing the Secretary of State to register qualified persons have a fiscal impact to the Secretary of State, to counties, and to the Oregon Department of Transportation. Costs to the SOS are largely one-time in nature, and relate to initial implementation of the program. These implementation costs are independent of the number of additional voters registered. The SOS will also, however, have some ongoing costs to notify eligible voters of their options to opt-out of registration or to choose a political party affiliation, and these ongoing costs will vary with the number registered. The fiscal impact to counties, on the other hand, which include the costs of printing, mailing, and processing additional ballots, will be fully related to the number of voters added to registration rolls by the bill.

Legislative Fiscal Office Recommendation

The Legislative Fiscal Office (LFO) does not recommend amending the bill to include budget adjustments or funding for the new program, but instead recommends that any such adjustments be included at a future time in either the Secretary of State's budget bill (HB 5036) or the end-of-session budget bill (SB 5507). LFO does recommend approving a Federal Funds expenditure limitation increase for the Secretary of State for costs associated with the measure, but notes that the Secretary of State is requesting

other budget adjustments relating to the operation of the Oregon Centralized Voter Registration system, and that any HB 2177-related budget adjustments need to be coordinated with the Committee’s review of these other requests.

LFO further notes that county election costs will rise as the number of registered voters increases. LFO recommends that the Committee consider appropriating General Fund support to counties for the 2015-17 biennium to offset cost increases associated with implementation of this measure, within the constraints of available General Fund resources and other General Fund budget needs.

Motion:

The measure is recommended to be moved to the full Joint Committee on Ways and Means.

Motion: Move HB 2177 to the full committee with a “do pass” recommendation.

Assignment of Carriers

Full: _____

House Floor: _____

Senate Floor: _____

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: HB 2177**Seventy-Eighth Oregon Legislative Assembly – 2015 Regular Session
Legislative Fiscal Office**Only Impacts on Original or Engrossed
Versions are Considered Official**Prepared by: Theresa McHugh
Reviewed by: Steve Bender, Julie Neburka
Date: February 4, 2015**Measure Description:**

Directs Department of Transportation to provide Secretary of State with electronic records containing legal name, age, residence and citizenship information and electronic signature of each person who may qualify as elector as prescribed by secretary by rule.

Government Unit(s) Affected:

Secretary of State, Counties, Oregon Department of Transportation

Summary of Expenditure Impact - Secretary of State

	2015-17 Biennium	2017-19 Biennium
General Fund		
Lottery Funds		
Other Funds		
Federal Funds	753,445	42,616
Total Funds	\$753,445	\$42,616
Positions	1	
FTE	0.50	

Summary of Expenditure Impact - Counties

	2015-17 Biennium	2017-19 Biennium
Total Funds	\$767,865	\$825,757

Note: All cost estimates are based on an implementation date of January 1, 2016.

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

House Bill 2177 requires the Oregon Department of Transportation (ODOT) to share information (including age, residence, citizenship data, and copies of signatures as maintained by the agency) digitally with the Secretary of State's office. The Secretary of State will use this information to register voters and maintain up-to-date voter rolls. The bill provides for the voter registration of individuals in the Driver and Motor Vehicle Services (DMV) database who meet voter eligibility requirements, unless the individual chooses to opt out. The bill directs the Secretary of State to ensure that notices are sent to each eligible person describing how to opt out of registration and how to select a political party affiliation. The bill also increases the maximum number of electors in a precinct from 5,000 to 10,000, and establishes July 1, 2015, as the date for determination of the total number of registered voters in Oregon

for the purpose of maintaining status as a minor political party for the 2016 general election. The bill stipulates that voter registration information for those who are under the age of 18 will not be a public record until the individual turns 18. The bill includes an emergency clause making it effective upon passage, but does not require implementation until January 1, 2016.

Secretary of State (SOS)

The SOS will incur both one-time and ongoing costs to implement the bill. One-time costs during the 2015-17 biennium include software and hardware upgrades to the Oregon Centralized Voter Registration (OCVR) database to develop the functionality needed to implement the measure, overseen by a limited-duration Information Systems Specialist 8 project manager (0.50 FTE) to implement the changes. Ongoing costs (which the SOS would assume) include the production, processing, and mailing of notices to eligible individuals notifying them of their options to opt-out of registration or to select a political party affiliation.

These costs are projected to total \$753,445 in the 2015-17 biennium and \$42,616 in 2017-19. The SOS anticipates using federal Help America Vote Act (HAVA) funds to carry out the provisions of the bill. Because the agency will receive no additional HAVA funds and must use HAVA funds already in hand, the bill reduces the amount of Federal Funds available to support other Elections Division expenditures, and increases ongoing costs that will need to be financed with General Fund after HAVA funds are exhausted.

Counties

Counties will incur increased costs for printing, mailing, and processing of additional ballots, as voters are added to registration rolls as a result of the bill. Counties will realize some savings from no longer having to process paper voter registrations from the DMV. The cost to counties is uncertain, and will depend upon how many individuals are eligible to be registered, how many of those eligible choose to opt out, and how many newly-registered voters receiving a ballot actually vote.

Counties developed the estimates above based on the number of new voters projected by the SOS, and the actual operational costs to maintain county voter registration files and conduct elections. The Elections Division projects that the measure will increase the number of registered voters by a maximum of 437,832 people (or approximately 20%) in the 2015-17 biennium, and that it will further increase voter registration counts over the remaining years of an eight-year phase-in period. Counties estimate they will incur a cost of approximately \$1.75 per additional eligible voter (equal to a cost of \$.15 per voter over all projected voters). Based on these assumptions, the net cost increase to the 36 Oregon counties will phase in as the number of registered voters increases, and is estimated to total \$767,865 in 2015-17, and \$825,757 in 2017-19. The increase in voter numbers will continue for the next eight years until the DMV renewal cycle is complete.

Oregon Department of Transportation (ODOT)

ODOT anticipates that, should this bill become law, there will be start-up costs totaling \$33,200, primarily related to data system changes that will need to be made. These costs are anticipated to be offset by savings in the amount of \$110,707 in 2015-17, from the discontinuation of the current process used by DMV, under which all applicants for driver licenses, driver permits, or ID cards are asked if they want to register to vote. Since this process is required under the National Voter Registration Act, the SOS will be seeking a waiver from the federal government to release Oregon from these requirements on the basis that the new process exceeds the federal requirements. The net savings in 2015-17 would be \$77,507. These savings would increase to \$147,610 in 2017-19. It should be noted that costs associated with voter registration are not a permissible use of State Highway Funds; DMV expenses for this purpose are covered by the Transportation Operating Fund.

Fiscal: Fiscal impact issued

Revenue: No Revenue Impact

Action Date: 02/04/15

Action: Do Pass. Refer To Ways And Means.

Meeting Dates: 02/02, 02/04

House

Yeas: 5 - Barnhart, Hoyle, Nosse, Rayfield, Smith Warner

Nays: 4 - Gilliam, Kennemer, Wilson, McLane

Prepared By: Erin Seiler, Committee Administrator

WHAT THE MEASURE DOES:

Directs Oregon Department of Transportation to provide Secretary of State (SOS) with electronic records containing legal name, age, residence and citizenship information and electronic signature of each person who may qualify as voter as prescribed by rule. Directs SOS to register as voter each nonregistered person who is qualified to vote and to notify persons on how to decline registration and how to select political party affiliation. Increases maximum number of voters in precinct from 5,000 to 10,000. Establishes July 1, 2015, as date for determination of total number of registered voters in Oregon for purpose of maintaining status as minor political party for 2016 general election. Prohibits public record disclosure of voter registration information for persons under 18 years of age who are registered to vote. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Security of protected voter information
- Removal of barriers to participation
- Proof of citizenship requirement for registration
- Implementation cost and cost-savings for county clerks
- Ability to participate in elections
- Access to general election ballot for minor parties
- Registration deadline
- Impact on status of minor political parties
- Ability to opt-out of voter registration
- Reasons for registering or not registering to vote
- Amendments
- Data security mechanisms

EFFECT OF COMMITTEE AMENDMENT:

No amendment.

BACKGROUND:

The National Voter Registration Act of 1993 (NVRA) established procedures to increase voter registration of eligible people in elections for federal office; to protect the integrity of the political process; and to assure accurate and current voter registration rolls. To increase registration of eligible citizens, the NVRA required states to permit voter registration through the following means (in addition to any other method provided by state law): (a) by application simultaneous with an application for a motor

vehicle driver's license ("motor-voter" registration); (b) by use of a uniform mail application; and, (c) by application in person at a designated agency.

ORS 247.208 permits the Secretary of State (SOS) by rule, in accordance with the requirements of NVRA, to designate agencies as voter registration agencies. A NVRA agency could be a state, county, city or special district office; federal office; or nongovernmental office. House Bill 2177 requires the Oregon Department of Transportation, a NVRA agency, to provide the SOS the electronic records containing legal name, age, residence and citizenship information and electronic signature of each person who may qualify as voter. Individuals registered to vote through this process would be notified of registration status, how to cancel registration, and how to adopt a political party affiliation.

Additionally, under current statute (ORS 248.008) a minor party gains or maintains ballot access by maintaining a voter registration equal to 1/10 of 1 percent of all voters and by running a statewide candidate that polls at least 1 percent of all voters participating in the preceding general election or by maintaining a voter registration equal to 1/2 of 1 percent of the total number of registered electors in the state that are registered as members of the party. HB 2177 would allow minor parties to utilize the total number of registered electors on July 1, 2015, for purposes of maintaining status as a minor political party for the 2016 general election.