



OHIO LEGISLATIVE SERVICE COMMISSION

Terry Steele

Fiscal Note & Local Impact Statement

Bill: S.B. 135 of the 132nd G.A.

Status: As Reported by House Finance

Sponsor: Sen. LaRose

Local Impact Statement Procedure Required: No

Subject: Provides funding to reimburse counties for the cost of acquiring voting machine systems

State & Local Fiscal Highlights

- **Voting machine acquisitions.** The bill provides \$104.5 million in fractionalized interests in public obligations (Certificates of Participation, or COPs) for the Secretary of State to acquire new voting machines and related services. The proceeds will be used to assist counties to pay for these acquisitions and be allocated to counties in a formula established in the bill.
- **Voting and tabulation equipment reimbursements.** The bill provides \$10 million in GRF funding in under newly created Controlling Board appropriation item 911917, Voting and Tabulation Equipment Reimbursement, to assist counties in paying the costs of new voting and tabulation equipment bought after January 1, 2014 and before the effective date of the bill. Counties would be eligible for reimbursement for a portion of the costs determined by a formula described in the bill.
- **Unified Statewide Purchasing/Leasing Program.** The bill requires the Secretary of State, in consultation with the Department of Administrative Services, to establish a statewide purchasing or leasing program for voting and tabulating equipment.

Detailed Fiscal Analysis

New voting machine acquisitions

The bill requires the Secretary of State, with assistance from the Department of Administrative Services, to pay a predetermined portion of the costs that boards of elections incur for acquiring voting machines. Under this process, the bill requires the Secretary of State to request that the Office of Budget and Management make arrangements for the issuance of obligations, including fractionalized interests in public obligations of up to \$104.5 million.

The Secretary of State and county commissioners acquiring new machines must enter into an agreement concerning the selection of vendor and acquisition of machines. Because the voting machines are to be acquired using state financing, the Secretary of State will own these voting systems during the period for which the state financing

obligations are outstanding. Once these obligations have matured, ownership will transfer to the applicable board of county commissioners. The board of county commissioners, however, would be responsible for entering into all necessary agreements and contracts with the selected vendor. The Secretary of State's role is to determine what the allowable costs in these contracts and agreements are and the resulting amount to be paid from each county's allocation of funding under the bill. Any costs that are not allowable must be paid by the board of county commissioners.

Voting and tabulation equipment reimbursements

The bill also provides \$10 million in funding and establishes a mechanism for reimbursing county boards of elections for the cost of voting and tabulation equipment that was bought or leased on or after January 1, 2014. The reimbursement program is to be overseen by the Secretary of State in the same manner as new machine acquisitions described above. The funding for this reimbursement program comes from newly created GRF appropriation item 911917, Voting and Tabulation Equipment Reimbursement, under the purview of the Controlling Board. The reimbursements to counties are to be made upon request of the Secretary of State and in conjunction with the Director of Budget and Management. Once approved, these GRF appropriations may be transferred to newly created GRF appropriation item 050508, Statewide Voting and Tabulation Equipment. Any amount of the FY 2018 funding that remains unexpended and unencumbered at the end of FY 2018 is reappropriated for the same purpose in FY 2019.

Allocations and reimbursements for purchases

The bill establishes a reimbursement calculation for both the reimbursement of counties who have already purchased voting machines, and for future purchases of voting machines. Any purchase costs in excess of the allocation to each county must be paid by that county. The bill establishes a three-tier system for allocating this money:

1. Counties with fewer than 19,999 registered voters receive a base allocation of \$205,000 and an additional allocation to be determined by the actual number of registered voters in that county as of July 1, 2017.
2. Counties with between 20,000 and 99,999 registered voters receive a base allocation of \$250,000 and an additional allocation to be determined by the actual number of registered voters in that county as of July 1, 2017.
3. Counties with 100,000 or more registered voters receive a base allocation of \$406,000 and an additional allocation to be determined by the actual number of registered voters in that county as of July 1, 2017.

Unified Statewide Purchasing/Leasing Program

As part of the state's involvement in defraying a part of the cost counties incur for buying voting machines and tabulating equipment under the bill, the Secretary of State, in consultation with the Department of Administrative Services, must create a

unified statewide purchasing or leasing program. County boards of elections would be required to buy or lease new voting and tabulation equipment from vendors under this program. As part of the vendor selection for this program, the bill establishes the Voting Machine Acquisition Advisory Committee. The Committee consists of 13 members, with one member appointed by both the Speaker and Minority Leader of the House of Representatives, one member appointed by both the President and Minority Leader of the Senate, the Secretary of State, four members appointed by the Ohio Association of Election Officials, and four members appointed by the County Commissioners Association of Ohio. The bill specifies that the members of the Advisory Committee are not to be compensated.