



# OHIO LEGISLATIVE SERVICE COMMISSION

Terry Steele

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## Fiscal Note & Local Impact Statement

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

**Status:** As Introduced

**Sponsor:** Sen. LaRose

**Local Impact Statement Procedure Required:** No

**Subject:** Makes appropriations to reimburse counties for the cost of acquiring voting machines and tabulating equipment

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### State & Local Fiscal Highlights

- **Voting machine replacements.** The bill provides a capital appropriation of \$82 million from the Administrative Building Fund (Fund 7026) during the FY 2017-FY 2018 capital biennium to be used to assist counties in paying for 80% of the cost to buy replacement voting machines.
- **Voting and tabulation equipment reimbursements.** The bill provides \$7 million in funding in FY 2018 from the new Voting and Tabulation Equipment Fund (Fund 5QU0) to assist counties in paying the costs of new voting and tabulation equipment that is bought after January 1, 2014. Counties would be eligible for reimbursement for 80% of the costs. The new fund is to be capitalized with a transfer of \$7 million from the GRF.
- **Unified Statewide Purchasing/Leasing Program.** The bill requires the Department of Administrative Services (DAS), in consultation with the Secretary of State (SOS), to establish a statewide purchasing or leasing program for voting and tabulating equipment. The Office of Procurement Services within DAS could incur some additional cost for creating such a program. The Office of Procurement Services is supported by the General Services Fund (Fund 1170) under the DAS budget.

### Detailed Fiscal Analysis

#### New voting machine purchases

The bill requires the Office of Procurement Services within the Department of Administrative Services (DAS) to use \$82 million in capital appropriations over the FY 2017-FY 2018 capital biennium to pay 80% of the costs that boards of elections incur for acquiring voting machines. To do this, DAS, in consultation with the Secretary of State (SOS), must allocate a portion of the capital appropriation to each county in proportion to the number of registered voters in the county as of July 1, 2017. The Office of Procurement Services then must use each county's allocated funding to either (1) help the county purchase voting machines, or (2) reimburse the county for part of a voting

machine purchase that occurs before the bill's effective date. Under the latter situation, the reimbursement is limited to 80% of the purchase price up to the amount of the funding allocation determined by DAS and the SOS. The bill authorizes the Treasurer of State to issue and sell original obligations in an aggregate principal amount not to exceed \$82 million, to support the capital appropriation. The proceeds from the sale of bonds are to be deposited into the Administrative Building Fund (Fund 7026).

The bill also establishes procedures for counties that purchase voting machines after the bill's effective date. In this situation, a board of elections must submit a request to the Secretary of State, who in turn must provide the board with a list of certified vendors and voting machines, from which the board must select. The board must then notify the Office of Procurement Services of this selection. Both the county board of elections and the board of county commissioners will then enter into a memorandum of understanding with DAS concerning this purchase. Subsequently, the Office of Procurement Services will make the necessary purchases on behalf of the board, transferring custody of the voting machines to the board. Under this arrangement, the state is to cover 80% of the cost, while the county is responsible for paying the vendor the remaining 20% of the total cost of the contract, as determined by the SOS and DAS.

### **Voting and tabulation equipment reimbursements**

The bill also provides \$7 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. This reimbursement program is also to be overseen by the Office of Procurement Services within DAS. Similar to the voting machine funding provided through the capital appropriation described above, counties are eligible for reimbursement for 80% of their acquisition costs.

The state funding for this reimbursement program comes from a cash transfer of \$7 million from the GRF to the new Voting and Tabulation Equipment Fund (Fund 5QU0) created under the bill. Any amount of the FY 2018 funding under Fund 5QU0 line item 100670, Voting and Tabulation Equipment, 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**

There are situations under the bill where the county would presumably not be fully reimbursed for 80% of its costs for voting machines or voting and tabulation equipment. This would be the case if the county's allocation from the \$82 million appropriated under capital line item C100X, Voting Machine Replacements, which is to be used to buy new machines after the bill's effective date, falls short of the county's total acquisition cost. This would also be the case if the \$7 million appropriated statewide in FY 2018 from Fund 5QU0 line item 100670, Voting and Tabulation Equipment, to reimburse counties for voting and tabulation equipment falls short of the amount to cover 80% of a county's share of those costs. In such cases, it is assumed that

either the county would pay any additional costs, or would alter the amount of equipment to be purchased so that the total cost would be covered by the 80% state-20% local funding arrangement provided for in the bill.

### **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, DAS, in consultation with the SOS, must issue a request for proposal (RFP) to 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 a consequence, the Office of Procurement Services within DAS could incur some additional costs to oversee the statewide purchasing program. The Office of Procurement Services is supported by the General Services Fund (Fund 1170) under the DAS budget. Funding for its operations comes primarily from charges to state agencies for purchasing services rendered, as well as fees for local governments participating in the state's cooperative purchasing program.