

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 2469 HB	<b>Title:</b> Filing fee petitions/digital
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## Estimated Cash Receipts

NONE

## Estimated Expenditures

Agency Name	2015-17			2017-19			2019-21		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of the Secretary of State	.0	103,500	103,500	.0	27,000	27,000	.0	27,000	27,000
<b>Total</b>	<b>0.0</b>	<b>\$103,500</b>	<b>\$103,500</b>	<b>0.0</b>	<b>\$27,000</b>	<b>\$27,000</b>	<b>0.0</b>	<b>\$27,000</b>	<b>\$27,000</b>

Local Gov. Courts *									
Loc School dist-SPI									
Local Gov. Other **	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

## Estimated Capital Budget Impact

NONE

<b>Prepared by:</b> Shane Hamlin, OFM	<b>Phone:</b> (360) 902-0547	<b>Date Published:</b> Final 1/22/2016
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\* See Office of the Administrator for the Courts judicial fiscal note

\*\* See local government fiscal note

FNPID: 42810

FNS029 Multi Agency rollup

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2469 HB	<b>Title:</b> Filing fee petitions/digital	<b>Agency:</b> 085-Office of the Secretary of State
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## Part I: Estimates

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No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Expenditures from:

	FY 2016	FY 2017	2015-17	2017-19	2019-21
<b>Account</b>					
General Fund-State 001-1	0	103,500	103,500	27,000	27,000
<b>Total \$</b>	0	103,500	103,500	27,000	27,000

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

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If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

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If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

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Capital budget impact, complete Part IV.

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Requires new rule making, complete Part V.

Legislative Contact: Dawn Eychaner	Phone: 360-786-7135	Date: 01/13/2016
Agency Preparation: Temple Allen	Phone: 360-704-5215	Date: 01/19/2016
Agency Approval: Mark Neary	Phone: 360-902-4186	Date: 01/19/2016
OFM Review: Shane Hamlin	Phone: (360) 902-0547	Date: 01/19/2016

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

Sections 2, 3, and 4 of the bill require the Secretary of State to implement processes, standards, and technology infrastructure to support the intake and processing of candidate filing fee petitions containing electronic signatures.

### II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

### II. C - Expenditures

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

It is difficult to estimate the cost of implementing the intake and processing of candidate filing fee petitions containing electronic signatures since this process does not currently exist in Washington State. Only one locality in the United States, the city of Denver, Colorado, currently has developed a method. The calculations below are based on information provided by the city of Denver. The system used by Denver employs tablet devices in the collection process. The system does not accommodate email or other electronic methods of submission. By using a tablet, the government is assured that the signer was provided the opportunity to see the information associated with the candidate, and there is little opportunity for fraud. At this time there is no other system available to authenticate signers. Creation of a system to accomplish authentication of signatures submitted via the internet or email is likely to be an expensive proposition. These numbers only address the Office of the Secretary of State, it is assumed that all 39 county election offices would need access to similar systems and would face the same uncertainties. Those will be addressed in a local government fiscal note.

In order to provide the information that is available for the one system that exists we provide the following:

Sections 2, 3, and 4 refer to electronic signatures on an electronic filing fee petition. In order to execute this the Secretary of State would need \$70,000 for initial start-up costs (one-time fee) for a system capable of handling 4 million voters. Licensing fee(s) would be \$7,500 each year (ongoing fee), and cloud hosting (virtual servers) would be an additional \$6,000 annually (ongoing fee).

To ensure that candidates had equal access to electronic filing fee petitions, \$10,000 (one-time fee) would be needed to provide ten (10) system compatible tablets for candidate use. Another \$10,000 would be needed to pay for system service support and any needed system/application modifications. This support cost would be spent out during the 2015-17 biennium.

It should be noted that every candidate in the city of Denver must use the petition process to be placed on the ballot, filing fees are not established in Denver.

### Part III: Expenditure Detail

#### III. A - Expenditures by Object Or Purpose

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts		10,000	10,000		
E-Goods and Other Services		83,500	83,500	27,000	27,000
G-Travel					
J-Capital Outlays		10,000	10,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total:</b>	\$0	\$103,500	\$103,500	\$27,000	\$27,000

### Part IV: Capital Budget Impact

NONE

### Part V: New Rule Making Required

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

This bill amends RCW 29A.04.611, 29A.24.091, and 29A.24.10 and adds a new section to chapter 29A.04. The Office of the Secretary of State will update WAC 434-215-025 and 434-215-070 (3). In addition, we'll develop a new WAC in Title 434 to implement this legislation.

# LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

<b>Bill Number:</b> 2469 HB	<b>Title:</b> Filing fee petitions/digital
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## Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

### Legislation Impacts:

- ☐ Cities:
- ☒ Counties: All county auditor offices
- ☐ Special Districts:
- ☐ Specific jurisdictions only:
- ☒ Variance occurs due to: The number of petitions filed in each county

## Part II: Estimates

- ☐ No fiscal impacts.
- ☒ Expenditures represent one-time costs: Software procurement and related system upgrades
- ☐ Legislation provides local option:
- ☒ Key variables cannot be estimated with certainty at this time: County-level costs for software procurement, ongoing fees, and training

### Estimated revenue impacts to:

Indeterminate Impact

### Estimated expenditure impacts to:

Indeterminate Impact

## Part III: Preparation and Approval

Fiscal Note Analyst: Kandi Bauman	Phone: 360/725-5036	Date: 01/21/2016
Leg. Committee Contact: Dawn Eychaner	Phone: 360-786-7135	Date: 01/13/2016
Agency Approval: Steve Salmi	Phone: (360) 725 5034	Date: 01/21/2016
OFM Review: Shane Hamlin	Phone: (360) 902-0547	Date: 01/22/2016

## Part IV: Analysis

### A. SUMMARY OF BILL

*Provide a clear, succinct description of the bill with an emphasis on how it impacts local government.*

This bill pertains to the use of electronic signatures and filing fee petitions.

Section 2 amends RCW 29A.24.091 to allow any candidate to submit an electronic filing fee petition with electronic signatures in lieu of a filing fee.

Section 4 amends RCW 29A.24.101 to add additional signature collection language to the petition.

### B. SUMMARY OF EXPENDITURE IMPACTS

*Briefly describe and quantify the expenditure impacts of the legislation on local governments, identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.*

Expenditure impact for this bill is indeterminate but substantial. According to the Washington State Association of County Officials, estimates for electronic signature software procurement, maintenance, and training range between \$50,000 to \$200,000 per county with additional annual ongoing fees.

#### ONE-TIME COSTS

Intake and processing of candidate electronic filing fee petitions would require one-time software purchases in all 39 counties. There is currently no collective software purchasing agreements amongst county auditors and processes for contract procurement of specialized software in each county would need to be considered. Existing system upgrades or equipment associated with improving the functionality of the system would also impact expenditures. To ensure that candidates had equal access to electronic filing fee petitions, system compatible tablets may be purchased by each county for candidate use. The number of tablets purchased would be reflective of candidate filing volume and access needs. Counties could also choose not to provide tablets for petition filing purposes.

#### ONGOING FEES

Ongoing fees related to system service support, updates, and modifications due to statutory changes would impact expenditures. Quantifying these fees is difficult due to the high potential for unique system challenges and system customization in each county.

#### TRAINING AND OPERATION COSTS

Training on electronic signature software and revised verification processes would be required in all 39 counties. The number of staff that would require training fall under the discretion of each county and is indeterminate. Public outreach pertaining to petition changes would be needed, although cost are estimated to be minimal.

Amendments under Section 4 would require revision of existing filing fee petition documents, but costs to reprint documents would be negligible.

### C. SUMMARY OF REVENUE IMPACTS

*Briefly describe and quantify the revenue impacts of the legislation on local governments, identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.*

Revenue impact is indeterminate but revenue is expected to decrease.

Revenue losses under this scenario range between \$14,800 to \$73,400. The average 2015 filing fee was \$760 for county commissioners and \$50 for city councilmembers and mayors (MRSC). The Office of the Secretary of State reported that local government candidate filings in 2015 totaled 3,671 (not including King and Yakima Counties). For illustrative purposes, if we were to use the filing average between city and county officials as a baseline  $((\$760 + \$50)/2 = \$405$ , approx. \$400), and there was a 1 percent increase in candidates submitted filing fee petitions  $(3,671 \times .01 = 37)$ , and the candidates, in lieu of paying the fees (\$400), opted to submit a filing fee petition, an estimated revenue loss of  $(37 \times 400 = 14,800)$  \$14,800 could be anticipated statewide. On the high end, if there was a 5 percent increase in candidates submitting filing fee petitions  $(3,671 \times .05 = 183.5)$ , and the candidates, in lieu of paying the fees (\$400), opted to submit a filing fee petition, an estimated revenue loss of  $(183.5 \times 400 = 73,400)$  \$73,400 could be anticipated statewide.

#### SOURCES:

The Office of the Secretary of State Fiscal Note  
The Office of the Secretary of State

Municipal Resources and Services Center  
Association of Washington Cities, 2015 Salary and Benefits Survey  
Clark County Elections Office  
Washington State Association of County Auditors  
Washington State Association of County Officers