



FISCAL NOTE WORKSHEET

NOTE: If this fiscal note is classified under Min. Stat. §13.64 Subd. 3(b), its existence and contents remain classified as nonpublic data until the conditions outlined in the statute have been met to make it public data.

Section 1-Fiscal Note Header

Bill #: SF1548 Version: 1E Title: Local Election Expense Reimbursement Date due to Legislature: 3/20/2023

Agency Contact (Name and Phone#):
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Section 2-Fiscal Impact

No Impact (If selected, explain in the Assumptions section of the narrative.)

(Mark your answer for each question in the section below.)

Fiscal Impact	Yes	No
State Expenditures – Does this bill have an impact on your agency’s spending?	x	
Fee/Dept. Earnings – Does this bill impact an agency fee or dept. earning?		x
Tax Revenue – Does this bill impact state tax revenues?		x
Information Technology – Does this bill impact your agency’s information technology systems?	x	
Local – Does this bill have a fiscal impact on a local government body? (Note: if “Yes”, complete the Local Government Costs section of the narrative.)	x	

Section 3-Expenditures, Absorbed Costs, Transfer Out

<i>Dollars (in thousands)</i>	2023	2024	2025	2026	2027
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3.1 Expenditures

General Fund			\$210,920	\$112,000	\$197,920
Fund					
Fund					

3.2 Costs Agency Can Absorb

Fund					
Fund					
Fund					

3.3 Transfers Out

Fund					
Fund					
Fund					

Sum of Expenditures, Absorbed Costs, Transfers Out (This will be calculated automatically in FNTS)

Fund					
Fund					
Fund					

Section 4.1 and 4.2 Revenues and Transfers In

<i>Dollars (in thousands)</i>	2023	2024	2025	2026	2027
Fund					
Fund					
Fund					
Fund					
Fund					
Fund					
Fund					
Fund					
Fund					

Sum of Revenues and Transfers In (This will be automatically calculated in FNTS)

<i>Dollars (in thousands)</i>	2023	2024	2025	2026	2027
Fund					
Fund					
Fund					

Section 5 State Cost (Savings) (Subtract Sum of Revenues and Transfers In from Sum of Expenditures, Absorbed Costs and Transfers Out --This will be automatically calculated in FNTS)

<i>Dollars (in thousands)</i>	2023	2024	2025	2026	2027
Fund					
Fund					
Fund					

Section 6 Full-Time Equivalent Positions (FTE)

<i>Two decimal places allowed</i>	2023	2024	2025	2026	2027
Full-Time Equivalents			1.7	1.0	1.7
Fund					
Fund					
Fund					
Total FTE			1.7	1.0	1.7

Section 7 – Narrative

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Bill Description

This legislation creates a reimbursement system for certain local expenses related to elections, and amends the current voting equipment grant account. Both the reimbursements and the grant account are to be administered by the Office of the Secretary of State (OSS).

Section 1 requires the OSS to reimburse local governments for specified election expenses.

- Paragraph (a) establishes the local election reimbursement account in the special revenue fund. The money in the account is appropriated to the OSS to make reimbursements to local governments. Money in the account is available until it is spent.
- Paragraph (b) requires the OSS to reimburse local governments for election-related expenses. The following expenses are eligible for reimbursement: preparation and printing of ballots; postage for absentee ballots; polling place preparation; electronic voting system preparation; compensation for temporary staff, election judges, and canvassing board members; overtime payments; and other expenses approved by the secretary of state.
- Paragraph (c) requires local governments to submit a reimbursement request every January in an odd-numbered year. The request covers actual costs incurred in the previous two years. The request must include an itemized description of actual expenditures.
- Paragraph (d) requires the OSS to provide the reimbursement requests forms. The OSS is prohibited from reimbursing a request that is not properly submitted.
- Paragraph (e) requires the OSS to reimburse 80 percent of the costs of each local government. If there is not enough money in the account, the OSS must reduce all reimbursements proportionally. Reimbursements must be made by April 1 of each odd-numbered year.
- Paragraph (f) requires the secretary of state to submit a report by May 1 in each odd numbered year. The report must include details on the reimbursements made.

Section 2 amends the existing voting equipment grant program. Local governments may apply to the OSS for a grant for certain types of election-related equipment and infrastructure.

- Subdivision 1 updates the name of the account.
- Subdivision 2 allows local governments to apply for a grant for the following election-related purposes: hardware or software, cybersecurity, and security-related infrastructure.
- Subdivision 3 amends the grant application to reflect the additional eligible expenses. This also strikes the requirement that the local government state that it has insufficient resources to purchase the equipment or infrastructure and instead requires a statement of why the equipment or infrastructure is needed.
- Subdivision 4 provides that grants are to be made for 80 percent of the total cost. This is an increase from current law, which allows for 75 percent of the cost of electronic rosters and 50 percent of other equipment or technology.
- Subdivision 5 amends the reporting requirement to require annual, on-going reports from the OSS to the legislature.
- Section 3 makes blank appropriations to the OSS for purposes of this act. The appropriations are ongoing.

Assumptions

The OSS assumes significant administrative costs associated with section 1, and additional ongoing administrative costs associated with article 2. For section 1, the OSS will need to develop reimbursement application materials, and will need to process reimbursements from counties, cities, and towns in Minnesota. There are 87 counties, 853 cities, and 1,790 townships. While not all may have election expenses every year, all 2,730 could potentially submit for reimbursement. The OSS assumes that at least 10% of the reimbursements will require additional inquiry. Based on the experience from the reimbursement process from the Presidential Nomination Primary, the OSS assumes an average of 30 minutes per reimbursement for processing the reimbursement application from municipalities, 60 minutes to process a reimbursement application from a county, and an additional at least 15 minutes for the OSS fiscal department to process each reimbursement and make payment. The OSS assumes a \$53/hour rate for the reimbursement review and a \$75/hour rate for the fiscal team processing. The OSS also assumes approximately 150 hours of staff and fiscal time to develop the reimbursement materials, guidance to jurisdictions, and establishing the required processes in the OSS fiscal payment system. The OSS additionally assumes 80 hours of staff time (at \$75 per hour) to compile the annual report as required.

There will also be additional costs to the OSS associated with administering the grant account in section, but those costs will be in proportion to the grant funds allocated. Without knowing the dollar amount of the grant funds available, the costs associated with administering that account are speculative to estimate. The OSS assumes that more jurisdictions will apply

for these funds than the current voting equipment grant account, because the grants are available for more than just voting equipment (in many cases, it is the county that owns all equipment). Grants would be available to all 87 counties, 853 cities, and 1,790 townships. For the purpose of this note, the OSS assumes a minimum of 300 hours of administrative staff and fiscal staff time to process grants (150 hours at \$53 per hour, and 150 at \$75 per hour). The OSS additionally assumes 40 hours of staff time (at \$75 per hour) to compile the annual report as required. There will be minimal costs to update the current reimbursement application.

The OSS cannot absorb these costs into current OSS staff work. While this work occurs in the odd-year, there are elections occurring year round and in particular, the first half of the odd year is when the OSS elections staff is tasked with critical post-election audit and review functions as required by law. For the purpose of this note related to the administrative staff time outlined above, the OSS assumes that it will need to hire at least one full time grants and reimbursement administrator to oversee these functions of the reimbursement and grant making functions. This will require a professional grants administrator, and the OSS assumes that it cannot hire a person with this expertise on a part time basis (especially knowing that it will need to be full time for a six month period every other year) Because of the volume and influx of work during the odd year, the OSS assumes that it will need to hire at least one temporary staff during the five month reimbursement period. Finally, the OSS assumes it will need to procure a grant management system. Costs for these systems range between \$10,000 through \$50,000, with ongoing licensing costs. For the purpose of this note, the OSS assumes \$15,000 for the grant management software.

Expenditure and/or Revenue Formula

	FY2025	FY2026	FY2027
Section 1			
Fiscal Staff Costs (\$75/hour)	\$51,150		\$51,150
Grants Specialist Sr.	\$110,000	\$110,000	\$110,000
Temporary Staff (\$35/hour)	\$23,520		\$23,520
Section 2			
Fiscal Staff Costs (\$75/hour)	\$11,250		\$11,250
Grant Administration Software	\$15,000	\$2,000	\$2,000
Total	\$210,920	\$112,000	\$197,920

Long-Term Fiscal Considerations

Long-term costs with this legislation are primarily staffing costs as well as the small ongoing licensing fee for the grant software.

Local Fiscal Impact (Must be completed when Local Fiscal Impact button is "Yes")

There will be costs associated with compiling the grant and reimbursement application materials, but those costs will likely be offset by the funds received from the grants or reimbursement process.

References/Sources

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I have reviewed the content of this fiscal note and believe it is a reasonable estimate of the expenditures and revenues associated with this proposed legislation.

If Information Technology costs are included, my agency's Chief Information Officer has reviewed the estimate.

Fiscal Note Coordinator Signature:

Date:
