

Department of Planning and Budget

2018 Fiscal Impact Statement

1. Bill Number: HB1058

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Tran

3. Committee: Appropriations

4. Title: Uniform Military and Overseas Voters Act; secure return of voted military-overseas ballots.

5. Summary: Requires the State Board of Elections to establish and supervise a pilot program for the secure return of voted military-overseas ballots by electronic means from those uniformed-service voters who are members (i) of the active or reserve components of the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States who are on active duty or (ii) of the National Guard on activated status and who are deployed outside of the United States. Under the pilot program, those uniformed-service voters shall be permitted to sign the military-overseas ballot application, the statement of voter accompanying the military-overseas ballot, and any other related documents deemed necessary by the State Board to ensure authentication of the voter's identification using his digital signature associated with his military-issued electronic mail account. The State Board is directed to request proposals for the development and maintenance of the system used for the pilot program and to provide instructions, procedures, services, and ongoing security assessments for the entity selected to develop and maintain the system. The bill has an expiration date of July 1, 2020.

6. Budget Amendment Necessary: Yes – Item 86 (Electoral Services)

7. Fiscal Impact Estimates: Preliminary. Indeterminate – see Item 8.

8. Fiscal Implications: The proposed legislation would require the Department of Elections (ELECT) to establish and supervise a pilot program for the secure return of voted military-overseas ballots by electronic means from those uniformed-service voters who are active or reserve members of the military on active duty or National Guard members on activated status and deployed outside of the United States. The costs would begin in fiscal year 2019, and include costs for solution licensing, customization, state development costs, and other related support expenditures. Several of these costs are currently unknown. The table below summarizes the types of expenses related to implementing the pilot program and indicates whether an estimated cost is currently known or unknown.

Licensing (Annually): \$271,500
VITA ECOS (1200-One-time/900 monthly): \$11,100
Staffing (Annually): Unknown
Customization (One-time): Unknown
Integration with state systems (One-time): Unknown

The estimated licensing costs are \$271,500, which is based on an estimate provided to ELECT from a vendor that provides the type of software that would fulfill the goal of this legislation. The licensing cost is based on two major elections (a primary and a general election) a year. Each election will require the agency to purchase an election set up at \$36,000 each. Licenses will also need to be purchased for each locality in the Commonwealth (133) for each election. These licenses are charged annually and per election, and cost \$1,000 for the first election each year and \$500 for each election after the first. ELECT currently averages approximately ten elections a year when May general elections and other special elections are factored in. ELECT notes that vendors only provide service that will allow the delivery of ballots or the delivery and return of ballots. Services are not available that would only allow the return of ballots.

If the solution chosen is cloud-based, the pilot program will be subject to oversight by the Virginia Information Technologies Agency (VITA) Enterprise Cloud Oversight Service (ECOS). Agencies pay a one-time cost of \$1,200 and a \$900 per month fee for ECOS. The solution would also require security audit and vulnerability testing. The department is a member of VITA's shared security center, which provides security audits for sensitive systems once every three years and application vulnerability scanning quarterly pursuant to state information technology security standards.

In addition to the licensing cost, the department may incur one-time costs to customize the vendor software to meet Commonwealth security and data standards. ELECT also indicates that development costs may be needed in order to integrate the agency's existing systems with the successful vendor's system. These costs are indeterminate, could include a need for contractors or additional staff, and will be dependent on the vendor solution chosen after a competitive procurement. ELECT notes that the pilot program may not be operational until after the November 2018 general election.

The Governor's proposed budget includes \$100,000 in fiscal year 2019 from the general fund to continue the existing online ballot delivery portal for overseas military voters.

The Department's solution should not have a material fiscal impact for localities; however, some localities may require additional staffing due to the projected increase in the number of absentee ballots.

- 9. Specific Agency or Political Subdivisions Affected:** Department of Elections, electoral boards, general registrars, and localities.

10. Technical Amendment Necessary: No.

11. Other Comments: SB559 is identical to this bill, except that SB559 contains an enactment clause that states that this bill will not become effective unless an appropriation effectuating the purposes of the bill is included in the 2018 Appropriation Act.

Date: January 30, 2018

File: HB1058