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Fiscal Note & Local Impact Statement

Click here for H.B. 458's Bill Analysis

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Primary Sponsor: Rep. Hall

Local Impact Statement Procedure Required: No

Terry Steele, Senior Budget Analyst, and other LBO staff

Highlights

The bill modifies Ohio election law and affects elections administration in several ways. Overall, the bill would result in some cost increases for the Department of Public Safety (DPS) as well as election administration cost reductions for the Secretary of State (SOS) and county boards of elections. The fiscal effects are the following:

- **Voter IDs.** The Bureau of Motor Vehicles (BMV), under DPS, may experience: (1) a decrease in the amount of state identification (ID) card revenue generated annually from online state ID card renewals that are issued at no cost to individuals age 17 and over and (2) a potentially significant increase in expenditures from having to reimburse deputy registrars for their lost revenue from issuing such cards. The cumulative effect of any annual revenue loss or expenditure increase will depend upon the number of cards issued at no cost. The bill does not provide funding for this purpose.
- **Noncitizen IDs.** The BMV may incur additional costs to create and implement a noncitizen notation for commercial driver's licenses (CDLs), driver's licenses, and state ID cards, and to issue a free replacement card if a noncitizen becomes a U.S. citizen in between renewals in order to remove the noncitizen notation. By having to forgo the fees otherwise assessed for driver's licenses and state ID cards, the bill's free replacement cards may also result in some degree of revenue loss, the magnitude of which is uncertain.
- **Eliminating August special elections.** The bill prohibits August special elections with one exception, and that is when a political subdivision or school district is in fiscal emergency. If a political subdivision or school district in fiscal emergency holds an August special election, then it would bear the entire cost of doing so.

- **Ballot printing contracts.** The bill modifies the process by which a board of elections must award any ballot printing contract in excess of $25,000. Overall, this could reduce ballot printing costs for some county boards of elections.
- **Absent voter's ballot applications.** The bill requires the SOS, when mailing unsolicited absent voter's ballot applications to registered voters to provide the Controlling Board with past return rates of these absent voter applications along with other details. The SOS spent just below $3.7 million for absent voter ballot application mailings during the November 2020 general election, and just over $2.3 million for the November 2022 general election.
- **Absent voting.** The bill modifies the timelines associated with absent voting by mail and in-person absent voting by reducing the number of days available for voting by these methods. Ultimately, county boards of elections may see some minimal cost savings associated with these changes.
- **Governor's commission fees.** The bill eliminates the $5 fee associated with the Governor's commission of certain elected officials. This would result in a negligible loss in revenue to the state General Revenue Fund (GRF).

Detailed Analysis

Overview

The bill makes numerous changes to the Ohio Elections Law. Provisions that have a fiscal impact on the Secretary of State (SOS), the Bureau of Motor Vehicles (BMV) under the Department of Public Safety, and local boards of elections deal with: (1) Requiring the BMV to reimburse deputy registrars for their lost revenue from issuing free state identification (ID) cards and to produce a new type of ID to be given to noncitizens, (2) limiting August special elections only to political subdivisions and school districts, (3) prohibiting the Secretary of State from mailing unsolicited applications for absent voter's ballots, (4) changing ballot printing contract procurement procedures, and (5) revising absent voting and other election administration procedures. Overall, the provisions of the bill would result in cost increases related to reimbursements to deputy registrars and ID production costs for the BMV. The bill will reduce election administration costs related to absent voter's mailings for the SOS. Concurrently, some provisions of the bill would potentially result in some net cost savings for county boards of elections.

State ID cards

The bill authorizes any person who is 17 and over who applies for and receives a state ID card from the BMV to receive it for free and establishes a process for the Registrar of Motor Vehicles to reimburse deputy registrars on a monthly basis for the fees they would have otherwise received to issue a state ID card.

State ID cards, which are issued by the BMV, are used for identification purposes only and may not be used for driving privileges. They are generally valid for a four-year or eight-year period, expiring on the holder's birthday, and may not be held along with a driver's license. There is no minimum age requirement to obtain a state ID card.

The BMV currently assesses the following fees related to the issuance of state ID cards:

- $10.00 for four-year new and renewal state ID cards;
- $19.00 for eight-year new and renewal state ID cards; and
- $9.00 for replacement cards, regardless of length of validity.

Deputy registrars – locally and privately operated

By requiring the issuance of a state ID card to individuals 17 and over at no cost, the bill will result in a decrease in the amount of state ID card revenue collected and available for use by deputy registrars and the BMV. However, the bill requires the BMV to compensate deputy registrars for any foregone fee revenue resulting from the issuance of a state ID card under the bill by reimbursing the amount that would otherwise have been retained by the deputy registrar, thus resulting in no net change to annual revenue.

Of the amount collected, the deputy registrar (or the BMV for online renewal transactions) retains $6.50 ($5.00 deputy registrar fee + $1.50 document authentication fee) for each four-year state ID card, $13.00 ($10.00 deputy registrar fee + $3.00 document authentication fee) for each eight-year ID card, and $5.00 (deputy registrar fee) for each replacement with the remainder deposited into the state treasury to the credit of the Public Safety – Highway Purposes Fund (Fund 5MT0).[1]

There are approximately 180 deputy registrar locations statewide, most of which are operated by private independent contractors. The clerk of the court of common pleas or county auditor operates as a deputy registrar in 11 counties.[2] Deputy registrars, including those under local control, will be required to issue certain state identification cards free of charge, which means they will have to forego collecting the above-noted $5.00, $6.50, or $13.00 that is typically retained and wait on reimbursement from the BMV. The magnitude of any potential revenue loss for a clerk or auditor serving as a deputy registrar and the amount of any subsequent reimbursement by the BMV, will depend upon the number of state ID cards issued at no cost.

Bureau of Motor Vehicles

The bill's requirement that the Registrar of Motor Vehicles must reimburse deputy registrars for the revenue losses incurred as a result of issuing or renewing a state ID card at no cost under the bill could result in a significant increase in BMV expenditures annually. The bill

[1] Under current law, unchanged by the bill, state identification card fees are credited to the existing Public Safety – Highway Purposes Fund (Fund 5TM0). It is used for the purpose of enforcing and paying the expenses of administering the laws relative to the registration and operation of motor vehicles on public roads and highways. The production, distribution, and notification costs for state identification cards are paid for with money appropriated from Fund 5TM0.

[2] Champaign, Fayette, Gallia, Harrison, Holmes, Huron, Jackson, Montgomery, Perry, Vinton, and Wyandot counties currently have their clerk of the court of common pleas or their county auditor serving as a deputy registrar.

applies to both an initial issuance and the renewal of a state ID card and provides no funding for this purpose.

While the number of Ohio residents 17 and older who do not have either a state ID card or driver's license and may choose to obtain one under the bill is uncertain, based on a combination of BMV data[3] and 2021 U.S. Census Bureau population estimates,[4] LBO has estimated that 83.2% of Ohio's total population (approximately 9.8 million individuals) had either a driver's license or state ID card in 2021. The remaining 16.8%, or approximately 2.0 million individuals, that did not have a state ID card or driver's license presumably consists largely of individuals under the age of 17 who would not qualify under the bill to receive a state ID at no cost.[5] That said, it is still possible that as many as several hundreds of thousands of individuals could still be eligible to apply for and receive a state ID card under the bill. Additionally, in 2021, there were approximately 1.2 million existing state ID card holders, all of whom, assuming they are 17 and over, would be eligible to receive future renewals at no cost.

Had the bill been in effect in 2021 and assuming each of the 431,135 state ID cards issued that year was a four-year or eight-year initial issuance or a renewal (and not a replacement) for an individual 17 and over, the BMV would have had to reimburse deputy registrars a total ranging from approximately $2.8 million (431,135 x $6.50) if all of the state ID cards issued were four-year state ID cards to approximately $5.6 million (431,135 x $13.00) if all of the state ID cards issued were eight-year state ID cards.

The magnitude of the expenditure increase experienced will ultimately depend upon the number of individuals who obtain a state ID card at no cost and the type of state ID card (four-year, eight-year, or replacement) obtained in each year.

The BMV will also incur additional one-time costs, as well as expend additional time and effort, to implement the bill's reimbursement process, including establishing a monthly verification form and method of submission, as well as to adopt any rules necessary to implement and administer the reimbursements to deputy registrars.

State ID card production and distribution costs

The cost for the BMV to produce and distribute a state identification card is $1.47 per card. Currently these costs are paid for using the portion of the state ID card fee ($3.50 for a four-year, $6.00 for an eight-year, and $4.00 for a replacement card) that is not retained by deputy registrars, with the remainder credited to Fund 5TM0. Under the bill, the BMV would no longer receive a fee for this service and would instead have to find another way to support those costs.

In 2021, the BMV issued a total of 431,135 state ID cards. Had the bill been in effect then and assuming each state ID card was issued to an individual 17 and over, the BMV would have incurred approximately $634,000 (431,135 state ID cards x $1.47) in state ID card production and distribution costs for which no fee would have been received. The BMV would have also foregone an additional $2.03, $4.53, or $2.53 for each four-year, eight-year, or replacement state ID card issued, respectively. In 2021, the amount of additional forgone revenue would have ranged from

[3] Data is available on the BMV's website at: bmv.ohio.gov/links/bmv_2021-Facts-Figures.pdf.

[4] Data is available on the U.S. Census Bureau's website at: census.gov/quickfacts/OH.

[5] This is based on the U.S. Census Bureau estimate that 22.1% of Ohio's population in 2021 was under 18.

a minimum of $875,204 ($2.03 x 431,135) if only four-year state ID cards were issued, to a maximum of $1,953,042 ($4.53 x 431,135) if only eight-year state ID cards were issued.

The magnitude of the bill's impact on the BMV for any given year will ultimately depend upon the number of individuals who obtain a state ID card at no cost in that year.

Noncitizen ID cards

The bill requires every commercial driver's license (CDL), driver's license, and state ID card issued to a person who is not a U.S. citizen to include a notation indicating that the person is a noncitizen. The bill also requires the BMV to issue a free replacement CDL, driver's license, or state ID card if the person becomes a U.S. citizen in between renewals in order to remove the noncitizen notation. The bill specifies that the replacement card is to be identical to the card being replaced minus the noncitizen notation.

As a result, the BMV will likely incur additional one-time costs to design and incorporate some form of noncitizen notation to comply with the bill's requirements. The bill does not specify how the notation is to be made or where on the card it is to appear. Presumably, this offers the BMV some flexibility to implement the notation requirement in a manner that fits into existing policies and with minimal fiscal effect.

The bill may also result in a revenue loss for the BMV and deputy registrars to issue a replacement CDL, driver's license, or state ID card to each noncitizen who becomes a U.S. citizen before the card's expiration and is entitled to such a replacement under the bill at no cost. The magnitude of any loss experienced is difficult to predict, as the number of noncitizens with a CDL, driver's license, or state ID card that become citizens annually and would qualify for a replacement under the bill is not readily available. The amount of revenue loss will also depend upon whether the replacement card issued is a CDL, driver's license, or state ID card, and the validity period (four-year or eight-year), as the fee assessed varies. The BMV currently incurs production and distribution costs of $1.47 per CDL, driver's license, or state ID card issued.

Eliminating August special elections

The bill eliminates local special elections held in August, except for political subdivisions and school districts in fiscal emergency. As under current law, the bill requires the entity holding the special election to pay the entire cost. These costs fluctuate depending on the number of voting precincts involved. Overall, the per-precinct costs of conducting an election varies based upon the precinct location and number of voters in that precinct. Typically, these costs vary from between $800 to $1,000 per precinct in rural precincts to approximately $1,600 to $2,000 for urban precincts. For the August 2, 2022 special election, there were 29 local special election ballot questions statewide. If these measures are instead placed on a primary or general election ballot, the entity placing the measure on the ballot would be responsible only for its proportionate share of ballot printing costs and ballot advertising costs.

Despite the general prohibition, the bill allows for political subdivisions or taxing authorities to conduct an August special election when a political subdivision or school district is in fiscal emergency. In such cases, those entities may conduct an August special election, regardless of whether or not there is a congressional race. As of December 2021, there are 12 local governments but no school districts in fiscal emergency.

Ballot printing contracts

The bill modifies the process by which a board of elections must award any ballot printing contract in excess of $25,000. Overall, the bill may potentially reduce ballot printing costs for some county boards of elections, but the total magnitude of ballot printing cost reductions is uncertain. The bill makes two primary changes to the bidding process for ballot printing contracts. First, the bill modifies the bidding procedures for election ballots in amounts of over $25,000 by requiring a vendor to post a performance bond equal to 10% of the estimated ballot printing costs. It is uncertain as to whether or not the required performance bonds would impact the number of vendors bidding on a printing contract.

The more significant potential fiscal impact under this provision, however, is from eliminating the current law requirement that all ballot printing contracts be awarded to vendors within the state. It is possible that allowing out-of-state vendors to bid on these contracts could result in lower printing costs. However, it is unclear how much of an impact this change may have on ballot printing costs overall. As an example, during the CY 2020 election cycle, the cumulative ballot printing costs for all county boards of elections across the state was just over $5.4 million. The printing price per ballot typically varies between primary and general elections, primarily due to the number of printed ballots that are needed. Several additional factors have a bearing on ballot printing costs. First, the total number of printed ballots needed generally impacts the printing cost per ballot. Secondly, whether the ballots are printed as absent voter's ballots or election day ballots also impacts the rate. Finally, the ballot printing costs are impacted by the length of the ballot. The costs are higher when there are multiple ballot initiatives or ballot questions to vote on. Of all these, the ballot length typically has the greatest impact on cost. The table below summarizes the range of ballot printing costs by ballot type as well as primary or general election for the 2020 election cycle.

Ballot Printing Costs – Cost per Ballot During the 2020 Election Cycle			
Ballot Type	**Lowest Rate**	**Highest Rate**	**Statewide Average Rate**
Primary Election – Absent Voter's Ballot	10¢	$2.10	40¢
Primary Election – Election Day Ballot	12¢	52¢	30¢
General Election – Absent voter's Ballot	10¢	$2.10	39¢
General Election – Election Day Ballot	12¢	52¢	30¢

Data reported to Secretary of State by individual county boards of elections.

As the table above shows, the average per-ballot printing cost ranged from as low as 10¢ per ballot to as high as $2.10 per ballot. Overall statewide, ballot printing costs ranged from between 30¢ to 40¢ per ballot. LBO does not yet have these costs for the 2022 election cycle; however, the projected per-ballot costs are likely to be very similar to those listed in the table above. While it is possible the ballot printing changes in the bill may reduce some of these printing costs, the extent of those potential cost reductions is not clear.

Absent and early voting

Absent voter's ballot applications

The bill maintains the current law authority that allows the Secretary of State to mail unsolicited applications for absent voter's ballots to individuals for a general election if the General Assembly appropriates funds for that particular mailing. The bill additionally requires the Secretary of State to provide the Controlling Board with past return rates of these absent voter applications, including: (1) The number of applications mailed, (2) the number of those that were undeliverable, (3) the number of applications completed and returned, and (4) the number of absent voter's ballots cast by mail. The mailing costs for these applications are paid from the Absent Voter Ballot Mailing Fund (Fund 5RG0). The cost of these mailings was just below $3.7 million for the November 2020 general election and just over $2.3 million for the November 2022 general election.

Absent voting by mail

The bill shortens the deadline to submit an application to cast absent voter's ballots by mail from noon on the third day before the election day to the close of business on the seventh day beforehand. This applies to applications delivered to the office of a board of elections either in person, by mail, or online. Shortening this deadline may reduce the number of absent voter's ballots requested and returned, but to what degree is unclear. If this were the case, county boards of elections would see some cost savings in postage costs. During the November 3, 2020 general election, there were almost 2.3 million absent voter's ballots mailed to voters. Of that amount, about 2.1 million were returned to the board of elections either through the mail or delivered to the board by the voter.[6]

Return procedures and drop boxes

The bill requires that absent voter's ballots that are not returned to a board of elections by mail be personally returned to the office of the board of elections and not to any other location, such as a drop box elsewhere in the county. The bill further specifies that there may be only one designated drop box per county, which must be placed on the premises of the board of elections. The drop box may be available from the first day after the close of voter registration before election day to the close of the polls on election day. The bill additionally requires boards of elections to submit daily reports to the Secretary of State concerning the number of returned absent voter ballots the board receives in its drop box and through personal delivery. There may be some minimal additional reporting costs associated with this provision.

The bill specifies that absent voter's ballots that are postmarked before election day must arrive at the board of elections by mail within four days after the close of the polls on election day to be counted. Adjusting these timelines may result in some number of absent voter's ballots to be rejected by boards of elections. The total magnitude of late arriving absent voter's ballots that would thereby be uncounted under the bill is uncertain.

[6] Ohio elections statistics from the Secretary of State can be accessed at sos.state.oh.us/elections/election-results-and-data/2020/.

In-person absent voting

The bill specifies that in-person absent voting must be permitted for all voters for a period that must end on the Sunday before the election. This provision does not appear to have significant fiscal impacts on county boards of elections. There may be some minimal cost savings for boards of elections that rent or otherwise acquire an early voting location outside of the office of the board of elections if those boards typically rented space on the Monday before the election. During the 2020 general election cycle, only Lucas and Summit counties did so. During the 2020 general election cycle, there were approximately 1.3 million in-person absent voter's ballots cast statewide. It is unclear as to the impact that removing one day of early voting on the total number of in-person absent voter's ballots cast. The bill contains an uncodified provision (Section 4) that sets the in-person absent voter hours to which boards of elections must adhere. Overall, the number of hours of in-person absent voting remains unchanged from current law.

Cure periods

The bill reduces the number of days after the election individuals may have to cure defects in a provisional or absent voter ballot from seven days to four. While there does not appear to be any direct fiscal impact resulting from this change, it is possible that some number of ballots, likely minimal, would ultimately not be counted as a result of this change.

Governor's commission fees

The bill eliminates the fees associated with a Governor's commission sent to the Secretary of State. Under current law, certain elected officials are unable to perform duties until commissioned by the Governor. There is typically a $5 fee associated with this commission, which is deposited in the General Revenue Fund (GRF). Eliminating this fee would result in a negligible loss of revenue to the GRF.

Other election provisions

The bill contains several other election administrative provisions that primarily codify existing SOS directives. The bill requires each board of elections to prepare and submit an Election Administrative Plan (EAP) before each presidential primary and each general election held in an even-numbered year. The bill also modifies the procedures for the pre-election testing of voting machines, which also conforms the law to current SOS directives. Finally, the bill removes a requirement that a high school student be a senior in order to serve as a precinct election official under the "Youth at the Booth" Program. This change would allow a greater number of students to be eligible for the program.

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