

Department of Legislative Services
 Maryland General Assembly
 2003 Session

FISCAL AND POLICY NOTE

House Bill 1061 (Chairman, Ways and Means Committee)
 (By Request – Departmental – Elections, State Board of)
 Ways and Means Education, Health, and Environmental
 Affairs

Maryland Election Modernization Fund

This departmental bill establishes a special, continuing, nonlapsing fund for the purpose of modernizing the election process in compliance with the federal Help America Vote Act (HAVA) of 2002.

The bill is effective June 1, 2003.

Fiscal Summary

State Effect: Federal fund revenues and special fund expenditures could each increase in FY 2004 through 2006 by \$54.2 million if the total amount of authorized funds under HAVA of 2002 is fully appropriated by the federal government. No additional federal funds have been authorized beyond FY 2006.

(in dollars)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
FF Revenue	\$25,300,000	\$18,100,000	\$10,800,000	\$0	\$0
SF Expenditure	25,300,000	18,100,000	10,800,000	0	0
Net Effect	\$0	\$0	\$0	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: Revenues could increase substantially depending on the whether the State board will disburse HAVA funds directly to local jurisdictions or maintain control of fund expenditures.

Small Business Effect: The State Board of Elections has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Bill Summary: The bill establishes the Maryland Election Modernization Fund to be held by the Treasurer and accounted for by the Comptroller. The fund is a continuing fund for programs relating to HAVA and related expenditures. Funds are to be invested and reinvested in the same manner as other State funds, and any investment earnings will be retained in the fund.

The fund consists of: (1) monies appropriated in the State budget to the fund; (2) monies otherwise appropriated for the purposes of the fund, which may be transferred to the fund by an approved budget amendment; and (3) monies received by the State from the federal government under HAVA or under other federal programs for similar purposes.

Expenditures from the fund may be made only in accordance with appropriations for complying with the requirements of HAVA, voter education, election official training, polling place accessibility, and improving the administration of elections.

Current Law: There is no special fund for the administration of elections. The State Board of Elections receives an annual budget appropriation from the general fund. The fiscal 2003 appropriation was \$7.9 million and \$ 7.1 million is proposed for fiscal 2004.

Background: The federal HAVA of 2002 establishes uniform election standards for every state. Approximately \$3.6 billion in funding is authorized for the states over the next three fiscal years to assist in compliance. Title II of the Act requires a state to establish a special fund for receipt of federal funds under that title. Maryland is eligible to receive approximately \$54.2 million under Title II. The Act outlines requirements covering such subjects as disabled voter access to polling places, mail-in registration, statewide voter registration, and provisional balloting. These requirements under the Act have various deadlines ranging from 2003 to 2006.

State Fiscal Effect: Federal fund revenues would increase by a total of \$54.2 million over three fiscal years provided that the full amount authorized under HAVA is appropriated in federal fiscal 2003 through 2005. Assuming that the federal funds are received by the State near the close of each federal fiscal year ending September 30, federal fund revenues would increase by \$25.3 million in fiscal 2004, \$18.1 million in fiscal 2005, and \$10.8 million in fiscal 2006. It is assumed that all such funds would be expended in the year they are received.

Local Revenues: HAVA requires each state to be responsible for how funds are spent and accountable to the federal government for compliance with the requirements and limitations on expenditures of those funds. A state can decide whether to maintain

expenditures of HAVA funds at the state level or pass the funds to local jurisdictions. Local government revenues could substantially increase in fiscal 2004 through 2006 if the State engages in pass-through funding to implement HAVA. The exact amount would depend on how the State disburses the funds.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland State Board of Elections, Department of Legislative Services

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