

Measure Number: 2024-403 HB 2004

Subject: Establishes ranked choice voting as voting method for certain nominations and elections

Government Unit Affected: State of Oregon, local governments

Prepared by: Kendra Beck, Department of Administrative Services
Reviewed by: Kate Nass, Department of Administrative Services

Date: Updated July 11, 2024

This memo is updated after initial discussion at the June 18, 2024 Financial Estimate Committee Meeting. Updates are noted as underlined.

Comments

This measure establishes ranked choice voting (RCV) as the voting method for selecting the winner of nomination for and election to the offices of President of the United States, United States Senator, Representative in Congress, Governor, Secretary of State, State Treasurer, and Attorney General. Unless otherwise prohibited by home rule charters, counties are also permitted to employ RCV for some local elected offices. The Secretary of State (SOS) is required to develop the appropriate systems, rules, and procedures to ensure the uniform and consistent administration of RCV elections conducted statewide. SOS is also required to establish a program to educate voters about how RCV works, which must be available in English and the next five most spoken languages in the State. The measure requires SOS to engage in the testing and certification of tally systems, update the presentation of election results data, ensure that post-election audit practices are adapted to accommodate RCV contests, and provide oversight and support to local election officials in myriad areas of election administration.

If approved by voters, the measure would become operative on January 1, 2028; as such, SOS would have a short timeline to implement RCV after the potential passage of the measure in late 2024.

Fiscal Impact Summary

State Government Assumptions:

- The projected staffing impact and related services and supplies expenses were provided by SOS.
- The Elections Division within SOS currently consists of 26 staff, none of whom are working on complementary programs from which they could be reassigned to implement RCV.
- A large portion of the Election Division’s role is providing support to the 36 Oregon counties; these counties vary in size, resources, and vote tallying system, and will have varying levels of need in implementing RCV.

- RCV would be required to be operative beginning in 2028, which is a Presidential election year. As such, counties will be expected to need increased levels of support from SOS staff than in non-Presidential election years. Implementing RCV on top of this increased workload will likely compound the amount of technical support needed to ensure the consistent and accurate conduct of elections across the state.
- The Elections Division is funded by both General Fund and Other Fund revenues, which are collected from counties to support the Oregon Centralized Voter Registration System. The amount counties pay is based on the number of registered voters each year, which has no indication of significant change over the upcoming biennium. As such, funding to support RCV's implementation will be solely paid with General Fund.
- Standard inflationary factors are assumed for the 2025-27 biennium, and all new positions are priced at step 3 of the appropriate compensation range.

Secretary of State has estimated the 2023-25 total cost to implement RCV as described by House Bill 2004 (2023) at \$865,030 General Fund to cover the cost of 9 positions (1.67 FTE) and the necessary services and supplies. The cost of implementation for the 2025-27 biennium increases to \$5,633,445 to cover the cost of those same 9 positions at full-time (9.00 FTE) and the necessary services and supplies.

Upon Passage, SOS shall:

- Develop and adopt rules to implement RCV;
- Provide formal and informal guidance to cities, counties, metropolitan service districts, school districts, and local governments regarding the implementation of RCV;
- Establish a program to educate voters about how ranked choice voting works in English and the next five most spoken languages in the state;
- Provide a statement to be printed on the ballot describing how to mark choices in an election; and,
- With County Clerks, jointly submit two reports to interim legislative committees related to elections by September 15, 2026, analyzing whether existing laws are inconsistent with the implementation of RCV and detailing the cost to implement RCV throughout the state.

Personal Services: SOS Elections Division does not currently have the capacity to meet the requirements set forth in the measure. SOS estimates that the following positions will be needed to carry out the provisions of measure:

- Voter Education Specialist (2): Draft written materials, respond to voters' questions via email and phone, perform in-person outreach at events;
- Graphic Designer (1): Create visual materials for educational efforts, support visual presentation of results data, support ballot design work with counties;
- Stakeholder Outreach Lead (1): Coordinate outreach efforts for events, review and finalize written materials, act as liaison to external orgs, facilitate internal planning, such as working with translation team on RCV;
- Rulemaking and Technical Writing Staff (1): Draft OARs for RCV implementation, coordinate internal rule review, and work with RCV team to consider stakeholder

input/revise rules as needed, draft rule updates for areas affected by RCV like post-election audits, draft procedural documents for voting systems;

- Voting System Compliance Specialist (1): Ensure sufficiency of voting system documentation, perform voting system testing to ensure systems are meeting RCV standards, work with counties to ensure pre-election testing is performed;
- Voting System Support Specialist (1): Provide tier 1 and 2 support to counties for voting systems issues, perform support tasks in certification and testing work;
- Technical and Certification Lead (1): Lead certification and testing work related to voting systems; and,
- RCV Implementation Manager (1): Manage the RCV Team.

In total, SOS estimates needing 9 positions, 3 of which are limited duration to aid in implementation, and 6 of which are permanent to ensure ongoing success of RCV.

Services and Supplies: SOS has estimated the cost of services and supplies (S&S) to support the new positions, acquire consulting support, conduct publicity and outreach, test the voting system, conduct a mock election, and update software. Consulting services and position-related S&S costs are expected in the 2023-25 and 2025-27 biennia, while all other S&S costs are expected to fall in the 2025-27 biennium.

State Government Total Cost: As estimated by SOS, the cost of HB 2004 (2023) to state government is as follows:

Personal Services						
	2023-25			2025-27		
Staffing	Positions	FTE	PS Cost	Positions	FTE	PS Cost
OPA2*	1	0.17	39,545	1	1.00	237,269
OPA 2	1	0.17	39,545	1	1.00	237,269
EPDS 2	1	0.17	32,701	1	1.00	196,201
OPA3*	1	0.25	66,888	1	1.00	267,555
OPA3*	1	0.17	44,593	1	1.00	267,555
OPA3*	1	0.17	44,593	1	1.00	267,555
OPA2	1	0.17	39,545	1	1.00	237,269
OPA4*	1	0.17	48,395	1	1.00	290,368
BOM 1*	1	0.25	72,151	1	1.00	288,607
TOTAL	9	1.67	427,957	9	9.00	2,289,648

**Permanent positions, ongoing after 2025-27*

Services and Supplies		
Description	2023-25	2025-27
Personnel-Related S&S Costs	193,797	193,797
Consulting Support	250,000	250,000
Publicity and Outreach		2,000,000
IT Professional Services		900,000
TOTAL	443,797	3,343,797

Local Government Assumptions:

- The estimated expenses to local government were provided by County Clerks.
- The introduction of RCV indicates a significant change to traditional voting systems, with the level of impact varying considerably between counties.
- There are currently three different vote tally systems represented across the 36 Oregon counties; the amount and type of resources needed to implement RCV varies based on system requirements and county needs. Most counties require a software upgrade, hardware upgrade, or both.
- Given the variation in county needs and the novelty of RCV, only a rough estimate of statewide cost to counties is available at this time. The current estimate provided by County Clerks is that the initial start-up cost to implement RCV is \$2,342,287 statewide. This includes estimated software and hardware upgrades, training on the new system, and additional staff for testing of the new system.
- After implementation, RCV would create additional ongoing costs for counties. This includes:
 - \$376,156 additional annual cost in ongoing software/maintenance contract costs;
 - Increased printing costs. It is likely that RCV would require more pages per ballot: one additional ballot page is estimated to cost the state \$1,188,914 per statewide election; and
 - \$653,192 per statewide election for additional postage, Board workers, and other miscellaneous logistic expenses.

Estimate of Financial Impact

Initial Draft Statement

This measure establishes ranked choice voting for federal, state, and some local elected offices, unless otherwise prohibited in counties with home rule charters. The measure requires the Secretary of State to develop rules for implementing ranked choice voting, establish a program to educate voters on ranked choice voting, and jointly submit two reports to interim legislative committees with County Clerks related to elections by September 15, 2026. Should the measure be passed by Oregon voters, ranked choice voting is to be operative by January 1, 2028.

The financial impact of the measure is estimated to result in a cost of \$865,030 to state government during the 2023-25 biennium. This cost is to provide necessary staffing and consulting resources to Secretary of State in order to begin meeting the requirements expressed in the measure. The cost of implementation for the 2025-27 biennium increases to \$5,633,445 in order to continue funding staffing and consulting resources, in addition to necessary publicity, outreach, and IT costs.

For local government, the financial impact of the measure is less defined. Estimates from County Clerks place the one-time cost of implementation at \$2,342,287 statewide for software and hardware upgrades, staff training, and additional staffing for system testing. Ongoing costs of implementation include approximately \$1.8 million per statewide election for the additional

printing and logistic expenses of RCV, as well as \$376,156 annually for software and maintenance contract costs.

11th Grade Reading Level Statement

This measure establishes ranked choice voting for federal, state, and some local elected offices. The Secretary of State must create rules for carrying out ranked choice voting and educate voters about ranked choice voting. The Secretary of State and County Clerks must present two reports to interim legislative committees by September 15, 2026. If the measure is passed by Oregon voters, ranked choice voting must be effective by January 1, 2028.

The measure is estimated to cost the state government \$0.9 million during the 2023-25 biennium. This cost is to pay for needed staff and consulting services for the Secretary of State to begin carrying out the measure. In the 2025-27 biennium, the cost of the measure is estimated to grow to \$5.6 million. This is to continue funding staff and consulting services, as well as outreach and IT needs.

The cost of the measure is less known for local government. County Clerks estimate that the measure will cost \$2.3 million initially. This funding will be used to improve technology, train staff, and test the new system. Every statewide election will cost an additional \$1.8 million for added printing and logistics. Software and maintenance contract costs will cost an additional \$0.4 million per year.

November 5, 2024 General Election

House Bill 2004

“Gives voters option to rank candidates in order of preference; candidate receiving majority votes wins.”

Draft Estimate of Fiscal Impact:

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Certification:

We, the undersigned, hereby certify that, pursuant to ORS 250.127(3), we have prepared the statement described under “Estimate of Financial Impact.”

LaVonne Griffin-Valade, Secretary of State

Date

Tobias Read, State Treasurer

Date

DRAFT

Berri Leslie, Director,
Department of Administrative Services

Date

Betsy Imholt, Director, Department of Revenue

Date

Ernest Stephens, Local Government representative

Date