

# Fiscal Note

**BILL #** SB 1474

**TITLE:** voting; election day only; holiday

**SPONSOR:** Townsend

**STATUS:** As Introduced

**PREPARED BY:** Rebecca Perrera

## Description

Among other provisions, SB 1474 establishes the primary and general election days as legal holidays. In addition, the bill repeals the authorization for voting locations or voting centers to be used for on-site early voting.

## Estimated Impact

There are three fiscal impacts associated with the creation of a new state holiday: 1) overtime pay, 2) cash payments to employees for accrued holiday compensatory time, and 3) lost productivity.

In 2021, the Arizona Department of Administration (ADOA) reported that the total incremental cost of one additional holiday would be \$216,800 for overtime pay. Therefore, the total cost of adding 2 new state holidays in election years (even number years) would be \$433,600. In addition, each holiday would increase annual compensatory time payout by an unknown amount. The Arizona Board of Regents had not yet provided information on overtime costs at the time of this note.

## Analysis

Several state agencies must operate during holidays; the treatment of overtime pay varies by agency. Many agencies pay employees higher hourly rates to provide an incentive for working on a holiday. These costs are incremental over the regular wages that will be paid whether an employee works a regular workday or is not present working because of the new holiday. The total incremental cost to the ADOA system (excluding the Universities) is estimated at \$433,600 in election years.

Some agencies provide employees with compensatory time which can be used for annual leave; agencies may also pay employees for unused compensation time either at the end of a fiscal year or when the employee leaves state service. The current cost of the annual compensatory payout for the 10 days recognized as holidays totals approximately \$1.5 million in the ADOA system. There is no estimate of the amount of compensatory time that would be paid out or used for annual leave generated by the additional holidays.

The state will also experience a loss in productivity as a result of having employees work 2 less days every 2 years. The fiscal impact due to lost productivity cannot be determined.

## Local Government Impact

Counties and cities will also be impacted by a new state holiday; however, this cost cannot be determined in advance. To the extent that counties and cities pay increased hourly wages, a new holiday will increase operating expenses. Counties and cities will also be impacted by a loss in productivity by having employees work 2 less days every 2 years.

In addition, there would likely be some cost savings from discontinuing voting centers for on-site early voting as counties would not need to operate early voting centers. County representatives described savings from eliminating the optional early voting centers as "small."

2/24/22

