

# Research Department

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# Minnesota House of Representatives

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TO: Members of the Legislative Budget Office Transition Planning Task Force

FROM: Matt Gehring, Legislative Analyst (651-296-5052)

RE: Overview of Legislative Budget Office Legislation

This memo describes the legislative history and key components of the Legislative Budget Office (LBO), and the duties of the LBO Transition Planning Task Force in facilitating the office's creation.

## Legislative History

The establishment of a Legislative Budget Office is directed by Laws 2017, First Special Session, Chapter 4 (the state government finance omnibus budget for FY 2018-19). The full text of the relevant sections of that law are attached to this memo.

As enacted, the law incorporates legislation originally authored by Rep. Bob Vogel and Sen. Mary Kiffmeyer (HF 599/SF 78), with modifications.

## Key Components and Duties of the Office

The law directs the LBO to be established effective January 8, 2019. This date coincides with the start of the 2019 legislative session.

- **Office duties.** The LBO is directed by law to provide the legislature with “nonpartisan, accurate, and timely information on the fiscal impact of proposed legislation, without regard to political factors.” In particular, the office is responsible for preparing fiscal notes and local impact notes that analyze the cost impacts of proposed legislation.

Prior to the enactment of this new law, the Commissioner of Management and Budget coordinated the creation of both fiscal notes and local impact notes.

To facilitate this work, the LBO must adopt standards and guidelines for the collection and handling of data to be used in creation of both fiscal and local impact notes.

Agencies are required to follow these standards and guidelines, and provide necessary information promptly, at the LBO's request.

- **Staffing.** The LBO is led by a director. The director must be appointed by the Legislative Coordinating Commission for a six-year term, and may only be removed for cause. The director is authorized to hire additional staff as necessary to conduct the office's work.
- **Contract with MMB.** The Legislative Coordinating Commission is required to contract with the Commissioner of Management and Budget to maintain and, as needed, upgrade the state's existing fiscal note tracking system. The commissioner must provide the LBO with complete access to, and use of, the system.
- **Available appropriations.** The 2017 law appropriated \$864,000 for the LBO in FY 2019, with a base appropriation of \$818,000 per fiscal year, beginning in fiscal year 2020. These amounts are anticipated to cover the costs of 6.5 FTEs, along with associated office build-out and IT expenses.

### **Duties of the LBO Transition Planning Task Force**

The LBO Transition Planning Task Force consists of both legislative and executive branch officials. It is responsible for recommending a transition plan to facilitate the shift in responsibilities from MMB to the LBO.

- **Development of transition plan.** The LBO Transition Planning Task Force is responsible for developing a "plan for the orderly transition of fiscal note and local impact note responsibilities from Minnesota Management and Budget to the Legislative Budget Office..."

The transition plan is required to consider the office's responsibilities, the duties of state agencies, state departments, and local governments in facilitating the LBO's work, and any other issues the task force determines are relevant. The task force may recommend additional legislation to implement the transition plan, or to further clarify or structure the office's responsibilities.

Unless enacted by law, the components of the task force's transition plan are advisory recommendations that may be wholly implemented, or implemented with modifications, by the LCC or the LBO director as the office is established.

- **Reports required.** The task force is required to submit both preliminary and final reports to the legislature describing its work. The preliminary report was due January 15, 2018, and the final report is due December 1, 2018.

Nothing in the law prevents the task force from submitting additional reports at other times, if it wishes to do so.

**Legislative Budget Office Implementation Language  
2017 First Special Session, Chapter 4, Article 2**

Section 1. Minnesota Statutes 2016, section 3.305, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) "Legislative commission" means a joint commission, committee, or other entity in the legislative branch composed exclusively of members of the senate and the house of representatives.

(b) "Joint offices" means the Revisor of Statutes, Legislative Reference Library, the Office of Legislative Auditor, the Legislative Budget Office, and any other joint legislative service office.

**EFFECTIVE DATE.** This section is effective January 8, 2019.

Sec. 3. **[3.8853] LEGISLATIVE BUDGET OFFICE.**

**Subdivision 1. Establishment; duties.** The Legislative Budget Office is established under control of the Legislative Coordinating Commission to provide the house of representatives and senate with nonpartisan, accurate, and timely information on the fiscal impact of proposed legislation, without regard to political factors.

**Subd. 2. Staff.** The Legislative Coordinating Commission must appoint a director who may hire staff necessary to do the work of the office. The director serves a term of six years and may not be removed during a term except for cause.

**EFFECTIVE DATE.** This section is effective January 8, 2019.

Sec. 7. Minnesota Statutes 2016, section 3.98, subdivision 1, is amended to read:

Subdivision 1. **Preparation; duties.** (a) The head or chief administrative officer of each department or agency of the state government, including the Supreme Court, shall cooperate with the Legislative Budget Office and the Legislative Budget Office must prepare a fiscal note at the request of the chair of the standing committee to which a bill has been referred, or the chair of the house of representatives Ways and Means Committee, or the chair of the senate Committee on Finance.

(b) Upon request of the Legislative Budget Office, the head or chief administrative officer of each department or agency of state government, including the Supreme Court, must promptly supply all information necessary for the Legislative Budget Office to prepare an accurate and timely fiscal note.

(c) The Legislative Budget Office may adopt standards and guidelines governing timing of responses to requests for information and governing access to data, consistent with laws governing access to data. Agencies must comply with these standards and guidelines and the Legislative Budget Office must publish them on the office's Web site.

(d) For purposes of this subdivision, "Supreme Court" includes all agencies, committees, and commissions supervised or appointed by the state Supreme Court or the state court administrator.

**EFFECTIVE DATE.** This section is effective January 8, 2019.

Sec. 8. Minnesota Statutes 2016, section 3.98, subdivision 4, is amended to read:

Subd. 4. **Uniform procedure.** The ~~commissioner of management and budget~~ Legislative Budget Office shall prescribe a uniform procedure to govern the departments and agencies of the state in complying with the requirements of this section.

**EFFECTIVE DATE.** This section is effective January 8, 2019.

Sec. 9. Minnesota Statutes 2016, section 3.987, subdivision 1, is amended to read:

Subdivision 1. **Local impact notes.** The ~~commissioner of management and budget~~ Legislative Budget Office shall coordinate the development of a local impact note for any proposed legislation ~~introduced after June 30, 1997,~~ upon request of the chair or the ranking minority member of either legislative Tax, Finance, or Ways and Means Committee. Upon receipt of a request to prepare a local impact note, the ~~commissioner~~ office must notify the authors of the proposed legislation that the request has been made. The local impact note must be made available to the public upon request. If the action is among the exceptions listed in section 3.988, a local impact note need not be requested nor prepared. The ~~commissioner~~ office shall make a reasonable and timely estimate of the local fiscal impact on each type of political subdivision that would result from the proposed legislation. The ~~commissioner of management and budget office~~ may require any political subdivision or the commissioner of an administrative agency of the state to supply in a timely manner any information determined to be necessary to determine local fiscal impact. The political subdivision, its representative association, or commissioner shall convey the requested information to the ~~commissioner of management and budget office~~ with a signed statement to the effect that the information is accurate and complete to the best of its ability. The political subdivision, its representative association, or commissioner, when requested, shall update its determination of local fiscal impact based on actual cost or revenue figures, improved estimates, or both. Upon completion of the note, the ~~commissioner~~ office must provide a copy to the authors of the proposed legislation and to the chair and ranking minority member of each committee to which the proposed legislation is referred.

**EFFECTIVE DATE.** This section is effective January 8, 2019.

Sec. 58. **RETENTION OF FISCAL NOTE SYSTEM; LEGISLATIVE BUDGET OFFICE ACCESS.**

The Legislative Coordinating Commission must contract with the commissioner of management and budget to maintain and, as needed, upgrade the fiscal note tracking system funded under Laws 2013, chapter 142, article 1, section 13. The commissioner must provide the Legislative Budget Office established under this act with complete access to, and use of, the system.

**EFFECTIVE DATE.** This section is effective January 8, 2019.

Sec. 59. **LEGISLATIVE BUDGET OFFICE TRANSITION PLANNING TASK FORCE.**

**Subdivision 1. Membership.** The Legislative Budget Office Transition Planning Task Force is established. The task force consists of the following members:

(1) two members of the house of representatives, one appointed by the speaker of the house, and one appointed by the minority leader of the house of representatives;

(2) two members of the senate appointed by the senate Subcommittee on Committees of the Committee on Rules and Administration, one of whom must represent the majority caucus of the senate, and one of whom must represent the minority caucus of the senate;

(3) the legislative auditor;

(4) the commissioner of management and budget; and

(5) the state budget director.

The chief nonpartisan fiscal analyst of the house of representatives, the lead nonpartisan fiscal analyst of the senate, and two members from executive branch agencies, appointed by the commissioner of management and budget, shall serve as ex-officio, nonvoting members of the task force. Appointments required by this section must be made no later than July 15, 2017. The chair of the Legislative Coordinating Commission shall designate one member of the task force to serve as its chair.

**Subd. 2. Duties; report required.** (a) The task force must develop a plan for the orderly transition of fiscal note and local impact note responsibilities from Minnesota Management and Budget to the Legislative Budget Office, as required by this act. At a minimum, the plan must consider the office's responsibilities for fiscal notes and local impact notes, the duties of state agencies and departments and local governments in facilitating the office's work, and any other issues relevant to the transition of duties to the office, as determined by the task force. The plan may include recommendations for additional legislation as necessary to implement the task force's transition plan, or to further clarify or structure the office's responsibilities.

(b) The task force must submit a preliminary report no later than January 15, 2018, and a final report no later than December 1, 2018, to the chairs and ranking minority members of the house of representatives Ways and Means Committee and the senate Finance Committee. The final report must describe the task force's work, including recommendations for a transition plan and any recommendations for legislation developed under paragraph (a).

**Subd. 3. Staff.** The Legislative Coordinating Commission must provide research and administrative assistance to support the work of the task force.

**Subd. 4. Expiration.** The task force expires upon submission of its final report to the legislature under subdivision 2.