



Legislative Uses of Fiscal Notes

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What is a Fiscal Note?



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- A fiscal note estimates the costs, savings, revenue gain, or revenue loss resulting from the implementation of proposed legislation. The baseline for the fiscal note is the most recent budget forecast so the fiscal note numbers show changes from that forecast.
- It is a tool to help legislators better understand how a bill might impact the state budget as a whole, individual agencies, and in some instances, local governments.



Use of Fiscal Notes in the Legislative Process



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- **Fiscal Notes: Minnesota Statutes 3.98**
 - Fiscal note examines spending and fee changes
 - Fiscal note requested by committee chairs
 - MMB coordinates and signs off (changed to LBO, effective January 8, 2019)
- **Unofficial Fiscal Notes: Minnesota Statutes 13.64, subd. 3**
 - Same form and format as a regular fiscal note
 - Bill language is available, but not yet introduced
 - Are public, except when the requester directs note to be classified as not public data
- **Local Impact Notes: Minnesota Statutes 3.987-3.989**
 - Local impact note examines fiscal impact of proposed law change on counties, cities, school districts and any other local governments
 - Local impact note requested by tax, finance or ways & means committee chairs or ranking minority members
 - MMB coordinates (changed to LBO, effective January 8, 2019)
- **Revenue Estimate: Minnesota Statutes 270C.11, subd. 5**
 - Revenue estimate examines tax changes
 - Revenue estimate requested by tax committee chairs or ranking minority members
 - DOR is responsible



Requesting a Fiscal Note



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- In the House a fiscal note request may be entered into the system by any nonpartisan fiscal analyst or the committee administrator of the Ways and Means Committee.
- In the Senate a fiscal note request may be entered into the system by any nonpartisan fiscal analyst or the committee administrator of the Senate Finance Committee.
- Legislators are advised to discuss the need for a fiscal note on a bill with legislative fiscal staff
 - Does the bill have a fiscal impact?
 - Is a fiscal note or revenue estimate needed?
 - Is the fiscal impact obvious and a fiscal note not needed?
 - Will significant amendments be proposed?

Other Considerations

- Bill hearing schedule
- Bonding bills
- Education bills
- Interactions
- Omnibus Finance bill



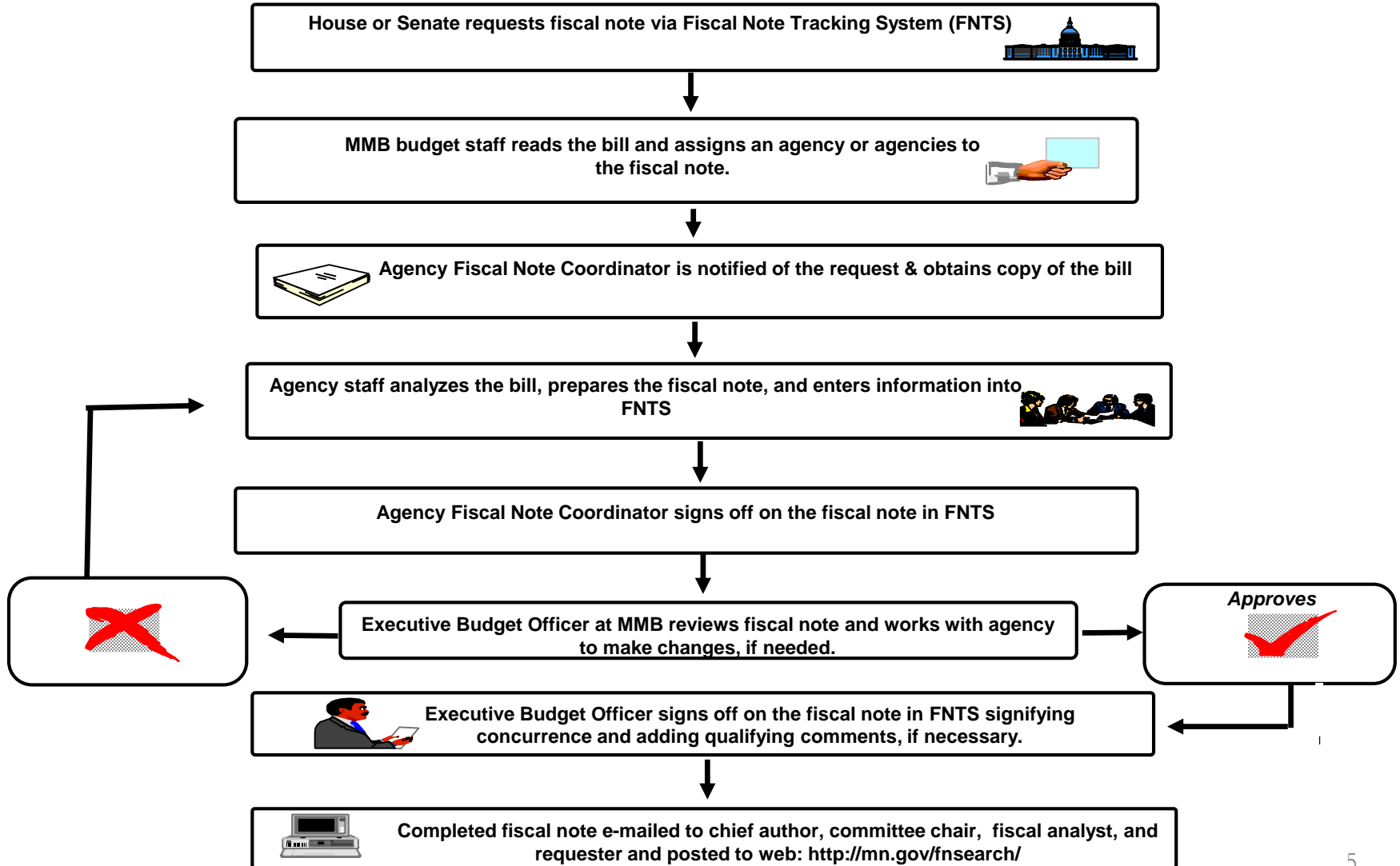
Fiscal Note Process

(Current Law, Prior to LBO Changes)



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Basic Components of a Fiscal Note



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Cover Page

File Number

Chief Author

Requesting Committee

Consolidated FN/ Single Agency

- Lead Agency
- Other Agencies

Fiscal Impact Table

State Fiscal Impact Tables

- Cost (Savings) Summary by Fund
- Full-time Equivalent Positions by Fund

EBO/Lead EBO's Comments & Signature

“Back” Pages

Detailed Fiscal Impact Table State Cost (Savings) Calculation

- Expenditures
- Costs the Agency Can Absorb
- Revenues
- Transfers Between Funds

Narrative Explanation

- Bill Description
- Assumptions
- Expenditure/ Revenue Formulas
- Long-Term Fiscal Considerations
- Local Fiscal Impact
- References/ Sources

Agency Contact

Agency Fiscal Coordinator's Signature



Different “Types” of Information in Fiscal Notes



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Fiscal Notes (FN) Provide Different Kinds of Information:

- Consolidated FN vs Single Agency
- Simple General Fund Expenditure FNs
- FNs affecting different funds
- FNs that include revenues and expenditures
- Formula Expenditure FN (may include property tax changes)
- Revised FNs
- Amended bill fiscal notes

Advisory vs Binding:

- FNs estimating the cost of a directive to an executive agency (ie. a study or report)
- FNs estimating the cost a change to a statutory formula (changing the basic education formula allowance or changing the threshold amount for eligibility for a food assistance benefit)
- Budget Rules



Examining the Fiscal Note



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- Did the author and agency preparing the fiscal note make the same assumptions? Are those assumptions clearly stated in the fiscal note?
- Does the bill language reflect the author's intent. Did the agency(s) completing the fiscal note understand the author's intent?
- Do the assumptions in the fiscal note reflect the most likely scenario?
- Are all relevant agencies included in the fiscal note?
- Are there technical problems with the bill language?



Questions



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