



Understanding Fiscal Notes

July 17, 2014

Moderator: Erica Michel, Fiscal Affairs Program, National Conference of State Legislatures

Dial 888-437-3195 for the webinar audio



Understanding Fiscal Notes

❖ Audio Information:

- You must use your telephone to hear the audio portion of this webinar.
- Dial (888) 437-3195
- Wait for live operator greeting and state the name of the Webinar as "Understanding Fiscal Notes"



Today's Speakers

Alan Calandro

Director, Office of Fiscal Analysis, *Connecticut*

Lucian Geise

Executive Director, Fiscal Review Committee, *Tennessee*



Overview

30 out of 52 offices prepare fiscal notes.

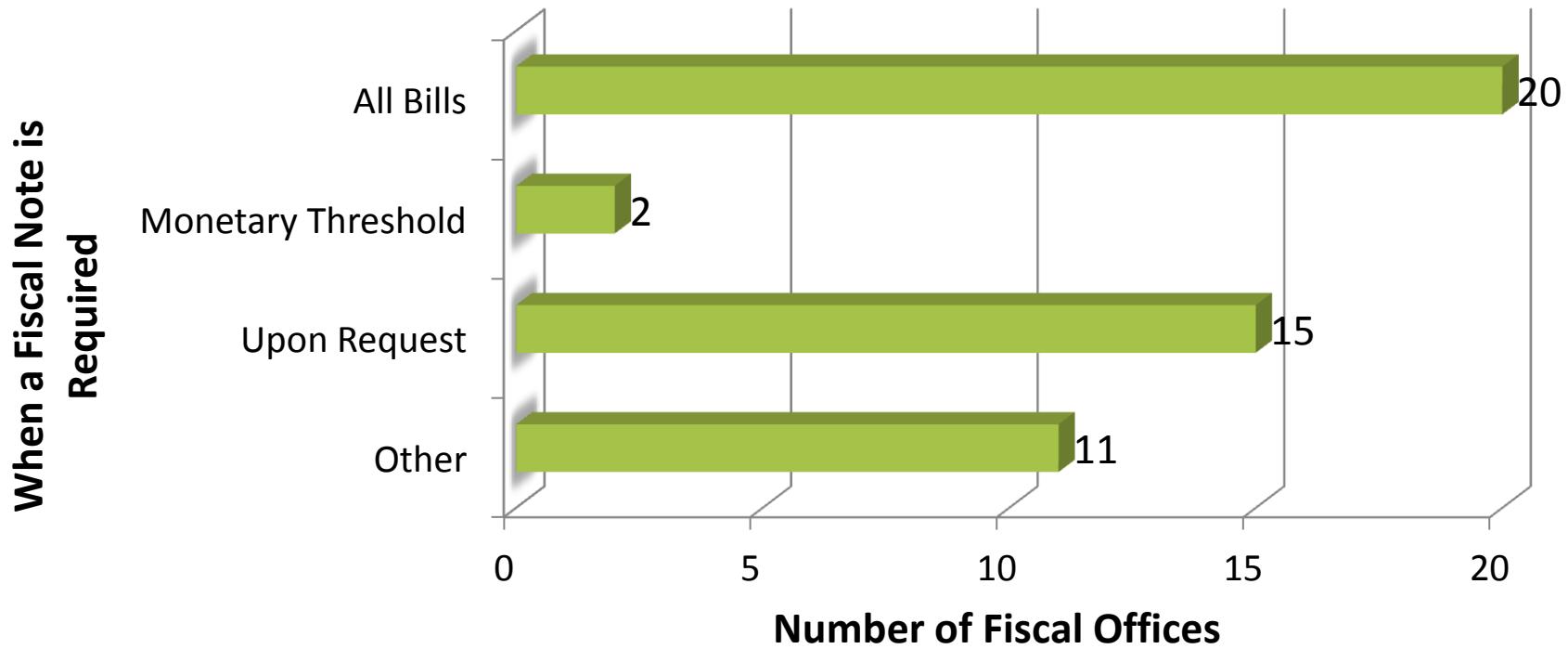
**10 to
9,000**
Average number per year ranges from as few as 10 to as many as 9,000.



Some offices prepare more fiscal notes than are officially released.



Legislation Requiring a Fiscal Note





Executive Fiscal Notes

- 20 offices review executive branch fiscal notes.
 - 10 offices might modify or replace an Executive fiscal note.
- Only three offices report developing consensus fiscal notes with executive branch offices.
- Some offices receive internal data from executive agencies to prepare fiscal notes.



Understanding Fiscal Notes

July 17, 2014

*Office of Fiscal Analysis
CT General Assembly*
Alan Calandro, Director



Topics

1. About OFA
2. Duties
3. Fiscal note #s
4. Timeframes
5. Changing expectations
6. What FNs can/can't tell you
7. What FNs should/shouldn't be used for
8. FN Processing - Tools
9. Issues/Challenges



About OFA

- Established by statute in 1972
- Central non-partisan staff office with budget and tax responsibilities
- 27 full-time staff (17 analysts/2 FTE IT/system analysts/5 analyst managers; 3 admin.)
- Analysts are assigned by state agency/revenue area and are assigned fiscal notes based on whether the legislation would have an effect on their assigned area
- Serve legislative leadership, appropriations & finance committees, substantive committees, rank and file legislators
- Director appointed by joint leadership



OFA Duties: comprehensive

- Analyze current services estimates, track & forecast expenditure & revenue levels
- Analyze agency mid-year funding transfers
- Analyze bond commission submittals
- Develop forecasting models
- Develop out-year expenditure & revenue projections
- Estimate costs and program impact for budgetary changes
- Record legislative intent
- Develop alternative proposals
- Publish State budget document
- Conduct analysis of programs, proposals, recommendations, and new initiatives
- Calculate spending cap
- Provide legislative oversight of state's \$18 billion budget
- Operate Transparency.CT.gov
- Facilitate Results Based Accountability and Results First initiatives
- and **fiscal notes.....**



OFA Fiscal Notes

Prepare fiscal notes on all:

1. bills considered in the appropriations and finance committees
2. bills reported out of any committee
3. all amendments
4. special acts, resolutions, collective bargaining agreements
5. regulations up for approval

Total of above: up to 3,000 (depending on length of session) - about 176/analyst – plus two level review: peer and supervisor

By statute, legislation may not be considered/passed without a fiscal note

CGS Sec. 2-24a. Fiscal note required for action upon bill.

No bill without a fiscal note appended thereto which, if passed, would require the expenditure of state or municipal funds or affect state or municipal revenue in the current fiscal year or any of the next ensuing five fiscal years shall be acted upon by either house of the General Assembly unless said requirement of a fiscal note is dispensed with by a vote of at least two-thirds of such house. Such fiscal note shall clearly identify the cost and revenue impact to the **state** and **municipalities** in the current fiscal year and in each of the next ensuing five fiscal years.



OFA Fiscal Notes (cont.)

Timeframes for preparation:

1. Bills considered in the appropriations and finance committees – 1 to 3 calendar days
2. bills reported out of any committee – 5 calendar days
3. All amendments - asap
4. Special acts, resolutions, collective bargaining agreements – 5 calendar days and 1 to 2 weeks for CB agreements)
5. Regulations up for approval – 2 weeks



Quick Note

The role of fiscal office staff is changing. More complex and challenging than ever. Information is everywhere.

Old expectation: What is the number?

New expectation: What does it mean? Need it now!

This affects fiscal notes: more scrutiny, more room for disagreement.

Solution: more and bigger data systems (separate but related topic)



Fiscal Notes in CT

What do they tell you?

- State fiscal impact
- Municipal fiscal impact
- Programmatic impact (when relevant)
- Impact over time (five years)
- Whether there is a state mandate on towns
- Federal funds impact
- Generally direct impact only: based on all else being equal

What do they not tell you?

- Racial/incarceration impact
- Economic impact
- Jobs/workforce impact
- Private sector impact
- Extended assumptions/dynamic impact (ex. Indirect effects of prevention programs or tax changes)



Fiscal Notes in CT

What they should be used for:

- To get an estimate from a reliable/nonpartisan/trusted organization on what a piece of legislation or idea could do to the state's or towns' budget or revenue levels
- This is to provide another level of information to help legislators decide on policy - it is not directly linked to the budget

What they should not be used for:

- To decide solely based on the note whether something should live or die - policy makers are not prohibited by fiscal notes. It is one of many factors in deciding policy
- That a fiscal note is locked in place and cannot be changed and/or will result in future in exactly the level of dollars/impact that is indicated
- That a fiscal note is directly linked to the budget - i.e. if a bill passes with a fiscal note that the budget/revenue automatically gets adjusted



FN Production Tools

1. **Task List** – an electronic list of each fiscal note assignment with links to the latest bill draft, latest research summary, and ability to assign/share with other analysts. Also contains the due date.
2. **Fiscal Note Wizard** – the automation tool for fiscal note production.
3. **Reviewer List** – a tool to allow all reviewers of fiscal notes to check off their review completion.



FN Data Sources

Major differences between agency based/ workload driven programs and formulaic/entitlement driven programs

1. State agencies
2. Municipal governments
3. Other nonpartisan staff
4. Interest groups (with caution) – such as # of plumber apprentices
5. Testimony
6. External databases – census.gov, dept. of labor, economy.com, etc
7. Internal databases – where the future is...



Fiscal Note Wizard

Fiscal Note Wizard

Fiscal Note Type:

Bill/Resolution Preliminary Contributor Bill No.:

Amendment Bill as Amended E-Cert Correction Addendum

State Impact: No Yes **Municipal Impact:** No Yes Include Out Years Table

Agencies	Fund	Effect	FY 15 \$	FY 16 \$
*				

Municipalities	State Mandate?	Effect	FY 15 \$	FY 16 \$
*				

Prepared By:

Primary: Admin:

Contributor(s):

ArnoldE
AshburnC
AyersN
BordieriA
BourneS
CalandroA
ChaffeeD
DellaPietraR
DilworthD



Completed

Fiscal Note Wizard

Fiscal Note Type:

Bill/Resolution Preliminary Contributor sSB-1

Amendment Bill as Amended E-Cert Correction Addendum

AN ACT ENCOURAGING ECONOMIC DEVELOPMENT THROUGH THE REMEDIATION OF STATE-OWNED BROWNFIELDS.

Prepared By:

Primary: CalandroA Admin: [dropdown]

Contributor(s):

LedermanW MillerL MurphyM PalmerJ PerilloC RhudeK RitsickM RonanP ShepardA

State Impact: No Yes **Municipal Impact:** No Yes Include Out Years Table

Agencies	Fund	Effect	FY 15 \$	Apply Inflation	FY 16 \$	FY 17 \$	FY 18 \$	FY 19 \$
Banking Dept.	BF	Cost	250,000	<input type="checkbox"/>	None	None	None	None
Attorney General	GF	Savings	500,000	<input type="checkbox"/>	None	None	None	None

Sort Municipal Rows

Municipalities	State Mandate?	Effect	FY 15 \$	Apply Inflation	FY 16 \$	FY 17 \$	FY 18 \$	FY 19 \$
Bridgeport	NO	Cost Avoidance	Minimal	<input type="checkbox"/>	Minimal	Minimal	Minimal	Minimal



Resulting Note

OFFICE OF FISCAL ANALYSIS

Legislative Office Building, Room 5200
Hartford, CT 06106 ◇ (860) 240-0200
<http://www.cga.ct.gov/ofa>

sSB-1

AN ACT ENCOURAGING ECONOMIC DEVELOPMENT THROUGH THE REMEDIATION OF STATE-OWNED BROWNFIELDS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 15 \$	FY 16 \$
Banking Dept.	BF - Cost	250,000	None
Attorney General	GF - Savings	500,000	None

Municipal Impact:

Municipalities	Effect	FY 15 \$	FY 16 \$
Bridgeport	Cost Avoidance	Minimal	Minimal

Explanation



Resulting Note: Out-Years

The Out Years

State Impact:

Agency Affected	Fund-Effect	FY 17 \$	FY 18 \$	FY 19 \$
Banking Dept.	BF - Cost	None	None	None
Attorney General	GF - Savings	None	None	None

Municipal Impact:

Municipalities	Effect	FY 17 \$	FY 18 \$	FY 19 \$
Bridgeport	Cost Avoidance	Minimal	Minimal	Minimal



Submittal

After a fiscal note is completed by OFA the final copy of the fiscal note:

- a) If it is on a bill, resolution, special act, is published in a “file” with the bill and research summary the next day and posted on the web.
- b) If it is on an amendment it is electronically posted on the web within minutes of submittal and copies are sent to printers in each caucus of each chamber.

These can also be submitted offsite through the network.

In addition, the CGA recently set up remote desktop ability.



How SB 1 actually looked:

OFFICE OF FISCAL ANALYSIS

Legislative Office Building, Room 5200

Hartford, CT 06106 • (860) 240-0200

<http://www.cga.ct.gov/ofa>

sSB-1

AN ACT ENCOURAGING ECONOMIC DEVELOPMENT THROUGH THE REMEDIATION OF STATE-OWNED BROWNFIELDS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 15 \$	FY 16 \$
Treasurer, Debt Serv.	GF - Cost	Potential	Potential
Department of Energy and Environmental Protection	GF - Cost	See Below	See Below
Comptroller- Fringe Benefits ¹	GF - Cost	23,829	24,544

Municipal Impact: None

Explanation

The bill requires the Department of Energy and Environmental Protection (DEEP), on or before March 1, 2015, to commence evaluation and remediation of three contaminated sites listed and prioritized for expedited remediation under the Urban Sites Remedial Action Program ("Urban Sites").

The bill will result in a cost of \$88,829 in FY 15 and \$91,494 in FY 16 to the Department of Energy and Environmental Protection (DEEP) for an Environmental Analyst III position. The new position will manage the expedited site selection process, public involvement with stakeholders, contractor bidding and negotiation, oversight for investigation and remediation, and review of permit applications associated with selecting and remediating three contaminated sites under the "Urban Sites" program.

The estimated cost to fully investigate and remediate the three contaminated sites could range between \$50 million and \$100 million. Actual costs will depend on the degree of existing contamination and the planned end-use of the sites.

The low-end of the cost range is based on an average example of \$17 million total cost for DEEP investigation and remediation of one 11-acre site.² Therefore, the total cost for three comparable sites could be approximately \$50 million.

The high-end of the estimate is based on the complete cost of investigation, remediation and demolition of a 90-acre site, at a cost of approximately \$55 million.³ If DEEP were to evaluate and remediate three sites of this size and contamination level, costs could approach \$100 million for three comparable sites.

The unallocated bond balance for the "Urban Sites" program on April 4, 2014 was \$32.1 million and PA 13-239, the FY 14 bond bill, authorizes an additional \$5 million for the program in FY 15. It is anticipated that the bill



How to find OFA notes:

<http://www.cga.ct.gov/>

The screenshot shows the homepage of the Connecticut General Assembly website. On the left, there's a sidebar with links: Search, Session Information, House, Senate, Legislative References, and Citizen Guide. The main navigation bar includes links for Broadcast Media, Statutes, Committees A - H & I - Z, Staff Offices, and Commissions. A search bar at the top allows for quick searching by Bill number and year (set to 2014). To the right of the search bar is a "Bill Tracking" section. Below the search bar is a calendar for July 2014, with July 14th highlighted. Further down, there's a "CGA Today" section with links to the Bulletin, a list of bills passed, file copies, and acts. To the right, there are sections for the Bipartisan Task Force on Gun Violence Prevention and Children's Safety (with a green ribbon icon) and the Task Force to Study the Provision of Behavioral Health Services For Young Adults. At the bottom right, it says the 2014 Regular Session was convened on February 5, 2014, and adjourned on May 7, 2014.

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cga
GENERAL ASSEMBLY

Search

Session Information

House

Senate

Legislative References

Citizen Guide

Quick Search: Bill Number: Year: 2014 GO ?

Broadcast Media Statutes Committees A - H & I - Z Staff Offices Commissions

July 2014

S	M	T	W	T	F	S
			1	2	3	4
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

CGA Today

Bulletin (7/11)
List Of Bills Passed (7/14) [pdf]
File Copies: All
Acts: All

Bipartisan Task Force on Gun Violence Prevention and Children's Safety

Senate Bill No. 1160

Task Force to Study the Provision of Behavioral Health Services For Young Adults

New Legislation Effective July 1, 2014

2014 Regular Session
Convened: February 5, 2014
Adjourned: May 7, 2014



Fiscal Note Issues

Micro:

- Conclusion based
- Focused
- Numbers instead word
- Charts instead of paragraphs
- Balance between accounting and verbosity; jargon and looseness in terms/writing

Macro:

- Increasingly political environment
- Increasing amounts of external information from various angles
- Increasing scrutiny
- Risk aversion
- Lack of incentive to be quantitative
- Growing disconnect between legislature and staff



OFA website: <http://www.cga.ct.gov/ofa/>



Connecticut General Assembly's

transparency.CT.gov

Office of Fiscal Analysis



FY 15 Budget Revision Information



Explore State Appropriations and Spending

Examine the state budget and find OFA's current expenditure projections.

Locate Tax and Revenue Information

View recent changes to state taxes and OFA's current revenue projections.

Retrieve Bond & Grant Documents

Identify past and present grant and bonding information for your town and the state.

Research Historical State Spending

Access information on expenditures by state agency at transparency.CT.gov.

What's New



Contact Information

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Office of Fiscal Analysis
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Hartford, CT 06106-1591
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<http://cga.ct.gov/ofa/>

Introduction to Fiscal Review Support Forms



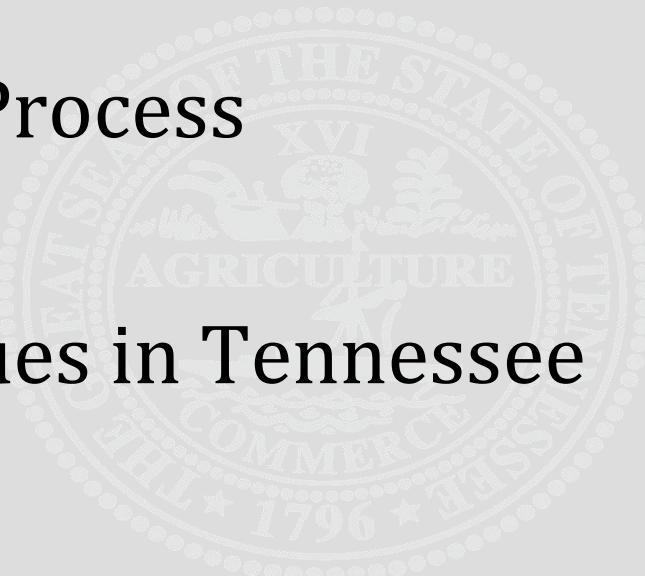
FISCAL REVIEW COMMITTEE

Lucian Geise, Executive Director

July 17, 2014

Overview

- Introduction to Fiscal Review
- Fiscal Note Process
- Drafting Issues in Tennessee



Purpose of FRC

The Fiscal Review Committee was created in 1967 as a special standing continuing committee to oversee the fiscal operations of state departments and agencies and provide to the General Assembly independent information concerning the fiscal affairs of the State.

FRC Composition

Tennessee Code Annotated, § 3-7-101

- (1) Speaker of the Senate, Ex Officio
 - (1) Speaker of the House, Ex Officio
 - (1) Chair of the Senate, Finance, Ways, Means Committee, Ex Officio
 - (1) Chair of the House, Finance, Ways, Means Committee, Ex Officio
 - (6) Senators
 - (9) Representatives
- 
- The seal of the State of Tennessee is a circular emblem. It features a central shield with a plow, a sheaf of wheat, and a cotton plant, surrounded by the words "THE GREAT SEAL OF THE STATE OF TENNESSEE". Above the shield is a crest depicting a plow and a sheaf of wheat. A scroll at the bottom bears the date "1796". The entire seal is set against a light gray background.
- NON-VOTING
- VOTING

FRC Functions

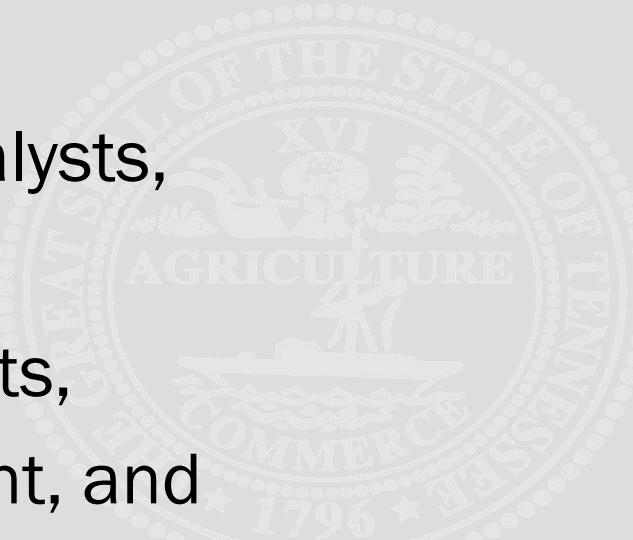
Functions of the Committee include:

- Analyzing the fiscal impact of pending legislation;
- Reviewing certain contracts between the State and vendors/contractors;
- Generating estimates of state and Tennessee Education Lottery revenues for the State Funding Board;
- Reviewing audits issued by the Comptroller;
- Issuing reports relative to issues of concern to the Fiscal Review Committee and in response to statutory mandates; and
- Maintaining knowledge concerning the executive budget, state debt, and various state funds;

FRC Staff

The Committee has 13 staff members, including:

- 4 Fiscal Analysts,
- 2 Attorneys,
- 2 Economists,
- 1 Accountant, and
- 1 Local Government Analyst



Fiscal Notes

What is a fiscal note?

- A document that estimates the fiscal impact of a particular piece of legislation—i.e., how much it costs or how much revenue it will generate.

Various “Notes”:

- Fiscal Note – issued for bills
- Fiscal Memorandum – issued for amendment(s) to bills
- Corrected Fiscal Note/Memorandum – issued when it has been discovered that the original fiscal note/memorandum contains erroneous information

Fiscal Notes Authority

Tenn. Code Ann. § 3-2-107

(a)(1) Fiscal notes shall be provided for all general bills or resolutions increasing or decreasing state or local revenues, making sum-sufficient appropriations, or increasing or decreasing existing appropriations or the fiscal liability of the state or of the local governments of the state.

Tenn. Code Ann. § 3-7-103

(b) The fiscal review committee has the responsibility of preparing and distributing the fiscal note statements required in § 3-2-107.

Fiscal Notes Authority

Article II, § 24 of the Tennessee Constitution

Any law requiring the expenditure of state funds shall be null and void unless, during the session in which the act receives final passage, an appropriation is made for the estimated first year's funding.

No law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.

Fiscal Notes Process Overview

- Bill introduced
- Assigned to department/agency
- Support form received
- Analyst reviews support form and analyzes impact
- Fiscal note drafted
- Internal review
- Fiscal note issued



Bill Introduced

Bill Filed in either House electronically sent to FRC

Assigned to Fiscal Analyst based on Department
Timing: statutory 10-day deadline to complete,
generally completed by first Committee Calendar or
by member request

Amendments must be delivered to FRC by email,
fax or in person (attorney-client privilege)

Assigned to Department / Agency

Assigned to Fiscal Analyst by Department

Each FA manages 6-10 Departments

Responsible for completing Fiscal Note and
Fiscal Memos

Point of Contact for all other analysts'
communication with assigned Departments

Assigned to Department / Agency

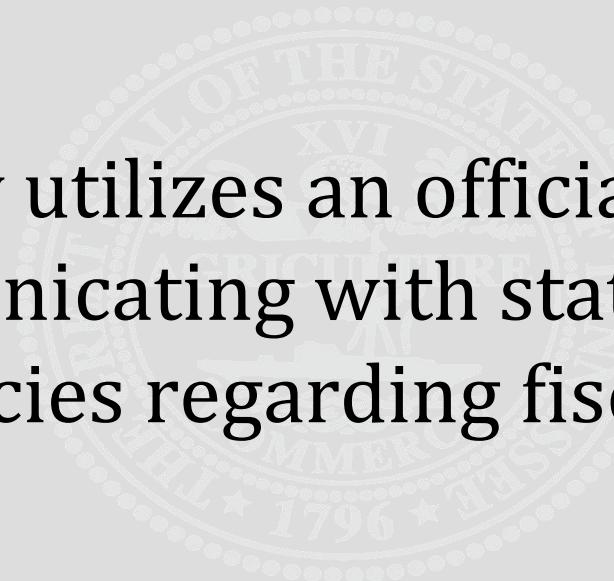
Analysts must complete statutory changes made by Bill / Amendments

Assign to Departments with requested 3-day Support Form turnaround back to FRC

FRC opinion on fiscal analysis is official

Official Support Form

Fiscal Review utilizes an official support form when communicating with state departments and agencies regarding fiscal impacts



Official Support Form

Please identify the printed bill number.

Ex: HB 635/SB 245.

Please list all draft codes. Amendments to bills are identified by the draft code. Proper use of this code ensures that the information you provided is considered with the appropriate amendment.


FISCAL REVIEW COMMITTEE
OFFICIAL SUPPORT FORM
Revised December 2010

* Denotes required field.

1. General Information

*Bill or Amendment Number(s): _____

Original Bill
 Corrected Bill
 Amendment(s)
 Corrected Amendment(s)

*Drafting Code(s): _____

*Department:

*Date:

*Preparer:

*Phone:

*Preparer's E-mail (hit return to make hyperlink):
=====

2. *Explain specifically how this bill or amendment will impact your department or programs.

What changes, if any, will the bill or amendment make to the current operation of your department or agency? If the bill or amendment will impact future plans or policies of the department or agency that have not yet been implemented, please identify those changes as well.

Please identify if the information included in the support form is for the original bill, is corrected information for the original bill, is for an amendment, or is corrected information for an amendment.

Please be sure to identify the preparer's contact information so that we can contact you with questions, if necessary.

What changes, if any, will the bill or amendment make to the current operation of your department or agency? If the bill or amendment will impact future plans or policies of the department or agency that have not yet been implemented, please identify those changes as well.

Official Support Form

Please identify the amount of state funds that will be impacted by the passage of the proposed legislation.

Please identify each amount by the fiscal year in which the impact will occur, identify the impact as one-time or recurring, and identify the fund in which the impact will occur.

If the impact will occur within multiple funds, please list the impact to each fund separately.

3. State Fiscal Impacts (Boxes will expand as information is typed.)

Increase State Expenditures

Fiscal Year	One-Time	Recurring	Fund Affected

Decrease State Expenditures

Fiscal Year	One-Time	Recurring	Fund Affected

Increase State Revenue

Fiscal Year	One-Time	Recurring	Fund Affected

Decrease State Revenue

Fiscal Year	One-Time	Recurring	Fund Affected

If state revenue is forgone, denote amount, fiscal year(s) and explain why the department believes it is forgone as opposed to a decrease:

If the dollar amount or source of funding will change beyond the first two fiscal years, please state the change:

Forgone revenue is revenue that the state or an agency is not currently collecting that it will be prohibited from collecting if a bill is enacted (e.g., allocating revenue growth from an economic development project to local government rather than the state)

Official Support Form

Please identify the amount of local funds that will be impacted by the passage of the proposed legislation.

Please identify each amount by the fiscal year in which the impact will occur, is the impact one-time or recurring, and is the impact mandatory or permissive.

4. Local Fiscal Impacts

Increase Local Expenditures

Fiscal Year	One-Time		Recurring	
	Mandatory	Permissive	Mandatory	Permissive

Decrease Local Expenditures

Fiscal Year	One-Time		Recurring	
	Mandatory	Permissive	Mandatory	Permissive

Increase Local Revenue

Fiscal Year	One-Time		Recurring	
	Mandatory	Permissive	Mandatory	Permissive

Decrease Local Revenue

Fiscal Year	One-Time		Recurring	
	Mandatory	Permissive	Mandatory	Permissive

Additional Explanation of local impact if desired:

Mandatory:
Expenditures and revenue are considered mandatory if the bill or amendment requires a local government to implement its provisions.

Permissive:
Expenditures and revenue are considered permissive if the bill or amendment grants a local government the discretion to implement its provisions but does not require the local government to take any action.

Official Support Form

Please identify the amount of state funds that will be impacted by the passage of the proposed legislation.

Please identify each amount by the fiscal year in which the impact will occur, identify the impact as one-time or recurring, and identify the fund in which the impact will occur.

If the impact will occur within multiple funds, please list the impact to each fund separately.

If local revenue is forgone, denote amount, fiscal year(s) and explain why the department believes it is forgone as opposed to a decrease:

5. Federal Fiscal Impacts

Increase Federal Expenditures

Fiscal Year	One-Time	Recurring	Fund Affected

Identify which federal programs these funds are attached to:

If the dollar amount or source of funding will change beyond the first two fiscal years, please state the change:

Decrease Federal Expenditures

Fiscal Year	One-Time	Recurring	Fund Affected

Identify which federal programs these funds are attached to:

If the dollar amount or source of funding will change beyond the first two fiscal years, please state the change:

Increase Federal Revenue

Fiscal Year	One-Time	Recurring	Fund Affected

Identify which federal programs these funds are attached to:

If the dollar amount or source of funding will change beyond the first two fiscal years, please state the change:

Please identify the federal program or law in which these funds are tied.

If the passage of the proposed legislation will jeopardize federal funds that the state is currently receiving, please identify those funds and the federal statute or policy that the proposed legislation will place the state in non-compliance.

Official Support Form

Please identify any fiscal impact that could not be recognized within one of the above categories.

One example is legislation that requires a department or agency to implement provisions within its existing resources.

Another example is legislation that would terminate a program that has not been implemented but funds have been appropriated.

Cost Avoidance

Decrease Federal Revenue

Fiscal Year	One-Time	Recurring	Fund Affected

Identify which federal programs these funds are attached to:

If the dollar amount or source of funding will change beyond the first two fiscal years, please state the change:

=====

6. Other Fiscal Impacts (If the impact cannot be placed into the above fields, is not specifically quantifiable, is a cost avoidance, or if additional information is needed to explain the fiscal impact(s) use the space below):

=====

7. *Assumptions Used to Determine Fiscal Impact/Breakdown of Impact: (Indicate number and type of positions; show personnel costs, benefits, supplies, equipment, travel, etc. Attach copies of worksheets, if needed. Include assumptions for zero impacts).

Identify, in detail, everything that went into your methodology, including but not limited to all calculations and reasoning, for the estimated impact.

The more detailed and transparent you can be, the better equipped we are to analyze your information.

Official Support Form

Please identify if funding is included in the governor's proposed budget. If the amount included is different from your estimated impact, please identify.

8. *Is funding for this legislation included in the Governor's proposed budget?

Yes No

Amount Included if different from estimated cost \$ _____

9. Explanation of Abbreviations Used:

10. Additional Comments by Preparer:

11. List Other State Departments/Agencies Fiscally Affected by this Bill or Amendment:

12. List Bills from Previous Sessions which are Identical/Similar to this Bill or Amendment:

*Commissioner's Signature or Designee:

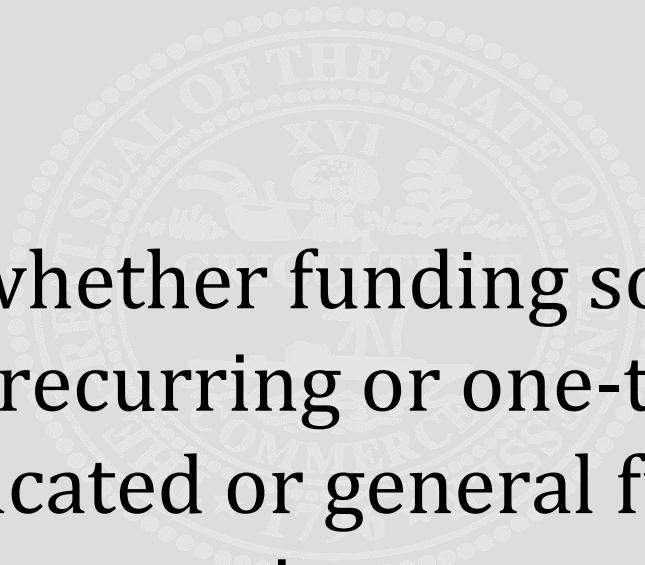
Include any additional information or background information that you feel is relevant to the fiscal impact of the proposed legislation.

Specific Funding Sources

- Dedicated and Earmarked Funds
 - Identify whether revenue or expenditures generated by a bill will affect the general fund, a dedicated fund, are earmarked, or some combination of the above

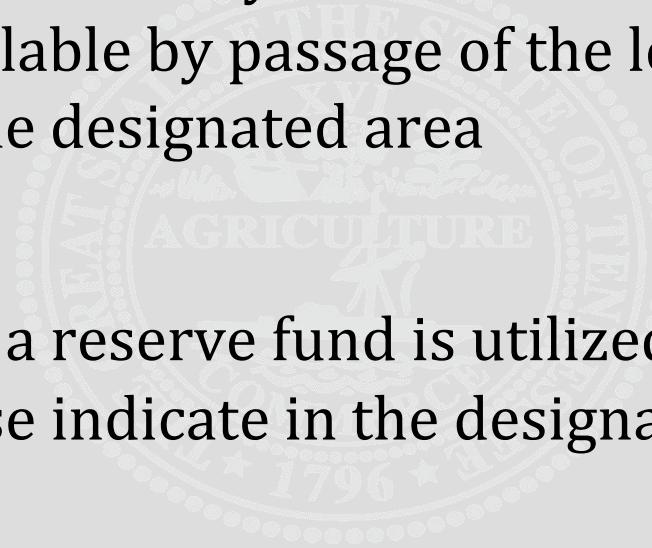
Funding in Governor's Budget

- Should be noted on fiscal note support form
- Determine whether funding source identified in budget is recurring or one-time, state or federal, dedicated or general fund, and how future funding requirements will be met



Official Support Form

- Additional Topics on the Support Form
 - *Federal Funds*: If any Federal funding is jeopardized or made available by passage of the legislation, please indicate in the designated area
 - *Reserves*: If a reserve fund is utilized for any fiscal impact, please indicate in the designated area
 - *Cost Avoidance*: A cost that would have occurred in the future that the bill has eliminated (e.g., a new regulatory scheme is repealed before it takes effect)



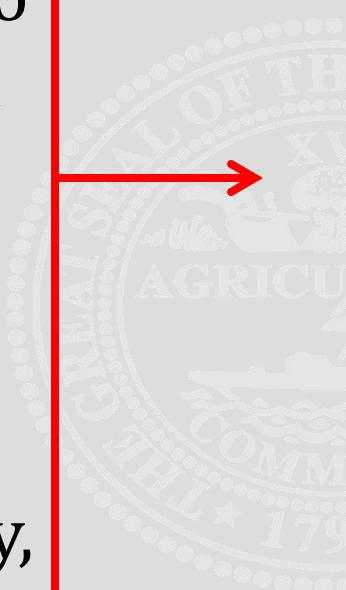
Commerce Impact Statements

- Beginning this year, Fiscal Review is required to include a statement regarding any foreseeable impact to commerce on any general bill or resolution referred to the following committees:
 - *House Business and Utilities Committee*
 - *House Insurance and Banking Committee*
 - *Senate Commerce and Labor Committee*

Commerce Impact Statements

Format Similar to
Official Support
Form

17 Questions
relative to
economic activity,
job creation,
goods demanded,
and commerce



Department or Agency:

Preparer's name and position:

Preparer's Phone Number:

Preparer's Email:

IMPACT TO COMMERCE AND JOBS

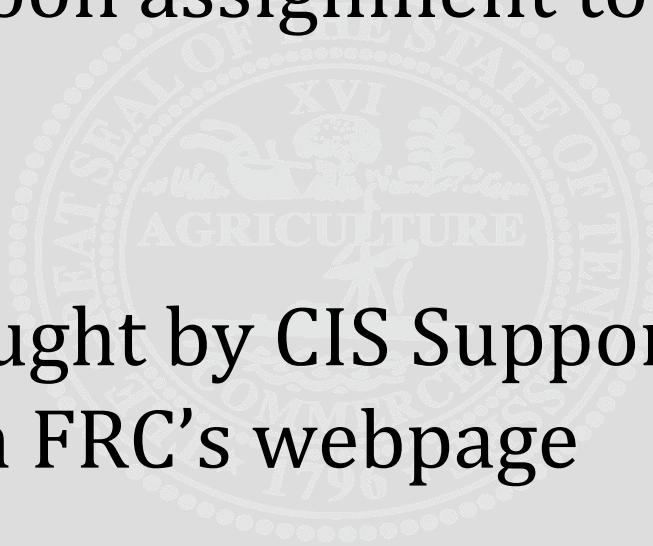
Please answer each of the following questions as thoroughly as possible.

1. *Briefly describe how passage of this bill will impact commerce and the number of jobs in Tennessee over the first two years following enactment.*

2. *Briefly describe how passage of this bill will impact commerce and the number of jobs in Tennessee over the longer term (beyond the first two-year period).*

Commerce Impact Statements

CIS Support Form Request sent to
Departments upon assignment to designated
committees



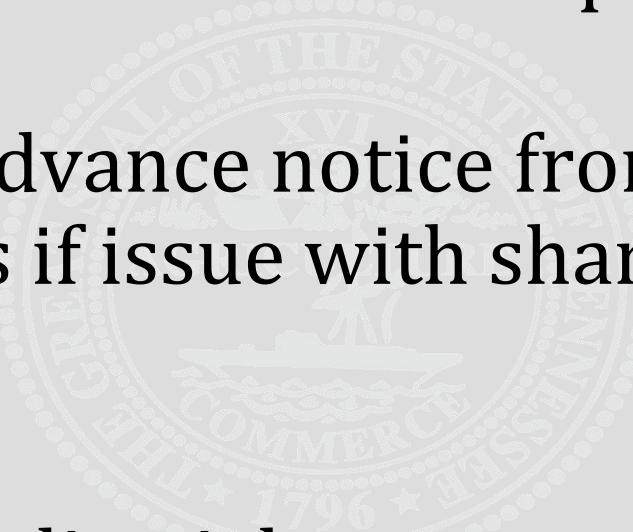
Public Input sought by CIS Support Form
template pdf on FRC's webpage

Very little response

Work in progress

Public Records

- All documents and material provided to Fiscal Review are treated as public records
- Encourage advance notice from departments if issue with share confidential information
- Discourage editorial comments about legislation or other matters



Drafting Fiscal Notes

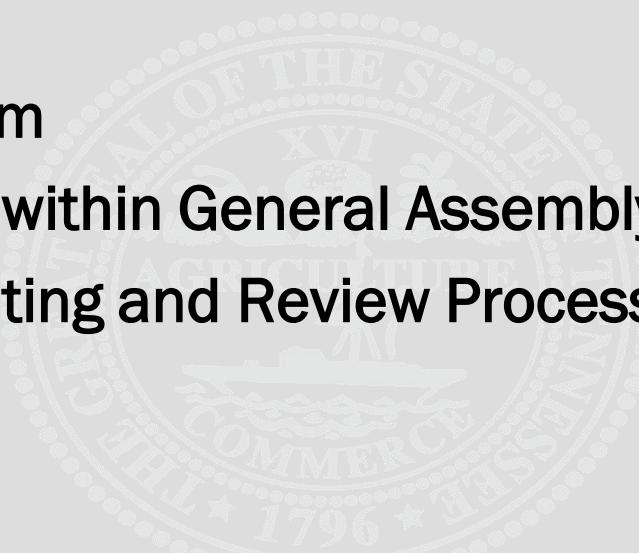
Fiscal Analysts use FileNet (IBM electronic file sharing and data storage program)

Pros

Paperless system

Remote Access within General Assembly complex

Designated Routing and Review Process



Cons

Supported by Executive Branch

No Remote Access outside GA complex

Cumbersome/not user friendly

IS Security Concerns - designated firewall link

File Edit View Favorites Tools Help

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FileNet Workplace XT - My Workplace
http://ecm.nash.tenn/WorkplaceXT/HomePage.jsp?mode=reset

Logged in as: Lucian Geis
Preferences | Help | Log Out

IBM FileNet Workplace XT

My Workplace

Legislative Analyst

Analyst Final Review

Legislative Final Review

Legislative Searches

Path: **Legislature** > Legislative Search Templates

- Legislative Archived Fiscal Note Search
- Search for Audit Documents
- Search For Contract Documents
- Search for Fiscal Notes

refresh | more...

Review Analyst

Name: LegReview_Analyst

- Fiscal_Review_Workflows
- Fiscal_Review_Workflows
- Fiscal_Review_Workflows

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Original Analyst

Name: LegOriginal_Analyst

- Fiscal_Review_Workflows
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Total items exceed maximum rows

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9:49 AM
7/11/2014

56

Drafting Fiscal Notes

Brief description of the filed legislation.

Detailed explanation of the fiscal impact if the legislation is enacted as law.

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 3169 - HB 3466

February 17, 2012

Bill & Companion Number

Fiscal Note Issue Date

SUMMARY OF BILL: Requires a \$75 fine for failure to properly use a child restraint system. Increases, from one to two years, the age under which a child must be in a rear facing restraint system.

ESTIMATED FISCAL IMPACT:

Increase State Revenue – \$149,600/Child Safety Fund

Increase Local Revenue – \$7,900

Assumptions:

- Current law does not specify the fine amount. According to the Department of Safety (DOS), the current average fine is \$40.
- An increase of \$35 in fine revenue per violation.
- DOS estimates 4,500 violations annually.
- Five percent of fine revenue is allocated to the local courts; 95 percent is allocated to the Child Safety Fund.
- A recurring increase in state revenue to the Child Safety Fund of \$149,625 (\$35 increase x 4,500 convictions x 95%).
- A recurring increase in local revenue of \$7,875 (\$35 increase x 4,500 convictions x 5%).
- Any one-time increase in state expenditures for DOS to update information on the DOS website will be not significant.

CERTIFICATION:

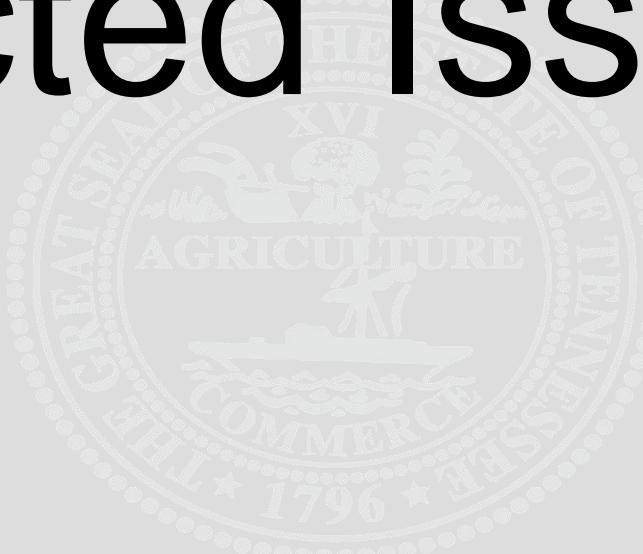
The information contained herein is true and correct to the best of my knowledge.

Lucian D. Geise, Executive Director

/jaw

SB 3169 - HB 3466

Selected Issues



Incarceration Bills

9-4-210. Increase in imprisonment terms Appropriations for operating costs.

- (a) For any law enacted after July 1, 1986, which results in a net increase in periods of imprisonment in state facilities, there shall be appropriated from recurring revenues the estimated operating cost of such law.
- (b) Operating costs, as referred to in subsection (a), means all costs other than capital outlay costs.
- (c) The amount of appropriations made under subsections (a) and (d) shall be equal to the amounts reflected in fiscal notes prepared by the staff of the fiscal review committee. For purposes of subsection (a), such cost shall be the operating cost, in current dollars, of the highest of the next ten (10) fiscal years commencing after December 4, 1985.
- (d) Prior to submission of the budget for fiscal years beginning after 1986-1987, estimates of appropriations made under subsection (a) may be adjusted to determine the amount of appropriations of recurring revenues to be repeated for the ensuing fiscal year. If no adjustment is made, then the amount of appropriations previously made shall be repeated.
- (e) Appropriations made under the provisions of this section shall be placed in a reserve to be used only for the following purposes:
 - (1) Cancellation of bonds authorized but not yet sold; and
 - (2) Capital outlay for the department of correction.
- (f) Any law enacted without the funding required by this section shall be null and void unless such funding is appropriated in the general appropriations act.

Incarceration Costs

Three elements:

1. Cost of housing inmates (per diem)
2. Number of offenders
3. Length of sentence

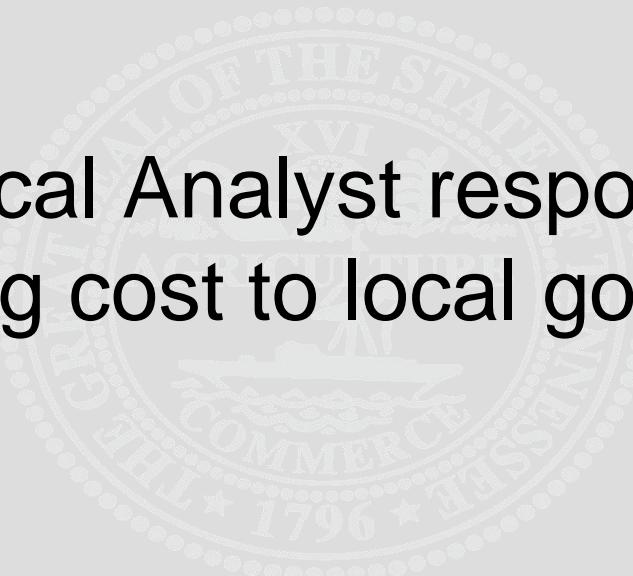
These elements are multiplied to arrive at an annualized cost

Fine Revenue

- Fiscal notes assume no significant collection of fines on felony offenses.
- By statute, Tenn. Code Ann. 40-24-105(a), collections from defendants are applied first to litigation taxes, then court costs, and finally fines.
- Collection of criminal assessments likely varies according to nature of offense: traffic offenses, particularly with license reinstatement, should be fairly high, while fines for felonies resulting in incarceration are probably very low.

Local Government Impact

Local Fiscal Analyst responsible for determining cost to local governments



TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL NOTE

SB 2330 - HB 2360

March 6, 2014

SUMMARY OF BILL: Authorizes every county, upon a two-thirds majority vote of the county legislative body at two consecutive meetings or by approval of a majority of qualified voters of the county, to levy a privilege tax, not to exceed \$8.00 per bail bond issued. Any increase or decrease in an existing bail bond shall not constitute a new bail bond if the bail bond is collected by the same bail bondsman and includes all charges against a defendant that are based on the same conduct and arising from the same criminal episode, and the tax imposed shall not be a separate tax on each charge arising from incidents in a single course of conduct. If a privilege tax is established, an additional \$4.00 will be required to be placed on all bail bonds issued for a pending appeal of a conviction, even if the bond is a continuation of a previous bond.

ESTIMATED FISCAL IMPACT:

Increase Local Revenue – Exceeds \$1,406,200/Permissive

Increase Local Expenditures – Exceeds \$20,478,400/Permissive

Other Fiscal Impact - In the event a local government opts to hold a referendum of eligible voters in conjunction with a general election there will be no additional fiscal impact; however if a special election is held it will result in a permissive one-time increase in local government expenditures exceeding \$10,000.

Assumptions:

- The provisions of the bill are permissive and will only impact local government.
- Any local government wanting to levy a bail bond tax will first be required to have such levy approved by either the county legislative body at two consecutive regularly-scheduled meetings or by a majority of qualified voters in a general election or special election.
- If any local government opts to hold a referendum in conjunction with a regularly-scheduled election, any increase in local government expenditures is estimated to be not significant.

Local Government Impact

SUMMARY OF BILL: Authorizes every county, upon a two-thirds majority vote of the county legislative body at two consecutive meetings or by approval of a majority of qualified voters of the county, to levy a privilege tax, not to exceed \$8.00 per bail bond issued.

ESTIMATED FISCAL IMPACT:

Increase Local Revenue – Exceeds \$1,406,200/Permissive

Increase Local Expenditures – Exceeds \$20,478,400/Permissive

Other Fiscal Impact - In the event a local government opts to hold a referendum of eligible voters in conjunction with a general election there will be no additional fiscal impact; however if a special election is held it will result in a permissive one-time increase in local government expenditures exceeding \$10,000.

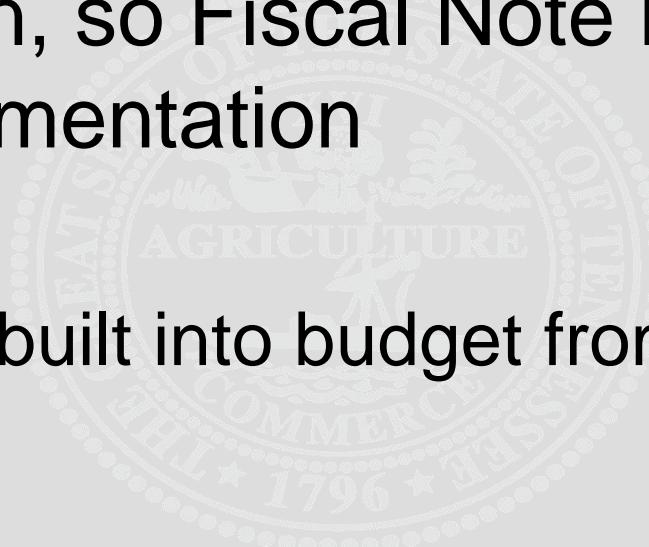
Local Government

- Mandatory vs. Permissive Costs
- No law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.

Tennessee Constitution Art. II, § 24

Permissive Legislation

- For State action, assume permitted action will be taken, so Fiscal Note reflects costs of full implementation
 - Amount is built into budget from beginning



Tax Bills

- Rare dynamic analysis
- Usually bills that reduce taxes reflect an assumption that 50% of the newly untaxed amount will be spent in the economy and lead to new sales tax / offset reduction
- Example Assumption
 - Fifty percent of tax savings will be spent in the economy on other sales-taxable goods and services.

Multiple Year Analysis

Generally, we show immediate and long range fiscal impact if measurable

- Two year standard but as necessary
- One-time implementation costs as well as recurring costs
- Increased revenue at the beginning of the implementation that may decrease over time.
- If the bill specifically states changes that will occur in the out years, the fiscal note will identify that impact as well.
- If bill will only be implemented for a set number of years (pilot program), then fiscal note will show the fiscal impact for the specified years. (An example of this is the creation of a pilot program.)
- The impact will include as many years as are necessary to show the point at which the expenditures or revenue equalize between fiscal years.

Health Insurance Mandates

Statutorily required to attach a statement on the impact to health insurance coverage premiums in Tennessee resulting from any **proposed health insurance benefit mandate** and especially note the impact for employees of small businesses, defined as employing fewer than 50 employees.

- Accomplished by adding a statement to the fiscal note prepared for the bill:
- References the statutory requirement that is being met;
- Briefly explains whose premiums will be impacted;
- When possible, the statement will note the possible percentage increase to an individual's total premium and also the dollar amount for single coverage and family coverage.
- The assumptions explaining the fiscal impact of the bill will also include an assumption referencing the information used to determine the health insurance premium impact.

Health Insurance Mandates

- **EXAMPLE: Legislation required health insurance policies to include mandatory autism benefits**
 - **Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111):** Such legislation will result in an increase in the cost of health insurance premiums for autism benefits being provided by plans that do not currently offer these benefits at the proposed mandated levels. It is estimated that the increase to each individual's total premium will be between one and three percent. A one percent increase in premium rates could range between \$50 (single coverage) and \$140 (family coverage) and a three percent increase could range between \$154 (single coverage) and \$414 (family coverage) on average depending on the type of plan.
- **ASSUMPTION:**
 - Information from the Council for Affordable Health Insurance and from an internal report completed in 2011 by Fiscal Review Committee staff was used to determine the health insurance premium impact.

PPACA Impact

- Pursuant to the Patient Protection and Affordable Care Act (PPACA), states are required to defray the cost of benefit mandates enacted after December 31, 2011, that require coverage of benefits by qualified health plans (QHP) that exceed benefits provided under the Tennessee essential health benefits (EHB) benchmark plan.
- Federal 45 C.F.R. §155.70 authorizes a state to require a QHP to offer benefits in addition to the essential health benefits. If the state-required benefits are in addition to the benefits provided under the benchmark plan, then the state must make payments to defray the cost of the additional required benefits to an enrollee or directly to the QHP issuer on behalf of the enrollee.
- For each fiscal note on a bill proposing a health insurance benefit mandate, staff determines if the mandate will exceed the EHB benchmark plan.
 - **If the mandate will exceed the benchmark**, an increase in state expenditures to cover the cost of the increased premiums attributed to the new benefit is estimated based on the amount of increased premium and the number of individuals estimated to obtain coverage through the health insurance exchange.
 - **If the mandate will not exceed the benchmark**, it is noted in the assumptions and no additional state expenditure is expected.
- Current federal rules only apply to calendar years 2014 and 2015 at which time the federal Department of Health and Human Services will reevaluate EHB determinations. This benefit mandate impact may change in calendar year 2016.

Cumulative Fiscal Note

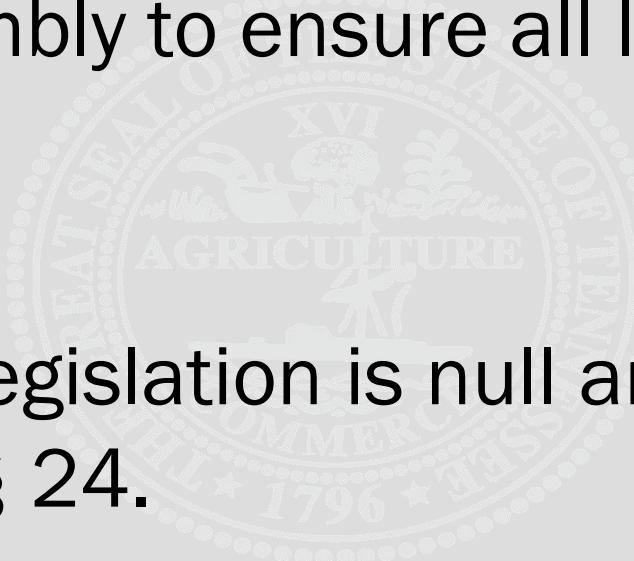
Tenn. Code Ann. § 3-2-107

(b) A cumulative fiscal note shall be prepared weekly by the fiscal review committee and a copy shall be distributed to each member of the general assembly each week while the general assembly is in session. The cumulative fiscal note shall show the cumulative increase or decrease of revenue or expenditures as caused by legislation enacted from the beginning of the session then convened.

Cumulative Fiscal Note

The final cumulative fiscal note is used by the General Assembly to ensure all legislation is funded.

All unfunded legislation is null and void. Tenn. Const. Art. II, § 24.

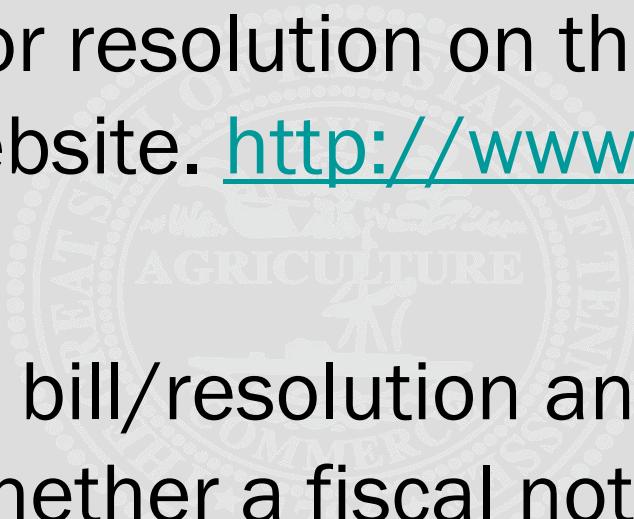


Public Chapter Review

- FRC statutorily required to select a sample of Public Chapters and analyze fiscal impact on government
- Presentation to Joint Fiscal Review Committee
- Report to all of General Assembly
- Lessons learned / accountability

Web Access

You can find a fiscal note/memorandum for a particular bill or resolution on the General Assembly's website. <http://www.capitol.tn.gov>



Find a specific bill/resolution and the website will indicate whether a fiscal note has been issued. To view a fiscal memorandum, click on the “Amendments on Bill” tab.

Web Access

TENNESSEE GENERAL ASSEMBLY

site search Search

LEGISLATORS LEGISLATION COMMITTEES SCHEDULES AND CALENDARS VIDEOS DIRECTORY

Bill Information for HB1423

HB 1423 by *Todd (*SB 1579 by *Jackson)

[Show Co-Prime Sponsors](#)

Sports - As enacted, revises various provisions of the Tennessee Athletic Commission Act of 2008, which regulates professional and amateur unarmed combat contests. - Amends TCA Title 4 and Title 68, Chapter 115.

Fiscal Note
FiscalNote for HB1423 / SB1579 filed under [SB1579](#)

Votes
House Votes on HB1423
Senate Votes on SB1579

[Bill History](#) [Amendments on Bill](#) [Video Clips](#)

BILL HISTORY

ACTIONS TAKEN ON HB1423	ACTION DATE	ACTIONS TAKEN ON SB1579	ACTION DATE
Pub. Ch. 598	07/16/2009	Comp. became Pub. Ch. 598	07/16/2009
Effective date(s) 07/08/09	07/16/2009	Am. withdrawn.(Amendment 1 - SA0598)	06/18/2009
Signed by Governor.	07/08/2009	Comp. HB Subst (sends SB to dead bill file)	06/16/2009
Transmitted to Governor for his action.	06/30/2009	Placed on Sen. Regular Calendar (2) cal. for 06/16/2009	06/16/2009
Signed by S. Speaker	06/30/2009	Rec. For Pass. ref. to: S. Cal. Comm.	06/15/2009
Signed by H. Speaker	06/29/2009	Placed on S. FW&M Comm. cal. for 06/15/2009	06/15/2009
Enrolled; ready for sig. of H. Speaker.	06/24/2009	Action def. in FW&M Comm 6-15-09	06/12/2009
Passed S., Ayes 27, Nays 0	06/18/2009		

FRC Contact and Information

- Tennessee General Assembly
<http://www.capitol.tn.gov/>
- Fiscal Review Committee Info
<http://www.capitol.tn.gov/joint/committees/fiscal-review/>
- Fiscal Review Committee Staff Info
<http://www.capitol.tn.gov/joint/staff/index.html#fr>

Fiscal Review Committee
Lucian Geise, Executive Director
Tennessee General Assembly
320 6th Avenue North
8th Floor, Rachel Jackson Building
Nashville, TN 37243
Phone (615) 741-2564

For additional information or a copy of this presentation, please visit the
Fiscal Review Committee Website:

<http://www.capitol.tn.gov/joint/committees/fiscal-review/>



Questions?

- ❖ To ask a question, type your question into the box on the right-hand side of your screen.
 - You will not be identified to the audience and only the presenters will see your question.



Questions after the webinar

- If you have any questions regarding this Webinar, please contact:
Erica Michel erica.michel@ncsl.org
- This Webinar will be archived and will be available at the following link:
<http://www.ncsl.org/legislators-staff/legislative-staff/fiscal-offices/webinar-fiscal-notes.aspx>



Thank you for participating!

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