



FISCAL NOTE PREPARATION

Presented by
Office of Budget & Program Planning

[http://budget.mt.gov/fiscal/
Guest/SESSION/Template](http://budget.mt.gov/fiscal/Guest/SESSION/Template)

What is a fiscal note?

- Required on all bills reported out of committee that have an effect on revenues, expenditures, or fiscal liability of the state, a county, or a municipality.

What is the total processing time?

→ Statutory 6-day processing time

- Day 1 – presiding officer sends request and budget office contacts agencies.
- Days 2 – 4 agencies draft fiscal note.
- Days 4 – 5 analyst reviews and edits.
- Day 6 – budget director signs and transmits to originating house.

24 hours for sponsor review

What is the total processing time?

→ Statutory 6-day processing time

- December – until December 19

What if the sponsor disagrees with the fiscal note?

- Disagree and not sign
- Meet with the budget office and the agency to try to have the note revised.
- Submit a “Sponsor’s Rebuttal to Fiscal Note” which will be printed and distributed with the official fiscal note.

HB ____

SPONSOR'S REBUTTAL TO FISCAL NOTE

Bill Number: _____ **Date Prepared:** _____

Short Title:

Sponsor:

Fiscal Note Version and Date: _____

Generally, why do you disagree with the fiscal note?

Specifically, what in the fiscal note do you feel is flawed?
[Describe specific assumptions, calculations, technical issues, etc.]

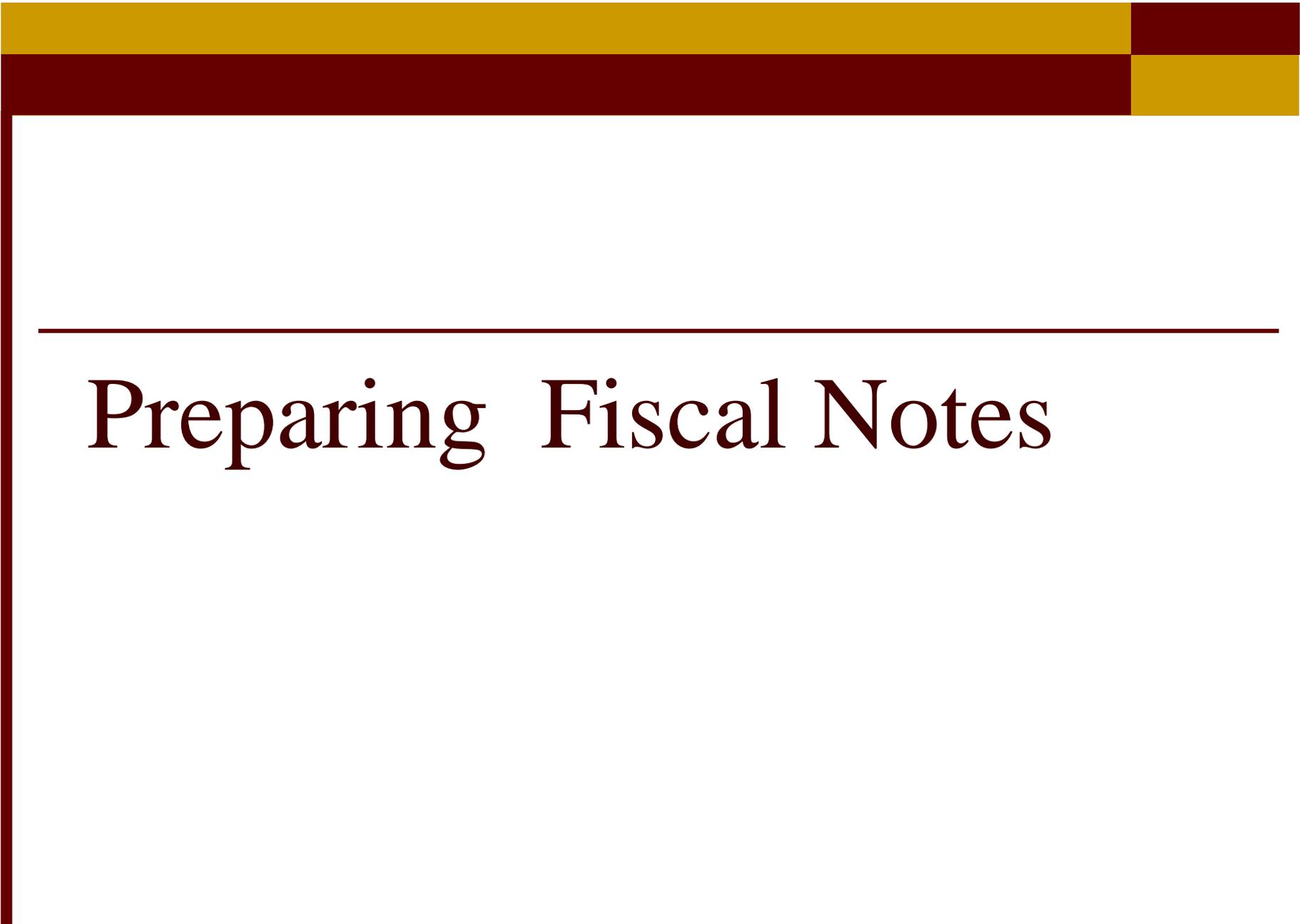
What is your estimate of the fiscal impact?

Who requests fiscal notes?

- President of the Senate
- Speaker of the House

Who determines the need for a fiscal note?

- ➔ The following may notify the presiding officer that a fiscal note is needed.
 - Legislative Services Division (LSD)
 - Standing Committee
 - Sponsor
 - Majority of members in the house in which a bill is being considered
 - Agency may advise the budget office or chair of the committee



Preparing Fiscal Notes

Agencies are notified.

- Primary contact for the agency is notified.
- Secondary contact is notified, if the primary is unavailable.
- Confirmation of request received is **required**.
- Requests after 5 PM still count as day 1.
- All agencies **must respond** to the request.

Read the bill

- **This is the most important step.**
- Read, reread, and discuss with others until the bill is absolutely clear.
- Bills are available on LAWS.
- Check the version of the bill.

Access the fiscal note template

- ➔ OBPPGuest on 'govguest'/SESSION/Template/
 - General Fiscal Note
 - Local Gov Fiscal Impact
 - Pension Fund Fiscal Note
 - 5 Yr Fiscal Note (FY 2015- FY 2019)
 - No Impact Fiscal Note
 - Dedicated Revenue Template 2017
 - Statutory Appropriation Template 2017

Access the fiscal note template

→ Make sure macro security is set to low or medium.

In an Excel spreadsheet:

Developer tab

Code group

click **Macro Security**

Choose **“Enable all macros”**

Access the fiscal note template

- Select bill, title and sponsor will auto fill.
- Select the status.
- Select appropriate check boxes.

To open, right click on "Select a bill", select Worksheet Object/Edit. To exit, click outside the spreadsheet.

Bill #	Select a bill	▼	Title:	No bill # selected
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Primary Sponsor:	No bill # selected	Status:	As Introduced
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- Significant Local Gov Impact
- Needs to be included in HB 2
- Technical Concerns
- Included in the Executive Budget
- Significant Long-Term Impacts
- Dedicated Revenue Form Attached

Fiscal note naming convention

→ Senate Bills – Sxxxxaaaa.vv

→ House Bills – Hxxxxaaaa.vv

x = bill number

a = agency number

v = version on bill in lower left corner

→ Add “r” for revised and “dr” for dedicated revenue

Fiscal Analysis

→ Assumptions:

- Short concise sentences
- Use the Executive Budget to begin adjustments
- Separate each assumption
- Calculate the fiscal impact
- Structure assumptions to follow steps of preparation

Fiscal Analysis (continued)

→ Assumptions (continued)

- Note where the numbers came from
- Document source of assumptions
- If bill imposes a new requirement - cite workload measures that will be used to determine expenditure estimate.

Fiscal Analysis (continued)

	<u>FY 2016</u> <u>Difference</u>	<u>FY 2017</u> <u>Difference</u>	<u>FY 2018</u> <u>Difference</u>	<u>FY 2019</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.00	0.00	0.00	0.00
<u>Expenditures:</u>				
Personal Services	\$0	\$0	\$0	\$0
Operating Expenses	\$0	\$0	\$0	\$0
Equipment	\$0	\$0	\$0	\$0
Benefits	\$0	\$0	\$0	\$0
Transfers	\$0	\$0	\$0	\$0
TOTAL Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
TOTAL Funding of Exp.	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
TOTAL Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0

Fiscal Analysis (continued)

→ Fiscal Impact 4 Years

→ FTE

→ Expenditures

- Show expenditures at first level by program, as presented in HB 2
- Use 1.5 percent inflation from FY 2016 to FY 2017, and from FY 2017 to FY 2018, if applicable

Fiscal Analysis (continued)

- Fiscal Impact (continued)
 - Fund expenditures by revenue source
 - Revenues for agency by revenue source
 - Net Impact to Fund Balance
 - Show estimated impact by funding source
 - A positive number will indicate an increase in the fund balance while a negative is a decrease

Fiscal Analysis (continued)

- Keep all worksheets and supporting data
- Why? – Consistency (between FNs)
 - OBPP or a Legislator may want to see them
 - Agency's current use or for future reference
 - Similar proposals

Fiscal Summary – front page

- Combines expenditures and revenues by source and states the net impact on the general fund balance for all programs and/or agencies.

Fiscal Summary – front page

FISCAL SUMMARY

	<u>FY 2016</u> <u>Difference</u>	<u>FY 2017</u> <u>Difference</u>	<u>FY 2018</u> <u>Difference</u>	<u>FY 2019</u> <u>Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Federal Special Revenue	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Federal Special Revenue	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Local Government

Effect on County or Other Local Revenues or Expenditures:

- 1.
- 2.
- 3.

- Explains the fiscal impact on local governments.
- Significant impact – write short rationale.
- Include defensible estimates if possible.

Local Government (continued)

If the impact is substantial and the bill does not provide a specific means to finance the requirements include the following statement:

“This bill may require local governments to spend additional sums for which no specific means of financing are provided. Section 1-2-114, MCA, provides that bills which have such an impact may not be introduced.”

(In other words, it can't be acted on in committee until this issue has been resolved.)

Long-term impact

- Complete this section **ONLY** when the fiscal impact is distinctly different beyond the 2019 biennium.
- Examples: phased-in revenue or expenditures or sunseting

Long-term impact (continued)

- If a dollar estimate cannot be provided make a statement telling why.
- Long-term effects that are not ordinarily anticipated should be mentioned in the fiscal note and quantified.

Technical Notes

- Point out defects of the bill.
- Examples:
 - revenue intended for an agency with no approp
 - conflicts with unamended statutes
 - undefined terms, etc.

Dedicated Revenue or New SSR

“Dedicated Revenue Template 2017”

- This serves as an analysis of the proposed account by answering a series of questions that are contained in law.

Questions?

Contact the fiscal note coordinator
Jeanne Nevins (jnevins@mt.gov or 3616)

OR

your assigned OBPP budget analyst

Nancy Hall 4899