



# FISCAL NOTE PREPARATION

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Presented by

Office of Budget & Program Planning

<http://budget.mt.gov/fiscal/>

Guest/SESSION/Template



# What is a fiscal note?

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- Fiscal notes are 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.
  - (5-4-201-210, MCA)



# What is the total processing time?

## → Statutory 6-day processing time

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- Day 1 – presiding officer sends request and budget office contacts agencies
- Days 2 – 4 agencies draft fiscal note & send to OBPP
- 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

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## Exception

- December – until December 28



# What if the sponsor disagrees with the fiscal note?

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- 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**

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Bill Number:

Date Prepared:

Short Title:

Sponsor:

Fiscal Note Version and Date:

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Generally, why do you disagree with the fiscal note?

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Specifically, what in the fiscal note do you feel is flawed?

*[Describe specific assumptions, calculations, technical issues, etc.]*

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What is your estimate of the fiscal impact?

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# Who requests fiscal notes?

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- President of the Senate
- Speaker of the House



# Who determines the need for a fiscal note?

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- ➔ 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



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# Preparing Fiscal Notes



# Agencies are notified.

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- 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

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- **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

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→ [OBPPGuest/SESSION/Template/](#)

- General Fiscal Note
- Local Gov Fiscal Impact
- Pension Fund Fiscal Note
- 5 Yr Fiscal Note (FY 2019 - FY 2023)
- No Impact Fiscal Note
- Dedicated Revenue Template 2021
- Statutory Appropriation Template 2021



# Access the fiscal note template

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- 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.

<b>Bill #</b>	Select a bill	<b>Title:</b>	No bill # selected
<b>Primary Sponsor:</b>	No bill # selected	<b>Status:</b>	As Introduced

- 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

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- Senate Bills – Sxxxxaaaa.vv
  - House Bills – Hxxxxaaaa.vv
- x = bill number  
a = agency number  
v = version on bill in top right corner
- Add “r” for revised and “dr” for dedicated revenue

H00443501.01



# Fiscal Analysis

## → Assumptions:

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- 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)

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- 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 2020</u> <u>Difference</u>	<u>FY 2021</u> <u>Difference</u>	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>				
FTE	0.00	0.00	0.00	0.00
<b><u>Expenditures:</u></b>				
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
<b>TOTAL Expenditures</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Funding of Expenditures:</u></b>				
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
<b>TOTAL Funding of Exp.</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Revenues:</u></b>				
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
<b>TOTAL Revenues</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
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)

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## → Fiscal Impact 4 Years

→ FTE

→ Expenditures

- Show expenditures at first level by program, as presented in HB 2
- Use no inflation for FY 2020 and FY 2021 and 1.5% inflation for FY 2022 and FY 2023, if applicable



# Fiscal Analysis (continued)

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- 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)

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- 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.

	<u>FY 2020</u> <u>Difference</u>	<u>FY 2021</u> <u>Difference</u>	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>
<b>Expenditures:</b>				
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
<b>Revenue:</b>				
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
<b>Net Impact-General Fund Balance:</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>



# Local Government

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## 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:

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“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 upon in committee until this issue has been resolved.)



# Long-term impact

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## Long-Term Impacts:

- 1.
  - 2.
- ➔ Complete this section **ONLY** when the fiscal impact is distinctly different beyond the 2023 biennium.
  
  - ➔ Examples: phased-in revenue or expenditures or sunset



## Long-term impact (continued)

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- 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

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- 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

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“Dedicated Revenue Template 2021”

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



# Questions?

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Contact the fiscal note coordinator

Jeanne Nevins ([jnevins@mt.gov](mailto:jnevins@mt.gov) or 444-3616)

OR

your assigned OBPP budget analyst

OR

Nancy Hall ([nhall@mt.gov](mailto:nhall@mt.gov) or 444-4899)