FISCAL NOTE PREPARATION

Presented by
Office of Budget & Program Planning

http://budget.mt.gov/fiscal/
Guest/SESSION/Template
What is a fiscal note?

- 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

- 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

Exception

- December – until December 28
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?

Legislative Services Division Form
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/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

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.

<table>
<thead>
<tr>
<th>Bill #</th>
<th>Select a bill</th>
<th>Title:</th>
<th>No bill # selected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Sponsor:</td>
<td>No bill # selected</td>
<td>Status:</td>
<td>As Introduced</td>
</tr>
</tbody>
</table>

- □ 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 top right corner
- Add “r” for revised and “dr” for dedicated revenue

H00443501.01
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)

<table>
<thead>
<tr>
<th>Fiscal Impact</th>
<th>FY 2020</th>
<th>FY 2021</th>
<th>FY 2022</th>
<th>FY 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Difference</td>
<td>Difference</td>
<td>Difference</td>
<td>Difference</td>
</tr>
<tr>
<td>FTE</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Services</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Equipment</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Benefits</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Transfers</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>TOTAL Expenditures</strong></td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Funding of Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Fund (01)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>State Special Revenue (02)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Federal Special Revenue (03)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Other</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>TOTAL Funding of Exp.</strong></td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Fund (01)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>State Special Revenue (02)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Federal Special Revenue (03)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Other</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>TOTAL Revenues</strong></td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Fund (01)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>State Special Revenue (02)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Federal Special Revenue (03)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Other</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>
Fiscal Analysis (continued)

→ 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)

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

<table>
<thead>
<tr>
<th></th>
<th>FY 2020 Difference</th>
<th>FY 2021 Difference</th>
<th>FY 2022 Difference</th>
<th>FY 2023 Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenditures:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Fund</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>State Special Revenue</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Federal Special Revenue</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Other</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Fund</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>State Special Revenue</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Federal Special Revenue</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Other</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Net Impact-General Fund Balance:</strong></td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>
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 defendable 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 upon in committee until this issue has been resolved.)
Long-term impact

**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)

- 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 2021”

- 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 444-3616)
OR
your assigned OBPP budget analyst
OR
Nancy Hall (nhall@mt.gov or 444-4899)