

SENATE BILL 2173

By Bell

AN ACT to amend Tennessee Code Annotated, Title 3, Chapter 2, Part 1; Title 3, Chapter 7; Title 4; Title 9 and Title 49, relative to fiscal impact of state policy changes.

WHEREAS, it is the responsibility of this body to become knowledgeable about the existing, necessary and desirable allocation of both state and local fiscal resources; and

WHEREAS, it is necessary to use every means of imparting this knowledge to the members of the general assembly; and

WHEREAS, this General Assembly finds it is necessary to enhance the state's fiscal accountability to the citizens of this state by providing notice to this body on the varying effects of policy changes implemented by state departments, boards and agencies; and

WHEREAS, this act establishes a mechanism within this body's fiscal note process to assist this body in the determination of the fiscal impact of proposed policy changes, which if implemented would directly or indirectly increase or decrease revenues received or expenditures incurred by the state and units of local government; and

WHEREAS, this General Assembly finds and declares that requiring entities of state government to submit fiscal information concerning proposed policy changes to the fiscal review committee will assist the state in enhancing its fiscal accountability to the citizens of this state; now, therefore,

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. This act shall be known and may be cited as the "State Government Fiscal Accountability Act of 2014".

SECTION 2. Tennessee Code Annotated, Section 3-2-107, is amended by adding the following as a new subsection:

(d)

(1) For purposes of this subsection (d):

(A) "Local government" means any city, town, county, metropolitan government, school district, or utility district;

(B) "Policy change" means any change to any policies, procedures or guidelines necessary to perform any functions of a state agency or to otherwise enforce or administer any laws or matters under the jurisdiction of the state agency; and

(C) "State agency" means any board, commission, department, office, or any other unit of the executive branch of state government.

(2)

(A) Beginning October 1, 2014, except as provided in subdivision (d)(2)(C), any state agency proposing a policy change shall submit, at least sixty (60) days prior to implementing the change, written notice describing the change along with a fiscal impact support form to the executive director of the fiscal review committee in the form and manner prescribed by the director.

(B) When preparing a fiscal impact support form, a state agency shall:

(i) Determine whether the proposed policy change increases, decreases or has no effect on the revenues of the state or local government;

(ii) State on the form the applicable fiscal impact and any additional information or assumptions relevant to the determination of the fiscal impact; and

(iii) Return the form to the fiscal review committee within the time period specified in subdivision (d)(2)(A).

(C) If exigent circumstances, such as an unforeseen court order, require a policy change to be implemented sooner, then, not later than five (5) days after implementing the change, the agency shall notify the fiscal review committee of the exigent circumstances that prevented sixty (60) days' notice. In this case, the agency shall provide the fiscal impact support form to the fiscal review committee within seventy-five (75) days after implementing the change.

(3) No later than thirty (30) days following receipt of the fiscal impact support form from the state agency, the staff of the fiscal review committee shall review the form and determine whether the proposed policy change, if implemented, will increase, decrease or have no effect on the revenues or expenditures of the state or local government. The staff of the fiscal review committee may consult the staff of the office of legislative budget analysis, local governments, statewide associations of local government officials, or directors of schools, when determining the fiscal impact of a policy change. If the staff of the fiscal review committee determine that the policy change increases expenditures or decreases revenues of the state or of any local governments, then the staff shall submit written notice of its determination to the chairs of the finance, ways and means committees of the senate and the house of representatives. The chairs shall acknowledge receipt in writing of the notice; provided, however, that prior to acknowledging receipt, the chairs may hold a public hearing regarding any proposed policy changes submitted by any state agencies, which shall be

conducted no later than thirty (30) days after receiving written notice from the fiscal review committee.

(4) For any proposed policy change requiring written notice to be submitted to the chairs of the finance, ways and means committees pursuant to subdivision (d)(3), the fiscal review committee shall include in the written notice:

(A) An estimate of the fiscal impact on the state and any affected local governments that would result from the policy change;

(B) Potential staffing and other administrative aspects of the policy change; and

(C) Any other information reported by the office of legislative budget analysis, local governments, statewide associations, or directors of schools, as applicable, regarding the proposed policy change.

(5) Except as otherwise provided in this subsection (d), the staff of the fiscal review committee shall not be required to submit written notice to the chairs of the finance, ways and means committees if:

(A) The staff of fiscal review committee determines that the cost of the change is minimal, insignificant or not significant;

(B) The staff determine that state or local revenues would be increased in an amount equal to or greater than state or local expenditures resulting from implementation of the change; or

(C) The staff determines that the fiscal impact of any policy change to any local government is discretionary with local government.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring

it.