

Advanced Topics in Fiscal Notes

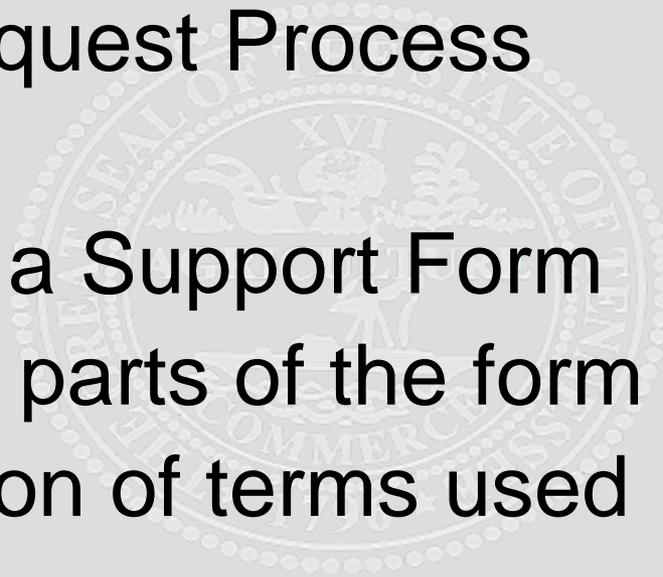


FISCAL REVIEW COMMITTEE STAFF

January 31, 2013

Overview

- Support Request Process
- Example of a Support Form
 - Various parts of the form
 - Definition of terms used
- Meet the FRC Staff



Session Schedule

- 108th General Assembly first convened on January 8, 2013, for its organizational session and reconvened on January 28, 2013
- House Rules limit each member to 15 bills, generally
- Senate Nine-Bill filing cut-off is today, January 31, 2013
- Tenth Legislative Day, final filing cut-off, is February 14, 2013
- Deadline for completing fiscal notes is...
to be determined

Purpose

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.

Fiscal Notes

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.

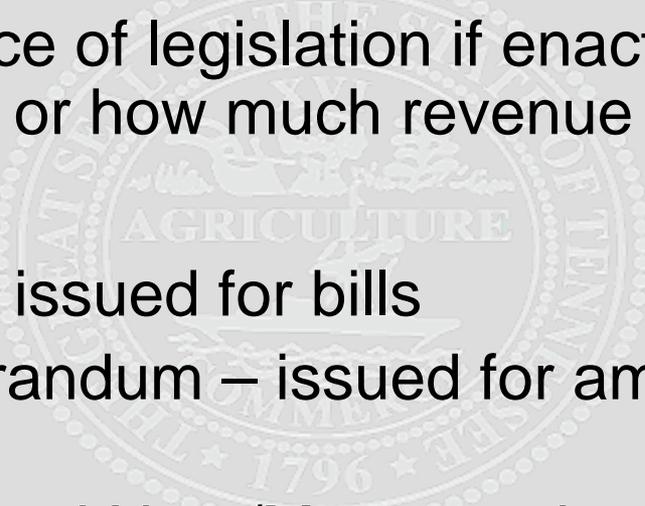
Fiscal Notes

What is a fiscal note?

- A document that estimates the fiscal impact of a particular piece of legislation if enacted—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

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.

Support Form Process

- Bill introduced
- Bill assigned to Fiscal Review analyst having responsibility for department with bill's primary impact
- Assigned to departments/agencies impacted
- Support form received
- Analyst reviews support form and analyzes impact
- Fiscal note drafted
- Internal review
- Fiscal note issued



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.

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

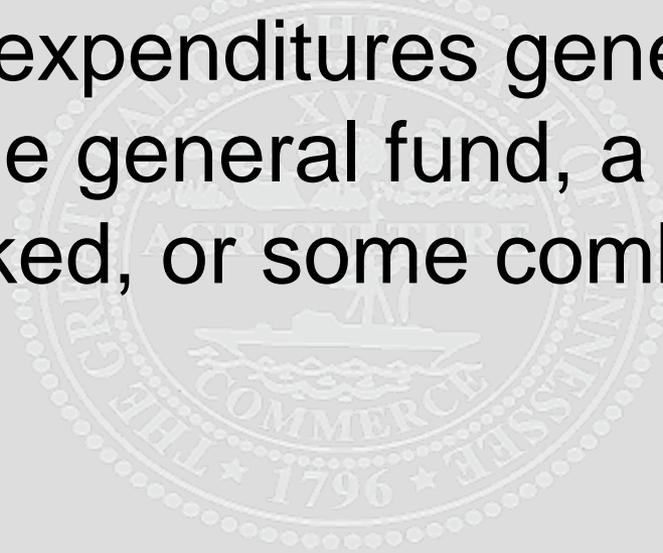
If state revenue is forgone, denote amount, fiscal year(s) and explain why the department believes it is forgone as opposed to a decrease:

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)

Dedicated and Earmarked Funds

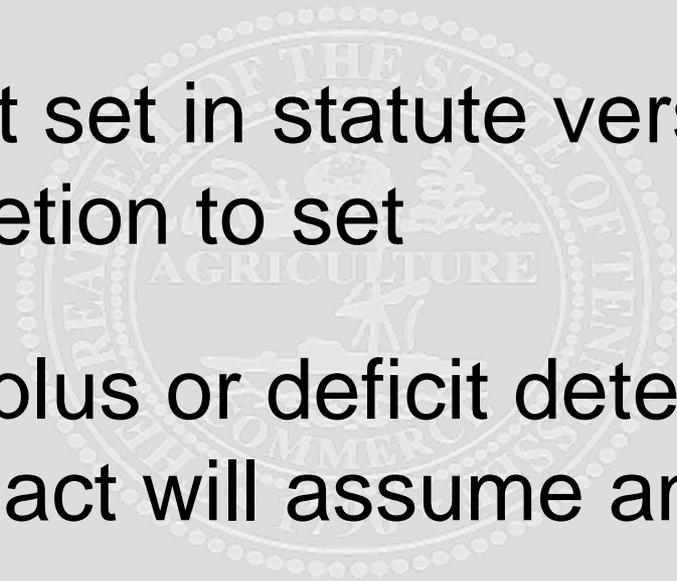
- It is very important to identify whether revenue or expenditures generated by a bill will affect the general fund, a dedicated fund, are earmarked, or some combination of the above
- This is essential for determining whether bills are funded



Dedicated and Earmarked Funds

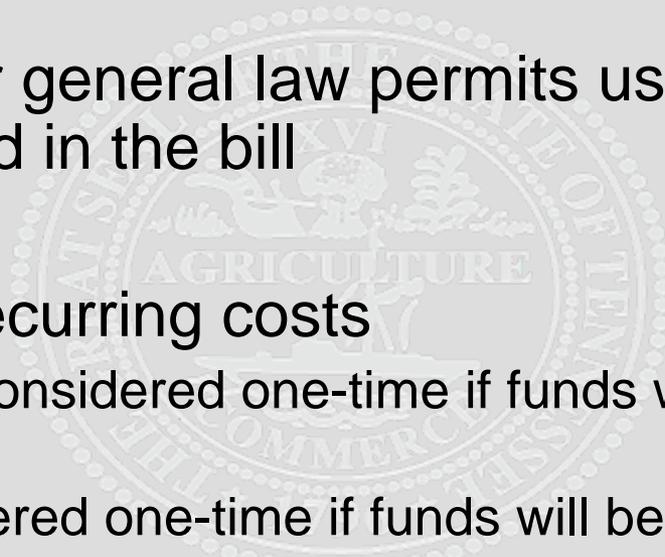
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- Fee amount set in statute versus agency or board discretion to set
 - Fund surplus or deficit determines whether fiscal impact will assume an increase in fee revenue



Use of Reserves to Fund Legislation

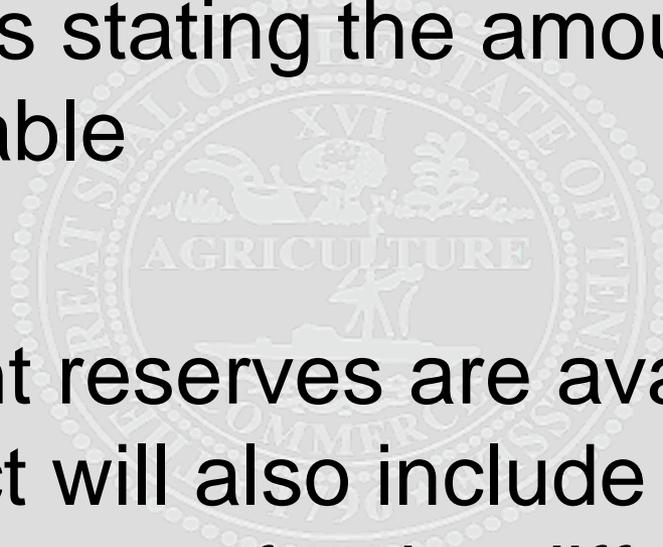
- Amount of reserve should be included in fiscal note support form
- Determine whether general law permits use of reserve funds for the purposes stated in the bill
- One-time versus recurring costs
 - Expenditures are considered one-time if funds will be expended only once.
 - Revenue is considered one-time if funds will be collected only once.
 - Expenditures are considered recurring if funds will be expended continually over the course of multiple fiscal years.
 - Revenue is considered recurring if funds will be collected continually over the course of multiple fiscal years.



Use of Reserves to Fund Legislation

(CONTINUED)

- Fiscal impact will be shown in bold with assumptions stating the amount of reserve funds available
- If insufficient reserves are available, the fiscal impact will also include a general fund impact to account for the difference



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 federal 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

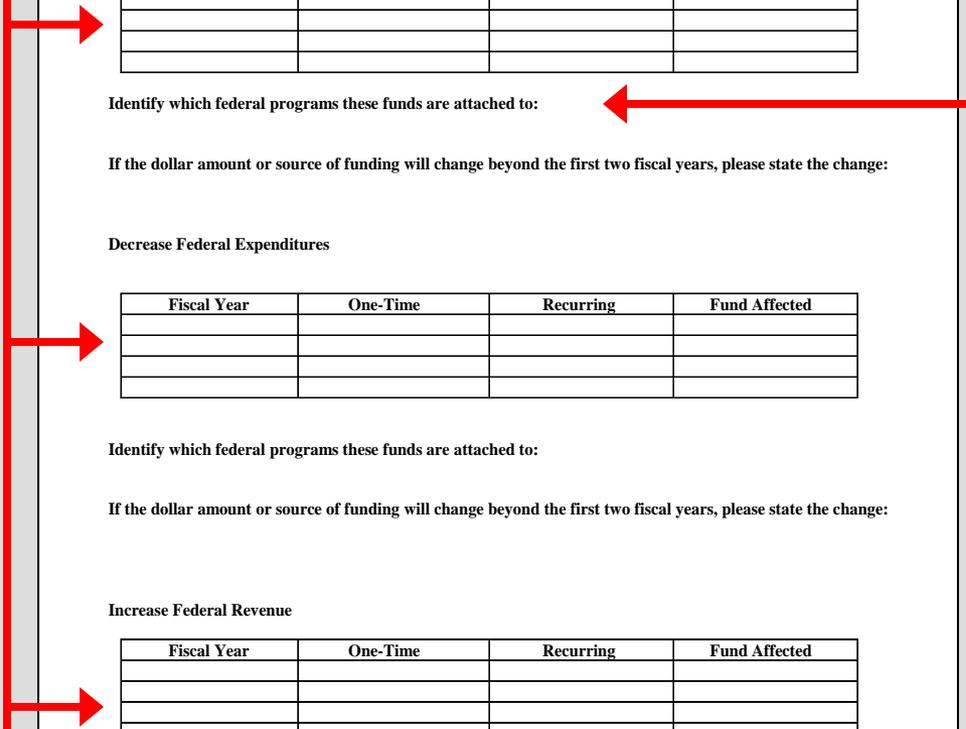
Fiscal Year	One-Time	Recurring	Fund Affected

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:

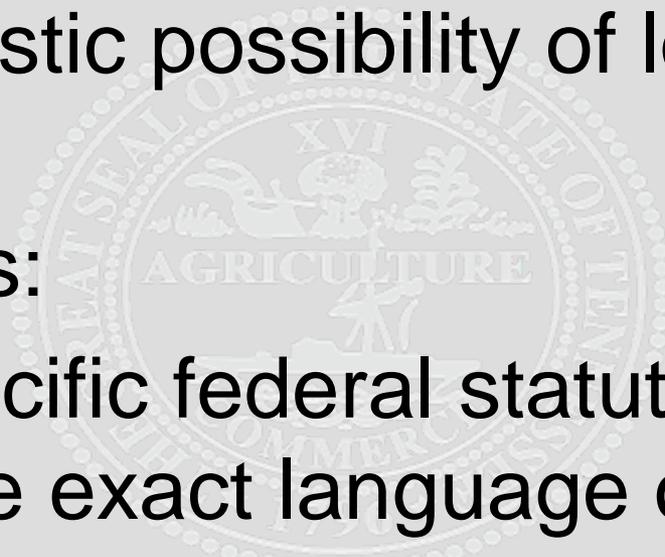
Please identify the federal program or law in which these funds are tied.

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.



Jeopardizing Federal Funds

- Use your best judgment in determining whether there is a realistic possibility of losing federal funds
- Provide details:
 - Cite the specific federal statute or regulation, including the exact language of any penalty or recoupment provisions
 - Describe why the bill would violate this provision



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:

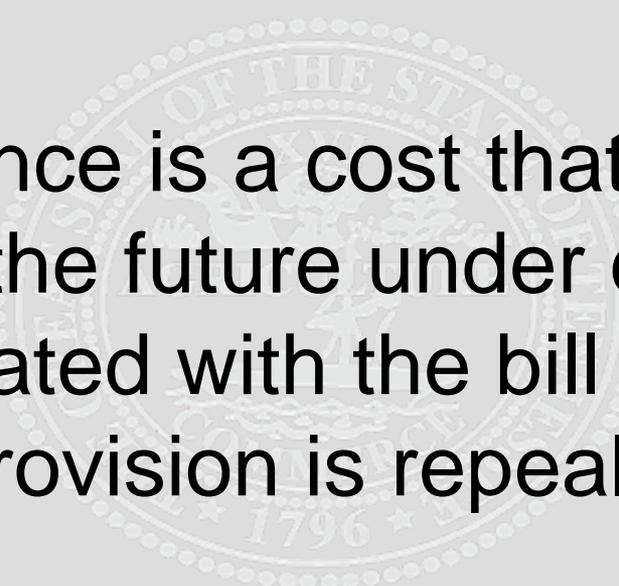
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6. Other Fiscal Impacts (If the impact cannot be placed into the above fields, is not specifically quantifiable, is a cost avoidance, or if additional information is needed to explain the fiscal impact(s) use the space below):

=====
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).



Cost Avoidance

- Cost avoidance is a cost that would have occurred in the future under current law but is eliminated with the bill (e.g., a new regulatory provision is repealed before it takes effect)



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:

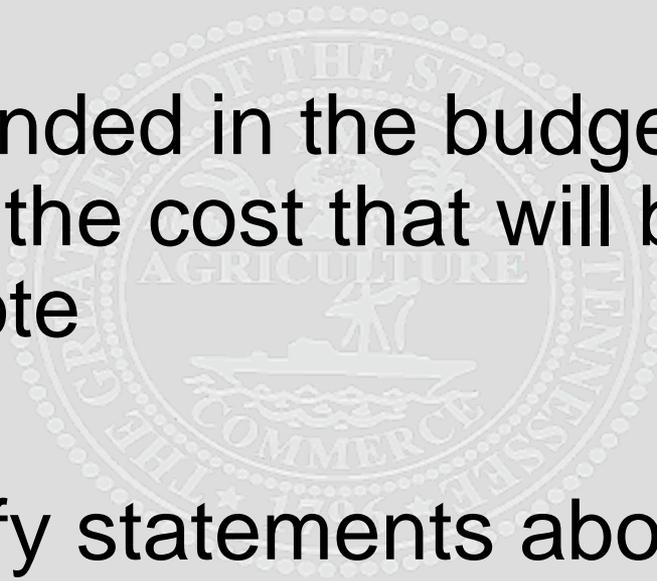
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11. List Other State Departments/Agencies Fiscally Affected by this Bill or Amendment:

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

=====
*Commissioner's Signature or Designee:

Funding in Governor's Budget

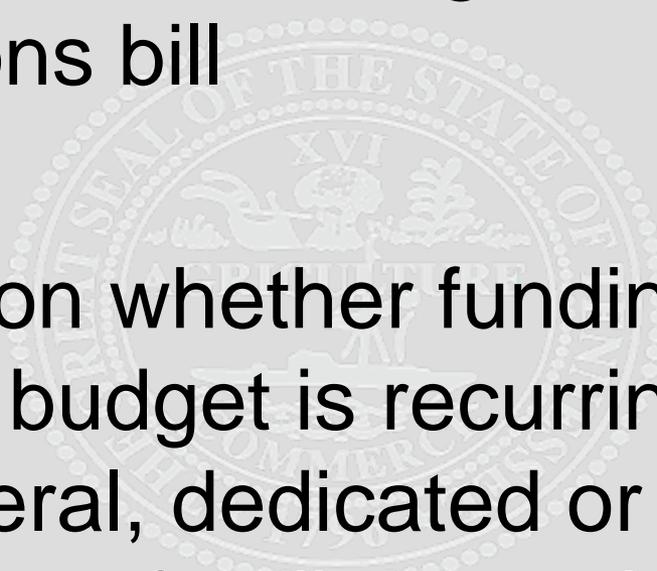
- Should be noted on fiscal note support form
- The level funded in the budget is not necessarily the cost that will be reflected in the fiscal note
- We will verify statements about funding of legislation in the budget document with the Finance and Administration Division of Budget



Funding in Governor's Budget

(CONTINUED)

- Determination of funding level in final appropriations bill
- Determination 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

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:

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

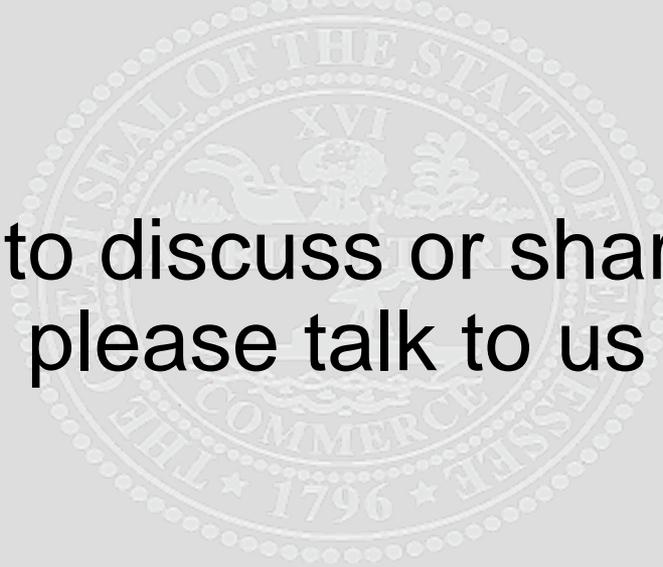
=====
12. List Bills from Previous Sessions which are Identical/Similar to this Bill or Amendment:

=====
*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.

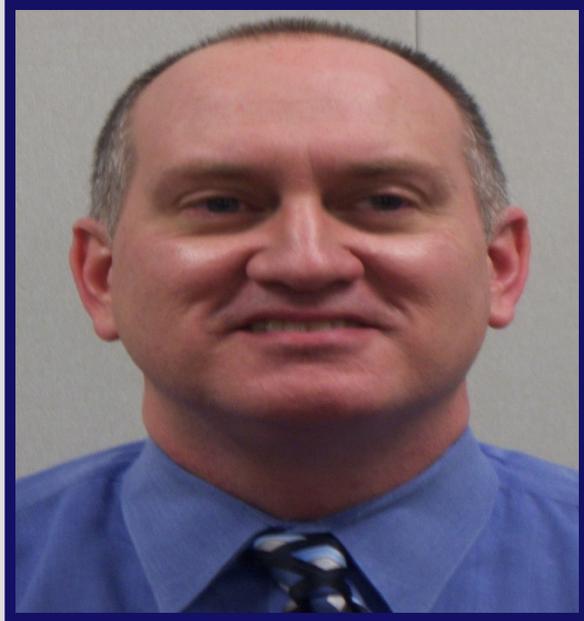
Public Records

- All documents and material provided to Fiscal Review are treated as public records
- If you need to discuss or share confidential information, please talk to us in advance of providing it
- Bear this in mind when making editorial comments about legislation or other matters



**MEET THE
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- Final Reviewer
- Sunset Bills

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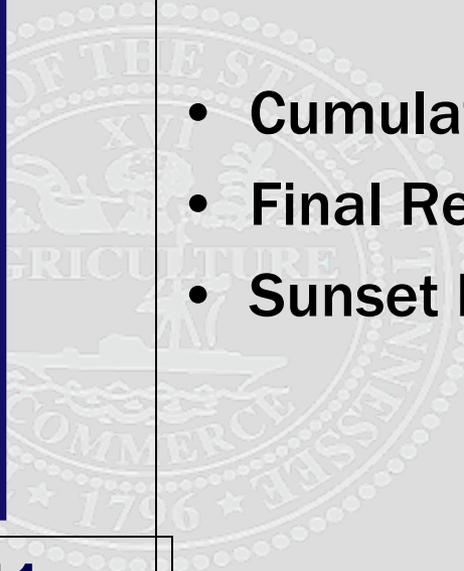


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- **Attorney General and Reporter**
- **Board of Parole**
- **Correction**
- **Corrections Institute**
- **District Attorneys General Conference**
- **District Public Defenders Conference**
- **Post Conviction Defender's Office**
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- Commission on Children and Youth
- Health Services and Development Agency
- Human Services
- Intellectual and Developmental Disabilities
- Juvenile Courts
- Mental Health and Substance Abuse
- TennCare

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- Ethics Commission
- Immigration
- Labor and Workforce Development
- Registry of Election Finance
- Safety and Homeland Security
- Secretary of State
- Tennessee Emergency Management Agency

Arlene Mobley, Administrative Assistant



Intake Fiscal Memo Requests

Distribute Final Fiscal Notes and Memos

General FRC Office Contact

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Contact US...

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

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

**OTHER TOPICS
OR QUESTIONS?**