



FISCAL NOTE BASICS

Presented by
Office of Budget & Program Planning

budget.mt.gov/Budgets/FiscalNotes



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)



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



Total fiscal note processing time

➔ Statutory 6-day processing time

- Day 1 presiding officer send request to OBPP
 OBPP contacts appropriate agencies
- Days 2-4 agencies draft fiscal note & submit to OBPP (by noon)
- Days 4-5 OBPP analyst(s) review and complete final fiscal note
- Day 6 OBPP management reviews &
 budget director signs and transmits to originating house
- 24 hours Sponsor review



What if the sponsor disagrees with the fiscal note?

1. Disagree and not sign
2. Meet with the OBPP analyst and the agency clarify and try to have the fiscal note revised.
3. Submit a “Sponsor’s Rebuttal to Fiscal Note” with Legislative Services staff which will be printed and distributed with the official fiscal note.



Preparing Fiscal Notes



Agency notification of FN request

- Primary agency contacts are notified.
- Confirmation of agency receipt occurs when agency contact clicks on fiscal note.
- Requests before 4:01 PM count as day 1.



Read the bill

This is the most important step.

- Read, reread, and discuss with others until the bill is absolutely clear.
- Bills are available by clicking the [Bill Landing Page](#) icon in the OBPP Fiscal Note database or by going to Bill Explorer on the Legislature website.
- Check the version of the bill to be sure you prepare a fiscal note for the version of the bill requested.

(top right corner of bill) HB 15.1





Select the fiscal note type

- Four templates available
 - General Fiscal Note (most common) 4 years
 - 5-Year Fiscal Note (includes FY 2025 impacts)
 - Pension (pension funds related fiscal notes)
 - No Impact (fiscal note requested but no fiscal impact to your agency)

Chrome is preferred.



Fiscal Analysis

→ Assumptions:

- State the facts and only the facts
- Short concise sentences
- Use the executive budget to begin adjustments
- Sequentially number and separate each assumption to calculate fiscal impact
- Start at current law and work through the bill
- Structure assumptions to follow steps of preparation



Fiscal Analysis (continued)

→ Assumptions (continued)

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



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 2026 and FY 2027 and 1.5% inflation for FY 2028 and FY 2029, if applicable



Fiscal Analysis (continued)

- Fiscal Impact (continued)
 - Fund expenditures by revenue source
 - Identify any 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)

Fiscal Analysis Table

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
<u>Fiscal Impact</u>				
FTE	4.00	4.00	4.00	4.00
TOTAL Fiscal Impact	4.00	4.00	4.00	4.00
<u>Expenditures</u>				
Personal Services	\$322,204	\$322,204	\$327,037	\$331,943
Operating Expenses	\$0	\$0	\$0	\$0
Operating Expenses	\$9,666	\$9,666	\$9,811	\$9,958
Operating Exp. IT & TA	\$1,501,253	\$1,800,000	\$1,800,000	\$0
Equipment	\$11,200	\$0	\$0	\$0
Benefits	\$5,468,073	\$21,872,290	\$37,933,408	\$51,656,876
TOTAL Expenditures	\$7,312,396	\$24,004,160	\$40,070,256	\$51,998,777
<u>Funding of Expenditures</u>				
General Fund (01)	\$2,257,392	\$6,541,602	\$10,565,305	\$13,103,909
Federal Special Revenue (03)	\$5,055,004	\$17,462,558	\$29,504,951	\$38,894,868
TOTAL Funding of Expenditures	\$7,312,396	\$24,004,160	\$40,070,256	\$51,998,777
<u>Revenues</u>				
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
General Fund (01)	(\$2,257,392)	(\$6,541,602)	(\$10,565,305)	(\$13,103,909)
Federal Special Revenue (03)	(\$5,055,004)	(\$17,462,558)	(\$29,504,951)	(\$38,894,868)



Fiscal Analysis (continued)

- Keep all worksheets and supporting data (these can be attached to the fiscal note in the OBPP Fiscal Notes database).
- Why? – Consistency (between FNs)
 - OBPP or a Legislator may want detail
 - Agency's current use or for future reference
 - Similar proposals/bills



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 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</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.

- ➔ Explain 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 in the fiscal note:

“This bill may require local governments to spend additional sums for which no specific means of financing are provided. Statute, 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 2029 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 Concerns

- ➔ Point out defects of the bill.
- ➔ Examples:
 - Revenue intended for an agency with no approp
 - Drafting errors, internal reference conflicts
 - Conflicts with unamended statutes
 - Undefined terms, etc.



Dedicated Revenue

“Dedicated Revenue”

- This is an analysis of the proposed account determined by answering a series of questions required by law.
- Checking this on the Checkboxes tab will open an additional tab to be completed.

17-1-507, MCA



Statutory Appropriation

“Statutory Appropriation”

- This serves as an analysis of the proposed funding by answering a series of questions required by law.
- Checking this on the Checkboxes tab will open an additional tab to be completed.

17-1-508(2), MCA



Fiscal note naming convention

(the OBPP Fiscal Notes database will create)

→ Senate Bills – Sxxxxaaaa.vv

→ House Bills – Hxxxxaaaa.vv

x = bill number

a = agency number

v = version on bill in top right corner

→ An “r” for revised and “dr” for dedicated revenue will be added when appropriate.

H00443501.01



Agency completed fiscal note

What to do when agency has completed the fiscal note:

- An agency contact will submit the fiscal note



Amended Fiscal Notes

NEW this session

- The OBPP Fiscal Notes database system will create the version of the fiscal note to be amended and make it available to the agency.

Do not use the previous agency fiscal note as the starting point for an amended fiscal note.

- **Highlight** where you have made changes to the fiscal note.



Total processing time

→ Amended Fiscal Notes

3 Days



Questions?

Email GovFiscalNotes@mt.gov

OR

Contact your agency's OBPP analyst

OR

Brandy Itzel (Brandy.Itzel@mt.gov or 406-444-3616)

OR

Nancy Hall (NHall@mt.gov or 406-444-4899)