



Fiscal Note Policy Manual

Updated December, 2012

Chapter 1 Fiscal Note Process

A. Description

A *fiscal note* estimates the costs, savings, revenue gain, or revenue loss resulting from the implementation of proposed legislation. It is a tool to help legislators better understand how a bill might impact the state budget as a whole, individual agencies, and in some instances, local governments.

B. Minnesota Statute 3.98 Statutory Requirements

Subdivision 1 requires each department of state government to prepare a fiscal note at the request of the chair of the standing committee to which a bill has been referred, or the chair of the house ways and means committee, or the chair of the senate committee on finance.

Subdivision 2 requires a fiscal note to: (1) cite the effect in dollar amounts; (2) cite the statutory provisions affected; (3) estimate the increase or decrease in revenues or expenditures; (4) include the costs that may be absorbed without additional funds; (5) include the assumptions used in determining the cost estimates; and (6) specify any long-range cost implications. The fiscal note may comment on technical or mechanical defects in the bill but may not express opinions concerning the merits of the proposal.

Subdivision 3 requires the fiscal note be delivered to the chair of the ways and means committee of the house, the chair of the finance committee of the senate, the chair of the standing committee to which the bill has been referred, and to the chief author of the bill.

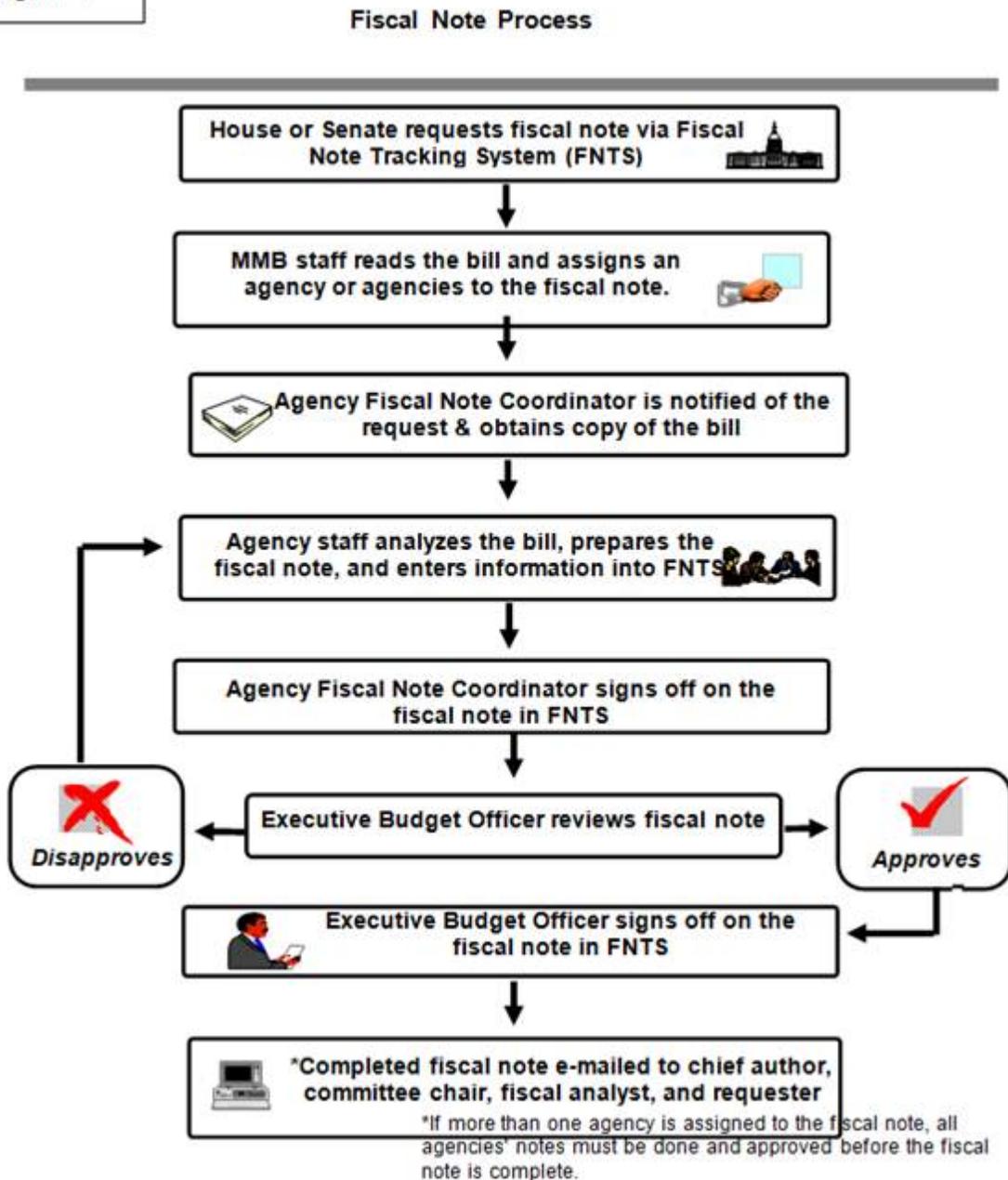
Subdivision 4 requires the commissioner of finance to prescribe a uniform procedure to govern the departments of the state in complying with the requirements of this section.

C. Steps in the Fiscal Note Process

1. Generally, a fiscal note is requested when a bill moves from a policy committee to a budget (finance) division or is referred to the House Ways and Means committee or Senate Finance committee. Legislative staff, acting on behalf of a committee chair, electronically requests a fiscal note via the Fiscal Note Tracking System (FNTS). The responsibility to request a fiscal note on a bill resides with the committee. A fiscal note is requested on a particular version of a bill. In most cases, a fiscal note is requested in order to know the impact of the bill before a scheduled hearing.
2. FNTS notifies Minnesota Management & Budget staff of the request. A budget staff person reviews the bill and assigns the affected state agency or agencies to prepare a fiscal note.
3. The assigned agency's Fiscal Note Coordinator is notified of the request and obtains a copy of the bill for which the fiscal note was requested.
4. Appropriate agency staff analyzes the bill, prepares a fiscal note following the guidelines in this manual, and enters the information into FNTS.
5. After the agency reviews the fiscal note accuracy, objectivity, completeness and format, the Agency Fiscal Note Coordinator signs off on the fiscal note in FNTS.
6. Minnesota Management & Budget executive budget officer (EBO), responsible for oversight of the assigned agency, reviews the fiscal note for reasonableness, completeness, and conformity with statewide policies and procedures.

7. If the fiscal note is acceptable, the EBO signs off in FNTS with the option of including clarifying comments. If the EBO does not agree with the fiscal note, the EBO will discuss the fiscal note with appropriate agency staff.
8. After the EBO signs off in FNTS, the completed fiscal note is distributed to the chief author, requesting committee chair, committee fiscal analyst and fiscal note requester. If a consolidated fiscal note (more than one agency is assigned), all agencies' notes must be done and approved before the fiscal note is complete.
9. Steps 1 - 8 may be repeated every time the bill is changed by a committee or on the floor.

Figure 1



D. Components of a Fiscal Note

The components of a fiscal note are illustrated in Figure 2 and described below.

Fiscal Note Heading - Includes the Bill number and Version, Title, Chief Author, Complete Date, and Agency.

Fiscal Impact Indicators - Indicates whether the bill would have State Fiscal Impact, Local Fiscal Impact, Fees/Departmental Earnings Impact, and Tax Revenue Impact.

Fiscal Implications -

1. Provides an estimate of expenditures and revenues for each affected state fund by Agency. The first year of a legislative session will forecast five years and the second year of a legislative session will forecast four years.

For example, a fiscal note requested in the 2013 session will project the impact to fiscal years 2013 through 2016.

2. Provides an estimate of changes in Full Time Equivalent (FTE) positions to each affected state fund by Agency.

Supporting Narrative Consisting of Six Sections

The narrative information included in a fiscal note should clearly and concisely address each of the items below. The fiscal note should be transparent and provide enough information so that an end consumer of the fiscal note is provided adequate information to understand what the bill is doing, the factors associated with the cost estimates and how the cost estimates were derived. A transparent fiscal note is one that provides enough information to be understood by someone who may not be familiar with the specific program impacted.

1. **Bill Description** section briefly describes what the bill does with an emphasis on the portions of the bill that create the fiscal impact. This section should provide a summary of the bill that sufficiently explains what the bill is doing to an end reader who may not be familiar with the bill. If the agency is only responding to specific sections of the bill that should be clearly articulated in this section. Examples are:
 - a. *The Department of xxx has been asked to provide a fiscal note on section 1 of the bill. Section 1 proposes to.....*
 - b. *Section 4 of the bill impacts the Department of xxxx. This section...*
2. **Assumptions** section explains assumptions and methodology used to develop the estimate. Explanations of assumptions should be clear, transparent, reasonable, justifiable, documented and easily understood by interested readers.
3. **Expenditure and Revenue Formula** section shows a basic equation or formula that rolls up all of the assumptions into the bottom-line fiscal impact. This section should include all of the factors contributing to the costs or savings of the bill. Savings should be displayed as negative numbers.
4. **Long Term Fiscal Considerations** section indicates whether the estimated fiscal impact will continue beyond the initial forecast period. This could include either a quantification of the fiscal impact or an explanation of long-term fiscal considerations.
5. **Local Government Costs** section identifies the local government unit(s) affected, a brief description of the fiscal impact to the local government, any new or expanded local mandates and if they are program or non-program mandates. Mandates are defined in Chapter 3. If the agency has checked the fiscal impact indicator for local fiscal impact, local government costs should be

addressed in this section. In many cases, agencies may not be able to quantify local government costs. In such cases, this section should explain the factors contributing to local government costs.

6. *References and Sources* section identifies agency staff and other entities supplying information used to complete the fiscal note.

Agency Signoff

1. Identifies the agency contact, i.e., the person who can answer questions regarding the fiscal note and their telephone number.
2. Identifies the agency fiscal note coordinator, telephone number, and date the agency completed the fiscal note.

Executive Budget Officer Signoff

1. Identifies the Minnesota Management & Budget executive budget officer, who reviewed the fiscal note and their telephone number,
2. Date EBO approved or did not approve, and
3. Optional clarifying comments. EBOs may provide comments to inform legislators of factors related to the fiscal note.

Figure 2 Sample Fiscal Note

Fiscal Note – 2013-14 Session

Bill #: H3093 **Complete Date:** 2/23/2013

Chief Author: SMITH, JOE

Title: REGULATING COLLECTION AGENCIES

Agency Name: Commerce Dept

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings	X	
Tax Revenue		X

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY13	FY14	FY15	FY16	FY17
Expenditures					
- No Impact -					
Less Agency Can Absorb					
- No Impact -					
Net Expenditures					
- No Impact -					
Revenues					
General Fund		<200>	<200>	<200>	<200>
Net Cost <Savings>					
General Fund		200	200	200	200
Total Cost <Savings> to the State		200	200	200	200

	FY13	FY14	FY15	FY16	FY17
Full Time Equivalents					
- No Impact -					
Total FTE					

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Bill Description

This bill:

Section 1 amends the current definition of collection agency to specify an agency is anyone doing collections for a Minnesota creditor.

Section 2 amends current law definition of collector as anyone doing collections for a Minnesota creditor.

Section 3 creates new language for out of state collection agencies. Out of state collection agencies will be able to do collections for out of state companies without being licensed by the State of Minnesota.

Section 4 effective date.

Assumptions

1. Exempts a collection agency collecting on behalf of non-Minnesota clients from requirements for licensure in Minnesota. These companies could collect from Minnesotans, but not on behalf of Minnesota businesses.
2. Affects the number of collection agencies required to be licensed in this state. Current law requires both a collection agency and the collectors they employ to obtain a Minnesota license if they collect from Minnesota residents regardless of who their client is. This bill would not require the agency or collector to have a Minnesota license if all of their "clients" are out of state. Most of the major retail creditors and credit card companies are not Minnesota corporations, the companies collecting for these entities would no longer have to obtain or renew their Minnesota license.
3. Requires a collection agency to disclose what State they are licensed in, but not comply with Minnesota licensure requirements.
4. Continues to hold the department responsible for ensuring that non-Minnesota collection agencies comply with all other portions of the Minnesota collection statute and for imposing penalties.
5. Removes the authority to take action against a licensee since they would not be required to have a license. In effect, rendering the "penalties" and enforcement powers to voluntary compliance.
6. Decreases the amount of revenue the agency collects from the licensing program but will not affect the expenditures or workload of the agency effective beginning in FY 2009 and thereafter.

Revenue Formula

<u>Item</u>	<u>#</u>	<u>Cost per Unit</u>	<u>Total Loss</u>
Collection Agents Renewal Fees	4,415	\$10	\$44,150
Collection Agencies Renewal Fees	215	\$400	86,000
New License Agents	2,000	\$10	20,000
New License Agency	50	\$500	25,000
New License Agency Investigation	50	\$00	<u>25,000</u>
Total Annual Revenue Loss			\$200,150

Long Term Fiscal Considerations

The loss of revenue to the General Fund would be permanent.

References and Sources

Deputy Commissioner, Commerce Enforcement & Licensing Division

Agency Signoff

Agency Contact Name: John Doe, Deputy Commissioner (651) 296-3500

FN Coord Signature: Jane Anderson

Date: 02/22/2013 Phone: (651) 296-4900

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: Commerce EBO

Date: 02/23/2013 Phone: (651) 296-8500

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Chapter 2 Preparing a Fiscal Note

A. Why is an Agency assigned to a Fiscal Note?

Agencies are generally assigned to a fiscal note for the following reasons: (1) receiving an appropriation in the bill, (2) collecting money in the bill, (3) administering a program or grant in the bill, (4) changing agency statutes in the bill, or (5) having the most knowledge on the subject of the bill.

If you are aware of an agency that could be affected by proposed legislation other than those assigned to the fiscal note, please contact Mary Crosson at 651-201-8042 or mary.crosson@state.mn.us as soon as possible so the agency may be contacted to prepare a fiscal note.

B. Role of Agency Fiscal Note Coordinator

Primary responsibility for preparation of prompt, accurate fiscal notes rests with the agency fiscal note coordinator. The fiscal note coordinator acts on behalf of the commissioner or agency head.

Specifically, a fiscal note coordinator is expected to manage their agency's fiscal note process by:

- Training appropriate agency staff on the fiscal note process and requirements;
- Monitoring the Fiscal Note Tracking System (FNTS);
- Obtaining a copy of the bill for which a fiscal note has been requested;
- Working with knowledgeable agency program and fiscal staff to obtain information as required for preparation of quality fiscal notes, which may include contacting fiscal staff or legislators to seek clarification on bill language and possible fiscal note assumptions;
- Ensuring that fiscal notes are completed within specified time lines;
- Supervising entry of fiscal note data into FNTS;
- Reviewing fiscal notes for accuracy, objectivity, reasonableness, completeness (including clear explanations and justifications for assumptions), and format;
- Coordinating preparation of a fiscal note with other agencies when a consolidated fiscal note has been requested and leading the coordination when the agency is designated as the lead agency; and
- Contacting local government organizations for fiscal impact estimates, where feasible, when proposed legislation affects local government units.

C. Copies of Bills

Agencies are responsible for obtaining a copy of the bill for which a fiscal note has been requested. Bill language is typically available in the FNTS, but can also be obtained from the House Index, Senate Index, or the Legislature's Internet Homepage (<http://www.leg.state.mn.us/>). If a fiscal note is requested on an amendment or a bill not readily available, Minnesota Management & Budget will provide agencies with the amendment or bill needed to prepare the fiscal note. The message on the fiscal note request will indicate when and how an amendment will be provided. The message may also indicate what has changed from a prior version of the bill, when the request is similar to another bill from the current or a previous session, and when the request is limited to specific sections of the bill.

D. Fiscal Note Due Dates

Legislative staff assigns a due date to each fiscal note at the time of request. "Due date" is defined as the date a completed fiscal note is to be returned to the Legislature, not the date that an agency should be

finished preparing their note. Generally, a completed fiscal note is due to the legislature within eight (8) working days, but individual deadlines may vary. Requests designated as urgent will be due to the legislature within four (4) working days. Occasionally, fiscal note turnaround time may be as little as one working day. Shorter turnaround times on fiscal note requests can be expected around committee deadlines. Coordinators should routinely check due dates and committee hearing schedules and communicate with EBOs and fiscal analysts to help manage priorities and adjust internal agency procedures as necessary to comply with compressed timelines. Legislative committees may delay hearing a bill until a completed fiscal note has been delivered. On fiscal notes due within 24 hours, each agency coordinator will be contacted by telephone, in addition to the FNTS email notification.

E. Fiscal Note Basics

- The primary objective of a fiscal note is to provide the best possible estimate of expenditure, revenue, and staffing impacts of proposed legislation given a short turn-around time. It should be factual, informative, and concise, with fiscal estimates that are transparent, adequately explained, justified, and documented. Fiscal notes are to be objective and not used to influence the outcome of a bill. A fiscal note should help the Legislature make an intelligent, informed decision on the potential costs of a bill based on the best facts available.
- Read the bill carefully and compare to existing statutory language. Look carefully for repealer clauses at the end of the bill.
- A fiscal note should focus on the fiscal implications of only the bill in which the fiscal note is requested, without consideration of other proposed legislation or speculation beyond the language actually contained in the bill.
- Clearly specify ALL agency assumptions because it is possible for more than one set of assumptions to be made from the same bill particularly when the provisions in the bill are either uncertain or permissive. Assumptions should be clearly and adequately explained and justified.
- Do not use an inflation factor to increase costs in future years for FY 2016-17. Fiscal estimates are to be stated in known costs for the FY 2014-15 biennium.
- Be as clear as possible and avoid the use of jargon and acronyms. The fiscal note narrative is intended to communicate to a general audience.
- The fiscal note may comment on mechanical or technical defects of the bill, but comments or opinions relative to the bill's value are not appropriate. The fiscal note should not be biased by the agency's position on the legislation. Agency concerns or positions on the bill should be made through other means, such as testimony, meetings, or letters to legislators.
- Information entered into the Fiscal Note Tracking System can be viewed by all system users regardless of the status of the fiscal note.
- Fiscal notes are not official until they are distributed by Minnesota Management & Budget. Agencies should not distribute fiscal notes directly. However, agencies may share preliminary fiscal notes with legislative staff to facilitate communication. These fiscal notes should clearly be marked "Preliminary."
- Work papers utilized in the preparation of fiscal notes should be maintained for at least two years following the applicable legislative session.
- An agency's ability to prepare objective, accurate, and factual fiscal notes affects its credibility with the legislature.

F. Special Circumstances in Fiscal Note Preparation

1. Bill Intent Clarification

In cases where an agency is not familiar with a particular bill, the wording of a bill may necessitate contact with the chief author to clarify intent. An agency should contact the requesting committee fiscal analyst as soon as possible, citing the bill language that needs clarification or the chief author. The committee fiscal analyst or the chief author should be able to provide sufficient information about

the intent to allow the agency to make assumptions. All assumptions used to develop the fiscal note should be stated clearly, transparently, adequately explained, and justified in the supporting narrative section of the fiscal note. A list of Legislative Members and Committee Fiscal Analysts with their telephone number and e-mail address is available on-line in the FNTS.

2. **Fiscal Impact Cannot Be Determined**

Agencies are encouraged to make assumptions and estimate costs even when uncertainty exists. The Fiscal Implications table of the fiscal note should identify the single fiscal estimate that reflects the most likely scenario or, if the agency is unable to identify the most likely scenario, a likely scenario. In the supporting narrative section, an agency can identify a range of possible expenditures or revenues linked to alternative scenarios. An agency should respond with a statement that “The fiscal impact cannot be determined” only in those rare cases when no data exists to support a reasonable set of assumptions. For example, it may be difficult to obtain relevant information from other states, studies or pilot programs with some large-scale, complex, or unprecedented proposals. Before making the determination that the fiscal impact is undeterminable; however, an agency should attempt to obtain the information necessary to develop estimates by calling the chief author or committee fiscal analyst. If the agency is still unable to obtain sufficient information to prepare an accurate fiscal note, they should prepare the fiscal note in the following method:

- a. Check “Yes” for state fiscal impact in the Fiscal Impact Indicators section if it is understood that there will be a cost, but the cost cannot be quantified.
- b. Identify the fund for the expenditures or revenues in the Fiscal Implications section (if possible).
- c. Explain “The fiscal impact cannot be determined because . . . ” in the supporting narrative section. The agency should specify the factors that prevent them from preparing an accurate fiscal note. The agency also should explain relevant information about the fiscal impact that may assist policymakers in considering costs and benefits.

3. **Bills Containing an Appropriation or Blank Appropriation Amount**

If a fiscal note is requested on a bill containing an appropriation or the appropriation amount is blank, the agency should estimate revenues and expenditures without regard to the amount of the appropriation. An agency should make its own evaluation of what would be required if the bill is enacted into law and becomes a responsibility of the agency.

When an appropriation is contained within the bill, do not simply assume that the dollar amount in the bill equals the program’s cost; even though the dollar amount stated may very well be the funding level at which the Legislature will expect the agency to operate the activity. In the supporting narrative, the agency should indicate the operational level that can be performed with the appropriation amount stated in the bill.

Your agency’s estimate of expenditures and revenues should appear in the Fiscal Implications section of the fiscal note even if it is different than the appropriation amount stated in the bill. If your estimate and the bill appropriation are different include an explanation of the difference between the two amounts in the supporting narrative section.

If the bill appropriation amount is blank and the bill language is vague, contact the chief author or the requesting committee fiscal analyst for more information. See Bill Intent Clarification and Fiscal Impact Cannot Be Determined paragraphs above.

4. **Funding Provided in a Budget Bill**

If a fiscal note is requested on a bill where funding is provided in a budget bill, estimate expenditures and revenues without regard to the amount of funding provided in the budget bill. The budget bill amount should be referenced in the supporting narrative along with an explanation of any differences.

5. No Fiscal Impact

If the proposed legislation has no fiscal impact on your agency or local government unit, check “No” for all the Fiscal Impact Indicators. The explanation and assumptions leading to a “No fiscal impact” response should be adequately documented in the supporting narrative section.

6. Bills Involving More Than One Agency (Consolidated Fiscal Notes)

When a bill involves more than one agency, each agency is requested to prepare a fiscal note detailing the fiscal impact related to its own operations. To present a comprehensive picture of the fiscal implications, the completed notes are sent to the legislature as one package referred to as a “consolidated” fiscal note. Consolidated fiscal notes contain a system generated fiscal implications summary identifying the expenditure, FTE, and revenue impact to each fund and agency affected by the legislation.

Fiscal notes involving multiple agencies should be developed using the same set of assumptions for all agencies (e.g., caseload, duration of impact, meaning of bill language). The agency with the greatest perceived impact by the bill will be designated as the “lead agency.” **In addition to preparing a fiscal note, the lead agency (through its fiscal note coordinator) is responsible for coordinating the fiscal note with the other assigned agencies.** When appropriate, the EBO for the lead agency will contact the agency to discuss the approach and relevant assumptions. The lead EBO will communicate the lead agency’s approach and relevant assumptions to other EBOs, as needed.

Communication and coordination is necessary to avoid contradictory assumptions, double counting, or omissions. Common consolidated fiscal note errors include the following: (1) overlap of information; (2) no coverage of the cost of a new commission or advisory council; (3) different workload numbers or assumptions; and (4) conflicting assumptions on staffing, rates, or revenues.

The EBO assigned to the designated lead agency is responsible for reviewing the “consolidated” fiscal note. **Conflicting assumptions among individual fiscal notes will delay the distribution of the consolidated fiscal note to the Legislature.**

7. Fiscal Notes Involving Capital Projects and Bonding

Fiscal notes involving capital projects and bonding will be assigned both to Minnesota Management & Budget and to the agency that will have responsibility for operating the proposed capital project. Minnesota Management & Budget through its fiscal note coordinator, Dennis Munkwitz, is responsible for preparing the portion of the fiscal note relating to bonding and debt service costs. The other assigned agency is responsible for preparing a fiscal note for ongoing operating costs (e.g., utilities, custodial) that would be incurred if the proposed capital project were approved.

Agencies should not include the capital appropriation amount in the fiscal implications section, but should identify the amount in the supporting narrative of the fiscal note. If there is a difference between the capital appropriation amount in the bill and the amount needed to complete the project, this difference needs to be stated in the supporting narrative. Capital projects include construction or major remodeling of state buildings and other state facilities, purchase of land or a building, park development, etc.

8. Bills Involving Local Government Units or Political Subdivisions

Fiscal notes on bills with possible local impact are to be prepared by the designated state agency in cooperation, where feasible, with one or more of the following local government contacts:

Association of Minnesota Counties

Jim Mulder	(651) 224-3344	jmulder@mncounties.org
Scott Simmons	(651) 224-3344	ssimmons@mncounties.org

League of Minnesota Cities

Rachel Walker	(651) 281-1236	rwalker@lmc.org
Jennifer O'Rourke	(651) 281-1261	jorourke@lmc.org

Association of Townships

Dave Fricke	(763) 497-2330	dfricke@mntownships.org
Eric Hedtke	(763) 497-2330	ehedtke@mntownships.org
Dan Greensweig	(763) 497-2330	dgreensweig@mntownships.org
Kent Sulem	(763) 497-2330	ksulem@mntownships.org

Minnesota School Boards Association

Bob Meeks	(507) 934-2450 1-800-324-4459	bmeeks@mnmsba.org
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Minnesota Inter-County Association

Keith Carlson	(651) 222-8737 Cell: (612) 759-9442	keithc@mica.org
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Information provided by local government organizations should be included under Local Government Costs in the supporting narrative section. State agencies are expected to cooperate with local government organizations in estimating the local fiscal impact of proposed state legislation, but fiscal notes should not be delayed when local government organizations do not respond within the time allotted for preparation of a fiscal note. Also see **Local Impact Notes** section on page 14.

9. Bills Involving Pensions

Fiscal notes on pension bills should be completed using the standard fiscal note format. The front table should only be a reflection of the bill's direct impact on the state budget. Narratives should discuss the long-term implications of the bill, particularly how the bill affects unfunded liabilities. The narrative should also discuss the effect on actuarial required contributions. This information should be presented in tabular format within the narrative under the Expenditure and/or Revenue Formula section. Impacts to local governments should be discussed in the Local Impact section and should include actual estimates if they are available.

10. Bills with Technology Impacts

If a bill clearly has a technology impact, MMB will assign the fiscal note to the impacted agency as the lead and the Office of Enterprise Technology for response. In certain cases, it may not be apparent in the bill language that there is a technology impact; however, when an agency is putting together their response they may determine costs related to technology. In all cases, fiscal notes with a technology related impact must be reviewed and approved by the agency's chief information officer (CIO) prior to submission to MMB. Fiscal note coordinators should work with their agency CIO to ensure this review occurs.

During the EBO review process, EBOs will ask agencies if the CIO has approved the fiscal note. If the agency CIO has not reviewed the note, agencies will be instructed to take that step.

11. Constitutional Amendments

MMB will assign these fiscal notes to the Secretary of State as the lead agency and to any agencies impacted by the amendment. Only the costs of adding the question to the ballot should be included in the table on the cover of the fiscal note. Potential impacts, if the amendment were to pass, should be presented in a table within the narrative under the Expenditure and/or Revenue Formula section.

12. Contingency Bills

Bills that provide funding to continue operations in the event legislation is not enacted by July 1 of an odd number year should be handled as follows:

- a. The table should not reflect costs unless there are NEW costs to the state.
- b. Existing costs should be discussed in the narrative of the fiscal note, but not reflected on the table.
- c. Cost estimates should be reflected in bi-weekly amounts.
- d. Agencies should consult their 2012 shutdown plans as a resource.
- e. If the bill does not include appropriation language, agencies should work with the bill author to ensure legal authority exists for funds to be available to support the activities of the bill.
- f. Agencies should consider central service agency work that may be necessary to support the bill (ex: payroll, accounting, technology support). If an impacted central service agency is not on the bill, please contact Mary Crosson at mary.crosson@state.mn.us to have them added.

13. Fiscal Notes That Cannot Be Completed by the Due Date

Occasionally, a bill is so lengthy or detailed that a reasonable estimate cannot be completed by the due date. If, after reviewing the legislation, an agency finds that it cannot prepare a fiscal note by the due date, they should contact the fiscal note requester. Indicate to the requester why additional time is needed and when the fiscal note will be completed. If the requester agrees to a later due date, it is the responsibility of the requester to change the due date in the system. Agencies are also encouraged to use the FNTS message feature to explain a delay so that other FNTS users interested in the note will be notified of the delay. Agencies are expected to make every effort to complete these fiscal notes by the agreed upon due date.

14. Central Service Agency Responses of Behalf of Multiple Agencies

In certain cases, central service agencies such as the Department of Administration, Office of Enterprise Technology and Minnesota Management & Budget, may be asked to respond to a fiscal note on behalf of multiple agencies. In these cases, whenever possible, the central service agencies should work with impacted agencies to develop and review the assumptions and expenditure formulas used in the fiscal note. In cases where a cost impact to state agencies is apparent, but is not able to be estimated, agencies should follow the instructions found in the "Costs Cannot Be Estimated" section of this chapter.

15. Fiscal Notes on Amended Bills

Agencies should prepare fiscal notes on the latest version of a bill for which a fiscal note has been requested, unless specifically instructed to do otherwise. When a fiscal note request is placed in FNTS, the legislative requester will indicate whether the bill is an original, amendment, engrossment, or unofficial engrossment. Because the legislative process often moves rapidly (particularly during the latter part of a session), the version or status of any given bill may change between the time of the request and the point at which the actual bill analysis is made. Since agency personnel usually learn of bill changes before Minnesota Management & Budget, agencies are to take the initiative in preparing fiscal notes on the latest version of a bill. In all instances, agency fiscal note coordinators are responsible for indicating in the system the particular bill version for which a fiscal note is being prepared.

16. Legislation That Did Not Make Committee Deadlines

If a fiscal note is requested on a bill that subsequently does not make it past a particular committee deadline, Minnesota Management & Budget will not cancel a fiscal note request made by a legislator or legislative staff member. The agency should contact the requester of the fiscal note for information related to the need to complete the note and prioritize the completion of that fiscal note with other requests. Until the individual who requested the fiscal note makes the request “inactive,” Minnesota Management & Budget expects the fiscal note to be completed.

17. Agencies with No System Access

An agency with no access to the Fiscal Note Tracking System (FNTS) is designated as a manual agency and will prepare a fiscal note using a Fiscal Note Worksheet. FNTS will automatically e-mail a Fiscal Note Worksheet to a manual agency, notifying them of a fiscal note request. The agency will prepare the fiscal note and transmit the completed worksheet to Minnesota Management & Budget unless another agency does entry for the agency. If Minnesota Management & Budget is entering the fiscal note for a manual agency, the completed worksheet should be e-mailed to Mary.Crosson@state.mn.us. Once the fiscal note is entered into the system, Minnesota Management & Budget will email the manual agency a copy of their fiscal note.

18. Agency Not Responding to a Fiscal Note Request

If an agency does not respond to a fiscal note request by the specified due date, Minnesota Management & Budget, at its discretion, may sign off for the agency. This scenario will most likely happen on a consolidated fiscal note where the agency has been repeatedly notified and the bill is being heard in committee shortly. Minnesota Management & Budget will sign off for the agency with the following comment in the narrative: *"The agency did not respond to the fiscal note request by the specified due date."* After the assigned EBO has signed off on the fiscal note, it will be transmitted to the legislature.

19. Common Fiscal Note Errors

- Indicating “No State Fiscal Impact” when there are estimated costs associated with the bill that the agency is willing to absorb within existing appropriations. The “Agency Can Absorb” section below discusses how to reflect these costs in the note.
- Expenditures for salaries and benefits without an associated FTE impact.
- Expenditures for salaries without expenditures for benefits.
- Not including indirect costs for non-general funded programs or activities.
- Revenue displayed by the agency spending it rather than the agency collecting it.
- Agencies preparing fiscal notes on the same bill (consolidated fiscal note) failing to communicate and coordinate with each other, resulting in different assumptions, double counting, or omissions.
- Highly technical narrative not appropriate for a general audience.
- Agencies not completing fiscal notes before the due date, allowing time for EBO review and comment. Whenever possible, agencies should allow 24-48 hours for EBO review prior to the due date.

20. Local Impact Notes

Minnesota Statutes, sections 3.986 through 3.989, govern preparation of local impact notes. The 1997 Omnibus Tax Act contained “local mandates” provisions intended to improve the quality of information available to legislative committees. By identifying the local fiscal impact, the provisions also help the tax committees consider the property tax implications of new state actions. The law makes Minnesota Management & Budget responsible for coordinating the production of local impact notes.

Similar to its role in administering state fiscal notes, Minnesota Management & Budget serves a coordination and review function for local impact notes. At the request of the chair or ranking minority member of the legislative committees on taxes, the House Ways and Means Committee and the Senate Finance Committee, Minnesota Management & Budget must coordinate the development of

reasonable and timely estimates of the fiscal impact of proposed legislation and rules on political subdivisions. The statute spells out which types of mandates are covered and which are exempt from the impact estimation process.

After Minnesota Management & Budget receives a local impact note request from a tax committee chair or ranking minority member, a letter is sent out confirming the receipt of the request. Local governments and their representative associations are then contacted for necessary data or cost estimates. Minnesota Management & Budget examines the information provided by local governments and creates a statewide cost estimate. The cost estimate is prepared on a modified fiscal note template. It includes an analysis summary, an explanation of the proposed legislation, a detailed analysis of the cost estimate, and a listing of the entities that contributed information for the estimate.

The local impact note contact at Minnesota Management & Budget is Bryan Dahl, Executive Budget Officer. Phone: 651-201-8031.

21. Fiscal Notes on Language Not Yet Introduced

A fiscal note can be requested on proposed bill language before it is introduced. The requester or MMB will assign a "generic" bill number to the request and enter it into FNTS. The requester will send a copy of the proposed language which MMB will attach in FNTS and email a copy to the agencies assigned if necessary. The note should be prepared and signed off just like any other fiscal note.

22. Fiscal Notes on Language Marked "Private"

This is a unique circumstance in which a requester would like a note prepared but would like it to remain private. These particular notes will **not** be entered into the fiscal notes system, but will be prepared offline. The procedure for requesting and completing such a note is as follows:

- 1) Legislative staff will request a fiscal note via email to MMB. All pertinent information such as committee, author (if known), due date, etc., will be conveyed in the request email. A copy of the bill language will be attached to the email.
- 2) MMB will read the language and determine which agencies are affected. A fiscal note worksheet and the bill language will be sent to the assigned agencies and their respective executive budget officer. All pertinent information regarding the note, including messages from the requester, will be included in the email notification.
- 3) Agencies will prepare the note within the time allotted using the worksheet. When the worksheet is completed, agencies will email it to their executive budget officer for sign off.

All information regarding the fiscal note is classified as private until the author makes a determination to have it become public or the legislation is considered for legislative action.

In the case of a consolidated note, the lead EBO should coordinate with everyone to incorporate the individual notes into one completed note. The lead EBO should email the completed note back to the requester.

Chapter 3

Completing the Fiscal Note Worksheet

A. General

A fiscal note worksheet can be printed from the Fiscal Note Tracking System or a copy is available online at: <http://www.mmb.state.mn.us/fiscal-docs>. The worksheet should be used to prepare the fiscal note before entry into FNTS. Specific instructions for completing the fiscal note worksheet follow.

- Dollar amounts in the fiscal implications section are to be stated in thousands, e.g., 1 = 1000.
- FTE in the fiscal implications section can be down to the hundredth of a position, e.g., 2.25.
- A listing of state funds is available in FNTS or online at: <http://www.mmb.state.mn.us/fiscal-docs>.

B. What Version of the Bill Are You Working On?

The bill version an agency is preparing the fiscal note on must be the one requested or a later version. If working on a later version, the fiscal note version may be changed by contacting Minnesota Management & Budget staff, Mary Crosson at 651-201-8042 or mary.crosson@state.mn.us. When the bill version is changed in the system, a new fiscal note request is created.

C. Agency Contact

Under Agency Contact, include the name and phone number of the person who should be contacted with questions about the fiscal note. The suggested format for the Agency Contact field is as follows: Name (phone number). The agency contact name and phone number will be printed before the Fiscal Note Coordinator in the Agency Signoff section of the fiscal note.

D. Four Fiscal Impact Indicators

The Fiscal Impact Indicators must be completed before an agency can sign off on a fiscal note.

1. **State Fiscal Impact:** *Does this bill have a fiscal impact to your agency?* If the bill has fiscal impact to your agency's operation, check the "Yes" box. If you are a central service agency responding on behalf of other agencies and there is a cost to those agencies, check the "Yes" box. Detail of the fiscal impact should be included in the fiscal implications and supporting narrative sections of the fiscal note. If there are expenditures associated with the bill that your agency would absorb all or part of the costs, the agency must still check the State Fiscal Impact box "Yes."
2. **Local Fiscal Impact:** *Does this bill have a fiscal impact to a local government unit?* If the bill may have a fiscal impact on a local government unit or political subdivision, check the "Yes" box. An explanation of the local government impact and, where feasible, an estimate from the local government unit should be included in the supporting narrative section under the Local Government Impact section.
3. **Fee/Departmental Earnings:** *Does this bill impact a fee or departmental earning?* If the bill impacts a fee or departmental earning, check the "Yes" box. Departmental earnings are defined as service charges, license fees, regulatory fees and other charges imposed by or pursuant to state law. Supporting narrative sections should include fee assumptions, explanation of who will pay, and any formula or equation detailing the revenue generated by the fee and the costs to be recovered.
4. **Tax Revenue:** *Does this bill impact tax revenue?* If the bill impacts tax revenue, check the "Yes" box. Supporting narrative should include detail of the tax involved along with assumptions and any formula or equation used in estimating the tax revenue.

E. Fiscal Implications

1. Expenditures

- The expenditure section summarizes the estimated cost to your agency by state fund for each fiscal year 2013 through 2016.
- Agency expenditure estimates should be stated as expected costs consistent with budgetary policy and instructions for the 2014-15 biennium. The expenditure amounts as calculated must be detailed in the supporting narrative section. No inflation should be included for the planning years, 2016 and 2017. Caseload levels and enrollment fluctuations are allowed, but these assumptions need to be included in the supporting narrative section of the fiscal note.
- Agency estimates should only include direct impacts.
- **Secondary impacts**
- **are excluded from fiscal note estimates.** Discussion of potential secondary costs may occur within the narrative of the fiscal note, but should never be included in the table. Examples of secondary impacts include:
 - A provision that requires all young children to be immunized at a state cost of \$1 per child (the direct costs/fiscal implication) might possibly reduce future state expenditures on treatment for disease (secondary fiscal implication). In this example, only the \$1 cost per immunization would be included in the estimate.
 - Another example is a bill that requires all motorcycle riders to wear helmets. The primary fiscal impact of such a bill is the cost of enforcing the new law and the expected revenue from citations. A secondary impact is the potential reduced cost of medical care as individuals on public health care programs might be less likely to be injured in an accident. While reducing health care costs may be one of the main considerations of such a bill, it is an indirect impact of the bill and should not be included as a fiscal impact.
- Detail of the estimated expenditures by various objects of expenditure (salary, benefits, supplies, equipment, travel, etc.) should be explained in the Assumptions and Expenditure Formula in the supporting narrative.

2. Agency Can Absorb

In some cases, the workload and associated costs resulting from legislation may be absorbed by the agency.

- M.S. 3.98 requires fiscal notes to cite the dollar effect of proposed legislation. Fiscal notes on bills that explicitly require an agency to absorb the costs of implementing the legislation within existing funding should continue to show the costs of the legislation. If an agency is able to absorb costs, they should indicate the amount that can be absorbed on the cover page of the fiscal note; however, the indication of absorbed costs should not be made solely based on language in the bill stating that costs must be absorbed. If other agency activities will be displaced as a result of absorbing the costs, that should be discussed within the narrative of the fiscal note. Costs associated with forecast programs should never be absorbed and should be shown on the cover page of the fiscal note.
- The fiscal note should inform the legislature of the cost implications associated with the proposed legislation. The legislature considers fiscal notes advisory and in doing so may determine whether or not to fund the costs identified within a fiscal note.
- Identify all incremental costs and workload in the Fiscal Implications section under Expenditures. Then, under the Agency Can Absorb section, identify costs by state fund for each fiscal year 2013 through 2016 that the agency would be able to absorb.
- This **should only occur** if it is an extension of a current activity or function without displacing any other functions within your existing budget. Costs that are acceptable for absorption should be operational only and should be limited in scope. They need to be something that would not be considered a new cost to the agency, but something that can be done within existing work.

Absorption of costs needs to be supported with analysis clearly explaining why the costs may be absorbed. Additionally, agencies are encouraged to consider whether the costs could be absorbed if other bills were enacted that involved absorbed costs and if the costs are being absorbed based on a fair analysis of the impact (not because the agency supports the bill). Agencies need to consider whether or not they can create thresholds for activities that can be absorbed. An example might be:

- A bill would require 0.5 FTE to support the activity of the bill. If the activity were performed by one staff person, it may require the agency to hire a new 0.5 FTE. If the activity were spread across a division of 20 staff, it might mean each of those staff dedicate 52 hours of time to the activity and the agency may indicate that they are able to absorb the cost when spreading the work out among multiple existing staff without displacing other work. If the additional 52 hours of time for the 20 staff people would displace other work, then the agency should not indicate that they can absorb the costs.

3. Revenues

- The Revenue section summarizes the estimated revenue to your agency by state fund for each fiscal year 2013 through 2017.
- Estimated revenues should include both dedicated and nondedicated receipts from all sources, e.g., taxes, federal reimbursements, fees or departmental earnings.
- Detail of estimated revenues by various sources should be included in the supporting narrative section.

4. Full Time Equivalent (FTE) Positions

Certain proposed legislation may require an increase or decrease in staffing levels. Any such impact on staffing should be calculated in terms of full time equivalent positions.

- M.S. 16A.122 (Work force planning and reporting) defines a full time equivalent position as “2,080 working hours per year; except that the number of work hours may vary, depending upon the exact number of working days in any given year. Independent contractors are not to be included within the definition of a full time equivalent position.”
- Agencies should include any increase or decrease in the number of FTEs by state fund and reflect any corresponding increase or decrease in salary and benefit costs in the expenditure section of the fiscal note.
- FTE can be stated down to the hundredth of a position, e.g., 2.25 or .75.
- FTE changes should reflect the difference from current projected levels for each year. For example if a bill would add 5 FTEs in each year every year for four years, the FTE table would show an FTE impact of 5, 10, 15, and 20 for the 4 years (not 5 each year). If the bill would add 5 FTEs that would be needed ongoing, the table should show 5 FTEs each year.

To calculate the estimated costs of new positions, agencies should use a format similar to the one shown below. Costs associated with each FTE should include the following: salary (at a level determined appropriate by the agency), fringe, and associated supplies and expenses.

Salary:

Job Classification _____	\$ _____	x _____	pos=\$ _____	
Job Classification _____	\$ _____	x _____	pos=\$ _____	
Job Classification _____	\$ _____	x _____	pos=\$ _____	
Subtotal \$ _____				(a)

Fringe Costs:

FICA 6.2% + Medicare 1.45% + *Retirement 5.0% = 12.65%	
(a) x 12.65% = (b)	\$ _____ (b)
Insurance (As of 1/1/09 family = \$1,335/mo.) x _____ Pos	\$ _____ (c)
TOTAL SALARY AND FRINGE (a+b+c)	\$ _____

Supplies and Expenses:

Office Space Rent	_____ sq ft x \$ _____	sq ft	x _____	pos=\$ _____
Furniture	\$ _____		x _____	pos=\$ _____
Telephone	\$ _____ /mo x 12 mo		x _____	pos=\$ _____
Travel Expense	depends upon job duties			\$ _____
Supplies	office supplies \$ _____		x _____	pos=\$ _____
Equipment	PC/software \$ _____		x _____	pos=\$ _____
Other (describe)	_____		x _____	pos=\$ _____
TOTAL SUPPLIES AND EXPENSES				\$ _____

*These are estimates that may differ depending on the retirement plan or insurance coverage. The 5.0% retirement percentage represents the rate for the MSRS general retirement plan for FY 2012.

F. Supporting Narrative

Fiscal notes are to include supporting narrative that should clearly, yet concisely and transparently explain agency expenditure, revenue, and FTE estimates. Because legislators and legislative staff may not be familiar with the details of agency programs and operations, the supporting narrative should be written for a general audience and should avoid jargon, acronyms, and abbreviations (except when terms are clearly explained when first introduced in the fiscal note narrative). Agencies should carefully document assumptions and rationale used in preparing fiscal notes. Each fiscal note narrative should use the following format:

1. Bill Description

- Briefly describe what the legislation does, with an emphasis on the bill provisions that have fiscal impact on the agency by describing how the provisions will affect agency operations. Be sure to include the article and section numbers as a reference. To the extent that portions of the bill do not have fiscal impact, a section-by-section analysis of the bill is not necessary; however, the description should clearly describe which sections of the bill are being addressed in the fiscal note.
- Indicate the budgetary program(s) being affected by the proposed legislation.
- Indicate if the legislation contains an appropriation or funding or if the appropriation or funding is included in a budget bill.
- Describe the general workload and policy assumptions that have revenue or expenditure impact on the agency. Any assumptions should be clearly explained.
- Describe the changes(s) from current law that are driving an increase or decrease in expenditures or revenues. Include any significant historical data that may be appropriate.
- Highlight changes from previous versions of the bill for which a fiscal note was requested. If there is no change from the previous bill version, be sure to state this fact. The requester of the fiscal note, or the bill’s author should be contacted with questions about the changes.
- Note technical or mechanical defects. Technical or mechanical defects should be limited to bill drafting errors such as internal reference conflicts, conflicts with unamended statutes, undefined terms, etc. There should be no statements related to the merits, support or opposition to the bill.

2. Assumptions

Detail assumptions made in preparing the fiscal note. Explanations of assumptions should be clear, transparent, reasonable, justifiable, documented and easily understood by interested readers.

This is very important for a complete understanding of the fiscal note. For example, a basic description of components such as the number to be served, unit or average costs; the timing of expenditure changes; and when program or staff changes will be fully implemented.

- Describe agency expenditures necessary to implement the legislation.

- Explain how workload assumptions translate into cost estimates.
- State the assumptions and methods used to arrive at the dollar estimates for each object of expenditure and FTE.
- State assumptions regarding the salary levels of new full-time equivalent positions (FTEs) being requested. Agencies should identify the classification, compensation code, and salary step of new positions being requested. If new positions will not start at the first salary step, provide rationale. Agencies may state the source of data, such as the AFSME Contract.
- Assumptions regarding fringe benefits and associated supplies and expenses should also be separately identified.
- Distinguish between one-time and ongoing costs.
- State the indirect cost assumptions for non-general funded programs and activities.
- Display administrative, contract, and grant costs separately, if applicable.
- Indicate workload and accompanying costs that the agency is able to absorb. Include an explanation of programs or activities that may be displaced.
- Describe the assumptions and methods used in estimating the revenue impact of the legislation, including revenue sources, e.g., taxes, departmental earnings or fees, federal reimbursement. Explain how the assumptions translate into revenue estimates. Distinguish between one-time and ongoing revenue.
- Explain any substantial differences in revenue or expenditures between the first effective biennium of the legislation and the second. Situations where substantial differences may occur are when a phase-in period is necessary or when start-up costs are high.

3. Expenditure and Revenue Formula

Indicate a basic equation or formula that rolls up all of the assumptions into the bottom- line fiscal impact, if applicable. Assumptions used in the formula should be footnoted.

Simple example:

Summary of Impact on Revenues:

Water Permit Application Fees: 100 applications x \$135 fee	\$13,500
Dam Safety Application Fees: 4 applications x \$75	<u>300</u>
Total Revenue	\$13,800

Unit Cost Calculations should be given, if applicable. This will most likely be applicable for proposals relating to grants or programs providing services or assistance to individuals or groups.

4. Long Term Fiscal Considerations

Be sure to include any long-term fiscal considerations beyond the fiscal year 2013. This is especially important if there will be substantial differences in expenditure or revenue estimates from the fiscal years shown in the fiscal implications section such as phased-in revenues or expenditures, or sun-setting.

If federal funds are involved, discuss the probability of continued federal support.

5. Local Government Costs

Identify the local government unit(s) affected by the legislation (e.g., townships, counties, school districts, cities).

Describe the fiscal impact to the local government unit(s), including any estimates received from the local government organization with any assumptions provided.

Indicate if there are new or expanded local mandates involved in the proposed legislation. Local mandates are to be categorized as either program or non-program. **Program mandates** involve proposals that would expand, reduce, or alter local government functions or services. **Non-program**

mandates involve proposals which apply equally to private or public entities and which relate to the organization or institutional structures of local units of government (e.g., elections, public meeting requirements, data collection, tax collection, procurement procedures).

6. References/Sources

Reference the source of the information provided in the fiscal note (e.g., agency staff, research articles, similar programs in other states).

Relevant work papers should be retained for future reference. Documentation is often needed to defend agency fiscal estimates in appearances before legislative committees; to facilitate preparation of fiscal notes involving bills that are amended; and to help resolve disputes or questions of intent that might arise after legislation has been enacted.

G. Agency Fiscal Note Signoff

After completing entry of information into the system, an agency should carefully review its fiscal note for accuracy, transparency and completeness. Sign off should only be completed when data is approved and not likely to change. Upon agency signoff, the agency contact and the fiscal note coordinator's name and telephone number will appear at the bottom of the fiscal note as well as the signoff date. Agency signoff serves as a notification to the assigned executive budget officer that the fiscal ***note is ready for their review.***

Agencies that wish to edit a fiscal note after they have signed off must contact either the FNTS staff (Mary Crosson at 651-201-8042 or mary.crosson@state.mn.us) or their assigned EBO to have the fiscal note reopened.

H. Executive Budget Officer (EBO) Review

Minnesota Management & Budget reviews agency fiscal notes before transmitting them to the legislature. The review is performed by an agency's assigned executive budget officer and occurs after agency signoff. The executive budget officer signoff indicates that a fiscal note has been reviewed for reasonableness, completeness, and conformity with statewide policies and procedures. Executive budget officers may approve or not approve a fiscal note and have the ability to add clarifying comments. In some instances, the executive budget officer will contact an agency to discuss the fiscal note and require revision or additional information.

I. Consolidated Fiscal Note – Lead EBO Review

On a consolidated fiscal note (multiple agency fiscal note), the lead agency's assigned executive budget officer has the responsibility to review the consolidated fiscal note for common assumptions among assigned agencies. In some cases, the EBO may contact the lead agency to discuss the approach to the fiscal note prior to it being complete. Upon review of the consolidated fiscal note, the Lead EBO may approve or not approve a fiscal note and can add comments. In some instances, the lead executive budget officer may contact one or more of the assigned agencies for revision of their fiscal notes.

J. Distribution of Fiscal Notes

Immediately following executive budget officer signoff or lead executive budget officer signoff, the completed fiscal note is distributed by e-mail to the chief bill author, requesting committee chair, committee fiscal analyst, agency fiscal notes coordinator and the legislative requester.

K. Revised Fiscal Notes

Occasionally, an error is detected in an agency fiscal note after being distributed to the Legislature. In this circumstance, the affected agency and EBO signoff will be removed from the fiscal note and the agency will be asked to correct the information that is in error or add additional information. The Legislature is notified by e-mail of a fiscal note that is in the process of being revised. After the agency has corrected the error and signed off, the EBO will review the revised fiscal note and sign off. At this point, a revised fiscal note will be distributed to the legislature. FNTS identifies a fiscal note that is in the process of being revised or has been revised with a “(R)” suffix after the bill number and version. For example: H1234-0 (R).

Chapter 4 Overview of the Fiscal Note Tracking System

A. FNTS Overview

The fiscal note tracking system (FNTS) is a computerized system developed and operated by Minnesota Management & Budget. The system consists of the following five major functions:

1. **Security function** controls system sign-on and access rights for various user groups.
2. **Request function** enables the legislature to electronically request fiscal notes and Minnesota Management & Budget to assign and notify assigned agencies.
3. **Preparation function** enables agencies to enter, edit and store fiscal note data.
4. **Tracking function** enables users to determine the processing status of fiscal note requests.
5. **Reporting function** enables users to view and print the fiscal note, tracking reports, and statistical reports.

It is essential that agency fiscal note coordinators have a general understanding of FNTS functions and procedures to facilitate efficient processing of fiscal notes. The following outline is designed to assist fiscal note coordinators to have an understanding of FNTS operations.

RESPONSIBILITY	SUMMARY OF FNTS ACTION
Legislature (House or Senate)	<ul style="list-style-type: none"> ▪ Enters fiscal note request into FNTS. A requester indicates the bill number and version, author, requesting committee, due date, and any relevant messages to Minnesota Management & Budget and agencies to be assigned. At this point, a fiscal note has a fiscal note status of “Legislative Request”. ▪ Uses the “Message” function to communicate and relevant information such as committee hearing dates, if the bill is similar to other legislation or if the agency is only being asked to respond to certain sections of the bill.
Minnesota Management & Budget Budget Operations	<ul style="list-style-type: none"> ▪ Reviews bill for which fiscal note is requested. Determines agency or agencies affected by provisions of the bill. Assigns agencies by section sequence number to the fiscal note. ▪ If more than one agency is assigned (consolidated note), selects and designates a Lead agency. ▪ Uses the “Message” function to communicate any relevant information such as if a central service agency is being asked to respond on behalf of multiple agencies.
Agency Fiscal Note Coordinator	<ul style="list-style-type: none"> ▪ Each hour, FNTS notifies assigned agencies by e-mail of new fiscal note requests. Agencies should routinely check FNTS daily to monitor status of their incomplete fiscal notes. ▪ Obtains bill for which a fiscal note has been requested. Reads bill and distributes to appropriate agency staff. At this point, a fiscal note has an agency status of “No Data”. ▪ To obtain a listing of all new and incomplete fiscal notes, agency checks <i>Fiscal Notes Requiring Agency Action</i> box on the search screen. ▪ Uses the “Message” function to communicate any related delays to completing the fiscal note.

RESPONSIBILITY	SUMMARY OF FNTS ACTION
Agency Program, Fiscal and Administrative Staff	<ul style="list-style-type: none"> ▪ Reads and analyzes bill to extent required for preparation of accurate and complete fiscal estimates for fiscal years 2013 through 2017. Prepares fiscal note narrative as required to explain assumptions and rationale used in preparing fiscal estimates. Prior to the stipulated due date, forwards material to agency fiscal note coordinator. ▪ If consolidated fiscal note, works with other assigned agencies to coordinate assumptions used for fiscal note preparation. ▪ If local government units are affected, works with representatives of local government organizations to estimate impact of bill on relevant local government units or political subdivisions.
Agency Fiscal Note Coordinator	<ul style="list-style-type: none"> ▪ Reviews and organizes expenditure, revenue, and FTE information provided by agency staff. Assembles all relevant fiscal and narrative information and forwards to agency FNTS staff. To facilitate entry, this information should be provided to agency FNTS staff on the fiscal note worksheet. Agencies are encouraged to use the Fiscal Note Worksheet for internal preparation and processing of fiscal notes. The Fiscal Note Worksheet can be printed from FNTS or online at: http://www.mmb.state.mn.us/fiscal-docs
Agency FNTS Staff	<ul style="list-style-type: none"> ▪ Completes Fiscal Impact indicators, enters expenditure, agency can absorb amount, revenue, and FTE information by fund for each fiscal year, 2013 through 2017. ▪ Completes fiscal note entry by adding supporting narrative.
Agency Fiscal Note Coordinator	<ul style="list-style-type: none"> ▪ Reviews fiscal note. If fiscal note is acceptable, authorizes agency sign off. ▪ If lead agency for a consolidated fiscal note, reviews data entered by other agencies using the View or Print option in FNTS. If errors or omissions are found in data entered by another agency, contacts agency to obtain accurate data. See on-line list of Agency Fiscal Note Coordinators in FNTS. ▪ Note: Lead agencies cannot access FNTS for the purpose of altering data entered by other agencies; any necessary changes must be made by the agency that originally entered the data.
Minnesota Management & Budget Executive Budget Officer	<ul style="list-style-type: none"> ▪ Reviews completed fiscal note in FNTS. ▪ If acceptable, signs off in system by selecting appropriate signoff option (approve or not approve). Enters comments, as necessary, using the EBO narrative screen. ▪ If agency data is not acceptable, contacts the agency with questions or recommendations for revision. If the fiscal note is a consolidated fiscal note (more than one agency assigned), see the next step.
Minnesota Management & Budget Lead Executive Budget Officer (Consolidated Fiscal Notes Only)	<ul style="list-style-type: none"> ▪ If the fiscal note is a consolidated fiscal note, the lead agency EBO reviews the fiscal note for conflicting assumptions, double counting, or omissions. ▪ If acceptable, signs off in the system by selecting appropriate signoff option (approve or not approve). Enters comments, as necessary, using the EBO narrative screen. ▪ If data entered by any assigned agency is unacceptable, contacts the agency or assigned EBO with questions or recommendations for revision.

RESPONSIBILITY	SUMMARY OF FNTS ACTION
Minnesota Management & Budget Fiscal Note System	<ul style="list-style-type: none"> ▪ Immediately following the final EBO signoff, the completed fiscal note is distributed via e-mail to the legislative requester, chief author, requesting committee chair, agency fiscal note coordinator and committee fiscal analyst.
Legislative Staff	<ul style="list-style-type: none"> ▪ Reviews completed fiscal note. If necessary, contacts agency contact person, agency fiscal note coordinator or Minnesota Management & Budget executive budget officer to obtain additional information or clarification. If bill is amended or engrossed, may request new fiscal note (thus returning to the beginning of the fiscal note process).

B. FNTS Search and Tracking Functions

Besides providing for requesting, preparing, and distributing fiscal notes, FNTS has tracking and reporting capabilities. The FNTS Search screen that is accessed through the Main Menu is to be used to select those fiscal notes of interest to a user (e.g., for the purpose of checking the status of a fiscal note or to review fiscal notes by author, title, agency, etc). A fiscal note may be viewed or printed from the Fiscal Note Search or Status screen.

FNTS includes a tracking capability that allows users to determine the current processing status of the fiscal note as a whole or for each individual agency fiscal note. The Fiscal Note (FN) Status indicates the status of the fiscal note as a whole and is shown on both the Search and Status screen. Below is a list of FN statuses:

Legislative Request	Fiscal note has been requested by the legislature, but agencies have not been assigned.
In Process	Fiscal note has been assigned to agency or agencies for preparation.
Waiting for EBO Signoff	Waiting for one or more EBOs to review and sign off (all agencies have signed off).
Waiting for Lead EBO Signoff	On a consolidated fiscal note, waiting for lead EBO to review and sign off on the consolidated note.
Inactive	Fiscal note that was initially requested by the legislature, but currently is not needed.
Complete	Fiscal note has been signed off by all agencies and EBOs and transmitted to the legislature. The Complete Date field is automatically populated upon final signoff of the fiscal note.

While the Fiscal Note (FN) status indicates the status of the fiscal note as a whole, the Agency status indicates the processing status of the individual agency fiscal note. The agency status is also displayed on both the Search and Status screens. After an agency or agencies have been assigned, each agency fiscal note will display one of the following statuses:

No Data	FN assigned to an agency for preparation but no information has been entered by the agency.
Preliminary Data	Data has been entered by agency, but has not yet been signed off as complete.
Agency Signed Off	FN signed off by agency and returned to Minnesota Management & Budget for executive budget officer review and signoff.
EBO Signed Off	Agency and executive budget officer have reviewed and signed off.
MMB Signed off for Agency	Minnesota Management & Budget signed off for an agency because agency did not respond to request by specified due date.

C. Agency E-Mail Notifications

In addition to receiving e-mail notifications from FNTS about new fiscal note requests and companion bill fiscal notes, the agency fiscal note coordinator will receive e-mail notifications for the following reasons:

1. Change in Fiscal Note Due Date;
2. Fiscal Note no longer needed (moved to inactive status);
3. Fiscal Note reactivated (moved to active status);
4. Agency Sign Off Removed on a Fiscal note; and
5. Notification of Fiscal Notes Past Due Date (produced daily).
6. Notification of a completed Fiscal Notes transmitted to the legislature (upon final sign off).

D. Available Tracking Reports

There are three tracking reports available for users who do not want to individually review fiscal note statuses using the search function. The tracking reports are available from the Fiscal Note Tracking System main menu under the Fiscal Note Reports option. Below is a list of the three reports:

1. Legislative FN Requests
2. Fiscal Note Requests by Agency
3. Fiscal Note Requests by EBO

E. Assistance

Minnesota Management & Budget staff is available to assist agencies in resolving fiscal note policy, procedure, or system issues. To obtain needed assistance, please contact Mary Crosson at 651-201-8042 or send an e-mail to Mary.Crosson@state.mn.us.