

HOUSE BILL NO. 442

INTRODUCED BY M. PHILLIPS, SINRUD, K. PETERSON, JORE, WISEMAN, KOOPMAN, REINHART

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THE LEGISLATIVE FISCAL ANALYST TO CONDUCT SYSTEMATIC REVIEWS OF FISCAL NOTES, MAKE REGULAR REPORTS OF THE REVIEW FINDINGS, AND MAKE APPROPRIATE RECOMMENDATIONS TO IMPROVE THE DEVELOPMENT OF FISCAL NOTES; AMENDING SECTION 5-12-302, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Review of fiscal notes.** (1) The legislative fiscal analyst shall conduct systematic reviews of fiscal notes prepared pursuant to Title 5, chapter 4, part 2, to determine the accuracy of fiscal notes over time.

(2) To ensure the systematic nature of the reviews, the legislative fiscal analyst shall:

(a) SUBJECT TO SUBSECTION (3), randomly select for review a sample of 25 bills enacted during each of the 2001, 2003, and 2005 regular legislative sessions for which fiscal notes were prepared and, immediately following adjournment of each regular legislative session beginning with the adjournment of the 2007 regular session, randomly select for review a sample of 25 bills enacted during the session for which fiscal notes were prepared;

(b) for each bill in each sample, determine the actual fiscal impact of the bill at the close of the first 5 fiscal years after the bill is enacted; and

(c) compare the actual fiscal impact of each bill with the estimated fiscal impact indicated in the fiscal note prepared for the bill.

(3) (A) OF THE TOTAL NUMBER OF BILLS TO BE SELECTED FOR REVIEW UNDER SUBSECTION (2)(A), FIVE BILLS MUST BE SELECTED FROM EACH OF THE FOLLOWING RANGES OF POTENTIAL FISCAL IMPACT:

(i) \$0 TO \$249,999;

(ii) \$250,000 TO \$499,999;

(iii) \$500,000 TO \$999,999;

(iv) \$1,000,000 TO \$4,999,999; AND

(v) \$5,000,000 AND GREATER.



1 (B) THE FISCAL NOTES FOR THE BILLS INCLUDED IN THE REVIEW MAY INVOLVE EITHER EXPENDITURES OR
2 REVENUE, OR BOTH.

3 (C) FISCAL NOTES INCLUDED IN THE STUDY MUST BE FISCAL NOTES THAT PREDICT EXPENDITURES OR REVENUE
4 AS A RESULT OF THE BILL BEING PASSED AND APPROVED. A FISCAL NOTE ON A BILL THAT PROVIDES FOR AN
5 APPROPRIATION, STATUTORY APPROPRIATION, OR TRANSFER MAY NOT BE INCLUDED IN THE STUDY.

6 ~~(3)~~(4) The legislative fiscal analyst shall:

7 (a) report the review findings to the legislative finance committee and the legislative council before
8 November 1 in each even-numbered year; and

9 (b) in the reports:

10 (i) note and explain any changes in law after the fiscal note was prepared that significantly affect the
11 assumptions upon which the fiscal note was based and estimate the fiscal effects of the changes in law; and

12 (ii) make recommendations, as appropriate, for improving the development, including the accuracy, of
13 fiscal notes.

14

15 **Section 2.** Section 5-12-302, MCA, is amended to read:

16 **"5-12-302. Fiscal analyst's duties.** The legislative fiscal analyst shall:

17 (1) provide for fiscal analysis of state government and accumulate, compile, analyze, and furnish
18 information bearing upon the financial matters of the state that is relevant to issues of policy and questions of
19 statewide importance, including but not limited to investigation and study of the possibilities of effecting economy
20 and efficiency in state government;

21 (2) estimate revenue from existing and proposed taxes;

22 (3) analyze the executive budget and budget requests of selected state agencies and institutions,
23 including proposals for the construction of capital improvements;

24 (4) make the reports and recommendations that the legislative fiscal analyst considers desirable to the
25 legislature and make reports and recommendations as requested by the legislative finance committee and the
26 legislature;

27 (5) assist committees of the legislature and individual legislators in compiling and analyzing financial
28 information; ~~and~~

29 (6) assist the revenue and transportation interim committee in performing its revenue estimating duties;
30 and



