



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2023 Biennium

Bill # HB0146

Title: Require OBPP to report actual costs to cost projected in fiscal notes

Primary Sponsor: Mercer, Bill

Status: As Introduced

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2022 Difference</u>	<u>FY 2023 Difference</u>	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>
Expenditures:				
General Fund	\$144,757	\$273,194	\$276,796	\$280,448
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>(\$144,757)</u>	<u>(\$273,194)</u>	<u>(\$276,796)</u>	<u>(\$280,448)</u>

Description of fiscal impact: HB 146 requires the Governor's Office of Budget and Program Planning (OBPP) to provide an annual report of actual costs for legislation that is passed and approved for which a fiscal note is prepared and presented to the legislature. This will require additional staff at OBPP and the Department of Revenue (DOR).

FISCAL ANALYSIS

Assumptions:

- HB 146 requires OBPP to prepare an annual report to the Legislative Finance Committee (LFC) by October 1st of each year. The report must include information on each bill that is passed with a fiscal note, the actual costs associated with the bill for an entire fiscal year, and the projected costs of the bill as projected in the fiscal note for the same fiscal year. This information must be included for all bills where a cost was projected in a fiscal note.
- It is assumed the first report will be provided to the LFC by October 1, 2022 (FY 23).
- It is assumed that "costs" in HB 146 also includes tax revenue changes that occurred as the result of a bill.
- To complete the first report by October 1, 2022, DOR and OBPP will hire FTE no later than January 1, 2022.
- DOR will be required to hire one additional Economist to estimate the revenue impacts associated with each bill passed and in effect for at least one year. The cost of hiring one additional FTE for the department is \$54,360 in FY 2022, \$104,340 in FY 2023, \$105,746 in FY 2024 and \$107,175 in FY 2025.

- OBPP will be required to hire two additional budget analysts to work with agencies to capture and/or estimate the expenditure and non-DOR revenue impacts associated with each bill passed and in effect for at least one year. The costs of hiring two additional FTE is \$90,397 in FY 2022, \$168,854 in FY 2023, \$171,050 in FY 2024 and \$173,273 in FY 2025.
- Due to the cumulative nature of bills approved over several sessions in the future, workload will be monitored and additional resources may be needed to complete the report in subsequent years.

	<u>FY 2022 Difference</u>	<u>FY 2023 Difference</u>	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>
<u>Fiscal Impact:</u>				
FTE	1.50	3.00	3.00	3.00
<u>Expenditures:</u>				
Personal Services	\$131,974	\$265,185	\$268,636	\$272,134
Operating Expenses	\$3,855	\$8,009	\$8,160	\$8,314
Equipment	\$8,928	\$0	\$0	\$0
TOTAL Expenditures	<u>\$144,757</u>	<u>\$273,194</u>	<u>\$276,796</u>	<u>\$280,448</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$144,757	\$273,194	\$276,796	\$280,448
TOTAL Funding of Exp.	<u>\$144,757</u>	<u>\$273,194</u>	<u>\$276,796</u>	<u>\$280,448</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
TOTAL Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$144,757)	(\$273,194)	(\$276,796)	(\$280,448)

Technical Notes:

- For bills/laws amended in subsequent legislative sessions, it is unclear if the report would contain the actual fiscal impacts for the original law, the revised law, or both.
- This fiscal note assumes the report to the LFC is applicable to bills passed after the enactment of HB 146. If the intent is to report retroactively on bills that became law in the past, the FTE resources estimated in this fiscal note would be underestimated.
- It is unclear if bills with fiscal notes containing a declaration of “no fiscal impact” are to be included in the report to the LFC.
- It is unclear how the cumulative impact of bills in one particular legislative session or over multiple legislative sessions impacting a particular expenditure or revenue type or group will be reported.

NOT SIGNED BY SPONSOR

Sponsor's Initials

1/18/21
Date

KA
Budget Director's Initials

1/15/21
Date