



Legislative Budget Office and Fiscal Notes

WORKFORCE, LABOR, AND ECONOMIC DEVELOPMENT FINANCE AND POLICY COMMITTEE

February 12, 2025

Discussion Objectives

- What is the role of Legislative Budget Office (LBO)?
- What is a fiscal note?
- What other fiscal estimates are part of the legislative process?

What is the Legislative Budget Office?

- Nonpartisan, joint office serving the House and Senate
- Coordinate and oversee the **fiscal note** process
- Run the **local impact note** process
- Provide professional and technical support to the [Tax Expenditure Review Commission](#)

Fiscal Note Governance

- Fiscal Notes, Minn. Stat. § [3.98](#)
- Unofficial and Classified Unofficial Fiscal Notes, Minn. Stat. § [13.64](#)
- LBO Establishing Statute, Minn. Stat. § [3.8853](#)
- [Fiscal Note Uniform Standards and Procedures](#)
- Legislative Budget Office Oversight Commission, Minn. Stat. § [3.8854](#)

What is a fiscal note?

Objective estimate of the fiscal impact of proposed legislation to the state

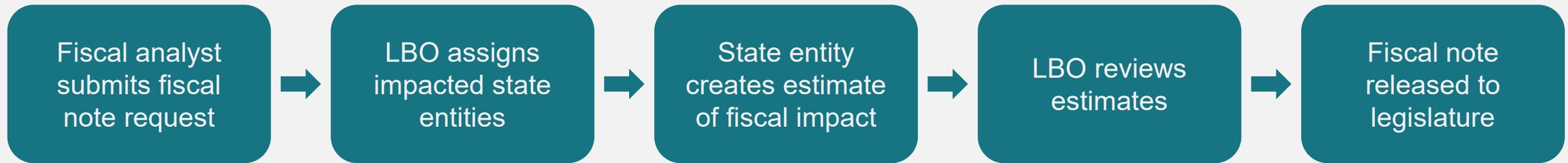
Fiscal note video: <https://www.youtube.com/watch?v=-rzCQsThBMQ>

- A fiscal note includes:
 - effect in dollars (change in costs and non-tax revenue)
 - estimated impact on full time equivalent employees (FTE)
 - description of the bill
 - assumptions used to determine the fiscal impact
 - expenditure and/or revenue formula
 - long-term fiscal implications (beyond five years)
 - local impact of the bill (mostly narrative)

Fiscal Note Expectations

- Estimate the fiscal effect from the current law base budget
- Assumptions are reasonable, accurate, and objective
- Assumptions and methodology provide sufficient detail to support the fiscal estimates

How is a fiscal note developed?

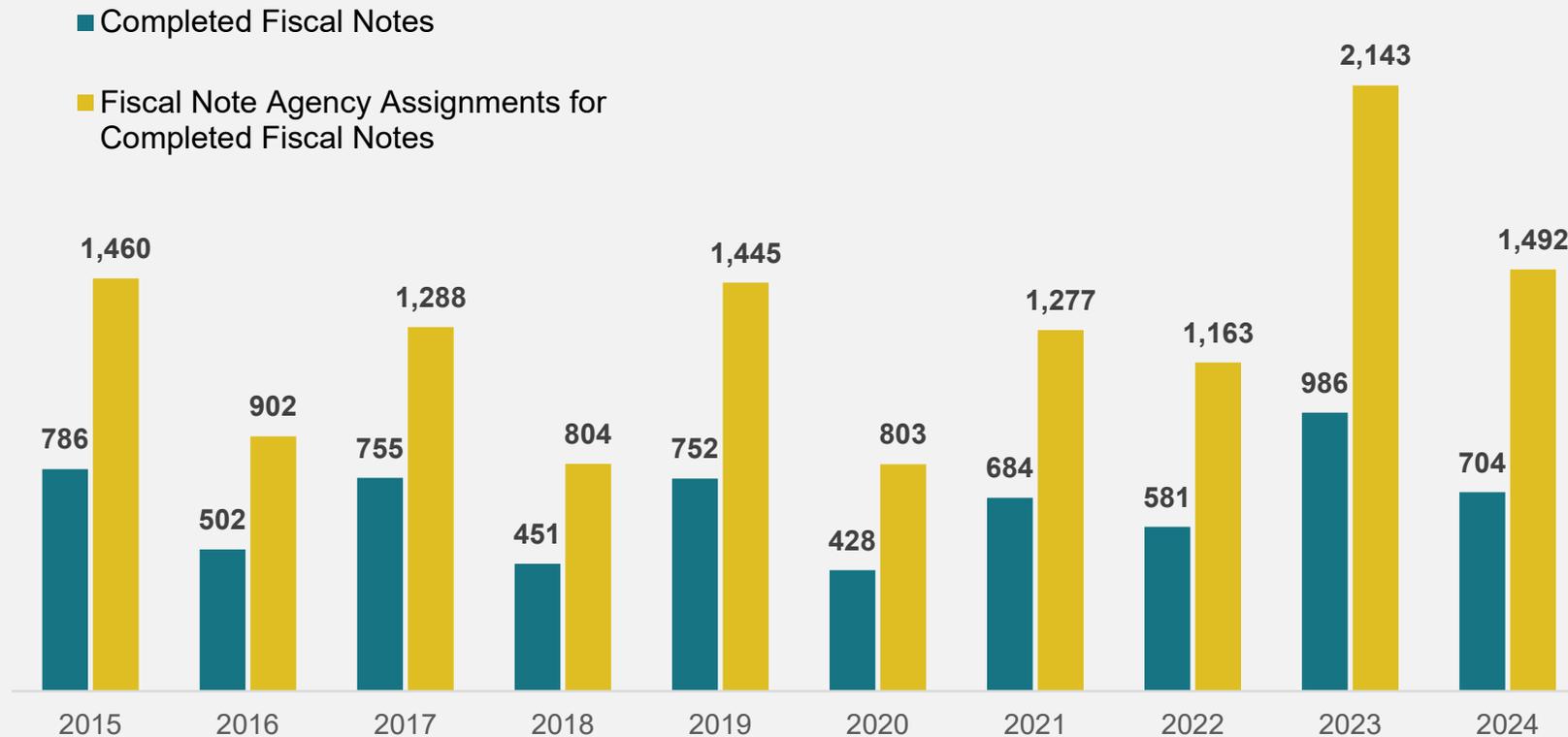


Types of Fiscal Notes

- **Regular Fiscal Note** – on introduced legislation and amendments
- **Unofficial Fiscal Note** – on draft legislation
- **Classified Unofficial Fiscal Note** – on draft legislation; fiscal note and draft bill language is only available to those assigned to work on the note and the legislative member who made the request

Public fiscal note search website: <https://www.mn.gov/mmbapps/fnsearchlbo/>

Completed Fiscal Notes, 2015-2024



Operating Budget Years:

- Avg. Completed FNs: 793
- Avg. Agency Assignments: 1,523

Non-Operating Budget Years:

- Avg. Completed FNs: 533
- Avg. Agency Assignments: 1,033

Ways Legislature can support functionality of the fiscal note process

- **Impact of fiscal note request volume**

The volume of requests may exceed an agency's ability to respond to all fiscal note requests at a point in session.

- **Communication is key**

Chairs communicating fiscal note priorities to nonpartisan fiscal staff earlier allows LBO and agency staff to prioritize fiscal note completions and supports fiscal notes being ready for committee hearings.

- **Meeting with the LBO**

Including LBO staff in meetings discussing the development of a bill or the intent of bill can support timeliness as LBO can identify discrepancies between the author's intent and agency's interpretation earlier in the fiscal note review process.

- **Precise bill language**

More precise bill language can support a quicker response to fiscal note requests and allows for a closer agreement on agency assumptions and legislative intent.

Other Types of Fiscal Estimates

- **Local Impact Note** (produced by the LBO)
 - Estimate of the fiscal effects to local units of government (cities, townships, counties, and school districts)
 - Take substantially more time to produce (2 to 6 months)
 - Often don't result in a specific dollar estimate of a bill, but rather a discussion about likely impacts
- **Revenue Analyses or Revenue Estimates** (produced by Dept. of Revenue)
 - Research estimates of proposed legislation that could affect state tax revenues and expenditures
 - Generally produced when a bill is heard in the Tax Committee
 - Public search link for Revenue Analyses: <https://www.revenue.state.mn.us/revenue-analyses>

Questions?

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