

HOUSE RESEARCH

Bill Summary

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Subject: Fiscal notes, revenue estimates, and local government impact notes

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Overview

Requires the Legislative Auditor to prepare fiscal notes, revenue estimates, and local government impact notes on pending legislation.

Section

- 1** **Budget-related duties.** Requires the legislative auditor to prepare fiscal notes, revenue estimates, and local government impact notes on pending legislation.
- 2** **Fiscal notes and revenue estimates.** Requires the legislative auditor to prepare fiscal notes and revenue estimates. Strikes language that requires the head of executive agencies to prepare fiscal notes. Requires state agencies to supply information upon request of the legislative auditor. Authorizes the auditor to adopt standards and guidelines.
- 3** **Local impact notes.** Requires the legislative auditor, rather than the commissioner of management and budget, to coordinate the development of local impact notes.
- 4** **Counties.** Under current law, the commissioner of revenue must transfer from amounts appropriated for aids to counties \$207,000 each year to the commissioner of management and budget and \$7,000 each year to the commissioner of education for preparation of local impact notes. This section provides that these amounts will instead be transferred to the legislative auditor.
- 5** **Transfer.** Provides that upon request of the legislative auditor, the commissioner of management and budget must transfer records, documents, hardware, and software relating to the fiscal note tracking system to the legislative auditor.
- 6** **Repealer:** Repeals:

Section

- 270C.11, subdivision 5: Upon reasonable notice from the chair of the house of representatives or senate tax committee that a bill is scheduled for hearing, the commissioner of revenue shall prepare an estimate of the effect on the state's tax revenues which would result from the passage of a legislative bill establishing, extending, or restricting a tax expenditure.
- 270C.991, subdivisions 6 and 7:

Subd. 6. **Department of Revenue; revenue estimates.** As provided under section 270C.11, subdivision 5, the Department of Revenue is required to prepare an estimate of the effect on the state's tax revenues which result from the passage of a legislative bill establishing, extending, or restricting a tax expenditure. Beginning with the 2011 legislative session, those revenue estimates must also identify how the property tax principles contained in subdivision 2 apply to the proposed tax changes. The commissioner of revenue shall develop a scale for measuring the appropriate principles for each proposed change. The department shall quantify the effects, if possible, or at a minimum, shall identify the relevant factors so that legislators are aware of possible outcomes, including administrative difficulties and cost. The interaction of property tax shifting should be identified and quantified to the degree possible.

Subd. 7. **Appropriation.** The sum of \$30,000 in fiscal year 2011 and \$25,000 in each fiscal year thereafter is appropriated from the general fund to the commissioner of revenue to carry out the commissioner's added responsibilities under subdivision 6.