

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: ①
 Bill Version:
 () Publish Date:

Revision Date/Time (Note if correction): ② Dept. Affected:
 Title ③ BRU ⑥
 Component
 Sponsor ④
 Requester ⑤ Component No. ⑦

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual ⑧						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	⑨					
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CHANGE IN REVENUES ()	⑩					
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF ⑪						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: ⑫

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time ⑬						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

⑭

Prepared by: ⑮ Phone
 Division Date/Time 2/26/03 9:30 AM
 Approved by: ⑯ Date 2/26/2003
 Agency

MEMORANDUM ALASKA

STATE OF

Office of the Governor
Frank Murkowski, Governor

To: All Departments
Date: February 21, 2003

From: Cheryl Frasca
Director
Instructions
Office of Management and Budget
Subject: 2003 Legislative Session
Fiscal Note

Mike Tibbles
Legislative Director
Office of the Governor

With the change in administrations and department staff, we are redistributing these fiscal note instructions to ensure that everyone who needs them receives a copy. There are no significant changes from the version released in September.

Each year state departments are asked to provide detailed information regarding the fiscal implications of proposed legislation. As in the past, the fiscal note will be used to accomplish this task as prescribed in AS 24.08.035 (attached). To provide the Legislature, the Governor's Legislative Office and OMB with timely and objective fiscal data, please follow these instructions when completing and processing fiscal notes.

For legislation proposed to be submitted at the request of the Governor, departments are required to complete a fiscal note form accompanied by a fiscal analysis. Fiscal notes and analyses should be submitted to the Governor's Legislative Office by the due date on your legislative green sheet reviews before final approval of the draft legislation. **Draft legislation will not be finalized for introduction until appropriate fiscal information is submitted to the legislative office and reviewed and approved by OMB.**

GENERAL INFORMATION

Please be sure to use the 2003 Legislative Session fiscal note forms. Each year we receive a number of fiscal notes on outdated forms.

Requests for Fiscal Notes

Alaska Statute 24.08.035 provides that **before** a bill or resolution, except an appropriation bill, is reported from the committee of first referral, a fiscal note **must** be attached. We plan to follow the same procedure for requesting fiscal notes that has been used for the last several sessions. Under

this procedure, legislative committees will request fiscal notes from the Governor's legislative office, which will then transmit the request to the appropriate agencies.

Prompt submission of fiscal notes is essential. Unless otherwise requested, the deadline for delivery of a fiscal note to the legislative committee is not more than five days following the request. Requests made after the 90th legislative day or during a special session require delivery of the fiscal note within two days. **The Governor's Legislative Office should receive fiscal notes for distribution with at least a one-day lead time before the requester's due date.** The Legislative Office is responsible for the distribution of departments' fiscal notes to the Legislature and OMB.

Fiscal Notes for Committee Substitutes

Revised fiscal notes need to be prepared by agencies for committee substitute bills when the CS is adopted by the committee, if there is a change in the fiscal impact of the bill. We will request that committee aides request revised fiscal notes for committee substitutes, because agency staff cannot always attend every hearing for every bill affecting their department. However, if agency staff are present at a hearing and are aware that a revised fiscal note is required for a CS, please advise the committee aide that the agency will be preparing a revised fiscal note.

As a general rule, agencies are not expected to prepare revised fiscal notes for draft committee substitutes prior to adoption by the committee. Changes in the fiscal impact of work drafts can usually be communicated to committees verbally through agency testimony. If any questions arise regarding the need for a revised fiscal note in a particular instance, please discuss the situation with the Governor's legislative office.

Sunset Legislation

As requested by the legislative finance committees, fiscal notes for sunset legislation should show the on-going costs of operations and any associated revenue generated by passage of the sunset legislation. In these fiscal notes, the analysis section should indicate that the expenditures are contained in the proposed FY 2004 operating budget and that the revenues are reflected in revenue projections. Also check the box on the fiscal note that indicates that the costs are in the FY 2004 budget.

FISCAL NOTE DETAILS

The following section provides line-by-line guidance for filling out the fiscal note form. The numbers in the left column refer to the numbered entries on the attached Excel sample keycopy fiscal note form.

- 1** **Bill Version** The fiscal note should specify the version of the bill/resolution for which the fiscal note is prepared (i.e., committee substitute). It is **very** important to use the correct version of the bill to which the fiscal note applies. Leave the "Fiscal Note Number" and "Publish Date" fields blank; these are for use by the Senate Secretary and House Clerk.

- 2** Revision Date/Time Any revision to a fiscal note, whether for a committee substitute or a correction, should have a new revision date and time. When a revision date is used, the revision date should match the revised "prepared by" date.
- 3** Title Provide a brief title for the legislation.
- 4** Sponsor Committee or legislator sponsoring the legislation. **Remember that for Governor's bills, the sponsor is the Rules Committee.** This is the most common error on fiscal notes for Governor's bills.
- 5** Requester The requester is not always the same as the sponsor. **For Governor's bills, the requester is the Governor.** For legislative bills, the requester is usually the committee hearing the bill.
- 6** Department/BRU/Component These spaces should be filled in appropriately. Example: Office of the Governor/Commissions/Special Offices/Human Rights Commission.
- 7** Component No. Agencies are requested to fill in this information for all fiscal notes. If a bill affects more than one component, a separate fiscal note is to be prepared for each. For department-wide fiscal notes, use the Commissioner's Office component number.

Expenditures/Revenue

- 8** Operating Expenditures Operating Expenditures means the added/deleted cost of the proposed addition or change and should not include the current level of program expenditures. If state expenditures will be reduced by the proposed legislation, the amount should be shown in parentheses. All expenditures should be expressed in thousands of dollars rounded to the nearest hundred (e.g., \$7,757 = \$7.8). If there are no expenditures for the indicated years, enter a zero. **Remember** that your expenditures need to be carried through FY 2009, even if zero. The amounts shown for a given fiscal year should reflect the actual cost or savings of that particular year, relative to the status quo. See examples attached.

The Administration's policy is to develop fiscal notes without taking into account inflation, because most state programs do not receive automatic increases in funding for inflation. If you are preparing a fiscal note for a program that is dependent upon an inflation rate (e.g. formula programs) please use the following:

	<u>Statewide Population</u>	<u>% Change</u>	<u>Inflation %</u>
FY 2003	641,240	1.0	2.5
FY 2004	647,700	1.0	2.5
FY 2005	654,100	1.0	2.5
FY 2006	660,670	1.0	2.5
FY 2007	667,300	1.0	2.5

FY 2008	674,000	1.0	2.5
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- 9** **Capital Expenditures** If legislation involves a capital appropriation rather than an operating appropriation, total capital expenditures amount should be shown here. The full amount of the appropriation should be shown in the first year, even if the funding will be expended over more than one year, unless the capital item is a phased project with multi-year appropriations. The out-year operating expenses associated with a capital project are to be shown in the Operating Expenditures section of the fiscal note.

Fiscal notes with capital expenditures should be monitored closely in the legislative process. In prior sessions, problems have occurred with capital costs being overlooked.

- 10** **Changes in Revenues** Increase or decrease in revenues as a result of the legislation should be identified. Explanation should be provided in the Analysis section. Please specify fund source name and code in the parenthesis, utilizing ABS fund source codes. Fund source names must be spelled out and not abbreviated, for the benefit of readers not familiar with the abbreviations. If no funding source code is available, simply state the name of the source. **In these cases, please email Joan Brown at OMB (Joan_Brown@gov.state.ak.us) to advise OMB that the legislation would create a new fund source.** This will ensure that OMB can track the legislation and create the new fund source if the legislation is enacted.

FUNDING

- 11** **Fund Source** - Use this section to show the funding source for any increase or decrease in expenditures. **If other funds, please specify fund source name and code using ABS fund source codes.** Again, fund source names must be spelled out and not abbreviated for the benefit of fiscal note readers. If a fund source change results from the legislation, enter the negative amount in the current funding source space and a positive in the proposed funding source space. If both fund sources fall into the Other Fund source, it will be a net zero, but asterisk the zero and make a note in the comments as to the fund sources involved.
- 12** **Estimate of any current year cost** Please use this space (located just above the analysis section) when the proposed legislation will impact current year (FY2003) spending.

POSITIONS

- 13** **Positions** List number of new or reduced full-time, part-time, or temporary positions that are related to implementation of legislation.

ANALYSIS

- 14** **Analysis** The analysis should be concise and limited to one additional page. Only information that is needed to explain or justify the expenditure or revenue change should be included. [Note: This is **not** a position paper.] Other types of information or more detailed fiscal information should be presented in a separate attachment. Your analysis should cover the following areas, as required:

Assumptions Identify the specific assumptions upon which the expenditures detail is based.

Program Summary Present a concise narrative summary of the operational program to be funded by the expenditure. Minimum informational requirements are:

- a. **Positions:** List any new positions required according to job classification title. Include basic position information (i.e. salary, benefits, etc.). Use the FY 2003 personal services data for Governor's legislative proposals until the FY 2004 data becomes available. Justification for the position should include a brief job description.
- b. **Other Expenditures:** Identify and justify major expenditure items.
- c. **Funding:** Furnish the basis of any estimate for federal or other funds or a change in revenue.
- d. **Section Cost Analysis:** The fiscal detail for a lengthy bill may be the sum of costs for various sections of the bill. If so, the analysis should allocate total cost among the various sections of the bill.

Computations If a formula method is used in determining the data shown in the Expenditures section, show your computations in sequence. Clearly identify the elements and mathematical processes that are used in each step.

Economic Impact Some program changes may have little effect on the State budget, but may significantly impact the State's economy. This is an important part of Governor Murkowski's agenda. Department comments on projected economic impact should be included as part of the analysis.

Impact on Local Governments If the bill will have fiscal impact on local governments, please note this fact. Detailed information on this impact may be requested separately. In accordance with AS 24.08.035(e), the Department of Community and Economic Development will prepare a fiscal note for legislation that significantly increases costs to a municipality.

Attachments (Optional) Additional information that should be considered during discussion of the proposed legislation may be attached to the fiscal note. Some examples are:

- a. Department comments regarding the legislation itself--suggested revisions, effect upon existing or proposed programs, alternative legislation, etc. **Comments should be limited to technical information and should not be used to express the Administration's position.**
- b. Pertinent department memoranda relating to the subject area of the legislation.
- c. Charts or graphs.
- d. Pertinent articles from newspapers, magazines, professional publications, etc.

FISCAL NOTE APPROVAL

- 15** **Prepared By** The name of the person who prepared the fiscal note; indicate the division and phone number of the preparer. If a revised fiscal note is prepared, the revised date and the prepared by date should match. (Note: The preparer's name and date prepared will appear in BASIS with the fiscal information.) The preparer should be able to answer questions regarding the fiscal note.

With the change to electronic distribution of fiscal notes, the preparer's signature is no longer necessary.

- 16** **Approved by the Commissioner** With the change to electronic distribution, the commissioner or designee does not need to physically sign the fiscal note; **however, the commissioner or a designee must still approve the fiscal note.** The commissioner's or designee's name should be left blank until the fiscal note is approved; when approved, the commissioner's or designee's name should be entered here (typed into the Excel fiscal note document) to indicate that the note has been approved.

DISTRIBUTION

- 17** **Fiscal Note Distribution** After the fiscal note has been approved, the Excel fiscal note document will be converted into Adobe Acrobat PDF format. This is a simple one-button operation that can be done from within the Excel program when Adobe Acrobat is installed. Instructions in the use of Adobe Acrobat are included with the program.

To reduce the chances of Acrobat conversion problems, keep these points in mind: Modifying the Excel fiscal note forms provided by OMB can result in problems. While we don't want to prohibit minor modifications to the fiscal note forms by departments, if you modify the forms you must thoroughly test the Acrobat conversion process. This includes testing that you can still fill in the "Fiscal Note Number" and "Publish Date" Fields used by the Senate Secretary and House Clerk after the document is in Acrobat format.

Some departments had better results using the Acrobat Distiller option rather than the basic Acrobat PDF Writer option, especially for 2 page fiscal notes. The best option may depend on the specific setup of the computer used to do the Acrobat conversion process.

After converting a fiscal note to the Acrobat PDF format, the fiscal note document will then be emailed as an attachment to the designated staff person in the Governor's legislative office. Please use the "return receipt" email feature to verify that the email is received.

In the email transmitting the fiscal note, please fill out the subject line using the following sample format: "Fiscal Note HB 100 DOA" (department abbreviation). In the body of the email, include the following information:

- (1). Legislative bill sponsor,
- (2). Requesting legislative committee,
- (3). Committee hearing date and time.

After reviewing the fiscal note, the legislative office will then distribute the fiscal note, again via email, to the bill sponsor, requesting committee, Division of Legislative Finance, and OMB. The department is still responsible for sending fiscal notes via email to other agencies that will be affected by the bill.

Please use the Adobe Acrobat and email fiscal note transmittal process for proposed Governor's legislation this fall. This will ensure that the electronic fiscal note process is still working smoothly before the legislative session begins.

It is critical that all your staff members understand and follow these procedures. If you have any further questions, please contact your OMB budget analyst, or the Governor's legislative office at 465-4021. For questions on the Adobe Acrobat PDF process, contact Jack Kreinheder at OMB at 465-4676.

Thanks for your cooperation.

Attachments:

AS 24.08.035

Excel fiscal note form and examples (electronic files attached to email)

Distribution List:

All Commissioners

Department Legislative Liaisons

Department Administrative Services Directors

Division of Legislative Finance
Senate Secretary and House Clerk

AS 24.08.035. Fiscal notes on bills.

(a) Before a bill or resolution, except an appropriation bill, is reported from the committee of first referral, there shall be attached to the bill a fiscal note containing an estimate of the amount of the appropriation increase or decrease that would result from enactment of the bill for the current fiscal year and five succeeding fiscal years or, if the bill has no fiscal impact, a statement to that effect shall be attached. The fiscal note or statement shall be prepared in conformity with the requirements of this section by the department or departments affected and may be reviewed by the office of management and budget. The fiscal note or statement shall be delivered to the committee requesting it within five days of the request or within two days if the request is made after the 90th day of a regular session, or during a special session of the legislature. If the bill is presented by the governor for introduction in accordance with AS 24.08.060 (b) and the uniform rules of the legislature, the fiscal note or statement shall be attached to the bill before the bill is introduced. An amendment or a substitute bill proposed by a committee of referral that changes the fiscal impact of a bill shall be explained in a revised fiscal note or statement attached to the bill.

(b) In addition to the fiscal note required by this section, the sponsor of a bill or resolution may prepare a fiscal note in conformity with the requirements of this section and submit it to the committee of first referral or the finance committee. A committee may prepare an additional fiscal note in conformity with the requirements of this section.

(c) A fiscal note for a bill or resolution must contain the following information:

- (1) the fiscal impact on existing programs;
- (2) the fiscal impact of new programs or activities;
- (3) a line item detail of the fiscal impact;
- (4) the source of funds expected to be utilized by general fund source, federal fund source, or other identified source;
- (5) the number of new positions that may be required, identified as full-time, part-time, or temporary;
- (6) an analysis of how the figures in the fiscal note were derived;
- (7) additional information necessary to explain the fiscal note;
- (8) a fiscal impact projection for the current fiscal year and for the succeeding five fiscal years;
and

(9) formal information consisting of

(A) the bill or resolution number,

(B) the name of the prime sponsors,

(C) the date the fiscal note was prepared,

(D) the name of the committee requesting the fiscal note,

(E) the name and phone number of the person who prepared the fiscal note, and

(F) the budget request unit, program, or subprogram affected.

(d) The original of a fiscal note shall be submitted to the Division of Legislative Finance and copies shall be sent to the prime sponsor, the committee requesting the fiscal note, and the office of management and budget.