



Fiscal Notes Reference Guide For State Agencies

**Legislative Budget Board
Eightieth Legislative Session**

January 2007

**This guide was prepared by the Estimates and Revenue staff of the Legislative Budget Board.
For additional copies, please access our website at www.lbb.state.tx.us
or contact us at (512) 936-4033.**

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INTRODUCTION

State statute requires a fiscal note be prepared and accompany a bill or joint resolution as it goes through the legislative process. (See Appendix C for a summary of rules and requirements.)

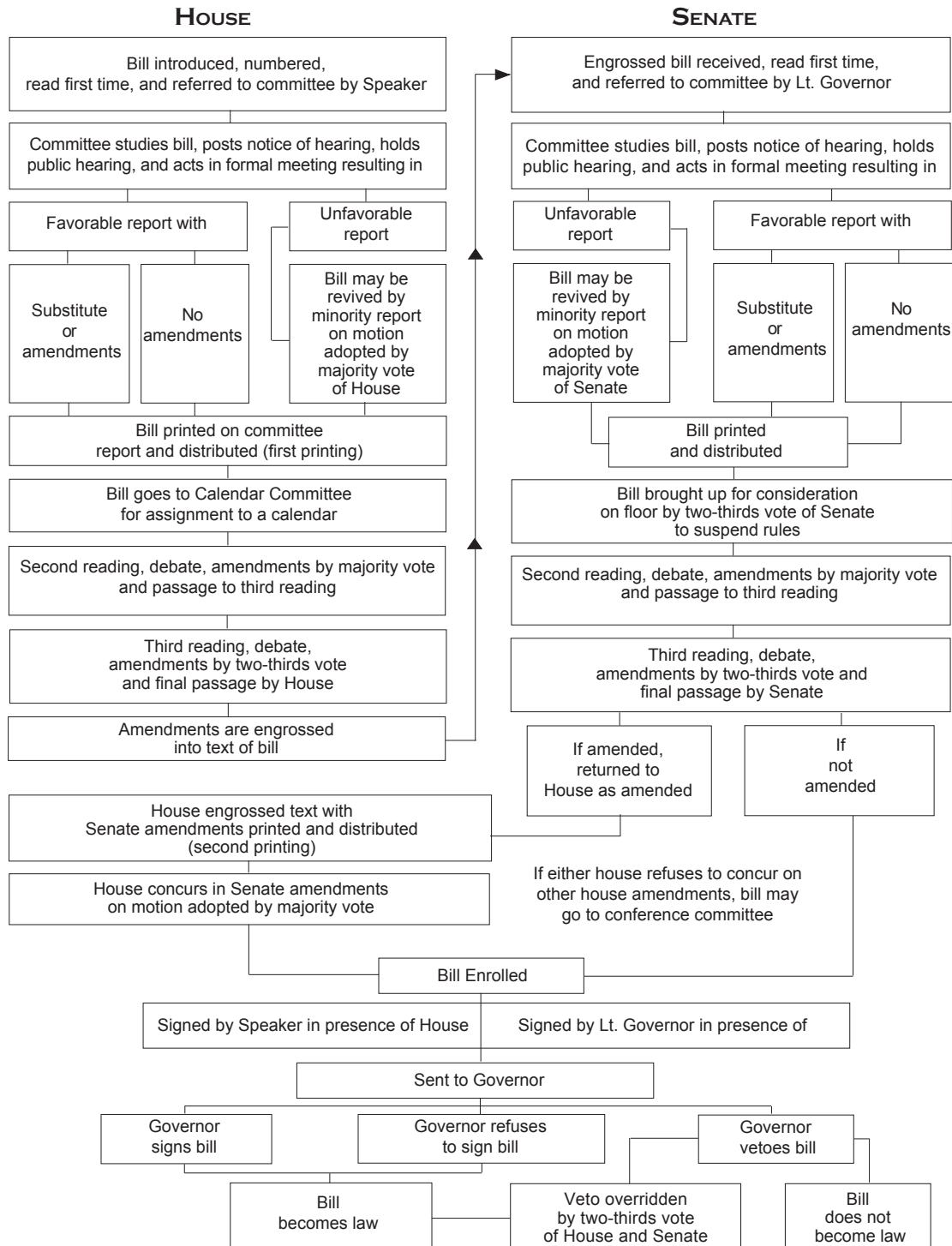
A fiscal note is a written estimate of the costs, savings, revenue gain, or revenue loss that may result from implementation of a bill or joint resolution. It serves as a tool to help legislators better understand how a bill might impact the state budget as a whole, individual agencies, and in some instances, local governments. The Legislative Budget Board (LBB) does not prepare fiscal notes for simple or concurrent resolutions, only for bills and joint resolutions.

The LBB gathers impact data for fiscal notes from state agencies through a web-based fiscal note system (FNS). This guide is designed to assist state agencies in responding to fiscal note requests. A separate manual provides instructions for how to use the web-based FNS.

The diagram on the next page illustrates the steps in the Texas legislative process and is followed by an explanation of the stages of a bill as it moves through the legislature. Following the bill information, this manual covers steps in the fiscal note process and instructions for preparing agency cost estimates. Other information about the fiscal note process is included in the appendices, along with the form for requesting access to the web-based FNS. You can fill out the form online by clicking on Online Reporting for Agencies from the LBB website at www.lbb.state.tx.us.

BASIC STEPS IN THE TEXAS LEGISLATIVE PROCESS

This diagram displays the sequential flow of a bill from the time it is introduced in the House of Representatives to final passage and transmittal to the Governor. A bill introduced in the Senate would follow a similar procedure in reverse.



FISCAL NOTES IN THE LEGISLATIVE PROCESS

INTRODUCED / FILED

This is the version that is introduced to the legislature and referred to committee before any other actions occur.

AS AMENDED

This is an amended version of the introduced bill. The amendments are attached on a separate sheet. If the amendments are incorporated into the bill text, the bill will be designated as a committee substitute.

COMMITTEE SUBSTITUTE

This is a replacement for the introduced version and is distinguished with the prefix “CS” placed directly before the normal prefix. For example, “CSHB5” would designate the Committee Substitute for House Bill 5.

COMMITTEE REPORT

In addition to the fiscal note, the committee report includes a record of the committee’s vote on the bill, the text of the bill as reported by the committee, a detailed bill analysis, an impact statement (if required) and other attachments as necessary.

FLOOR AMENDMENTS

These are amendments made on the floor of the originating chamber (House amendments for House bills, Senate amendments for Senate bills) and generally can be obtained most quickly from the House or Senate journal, respectively.

ENGROSSED

This version incorporates all changes made to the proposed legislation when it is passed by the chamber in which it originated. The clerk should examine the floor amendments to determine if the engrossed version differs from the version reported out of committee, because the amendments are incorporated into the bill text, and request an updated fiscal note.

AS AMENDED, SECOND HOUSE

This is a version of the bill as engrossed by the first chamber, amended in committee in the second house. The amendments are attached on a separate sheet. If the amendments are incorporated into the bill text, the bill will be designated as a committee substitute.

COMMITTEE SUBSTITUTE, SECOND HOUSE

This is a replacement of the bill as engrossed by the first chamber and is distinguished with the prefix “CS” placed directly before the normal prefix. For example, “CSHB5” would designate the Committee Substitute for House Bill 5.

COMMITTEE REPORT, SECOND HOUSE

In addition to the fiscal note, committee voting report, attached amendments (if any), and bill analysis, the committee report includes the bill as reported out of the committee in the second chamber. This may be the engrossed version, a completely new version (Committee Substitute), or an amended version of the engrossed version.

FLOOR AMENDMENTS, SECOND HOUSE

“As Passed Second House.” These are amendments adopted on the floor of the second chamber and can be obtained from the chamber’s journal or the Texas Legislature Online website. It is necessary to examine the floor amendments to determine if they change the fiscal implication from the version reported out of committee, because the amendments are incorporated into the bill text.

CONFERENCE COMMITTEE REPORT

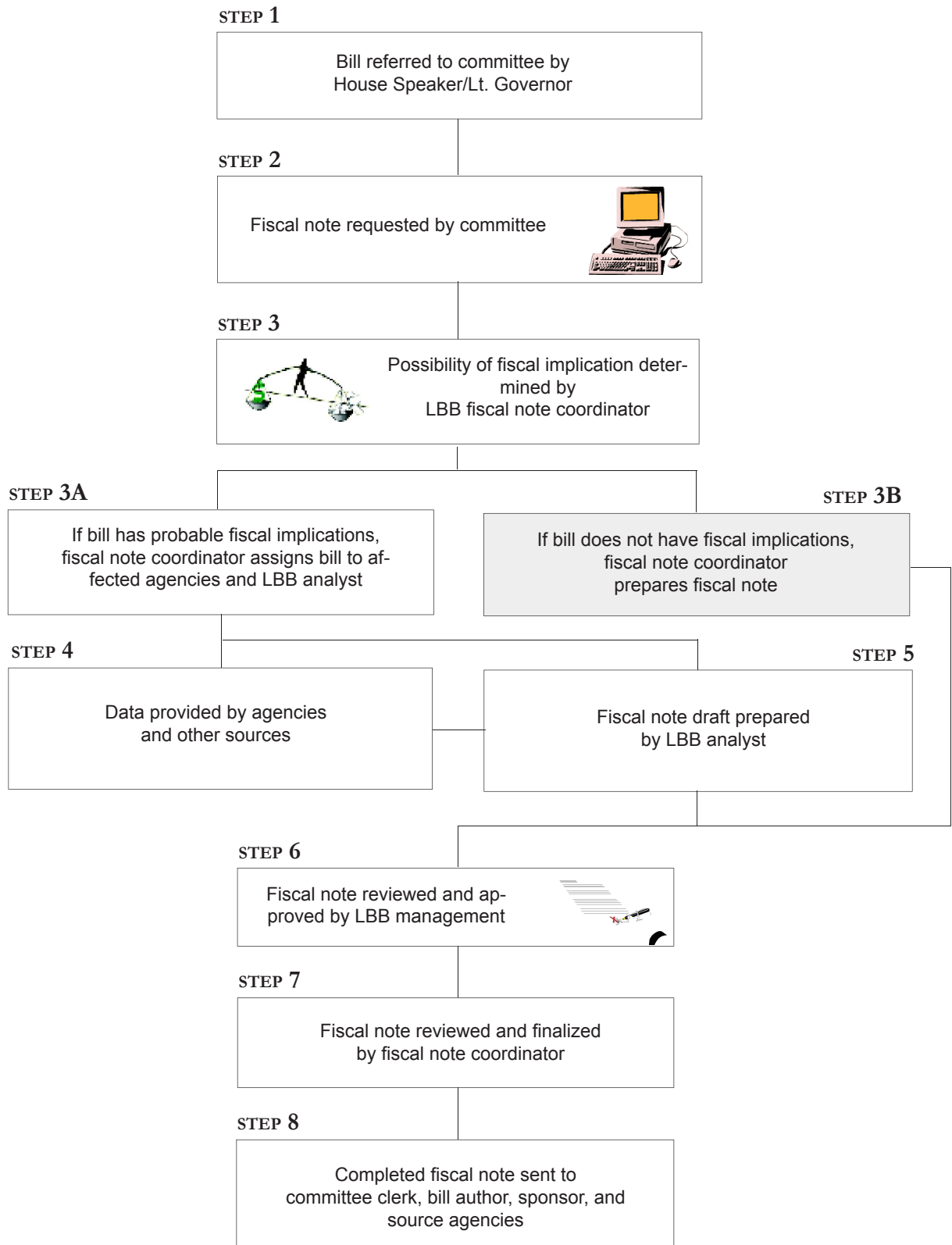
When the originating chamber refuses to concur with amendments made by the second chamber, a conference committee is formed to resolve the differences. When and if differences are resolved, a conference committee report incorporating the changes made by the committee is printed.

FISCAL NOTES IN THE LEGISLATIVE PROCESS

Under Senate rules, if a bill is sent to a conference committee, the chair of the Senate conferees must request an updated fiscal note unless the report is the engrossed text of either the House or Senate version to which a fiscal note is already attached. The fiscal note is required before adoption of the committee report by the full Senate.

House rules indicate that a fiscal note on a conference committee report be submitted to the chief clerk in the House before adoption.

STEPS IN THE FISCAL NOTE PROCESS



STEPS IN THE FISCAL NOTE PROCESS

STEP 1

Bill is referred to committee by the house speaker or the lieutenant governor.

STEP 2

Soon after a bill is referred to committee, the committee clerk, acting on behalf of the committee chair, electronically requests a fiscal note from the LBB via the web-based fiscal note system. It is the committee's responsibility to request fiscal notes on any bill that meets the criteria specified in the House and Senate rules. Requests should be made as soon as possible after referral to ensure that LBB staff have sufficient time to produce an estimate.

Once a fiscal note request is made, the web-based fiscal note system routes the request to the LBB fiscal note coordinator assigned as liaison to the committee.

STEP 3

When a fiscal note request is received by the LBB, the fiscal note coordinator determines, with assistance from affected analysts, whether a bill would have fiscal implications.

STEP 3A

If the bill is likely to have fiscal implications, the coordinator assigns the request to affected agencies and the appropriate LBB analyst(s). An electronic copy of the bill, along with a request for assistance in making the cost estimate, is sent to each affected agency and LBB analyst using the LBB's web-based fiscal note system.

NOTE: Immediately prior to the start of the legislative session, the director of each state agency is asked to name an agency contact who will be responsible for receiving fiscal note requests from the LBB and providing timely responses. Each agency is also provided written guidelines for responding to a request.

STEP 3B

If it appears that the bill would have no fiscal implication (NFI), the process skips to Step 6.

STEP 4

Agencies respond to the LBB with a brief fiscal analysis of the bill, focusing on the anticipated changes in agency programs and/or operations that would be necessary if the bill were implemented. The agency reports to the LBB detailed explanation of both the bill's fiscal impact and the method of finance. **Agency estimates exclude costs caused by inflation** so that the fiscal implications resulting from proposed legislation can be more accurately identified.

Agency estimates include only direct impacts; secondary impacts are excluded from fiscal note estimates. For example, a provision that requires all young children to be immunized at a state cost of \$1 per child (the direct cost/fiscal implication) may possibly reduce future state expenditures on treatment for disease (a secondary fiscal implication). In this example, only the \$1 cost per immunization is included in the estimate.

STEP 5

The LBB analyst considers all information submitted by the affected agencies and other sources in producing an accurate estimate. A worksheet is completed and the analyst creates a draft fiscal note.

STEP 6

The draft fiscal note is reviewed by the analyst's manager for approval.

STEP 7

Once the draft fiscal note is approved it is sent to the coordinator to finalize, and then sent to the LBB Director

STEPS IN THE FISCAL NOTE PROCESS

to approve; the rules provide that the LBB director is responsible for all fiscal note estimates. LBB estimates may agree or differ with information provided by state agencies.

STEP 8

Once a fiscal note is completed and approved by the Director, the fiscal note coordinator sends it electronically to the clerk of the committee that made the request, the author/sponsor of the bill, and source agencies.

In most instances, Steps 2 through 8 are repeated each time the bill is changed by a committee or on the floor of either chamber.

If the bill is amended or substituted in the committee to which it was initially referred, the committee clerk, acting on behalf of the committee chair, needs to request an updated fiscal note for the amended/substituted bill.

IMPORTANT AGENCY REMINDERS

Agency estimates should exclude costs due to inflation.

Agency estimates should only include direct impacts; secondary impacts are excluded from fiscal note estimates.

LBB estimates may agree or differ with information provided by state agencies.

If an agency resubmits information that differs substantially from that agency's original submission, the LBB will evaluate that information and use whichever submission is determined to be most accurate and reliable. The LBB is not obligated to use agency estimates of costs, impacts, caseloads, etc.

Amended bills and/or committee substitutes will be faxed or emailed to the affected agencies. For these bill versions, agencies need to respond with an estimate within 24 hours.

AGENCY COST ESTIMATE

BILL SUMMARY/FISCAL ANALYSIS

Include a brief statement about the parts of the proposed legislation that will have fiscal implication to the state or units of local government as compared with the current law regardless of other legislation that has passed or is under consideration. Include the effective date stated in the legislation as the last sentence of the statement.

METHODOLOGY

List key assumptions used to develop an estimate. The level of detail will increase with the complexity of the calculation. For some estimates, only one or two sentences may be necessary to explain the methodology. For estimates that are relatively more difficult to calculate, additional information about assumptions, data, methods, etc., should be provided.

In estimating cost, important assumptions frequently have to be made concerning agency policy. For instance, when a major program will be phased in, agency policy may be to use half of the first year for planning and to have full implementation occur in the second or third year after the implementation date. This policy must be stated.

FISCAL IMPACT

Provide an estimate of the fiscal impact the proposed legislation would have on the state. The estimate should cover a five-year period, beginning with the implementation date of the bill. The implementation date may differ from the effective date of the bill, and there may be different implementation dates for various parts of the bill that would have fiscal impact. Be sure to make note of that. Even if an implementation date is not in the first fiscal year after passage of the bill nor the same as the effective date, the estimate should cover the time from September 1 of the upcoming fiscal year to five years from implementation.

Specify each article and/or section of the bill that would have a fiscal impact and provide an estimate for each part identified. The possible types of fiscal implications are costs, savings, gains, and losses. Costs and savings represent a change in expenditures, whereas gains and losses represent a change in the state's revenue collections. Do not include costs that would result from inflation or secondary impacts. Estimated costs should reflect anticipated changes in outcomes, but not in prices. Costs should be compared to the current year budget amount shown in the Legislative Budget Estimates for the upcoming biennium.

If the bill would have fiscal impact, identify the affected funds and enter the estimated amounts separately for each fund. Use the fund number with the fund name. If the bill refers to a fund that has been abolished through fund consolidation, note this in the bill summary.

State clearly if the bill authorizes the collection of fees, appropriates fees, whether the fees would recover costs, and if the funds are federal or earned federal funds. Do not net revenue and cost measures from the same fund – show each separately. (See Figure 1, next page.)

Include as part of the fiscal impact any change in the number of full-time-equivalent positions that would occur as a result of the proposed legislation. (See figures 2 and 3 on the next page.) Use the salary schedule listed in the *Legislative Budget Board Recommendations to the [current session number] Legislature* to determine cost estimates of salaries.

Identify other expenses such as professional services, travel, rent, other operating expenses, and equipment. (See Figure 4 on page 13.) Indicate the method of financing for each fund. (See Figure 5 on page 13.)

AGENCY COST ESTIMATE

TECHNOLOGY IMPACT

If proposed legislation is likely to create administrative costs, the portion of those costs attributable to an agency's technology budget (i.e., capital costs, programming) should be identified. (See Figure 6 on page 13.)

LOCAL GOVERNMENT

Identify articles and sections of the bill that would have a fiscal impact on units of local government. Explain what actions local governments would have to take to implement provisions of the bill and provide estimates of the resulting costs or savings and increased or decreased revenue from state aid or local sources. Include a list of local government sources used for obtaining this fiscal impact information, if applicable.

Summary of Fiscal Implications

	2008	2009	2010	2011	2012	2013
Probable Gain to GENERAL REVENUE FUND 1						
Probable Loss to GENERAL REVENUE FUND 1						
Probable Savings to GENERAL REVENUE FUND 1						
Probable Cost to GENERAL REVENUE FUND 1						
Probable Gain to AVAILABLE SCHOOL FUN 2						

Figure 1

FTEs

	2008	2009	2010	2011	2012	2013
FTEs						

Figure 2

Personnel Services

Position Titles	FTEs Req	Sal Gap	2008	2009	2010	2011	2012	2013
Telecommunications Specialist V								
Total (also reflected below)	00		\$0	\$0	\$0	\$0	\$0	\$

Figure 3

AGENCY COST ESTIMATE

Other Expenses

	2008	2009	2010	2011	2012	2013
Total salaries and wages (from the Personnel Services Schedule)	\$0	\$0	\$0	\$0	\$0	\$0
Professional Services						
Travel						
Rent						
Other operating expense						
Equipment						
Other costs: (specify)						
Employee retirement, OASDI & group ins. cost (28.28% of salary cost)	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0	\$0	\$0

Figure 4

Method of Financing

	2008	2009	2010	2011	2012	2013
GENERAL REVENUE FUND 1						
FEDERAL FUNDS 555						
AVAILABLE UNIVERSITY 11						
Total	\$0	\$0	\$0	\$0	\$0	\$0

Figure 5

	2008	2009	2010	2011	2012	2013
Technology Impact						

Figure 6

APPENDIX A: FREQUENTLY ASKED QUESTIONS

Q. Who can request a fiscal note?

A. Under House rules, the committee chair is responsible for requesting a fiscal note, although the committee clerk, acting on behalf of the committee chair, usually carries out the actual request. Senate rules require fiscal notes for all bills; these are requested by committee clerks. There is no formal procedure in the rules for fiscal note requests other than those from a committee. An author or sponsor is not authorized to request a fiscal note unless he or she is the chair of the committee to which that bill is referred.

➤ See information under Conference Committee Report on page five of this document for special provisions relating to requesting a fiscal note for a conference committee report.

Q. Can a fiscal note be requested on bills not formally amended and substituted?

A. A fiscal note may only be requested at those points in the legislative process laid out in the House and Senate rules.

Under House rules, a committee chair requests a fiscal note on bills or joint resolutions which authorize or require the expenditure or diversion of any state funds for any purpose, or which have a statewide impact on units of local government of the same type or class and that authorize or divert local funds or fees. The committee chair requests an updated fiscal note if the legislation is amended in committee and may request a fiscal note on any Senate bill or joint resolution referred to a House committee.

Under Senate rules, fiscal notes are required for all bills (except the General Appropriations Bill) and joint resolutions prior to a final committee vote. The committee chair requests an updated fiscal note if the legislation is amended in committee. An updated fiscal note is also required prior to a motion to concur with House amendments if the director of the LBB determines that one is necessary.

Q. Does the LBB prepare fiscal notes on bills and resolutions?

A. The House and Senate rules require the LBB to prepare fiscal notes on bills and joint resolutions according to specified criteria. The LBB does not prepare fiscal notes on simple or concurrent resolutions.

Q. What is the distinction between “No Fiscal Implication” (NFI) and “No Significant Fiscal Implication (NSFI)”?

A. The term “No Fiscal Implication” (NFI) means that implementing the provisions of the bill will not require any additional resources from the state, nor will there be any state revenue impact.

“No Significant Fiscal Implication” (NSFI) means that the change in resources necessary to implement a program is insignificant relative to the budget of an affected agency and could be reasonably absorbed within an agency’s current appropriation level.

➤ The threshold for deciding if a fiscal note should receive an estimate versus being determined to have “No Significant Fiscal Implication” also depends on the relative size of an agency’s budget. The threshold would be higher for a large agency than for a small agency.

Q. If a bill does not appropriate funds, why is there an impact?

A. The fiscal note provides cost and revenue information. The Senate Finance Committee or House Committee on Appropriations determines, subject to approval through the legislative process, how much of the cost indicated on the fiscal note should be funded, if any.

➤ A bill not appropriating money for implementation does not prevent the fiscal note from reflecting the full costs associated with the bill.

➤ Bill language limiting expenditures to amounts appropriated does not eliminate costs on a fiscal note.

APPENDIX A: FREQUENTLY ASKED QUESTIONS

The estimated cost of a program is distinct from the amount appropriated through the legislative process. The fiscal note is not binding on the appropriation process.

Q. Is there an impact if a bill authorizes but does not require a program to be implemented?

A. This question often arises when bill language states that a program “may be implemented” instead of “shall be implemented.”

- ▶ For estimates of impact to the state, the LBB treats “may” and “shall” in the same way: it is assumed the program would be implemented. This serves two purposes:
 1. It provides the legislature with information regarding the potential costs of the proposed legislation.
 2. It provides a specific dollar amount that the legislature can use when deciding how much, if any, of the program costs to fund through the appropriation process.
- ▶ For estimates of impact to **local government**, the LBB does not make an assumption regarding the number of units of local government that would choose to implement an optional program. In these instances, the LBB provides an example of the impact that might occur to units of local government.

Q. If an agency resubmits information regarding a bill’s impact, is the LBB obligated to use the latest information?

A. No, the LBB uses the information it believes to be most accurate and reliable. If an agency resubmits information that differs substantially from that agency’s original submission, the LBB will evaluate that information and use whichever submission is determined to be most accurate and reliable. The LBB is not obligated to use agency estimates of costs, impacts, caseloads, etc.

Q. Do fiscal notes reflect costs to state funds only, or do they reflect costs to the Texas economy as a whole?

A. Fiscal note estimates only address the direct effect a bill would have on state government expenditures or revenues.

- ▶ Provisions of a bill that potentially could reduce future state expenditures or that might have an effect on the current Texas economy (e.g., jobs created, lowering the number of Texans who are unemployed) are considered secondary fiscal implications.
- ▶ Secondary fiscal implications are not included in fiscal note estimates.

Q. What is the baseline for preparing fiscal note estimates?

A. Fiscal note estimates are based on law in effect at the time the estimates are produced, and on the Comptroller’s Biennial Revenue Estimate (BRE) released at the beginning of the legislative session. The fiscal note estimates assume that no changes will be made to law other than those resulting from the bill’s implementation. They further assume that the BRE will remain unchanged.

For example, if a sales tax exemption for certain businesses were set to expire during the upcoming biennium, the BRE for the upcoming biennium would include the additional sales tax revenue that would result from the expiration of the tax exemption. If a bill were to extend the sales tax exemption, sales tax revenue would be less than the amount included in the BRE. Therefore, even though the bill would allow taxpayers to continue to receive the same tax exemption, the baseline for the fiscal note estimate is based on revenue that would have been collected if the bill’s provisions were not implemented. Thus, the fiscal note estimate in this example would reflect a revenue loss.

APPENDIX A: FREQUENTLY ASKED QUESTIONS

Q. How do fiscal notes and the appropriation process go together?

A. The fiscal note is a statement of a bill's potential fiscal impact. A bill provides the legal basis for certain actions to take place, but generally does not appropriate funds to implement its provisions. If a bill does not specifically appropriate funds, but would require an appropriation in order to implement its provisions, it is the responsibility of the bill author to bring the legislation before the House Committee on Appropriations or the Senate Finance Committee to seek funding. The fiscal note attempts to assist in this process. The House Committee on Appropriations, Senate Finance Committee, or Conference Committee may choose to fund the legislation at the level estimated on the fiscal note or at an alternate level, or may choose not to fund the bill at all.

➤ The appropriation of funds by bill language or a contingency rider in the appropriations bill does not define the amount of cost included in the fiscal note estimate. For example, the fiscal note on a bill appropriating \$200,000 to implement a program that is estimated to cost \$500,000 would still indicate \$500,000 in costs. The fiscal note would recognize that \$200,000 was appropriated, however, funding of the program would require an additional \$300,000.

➤ A bill not appropriating funds for implementation does not prevent the fiscal note from reflecting the full costs associated with the bill.

Q. How are fiscal notes distributed?

A. Fiscal notes are delivered directly to the requesting committee's chair or clerk. This is usually accomplished via the LBB's web-based fiscal note system, however, if a fiscal note is completed close to the deadlines specified in the rules,² the LBB will hand-deliver a hard copy of the fiscal note to the committee. An electronic copy of the fiscal note will also be forwarded to the author and sponsor of the bill or resolution and to source agencies.

Q. How can I get a copy of a fiscal note that is not yet published on the web?

A. A copy of the fiscal note is not available until the bill is heard in committee. Request the fiscal note from the committee staff or author/sponsor of the bill.

²Under current House rules, a fiscal note must be distributed before a committee may hear a bill. Under current Senate rules, a fiscal note must be attached to a bill before a final vote on the measure. Rules are subject to change.

APPENDIX B: COMMONLY USED FISCAL NOTE TERMS

ACCOUNT

A special accounting entity within the General Revenue Fund that keeps a separate and distinct balance at the end of each fiscal year.

► An account is not a fund (see “Dedicated Funds” and “Funds”).

ACT

A bill passed by the legislature, signed by the governor, and recorded with the Secretary of State.

APPROPRIATED

Refers to the dollars or associated full-time equivalent (FTE) staff positions authorized for specific fiscal years and to the provisions for spending authority.

ARTICLE

A major division of a bill.

BIANNUAL

Occurring twice a year.

BIENNIAL

Occurring every two years.

BIENNIUM

The two-year period beginning on September 1 of odd-numbered years and ending on August 31 of even-numbered years, for which Texas’ general state appropriations are made. A biennium is identified by the two fiscal years of which it consists (e.g., 2008–09 biennium).

BILL

A proposed new law or amendment to existing law that is introduced for legislative consideration. A bill that is enrolled by the legislature and not vetoed by the governor becomes law on the bill’s effective date.

BUDGETED

Refers to the planned level of expenditures, performance, or number of staff positions for a particular year.

DEDICATED FUNDS

Revenue sources or comptroller-designated funds restricted for specific purposes. These include both constitutionally and statutorily dedicated funds.

► “Accounts” are often mistakenly referred to as “Funds.”

ENGROSSED

A bill that has been passed by the chamber of the legislature in which the bill was originally filed.

ENROLLED

A bill that has been passed by both chambers of the legislature. After enrollment, a bill is sent to the governor.

FISCAL YEAR

September 1 through August 31 and is specified by the calendar year in which the fiscal year ends (e.g., September 1, 2007 through August 31, 2008 is fiscal year 2008).

► The federal fiscal year is October 1 through September 30.

FULL-TIME EQUIVALENT (FTE)

Unit of measure that represents the monthly average number of state employees working 40 hours a week.

FUND

A constitutionally or statutorily authorized repository of revenue that is used for financing appropriations and that consists of either an independent fiscal entity with a self-balancing set of accounts (e.g., State Highway Fund) or a category of revenues or receipts (e.g., federal funds).

APPENDIX B: COMMONLY USED FISCAL NOTE TERMS

GENERAL REVENUE FUND

The fund (No. 001) that receives state tax revenues and fees available for general spending purposes and is certified as such by the Comptroller of Public Accounts.

GENERAL REVENUE—DEDICATED FUNDS

Accounts whose balances are counted as General Revenue by the Comptroller of Public Accounts for certification of the state budget but must be used for the purposes identified in general law to the extent such funds are appropriated in the General Appropriations Act.

GENERAL REVENUE-RELATED FUNDS

The General Revenue Fund (No. 001), Available School Fund (No. 002), State Textbook Fund (No. 003), and Foundation School Fund (No. 193). Also included are the hotel tax transfers to the Texas Economic Development and Tourism Division of the Office of the Governor and the sporting goods sales tax transfers to Parks and Wildlife Department.

► This narrow definition applies for fiscal note purposes only.

NO FISCAL IMPLICATION (NFI)

When stated on a fiscal note, means that implementing the provisions of the bill would not require any additional resources from the state, nor would there be any state revenue impact.

NO SIGNIFICANT FISCAL IMPLICATION (NSFI)

When stated on a fiscal note, means that the change in resources necessary to implement a program is insignificant relative to the budget of the affected agency and could be reasonably absorbed within an agency's current appropriation level.

SPECIAL FUNDS

Non-General Revenue Funds that have retained their revenue dedication.

STATUTE

A law enacted by the legislature and generally codified in government codes with other legislation on the same subject.

APPENDIX C: FISCAL NOTE RULES AND REQUIREMENTS

FISCAL NOTE DEFINITION

A fiscal note is a written estimate of the costs, savings, revenue gain, or revenue loss that may result from implementation of a bill or joint resolution. It serves as a tool to help legislators better understand how a bill might impact the state budget as a whole, individual agencies, and in some instances, local governments. The Legislative Budget Board (LBB) does not prepare fiscal notes for simple or concurrent resolutions.

LEGAL BASIS, RULES, AND REQUIREMENTS

The LBB is directed by Section 314.001 of the Texas Government Code, as enacted by the Sixty-third Legislature, Regular Session, 1973 to establish a system of fiscal notes identifying the probable impact of each bill or resolution that authorizes or requires the expenditure or diversion of any state funds for any purpose other than those provided for in the general appropriations bill.

The statute requires that the fiscal impact be projected for the five-year period that begins on the effective date of the bill or resolution and shall state whether or not the impact will continue thereafter. The director of the LBB may choose to project the fiscal impact beyond the five-year period. In addition to the estimate, the fiscal note identifies the portions of the bill that would create the fiscal impact.

The statute also requires a fiscal note for any bill or joint resolution that would have statewide impact on all units of government of the same type or class, such as all cities or all counties. For example, a bill that would authorize or require the expenditure of local funds or propose an increase, decrease, or new local tax, fee, license charge or penalty would require a fiscal note.

All rules referenced in this document are based on the Seventy-ninth Legislative Session, 2005, and are subject to change.

HOUSE RULES

House rules require that any bill or joint resolution that authorizes or requires the expenditure or diversion of any state funds for any purpose, or that has a statewide impact on units of local government of the same type or class and that authorizes or diverts local funds or fees, must have attached a fiscal note signed by the director of the Legislative Budget Board. Under House rules, a fiscal note, when required, must be distributed to committee members before a bill is laid out before a committee.

EXCERPTS FROM HOUSE RULES RELATING TO FISCAL NOTES

RULE 4, SECTION 33. FISCAL NOTES

(a) If the chair of a standing committee determines that a bill or joint resolution, other than the general appropriations bill, authorizes or requires the expenditure or diversion of state funds for any purpose, the chair shall send a copy of the measure to the Legislative Budget Board for the preparation of a fiscal note outlining the fiscal implications and probable cost of the measure.

(b) If the chair of a standing committee determines that a bill or joint resolution has statewide impact on units of local government of the same type or class and authorizes or requires the expenditure or diversion of local funds, or creates or impacts a local tax, fee, license charge, or penalty, the chair shall send a copy of the measure to the Legislative Budget Board for the preparation of a fiscal note outlining the fiscal implications and probable cost of the measure.

(c) In preparing a fiscal note, the director of the Legislative Budget Board may utilize information or data supplied by any person, agency, organization, or governmental unit that the director deems reliable. If the director determines that the fiscal implications of the measure cannot be ascertained, the director shall so state in the fiscal note, in which case the fiscal note shall be

APPENDIX C: FISCAL NOTE RULES AND REQUIREMENTS

in full compliance with the rules. If the director of the Legislative Budget Board is unable to acquire or develop sufficient information to prepare the fiscal note within 15 days of receiving the measure from the chair of a committee, the director shall so state in the fiscal note, in which case the note shall be in full compliance with the rules.

(d) If the chair determines that a fiscal note is required, copies of the fiscal note must be distributed to the members of the committee not later than the first time the measure is laid out in a committee meeting. The fiscal note shall be attached to the measure on first printing. If the measure is amended by the committee so as to alter its fiscal implications, the chair shall obtain an updated fiscal note, which shall also be attached to the measure on first printing.

(e) All fiscal notes shall remain with the measure throughout the entire legislative process, including submission to the governor.

EXPLANATORY NOTES (part of rules)

It is current practice that a senate fiscal note may be used by a house committee for a senate measure if the measure has not been amended since the preparation of that fiscal note. If the measure has been amended since the senate fiscal note was prepared, the chair of the house committee should request a new fiscal note from the Legislative Budget Board.

RULE 4 SECTION 32 (b) (5)

(b) All committee reports must be in writing and shall:
(5) indicate whether a copy of a bill or resolution was forwarded to the Legislative Budget Board for preparation of a fiscal note or other impact statement, if applicable.

RULE 12 SECTION 1 (a) (1) (E)

Section 1. Printings Of Bills And Joint Resolutions — (a)
Except as otherwise provided in this rule, all bills and

joint resolutions shall be printed and a copy provided to each member at each of the following stages in the parliamentary progress of the bill or joint resolution:

(1) at the time of the committee report on the bill or joint resolution, which shall be known as “First Printing” and which shall consist of: (E) a copy of the latest fiscal note.

RULE 2 SECTION 1 (a) (16)

(a) The chief clerk shall also: (16) request fiscal notes on house bills and joint resolutions with senate amendments and distribute fiscal notes on house bills and joint resolutions with senate amendments and conference committee reports as required by Rule 13, Sections 5 and 10.

RULE 13 SECTION 5 (b)

(b) When a house bill or joint resolution, other than the general appropriations bill, with senate amendments is returned to the house, the chief clerk shall request the Legislative Budget Board to prepare a fiscal note outlining the fiscal implications and probable cost of the measure as impacted by the senate amendments. A copy of the fiscal note shall be made available to each member before any action can be taken on the senate amendments by the house.

RULE 13 SECTION 10 (c)

(c) Before action can be taken by the house on a conference committee report on a bill or joint resolution, other than the general appropriations bill, a fiscal note outlining the fiscal implications and probable cost of the conference committee report shall be submitted to the chief clerk, and a copy of the fiscal note shall be made available to each member.

APPENDIX C: FISCAL NOTE RULES AND REQUIREMENTS

SENATE RULES

Senate rules require fiscal notes for all bills and joint resolutions. Senate rules allow a bill to be heard without a fiscal note; however, the fiscal note must be distributed before a final vote on the measure can be taken.

EXCERPTS FROM SENATE RULES RELATING TO FISCAL NOTES

RULE 7.09 (b-h) FISCAL NOTES

(b) Prior to a final vote by a committee to report any bill or joint resolution, except the general appropriations bill, there shall be attached a fiscal note signed by the director of the Legislative Budget Board.

(c) If a bill or joint resolution is amended by a committee, the committee chair shall obtain an updated fiscal note. The chair may require that the updated fiscal note be distributed to the committee members prior to the final vote to report the measure.

(d) Prior to a motion to concur in House amendments, an updated fiscal note shall be distributed to all members if the director of the Legislative Budget Board determines that a House floor amendment has altered the policy implications of the bill or resolution, except the general appropriations bill.

(e) An updated fiscal note shall be distributed to all members prior to a motion to adopt a conference committee report on any bill or joint resolution, other than the general appropriations bill; provided that an updated fiscal note is not required on a conference committee report if the text of the report is the engrossed text of either the House or Senate version and the report has attached a fiscal note outlining the fiscal implications of that version of the measure.

(f) A fiscal note for a bill or joint resolution which authorizes or requires the expenditure or diversion of

any state funds for any purpose shall estimate the fiscal implications and probable cost of the measure each year for the first five years after the implementation of its provisions and state whether there will be a cost involved thereafter. The fiscal note shall include the number of additional employees considered in arriving at the probable cost.

(g) A fiscal note for any bill or joint resolution which imposes, increases, decreases, or repeals any state tax or fee shall estimate the fiscal implications of the measure for the first five years after the implementation of its provisions and state whether there will be fiscal implications thereafter. The committee chair to which the bill or resolution was referred may request the director of the Legislative Budget Board to include with the fiscal note a tax equity note estimating the general effects of the proposal on the distribution of tax and fee burdens among individuals and businesses.

(h) A fiscal note for any bill or joint resolution which has impact on units of local government of the same type or class shall estimate the fiscal implications and probable cost of the measure to the affected unit or units of local government each year for the first five years after the implementation of its provisions and state whether there will be a cost involved thereafter. As used in this rule, “unit of local government” means county, city, town, school district, conservation district, hospital district, or any other political subdivision or special district.

RULE 7.09 (q-t)

(q) In preparing a fiscal note or an impact statement, the director of the Legislative Budget Board may use information or data supplied by any person, agency, organization, or governmental unit that the director deems reliable. The director shall state the sources of information or data used and may state the extent to which the director relied on the information or data in preparing the fiscal note or impact statement. If

APPENDIX C: FISCAL NOTE RULES AND REQUIREMENTS

the director is unable to acquire or develop sufficient information to prepare a fiscal note within 15 days after receiving a bill or joint resolution, the director shall prepare the fiscal note stating that fact, and the fiscal note shall be in full compliance with the rules. If the director determines that the fiscal or other implications of a bill or joint resolution cannot be ascertained, the director shall prepare the fiscal note stating that fact, and the fiscal note shall be in full compliance with the rules.

(r) The director of the Legislative Budget Board shall forward a copy of each fiscal note or impact statement to the author or sponsor of the affected bill or joint resolution.

(s) All fiscal notes and impact statements shall be signed by the director of the Legislative Budget Board and shall remain with the measure throughout the entire legislative process, including submission to the governor.

(t) For any statement or analysis required by this rule, the Senate Committee on Administration may adopt such necessary forms and procedures as are required to ensure that all members of the Senate are informed as to the impact of proposed legislation on the state or other unit of government. The committee may authorize the director of the Legislative Budget Board to develop the format for fiscal notes and impact statements and submit the suggested forms to the committee for its approval.

RULE 7.12 (b) (5)

(b) Every committee report printing on a bill or resolution shall include:

(5) any fiscal note on the bill or resolution, including any updated fiscal note required by Rule 7.09.

IMPORTANT REMINDERS

Both the House and the Senate rules require that the fiscal note remain with the bill throughout the legislative process, including submission to the Governor.

Fiscal notes are prepared only at those points of the legislative process specified by the rules.

Request fiscal notes as soon as possible after bills have been referred to committees.

Watch for errors in a fiscal note heading (incorrect bill version, committee, chair, caption and misspellings).

Fiscal notes for engrossed versions need to be requested only if changes were made to the bill text.

Conference Committee Reports are not deemed voted out of committee until three signatures from each house have been obtained. The LBB must have a copy of the signature sheet before they can prepare a fiscal note.

Under NO circumstances will a fiscal note be backdated.

APPENDIX D: LBB COORDINATOR COMMITTEE ASSIGNMENTS

HOUSE COMMITTEES

COMMITTEE	COORDINATOR	TELEPHONE
Agriculture and Livestock	Wayne Kelley	463-8175
Appropriations and Appropriations Subcommittees	Curtis Toews	463-1249
Border and International Affairs	Cindy Lopez	936-1604
Business and Industry	Jeanette O'Dell	475-2366
Civil Practices	Melissa Nelson	463-6526
Corrections	Ed Sinclair	463-2979
County Affairs	Debbie Bartles	475-2913
Criminal Jurisprudence	Ed Sinclair	463-2979
Culture, Recreation, and Tourism	Wayne Kelley	463-8175
Defense Affairs and State-Federal Relations	Ed Sinclair	463-2979
Economic Development	Jeanette O'Dell	475-2366
Elections	Melissa Nelson	463-6526
Energy Resources	Wayne Kelley	463-8175
Environmental Regulations	Wayne Kelley	463-8175
Financial Institutions	Jeanette O'Dell	475-2366
Government Reform	Melissa Nelson	463-6526
Higher Education	Melissa Nelson	463-6526
House Administration	Curtis Toews	463-1249
Human Services	Cindy Lopez	936-1604
Insurance	Jeanette O'Dell	475-2366
Judiciary	Melissa Nelson	463-6526
Juvenile Justice & Family Issues	Melissa Nelson	463-6526
Land & Resource Management	Wayne Kelley	463-8175
Law Enforcement	Ed Sinclair	463-2979
Licensing & Administrative Procedures	Jeanette O'Dell	475-2366
Local Government Ways and Means	Curtis Toews	463-1249
Natural Resources	Wayne Kelley	463-8175
Pensions & Investments	Keisha Gray	463-9017
Public Education	Janét Spurgin	463-3299
Public Health	Cindy Lopez	936-1604
Redistricting	Keisha Gray	463-9017
Regulated Industries	Jeanette O'Dell	475-2366
State Affairs	Keisha Gray	463-9017
Transportation	Keisha Gray	463-9017
Urban Affairs	Debbie Bartles	475-2913
Ways & Means	Curtis Toews	463-1249

APPENDIX D: LBB COORDINATOR COMMITTEE ASSIGNMENTS

SENATE COMMITTEES

COMMITTEE	COORDINATOR	TELEPHONE
Administration	Curtis Toews	463-1249
Business and Commerce	Jeanette O'Dell	475-2366
S/C on Emerging Technologies & Economic Dev.	Jeanette O'Dell	475-2366
Criminal Justice	Ed Sinclair	463-2979
Education	Janét Spurgin	463-3299
S/C on Higher Education	Melissa Nelson	463-6526
Finance	Curtis Toews	463-1249
Government Organization	Melissa Nelson	463-6526
Health and Human Services	Cindy Lopez	936-1604
Intergovernmental Relations	Debbie Bartles	475-2913
S/C on Flooding and Evacuations	Debbie Bartles	475-2913
International Relations and Trade	Cindy Lopez	936-1604
Jurisprudence	Melissa Nelson	463-6526
Natural Resources	Wayne Kelley	463-8175
S/C on Agriculture, Rural Affairs & Coastal Resources	Wayne Kelley	463-8175
State Affairs	Keisha Gray	463-9017
Transportation and Homeland Security	Keisha Gray	463-9017
Veterans Affairs & Military Installations	Ed Sinclair	463-2979
S/C on Base Realignment and Closure	Ed Sinclair	463-2979

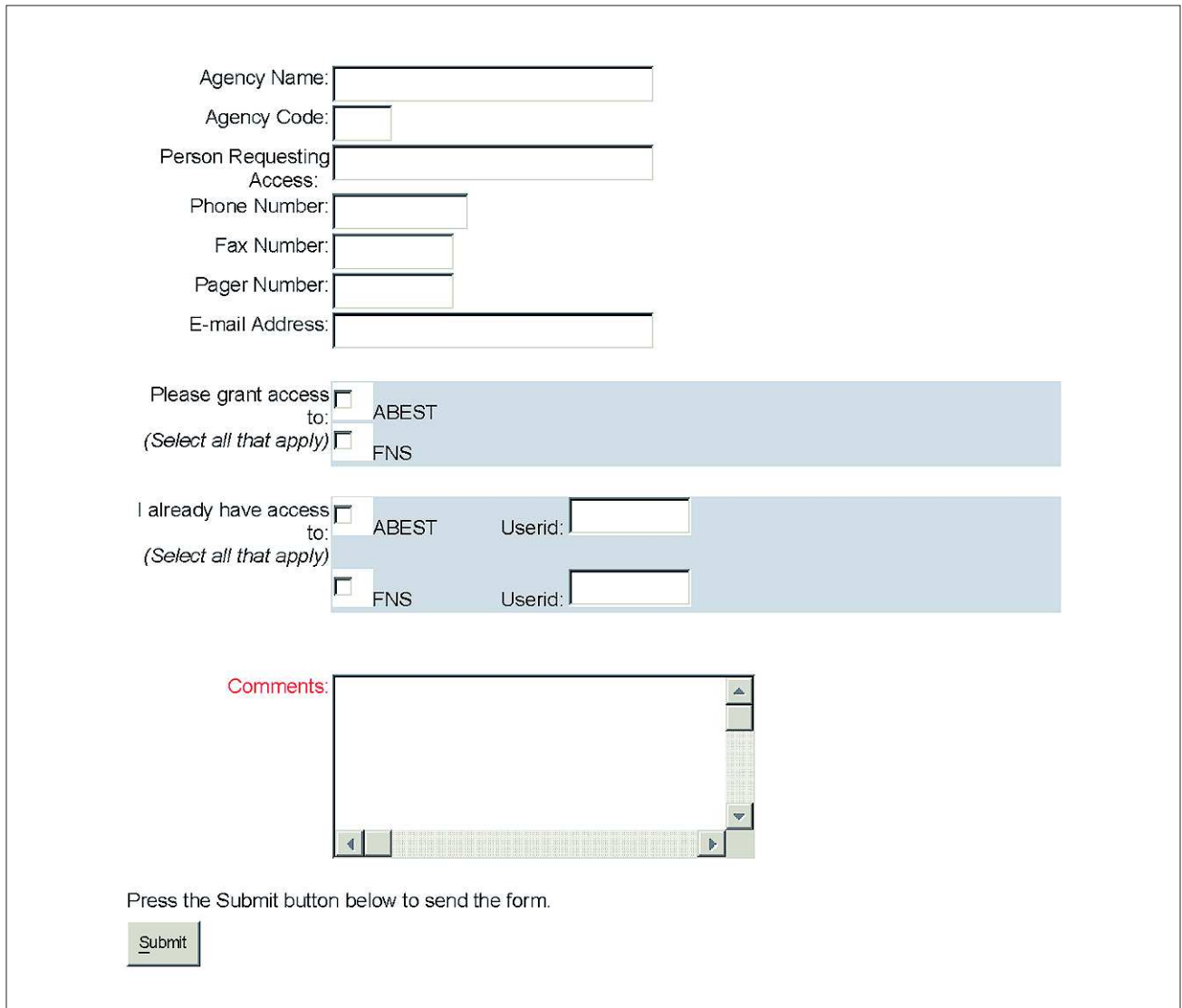
APPENDIX E: AGENCY LOGON REQUEST FORM

To access fiscal note worksheets, each agency must first obtain a user ID and password. Go to the Legislative Budget Board (LBB) website at www.lbb.state.tx.us and click on Fiscal Notes Logon Request Form (located on the far right under Agency Data Entry). Fill in the blanks and click on **Submit** to send the request form to the LBB. (See copy of form below.)

The LBB recommends that each fiscal notes user within each agency have their own user ID and password.

The LBB will notify the user once their fiscal note system ID and password have been established.

Contact the Fiscal Notes Help Desk at 512-936-4033 if you have questions.



Agency Name:

Agency Code:

Person Requesting Access:

Phone Number:

Fax Number:

Pager Number:

E-mail Address:

Please grant access to: ABEST
(Select all that apply) FNS

I already have access to: ABEST Userid:
(Select all that apply) FNS Userid:

Comments:

Press the Submit button below to send the form.

AGENCY LOGON REQUEST FORM