

MAINE STATE LEGISLATURE

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STATE OF MAINE



THE FISCAL NOTE PROCESS: AN OVERVIEW

*Maine State Legislature
Office of Fiscal and Program Review
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I. Introduction

Fiscal notes are brief descriptions of the effect of a bill or amendment on the finances of Maine State Government. They are prepared by the Office of Fiscal and Program Review (OFPR), a non-partisan staff office of the Legislature. Fiscal notes may take several different forms depending on the type of legislation and its stage in the process. The fiscal note for a printed bill will usually be in the form of a memorandum from OFPR. For Committee Amendments, the fiscal note is included as part of the printed amendment just before the summary (previously, the statement of fact) of the amendment as required by the Legislature's Joint Rules. Although the reference to fiscal notes in the Joint Rules only refers to the product actually printed as part of a bill or amendment, for the purposes of this document, fiscal note will refer generally to any OFPR products designed to summarize the fiscal impact of a bill or amendment. Whatever form they take, fiscal notes are intended to accurately and objectively describe the fiscal impact of bills and amendments so that the Legislature is making informed decisions with respect to a bill's or amendment's fiscal impact on state and local government finances.

II. Purpose of Fiscal Notes

The Legislature added fiscal notes to its Joint Rules for the 103rd Legislature beginning in 1966. It decided that the information contained in fiscal notes describing the impact of a bill on the finances of state government was very important and should be available to guide them in their deliberations. OFPR and its predecessor, the Legislative Finance Office, have been responsible for developing objective assessments of the fiscal impact of legislation and providing non-partisan fiscal information to the Legislature. A number of budget and financial restrictions on the operation of state government also make it very important to track all legislation with a fiscal impact on state government.

Fiscal Information for Legislators

The primary reason for fiscal notes is to provide information about the financial impact of legislation to Legislators. Fiscal notes are intended to inform Legislators of a piece of legislation's financial impact on State Government (i.e. the costs, savings and/or revenue increases or decreases) and the costs incurred by local units of government. This information has become a more important part of the debate on bills and amendments, particularly as the State weathered through some tight fiscal years. In some cases, the fiscal impact of a bill or amendment is very obvious and straight forward. A bill may represent simply an appropriation of funds to an agency for a specific purpose. However, even these simple bills may have fiscal impacts beyond the specific dollar amount appropriated in a given fiscal year. The appropriation may represent only partial funding for a new program, it may represent the state matching requirement for federal funds or it may have a revenue impact associated with the appropriation of those funds. Fiscal notes provide that information to Legislators so that they may understand the fiscal impact of a bill or amendment when making their decisions.

Balanced Budget Requirements

Article IX, Section 14 of the Constitution of Maine prohibits the State from incurring debt above \$2 million (except for some very specific reasons related to insurrection, invasion or war, etc.) without submitting the obligation to referendum. Maine Revised Statutes Title 5, Section 1664 also requires the Governor to submit budget proposals that "..... show the balanced relations between the total proposed expenditures and the total anticipated revenues...." Finally, Maine Revised Statutes Title 5, Section 1668 authorizes the Governor to "temporarily curtail allotments equitably so that expenditures will not

exceed the anticipated income and other available funds.” These provisions effectively create a requirement for a balanced budget, particularly for the General Fund and Highway Fund.

Fiscal notes play an important role in this approach to state government budgeting. Bills and amendments which include costs or savings (including revenue effects) to state government are identified as a bill goes through the legislative process. Fiscal Notes combined with some unique tracking/tabling procedures allow the Legislature to coordinate the fiscal impact of individual bills with the budgetary process and maintain a balanced budget.

Special Appropriations and Special Highway Tables

The Legislature has established procedures for tracking and making sure bills that affect the General Fund or the Highway Fund are coordinated with the overall budget decisions for these funds, given the balanced budget constraints. The key components of these procedures are the Special Appropriations Table and the Special Highway Table. These tables set aside those bills affecting the General Fund and the Highway Fund and defer decisions on these bills until the end of a Legislative session after decisions on the budget bills have been made. Appendix A provides a description of these tables, their roles in the budget processes and the types of bills that are tabled. Fiscal notes describing the impact of the bill on all funds play an important role in identifying those bills that should be placed on either the Special Appropriations Table or the Special Highway Table.

It is important to note that bills affecting the General Fund and the Highway Fund are placed on these tables just prior to final enactment of the bill. For those following a particular bill, you should be aware of a bill’s fiscal impact and the potential for the bill to be placed on one of these tables. Many legislators and interested members of the public have been disappointed to find out that a bill which may have been reported unanimously out of committee and sailed easily through both houses was placed on one of these tables only to die at the close of the legislative session because the decision was made not to “fund” the bill. Therefore, the Office of Fiscal and Program Review urges those interested in a particular bill to understand its fiscal impact and whether that impact will place a bill on one of these tables.

Other Budget Requirements

The fiscal note process of identifying the fiscal impact of legislation, while most important for bills affecting the General Fund and Highway Fund, is also important for the proper implementation of bills affecting other funds such as dedicated revenue accounts and federal expenditures fund accounts. The biennial budget bill’s preamble sets out the limitations for expenditures from these other funds. These types of accounts may not incur expenditures unless sufficient cash is available within the account or fund. An additional restriction requires legislative allocation of funds before the Bureau of the Budget may authorize allotments and expenditures. The allotments and expenditures may be authorized in excess of the legislative allocation in certain circumstances, but if no base allocation exists for the program, expenditures may not be made.

III. Fiscal Note Preparation

Joint Rule 312 of the Legislature provides the authorization for fiscal notes. It states as follows:

“Rule 312. Fiscal Notes. Every bill or resolve affecting state revenues, appropriations or allocations or that requires a local unit of government to expand or modify that unit’s activities so as to necessitate additional expenditures from local revenues and that has a committee recommendation other than “Ought Not to Pass” or “Referral to Another Committee” must include a fiscal note. This statement must be incorporated in the bill before it is reported out of committee. Any amendment introduced that would affect the fiscal impact of the original bill must also include a fiscal note. The Office of Fiscal and Program Review has the sole responsibility for preparing all fiscal notes.”

Role and Organization of OFPR

The last sentence of Joint Rule 312 places sole responsibility for preparing fiscal notes with OFPR, one of the non-partisan legislative staff offices. OFPR’s responsibilities, in addition to fiscal note preparation, include: staffing the Joint Standing Committees on Appropriations and Financial Affairs and Taxation; jointly staffing the Joint Standing Committee on Transportation; and providing the Legislature with fiscal research and analyses.

Each analyst within OFPR is assigned specific policy areas for all responsibilities, including budget analyses and fiscal note preparation. Policy areas are groupings of similar departments and agencies. OFPR has been organized in this manner so that analysts, over time, gain a greater degree of understanding of the programs and agencies in their respective policy areas. Appendix D provides a listing of the analysts within OFPR and their policy area assignments.

Role of Departments and Agencies

Although the Legislature’s Joint Rules specify that OFPR has the sole responsibility for preparing fiscal notes, state departments and agencies play an important role in the fiscal note process. Departments and agencies have very specific knowledge of the programs and the effect that proposed legislation will have on those programs. This expertise and program specific knowledge is a very important resource. OFPR utilizes this expertise as part of its analyses of proposed legislation and has formalized department and agency input into the analysis of legislation.

Departments and agencies are expected to review all legislation for an impact on their programs. OFPR has asked that departments and agencies submit an estimate of the fiscal impact of the legislation to OFPR five working days prior to the scheduled public hearing on the bill. OFPR considers the estimates submitted by departments and agencies as part of its fiscal note analysis. However, these estimates submitted by the departments and agencies are not fiscal notes. As noted earlier, fiscal notes are prepared only by OFPR pursuant to Joint Rule 312 of the Legislature. Appendix F describes the responsibilities of departments and agencies in the fiscal note process in greater detail.

Other Sources of Information

Although departments and agencies play a major role in the fiscal note process, they are not the only sources of information used by OFPR to develop fiscal notes. OFPR analysts must use their own

knowledge of the departments and agencies to assess the accuracy of information submitted by departments and agencies and to finalize an objective, non-partisan fiscal note.

In the event that the information submitted by departments and agencies is suspect or is challenged or department and agencies do not have sufficient information, OFPR may access a number of other sources of information to refute, confirm and/or supplement department and agency information. These sources include (in alphabetical order):

- Executive, Judicial and Legislative staff in other states;
- Federal Government sources;
- Lobbyists and lobbying organizations;
- Local government sources;
- Maine Legislators and other Maine Legislative staff; and
- National Conference of State Legislatures, Council of State Governments and other similar organizations.

IV. Types of Fiscal Impacts Described in Fiscal Notes

The fiscal impacts described within fiscal notes concentrate on the direct fiscal impact of the legislation on state government expenditures and revenue and the costs to local units of government. Fiscal notes do not try to assign a monetary value to the social benefits of a piece of legislation or conduct extensive modeling to determine the secondary and tertiary economic impacts (also known as “dynamic” analysis). While these indirect impacts are not included in the fiscal note, it does not mean that they are necessarily neglected by legislators. There are ample opportunities for these considerations to enter the various debates on a bill. While only the direct fiscal impact is considered in the “funding” of a bill within the constraints of either the balanced budget requirements of the General Fund or Highway Fund budgets, these other considerations may play a role in the prioritization of bills for “funding.”

The impact of a bill or amendment on the finances of state government described in fiscal notes may fall into several different categories. The impact of a piece of legislation may require additional funding for an agency to implement the requirements of the legislation, it may generate savings within an agency, it may generate revenue or it may decrease revenue. The legislation must be considered with respect to the timing of the impact, i.e. if it affects state finances during the ensuing fiscal biennium or only affects future biennia. The fiscal impact of legislation must also be considered with respect to what fund it affects, the General Fund, Highway Fund, the numerous other funds of state government (such as federal and dedicated revenue funds) or any combination of these funds. These considerations are discussed below.

Type of Funds Affected

Government accounting uses funds and account groups to record its financial position. A fund is a separate accounting entity with a self-balancing set of accounts to record all expenditures, revenue, assets and liabilities. The General Fund, the largest of the State’s operating funds, finances all State Government activities not otherwise segregated as a result of being funded by revenue designated by special regulations, restrictions or limitations. The Highway Fund is a special “dedicated” fund as a result of a provision in the Maine Constitution limiting the expenditure of revenue derived from motor

vehicle fuel taxes and fees. Other restrictions or regulations create the need for dedicated revenue funds, the Federal Expenditures Fund, the Federal Block Grant Fund, Enterprise Funds, Internal Service Funds, Debt Service Funds and Trust and Agency Funds. The analysis involved in developing a fiscal note for a bill or amendment must consider which of the State's numerous funds are affected in terms of any revenue generated or lost, any expenditures required to implement a bill or costs savings generated by a proposal.

Timing of the Fiscal Impact

Bills must also be analyzed with respect to the timing of the impact. Those that require funding or decrease revenue during the current budget biennium are identified as bills with "Current Costs" in the Fiscal Impact field of the Legislature's Bill Status System. Budget biennia are the two year periods ending June 30th of odd numbered years. The Legislature only appropriates and allocates funds for the current budget biennium, the one that begins immediately following the First Regular Session of the Legislature. For example, the current budget or fiscal biennium for legislation of the 119th Legislature includes those state fiscal years ending June 30, 2000 and June 30, 2001. During the 1st Regular Session of the 119th Legislature, emergency legislation may also appropriate or allocate funds or it may generate or decrease revenue in the fiscal year ending June 30, 1999.

Bills with current costs usually require an appropriation and/or allocation section to provide the necessary funding to state government programs. Bills that decrease state government revenue during the current biennium are also considered current biennium costs. The amounts of these revenue reductions are also identified and summarized within the fiscal note.

Bills that generate savings or increase revenue during the current budget biennium are identified as bills with "Current Savings" in the Fiscal Impact field of the Bill Status System. These bills generating costs savings will usually require an appropriation and/or allocation section to deappropriate or deallocate funds to realize the savings.

Bills may not impact state finances during the current budget biennium, but because of a delayed effective date or some other reason may not affect state finances until some future date after the end of the current budget biennium. These future costs or savings are also identified in fiscal notes. If these bills had no impact during the current biennium, they would be labeled as "Future Costs" or "Future Savings" in the Fiscal Impact field of the Bill Status System.

Public Laws of 1995, Chapter 368, Part EE (5 MRSA, §1665, sub-§6) recently added a requirement that departments and agencies submit fiscal impact statements that describe the revenue and expenditure effects of bills for the current biennium and for the following biennium. OFPR has always identified future costs/revenue effects that occur outside of the current fiscal biennium if those costs/revenue effects exceed the normal growth of the appropriations, allocations and/or revenue estimates identified for the current biennium in the fiscal note.

Insignificant/Minor Costs or Savings and No Fiscal Impacts

Fiscal notes also identify those bills with insignificant or minor fiscal impacts and even inform legislators when a bill has no fiscal impact. These bills with insignificant or no fiscal impacts generally represent just over 40% of the total number of printed bills. The Office of Fiscal and Program Review attempts to distribute fiscal notes for all bills and amendments. Firstly, we distribute fiscal notes on

these bills, to avoid confusion with respect to whether a bill has an insignificant or no impact or whether the Office of Fiscal and Program Review had just not completed its fiscal analysis of the bill. Secondly, based on guidance from the Legislature, OFPR has decided to comment in fiscal notes on these minor cost, minor saving, or minor revenue impacts to track the cumulative impact of all bills enacted by the Legislature. Although the individual impact of bills with minor impacts may not be significant enough to require adjustments to appropriations, allocations, or revenue estimates, cumulatively several bills affecting a particular program or revenue source may ultimately have a significant impact.

Bills and amendments that add minor one-time costs or minimal new requirements on state government programs and agencies and, by themselves, do not require the appropriation or allocation of funds are identified as "Minor Costs" in the Fiscal Impact field of the Bill Status System. These types of bills have also been referred to as "costs absorbed" bills. Even these minor costs are summarized and included in fiscal notes. Bills that generate minor savings or increase revenue by minor or negligible amounts are identified as "Minor Savings" on the Bill Status System.

The determination of what is a minor cost, savings, or revenue effect depends primarily on the program or revenue source affected. The size of program or revenue source is certainly a primary determinant of whether a fiscal impact is minor or whether a cost can be absorbed within existing budgeted resources. There is no set cut-off amount which determines whether a fiscal impact can be classified as "minor." OFPR must make a judgment based on the individual circumstances surrounding the legislation and the programs affected.

There are some bills (approximately 15 to 20% of the bills introduced) that fall into the category of having no fiscal impact on state government. These types of bills include, but are not limited to, those that affect non-governmental agencies in such a way to have no direct impact on state government costs or revenues or correct errors and inconsistencies in the laws. For those bills that fall into this category, no fiscal note needs to be added. However, as noted above, OFPR does distribute memos identifying these bills as having no fiscal impact in the same manner as bills with a fiscal impact.

Direct Costs Incurred by Local Units of Government

The passage of the Constitutional Amendment to restrict unfunded state mandates on local units of government has had a significant effect on the content of fiscal notes since the 1st Regular Session of the 116th Legislature. Until that time, OFPR was required by statute (3 MRSA, section 163-A, subsection 12) to include in the fiscal note a statement of the costs to municipalities and counties for implementing or complying with proposed law, subject to the limit of the information provided to OFPR. In actual practice, because information on the local costs was not made available to OFPR, very few of these statements of costs to municipalities and counties were included in fiscal notes.

The Constitutional Amendment, which requires the State to fund at least 90% of the cost of a state mandate unless two-thirds vote of each house provides an exemption to this requirement, has effectively made the local government costs of legislation, state government costs. Therefore, since the 116th Legislature, the costs of state mandates have been described in fiscal notes. (Appendices B and C provide more detail on the description of what constitutes a state mandate and the procedures OFPR follows with respect to estimating costs to local units of government).

Impacts on the Correctional and Judicial Systems

The Department of Corrections (see 34-A M.R.S.A., §1402) and the Judicial Department (see 4 M.R.S.A., §17) are required to submit statements describing the impact of a bill on the correctional system and the judicial system, respectively. The Office of Fiscal and Program Review considers these statements when analyzing a bill or amendment and includes a summary of the impact on the correctional and judicial systems in its fiscal notes.

V. Form and Distribution of Fiscal Notes

Fiscal notes may take several different forms depending on the type of legislation which they are describing. In any case, the goal of OFPR is to distribute this information to the appropriate decision makers in a timely manner so that the information contained in the fiscal note is properly considered at all stages of a bill's or amendment's progress through the Legislature. For the first time, beginning with the 1st Regular Session of the 119th Legislature, the fiscal note memo for the original bill and the fiscal note for the engrossed bill are accessible through the Bill Status System. Provided below is a description of the various forms fiscal notes may take. Appendix E provides samples of each of these forms.

Original Printed Bills or Legislative Documents (LDs)

OFPR reviews each printed bill or Legislative Document. It has been the office's goal to distribute that fiscal note information to the committee of reference and sponsor prior to the public hearing. The fiscal note information, at this point in a bill's progress, is usually distributed in the form of a memo. In some unusual circumstances, an original bill may include a fiscal note. This occurs if it is known that a bill is not going to be referred to committee or if the bill represents a committee report. The fiscal note would be a part of the bill and appear immediately preceding the summary.

Fiscal notes are not technically required by the Legislature's Joint Rules at this initial stage of a bill's progress through the Legislature. Joint Rule 312 only requires a fiscal note for bills that have received a favorable committee report. However, OFPR still puts a substantial amount of effort into bills at this early stage and tries to get this fiscal note information to the committee as soon as possible. This effort is important for a couple of reasons. It gets this information to the committees so that it may be considered as part of the committees' deliberations. It also helps OFPR respond more quickly to requests for fiscal reviews of amendments when a committee is ready to report out a bill. OFPR has to react only to the changes to the original bill. Printed bills are also more widely distributed than amendments (particularly proposed amendments) which makes it easier for OFPR to gather input from various sources as part of its analysis.

Committee Amendments

Joint Rule 312 requires that every bill with a fiscal impact being reported out favorably from a committee must have a fiscal note attached. OFPR works closely with committee staff to react to committee reports on bills and turn them around and get this report to the full Legislature as quickly as possible after the committee has taken final action. After reviewing drafts of the committee report(s), OFPR develops a fiscal note or fiscal notes, if there is more than one favorable report from the

committee. The fiscal note for a Committee Amendment describes the fiscal impact of the bill as amended by that Committee Amendment.

A draft of the fiscal note to be attached to the committee amendment is made available to committee staff as both a hard copy of a standardized form and electronically through the Legislature's Information System. This draft is copied, unchanged, to the Committee Amendment and becomes a part of the printed Committee Amendment. It appears immediately preceding the summary of the amendment.

Floor Amendments

Joint Rule 312 also requires floor amendments to include a fiscal note. Every floor amendment is reviewed by OFPR prior to printing. Drafts are received from the Office of the Revisor of Statutes and receive immediate attention. The fiscal note for a floor amendment is attached in a similar manner to the Committee Amendment. However, floor amendments only address or describe the fiscal impact of the amendment and not the impact of the bill as amended. The only exception to this would be the case when a fiscal note was left off the Committee Amendment in error.

If a fiscal note has been left off the Committee Amendment in error, a separate floor amendment is drafted to amend the fiscal note to the Committee Amendment to avoid a situation where the bill could be ruled out of order on the floor of either house.

Engrossed Bills

OFPR reviews bills after they have been engrossed and distributes a fiscal note describing the fiscal impact of the bill as engrossed. The engrossed copy of a bill is how the bill will appear in the published laws. The distributed copy of the engrossed bill contains no summary or fiscal note. Fiscal notes for engrossed bills are distributed separately. A form is distributed to each house of the Legislature describing the fiscal impact of the bill as engrossed. It is the goal of the office to make these fiscal notes on engrossed bills available to both bodies of the Legislature prior to final enactment.

VI. Conclusion

This overview of the fiscal note process summarizes the major aspects of the process so that legislators, departments and agencies and the general public have a better understanding of this process. One of the most important points to stress is that any questions regarding individual fiscal notes or the fiscal note process by anyone, a Legislator, state agency representative, or member of the general public should be brought directly to OFPR's attention. OFPR will explain the methodology and assumptions used to develop a fiscal note on any bill or amendment. OFPR also stands ready to listen to concerns about specific aspects of the fiscal note process and encourages your comments on ways to improve upon it. The office is located in Room 225 of the State House. The telephone number is (207) 287-1635.

Appendix A

Special Appropriations and Special Highway Tables

SPECIAL APPROPRIATIONS AND SPECIAL HIGHWAY TABLES

I. Introduction

The act of tabling a bill or motion is the process of setting aside or deferring action on the bill or motion. The Special Appropriations Table and the Special Highway Table are special processes in the Maine State Senate for deferring actions on bills affecting General Fund appropriations and/or revenue and Highway Fund allocations and/or revenue, respectively. These tables were designed to track legislation affecting the General Fund and Highway Fund; to provide equitable treatment for these bills; and to maintain balanced General Fund and Highway Fund budgets.

These special tables are established by Senate Orders. These orders are printed in the Senate Calendar, usually very early in the First Regular Session. Copies of these orders are provided below.

Special Appropriations Table

Created by Senate Order 8 1st Legislative Day, December 2, 1998
(See Senate Advance Journal and Calendar)

“Ordered, that all Bills and Resolves carrying or requiring an appropriation or involving a loss of revenue that are in order to be passed to be enacted, or finally passed, shall, at the request of a member of the Committee on Appropriations and Financial Affairs, be placed on a special calendar to be called up for consideration only by a member of the Committee.”

Special Highway Table

Created by Senate Order 9 1st Legislative Day, December 2, 1998
(See Senate Advance Journal and Calendar)

“Ordered, that all Bills and Resolves carrying or requiring an appropriation of highway revenue or involving a loss of highway revenue that are in order to be passed to be enacted, or finally passed, shall, at the request of a member of the Committee on Transportation, be placed on a special calendar to be called up for consideration only by a member of the Committee.”

II. Purpose of the Special Appropriations Table and Special Highway Table

These tables have been established to provide the Joint Standing Committee on Appropriations and Financial Affairs and the Joint Standing Committee on Transportation with methods of making sure that the General Fund and the Highway Fund, respectively, are maintained as balanced budgets. They also place the decisions for bills affecting the General Fund and the Highway Fund with the Committees charged with the oversight of those specific funds, rather than distributing these decisions to other policy committees.

Note: Reference to “requiring an appropriation” in these orders has been interpreted by the Office of Fiscal and Program Review to mean current biennium costs, future costs, and potential costs.

These tables provide a formal method for tracking the effect of legislation on the General Fund and Highway Fund. Tracking these bills could be done on an on-going basis and be factored into the decision-making processes of both budgets. However, this on-going tracking process would make the budget decisions of the Joint Standing Committees on Appropriations and Financial Affairs and Transportation reactive rather than proactive. The budget bills usually include the major financial decisions regarding the General Fund and Highway Fund. Therefore, to maintain their central role in the budget decision-making process, the Legislature has decided to defer action on most other bills affecting the General Fund and Highway Fund until after the budget bills have been reported out of their respective committees and

enacted. Other bills with General Fund or Highway Fund impacts must compete equally for finite resources rather than on a first come, first served basis.

III. Process of Tabling Bills

Senate Orders passed early in the session specify any senate member of the Joint Standing Committee on Appropriations and Financial Affairs may make the motion to set aside a bill on the Special Appropriations Table. The same rules apply to senate members of the Joint Standing Committee on Transportation for the Special Highway Table. Motions to place bills on either of these tables are made when the bill is pending final enactment in the Senate. The Senate Chairs of the Committee on Appropriations and Financial Affairs and the Committee on Transportation usually make the motion to table on the Special Appropriations and Special Highway Tables, respectively, but other members of those committees, in the absence of the chairs, may make motions to table bills on the Special Appropriations and Special Highway Tables.

IV. Role of the Office of Fiscal and Program Review

The Office of Fiscal and Program Review (OFPR), a non-partisan staff office of the Legislature, provides the Legislature with fiscal research and fiscal notes and staffs the Joint Standing Committees on Appropriations and Financial Affairs, Taxation and Transportation. All bills with a fiscal impact are tracked through the fiscal note process administered by OFPR. Given its roles in the fiscal note process and the staffing of the Committee on Appropriations and Financial Affairs and the Committee on Transportation, OFPR has the role of notifying the members of the committees usually through the respective chairs that a bill is coming up for final enactment which meet the criteria for placement on the Special Appropriations and Special Highway Tables.

OFPR also produces reports about the bills and resolves on these tables. These reports summarize the expenditure and revenue impacts of each bill. Finally, OFPR also provides staff assistance to the Committee on Appropriations and Financial Affairs, the Committee on Transportation and Legislative Leadership during the final decision-making phases of the bills on these tables.

V. Types of Bills and Resolves to be Placed on These Tables

Not all bills with fiscal impacts get placed on the Special Appropriations Table or the Special Highway Table. The bills must include a cost to the General Fund or Highway Fund, respectively. A general rule is applied by OFPR in making recommendations regarding whether a bill should be placed on these tables. If any bill or any portion of a bill includes a General Fund appropriation, General Fund revenue reduction or any other General Fund cost, that bill should be set aside on the Appropriations Table. The same applies for the Highway Fund Table; if any bill or any portion of a bill includes a Highway Fund cost or revenue reduction that bill should be set aside on the Special Highway Table. Bills that should be tabled include:

- Bills that include General Fund appropriations or Highway Fund allocations;
- Bills that reduce General Fund revenue or Highway Fund revenue; and
- Bills that increase future General Fund or Highway Fund costs or reduce future General Fund or Highway Fund costs or reduce future General Fund or Highway Fund revenues.

A bill that includes a General Fund appropriation or Highway Fund allocation that may be offset by additional General Fund or Highway Fund revenue, General Fund deappropriations or Highway Fund deallocations, will still receive a recommendation to be tabled even though the overall net impact could be positive to either fund.

If bills affect both the General Fund and the Highway Fund in such a way that a recommendation would be made to place the bill on either Table, these bills will be recommended to be placed on the Special Appropriations Table.

The committees may decide to exempt a particular “emergency” bill from being placed on either of the funding tables. The appropriate committee usually holds a public work session and specifically votes to exempt that bill from being placed on the respective table.

VI. Final Action on Bills and Resolves on These Tables

Special Appropriations Table

After the budget bills have been enacted or are pending enactment, the Joint Standing Committee on Appropriations and Financial Affairs makes the initial decisions on the bills to be passed. These decisions are made with a significant amount of input from other sources. Other committees are required, within 5 working days after reporting out all of their bills, to notify the Joint Standing Committee on Appropriations and Financial Affairs of their priorities of bills that are on the Special Appropriations Table. (See Joint Rule 314 (7), 119th Legislature).

After the Committee on Appropriations and Financial Affairs has made its recommendations, it has been general practice that Leadership reviews the decisions of the Committee on Appropriations and Financial Affairs and makes the final decision as to what bills are recommended for enactment off the table. However, during the 117th Legislature, Leadership only took formal actions on study requests.

Special Highway Table

The Special Highway Table decisions are made at approximately the same time as the Special Appropriations Table. No other committees are required to submit priorities to the Transportation Committee. Leadership does not usually meet regarding the Special Highway Table.

VII. Special Study Table

In addition to the Special Appropriations Table and the Special Highway Table the Legislature added the Special Study Table to its Joint Rules for the 119th Legislature, based on the recommendation by the Special Committee on Legislative Rules that a formal study table be established on which all legislative study requests would be placed.

Joint Rule 353, §8, requires that all joint orders or legislation proposing legislative studies regardless of funding source must be placed on a special study table in the House or Senate. The Legislative Council is required to review the proposed studies and establish priorities for allocation of budgetary and staffing resources.

Appendix B

Fiscal Notes and Cost Estimates for State Mandates

FISCAL NOTES AND COST ESTIMATES FOR STATE MANDATES

119th Legislature

All Bills that include a potential state mandate will be identified by the Office of Fiscal and Program Review (OFPR) as soon as possible after distribution of the printed bills. OFPR will regularly generate a list of all potential mandate bills, which will be forwarded to committee staff, the Maine Municipal Association and other interested parties. Committee staff, legislators, the Maine Municipal Association or other interested parties should notify the OFPR directly regarding this list and whether or not a bill should be included.

Mandate Identification on individual bills - OFPR attempts to distribute memoranda on all printed bills describing the fiscal impact on state government prior to the scheduled public hearing on the bill. These memoranda will also identify state mandates with a very rough estimate of the costs and the number of local units affected. No detailed cost estimate will be provided initially (unless sufficient information is provided at the same time as other fiscal information, i.e. if departments or state agencies have reliable data available which will allow an accurate estimate of the municipal or county costs). The Maine Municipal Association or other interested parties with data available to generate a reliable estimate of the local costs should forward that information directly to OFPR. Pursuant to 3 M.R.S.A., §163-A, sub-§12, this information will be considered with other fiscal note information.

Committee Reports for Bills with State Mandates - If a bill that contains a mandate is going to be reported out favorably from a committee, a committee has several options. OFPR's level of analysis will depend on which of the following options a committee chooses.

- **Exempt the Bill by including a Mandate Preamble** - The committee may decide to exempt the mandate from the funding requirement by including a Mandate Preamble and requiring a two-thirds favorable vote in both Houses. OFPR will normally provide a very rough estimate of the cost and scope of the mandate, similar to OFPR's treatment of original printed bills. By special request, OFPR will do a more detailed estimate of the cost, resources permitting.
- **Reconsider Committee Report to remove the Mandate** - The committee may decide that it can amend the committee report to remove the mandate, amend the requirement out of the bill or amendment. OFPR will work with the committee and staff to review the changes and to determine if the mandate has been removed by the proposed changes.
- **Fund the Mandate** - The committee may decide to recommend funding the mandate by including a General Fund appropriation or other financing method. For these committee reports, OFPR will provide a more detailed assessment of the total cost of the mandate in order to include an appropriation section or other funding mechanism for the bill.
- **Defer Decision on Funding the Mandate** - The committee may also decide to report the bill out without funding and without a Mandate Preamble. OFPR will include a rough estimate of the cost in the fiscal note, similar to OFPR's treatment of original printed bills.

In the last two cases, the bills will normally be placed on the Special Appropriations Table and decisions regarding the funding will be deferred until the end of the session when the Joint Standing Committee on Appropriations and Financial Affairs makes decisions on bills placed on this table. Note: If a bill with a state mandate is passed without funding or a mandate preamble, the local units of government affected may refuse to implement the mandate.

Floor Amendments that include State Mandates - Given the limited amount of time available to assess the fiscal impact of floor amendments, OFPR will, at a minimum, identify mandates. If time permits, an estimate of the cost will be provided. If a mandate is identified on a floor amendment, the sponsor has the same options as a committee.

Other Requests for Municipal Cost Estimates - OFPR will attempt to provide estimates of the local fiscal impact of other non-mandate legislation as requested, again resources permitting.

Appendix C

A Brief Explanation of the “State Mandate” Law

A BRIEF EXPLANATION OF THE “STATE MANDATE” LAW

The Constitutional Amendment prohibiting unfunded state mandates applies to cities, towns, plantations, counties, school units and other local governmental entities that are established under legislative authority to perform a public function and are funded by local revenues and administered by governing bodies that are responsible to the public. The State may not impose as a mandate any law, rule or executive order requiring a local unit of government to expand or modify its actions in a way that primarily affects that unit's performance of its governmental functions and that directly results in new spending from local revenues by that unit of government.

If the State does impose a mandate without the approval of 2/3 of both Houses, it must fund at least 90% of the new local costs. The State may not meet its funding obligations by requiring a local unit of government to use funds previously appropriated to the unit for another purpose or by authorizing new local taxes or fees to be raised. The State may reduce or eliminate existing mandates that result in savings to local units and, in effect, use those funds to provide funding for new mandates. State actions to comply with federal requirements need not be funded by the State, except to the extent that the State's requirements exceed the federal requirements.

In each fiscal year, a local unit of government must receive the required state funding prior to implementing a mandate or it is not obligated to conform to the mandate. State agencies must develop mandate payment distribution schedules for each mandate they administer. The schedules are designed with local input to periodically pay local units the costs of complying with mandates prior to incurring the additional costs. A single mandate may have more than one payment schedule.

When analyzing whether a law, rule or executive order represents a state mandate according to the Maine State Constitution, Article IX, §21, and the implementing statutory language in 30-A M.R.S.A., §5685, two questions must be asked.

1. Does this law or rule require a local unit of government (see attached list of qualifying local governmental units) to take some action or perform some function (emphasis added)? A state mandate must require a local unit of government to expand or modify their activities.
2. If the law, rule or executive order does require some action, does that requirement result in direct costs to any local unit of government?

Based on OFPR's understanding of the law and the guidance OFPR and the Legislature have received from the Office of the Attorney General, mandates include the following:

- **County Salary bills** are state mandates if they increase salaries of county officials.
- **County Budget bills** are state mandates if they require municipalities to pay higher county taxes.
- **Bills introduced on behalf of local units of government** are mandates, despite being initiated and favored by the local units, if those local units are required to do something that requires additional expenditures such as hold a special election.
- **Bills generating revenue at the local level or net savings in aggregate** are mandates if they include any requirements that may result in any local unit of government incurring additional costs to implement.
- **Bills establishing a new state requirement that all or some municipalities may already have implemented or bills prohibiting cuts in programs** are mandates even though many local units may be in compliance.

Mandates do not include the following:

- **Bills of general applicability**, such as bills that affect employers generally or environmental regulations that are not directed at operations specific to local units of governments, are not state mandates because they do not “primarily affect” a local unit's governmental activities.
- **Bills setting new standards for discretionary programs**, such as bills that require local units of governments to perform certain activities if those units choose to implement a particular program, are not state mandates because they do not actually require those local units of government to do something.
- **Bills adding new crimes or enhancing the class of certain crimes** are not state mandates because enforcement at the local level is discretionary and the laws are not directed specifically at local units of government.
- **Bills reducing state subsidies** are not state mandates because reducing state subsidies alone does not actually require local units to expand or modify their activities.
- **Constitutional Amendments** are not state mandates because they are not “enacted” by the legislature, they are submitted to the voters. If approved by the voters, a new constitutional amendment would have equal weight in the eyes of the court as the constitutional amendment prohibiting state mandates.

Cost Estimation of Mandates

The Office of Fiscal and Program Review, a non-partisan staff office of the Maine State Legislature, is the agency solely responsible for preparing all fiscal notes on bills and amendments introduced before the Legislature. Since fiscal notes should identify state mandates and estimate the cost, the Office of Fiscal and Program Review, by implication, is responsible for identifying and estimating the cost of mandates.

Some issues related to cost estimation of mandates include:

- **Net costs versus component costs.** Since local revenues generated by a bill may not be counted to offset the cost of a mandate and some local savings generated by a bill may not be eligible to offset the cost of a mandate, the fiscal impact of a mandate must be evaluated by each individual requirement or component. The State is allowed, however, to repeal an existing mandate and use the savings to fund the imposition of a new mandate.
- **Funding of existing programs.** If a mandate applies to an existing activity of some local units of government but a new activity for other units, the state must fund 90% of the cost to those units that already have implemented the required activity as well as those units that have not implemented the required activity.
- **Timing of Funding.** The timing of the costs to be incurred by local units of government is also very important. The constitutional amendment and implementing statutory language require the establishment of a payment distribution schedule for each funded state mandate so that payments are received by a local unit of government prior to that unit incurring the additional expenditure.

Rules and Executive Orders

Executive Orders and minor technical rules that propose new “mandates” on local units of government are not voted on by the Legislature, consequently, there are limited options with respect to funding the new mandate. If the rulemaking was authorized or required by a bill or resolve and that legislation included a mandate preamble, the exemption from the funding requirement provided by the mandate preamble and the 2/3’s vote of the Legislature is extended to the rules adopted pursuant to the exempted law. However, if a law authorizing rulemaking did not include a mandate preamble, the only method to exempt a rule with a new mandate from the funding requirement is to add a mandate preamble to the resolve indicating approval by the Legislature of the “major substantive” rule or to submit the rule or executive order to the Legislature as a bill or resolve with a mandate preamble for a 2/3’s vote.

Local Units of Government Covered by the “State Mandate” Law

A Local Unit of Government, for the purposes of the “State Mandate” Law, means any city, town, plantation, county, school administrative unit or governmental entity that is:

1. Created or authorized by special act of the Legislature;
2. Established to provide public services;
3. Funded by local revenues;
4. Governed by a locally elected body or a body appointed by a municipality or county; and not an agency of State Government or other entity having statewide authority, jurisdiction or purpose.

Therefore, Local Units of Government include but are not limited to the following:

- All cities and towns;
- Counties;
- Plantations;
- School Administrative Units;
- Water Districts; and
- Sewer Districts.

Local Units of Government do not include the following:

- The Unorganized Territories
- The University of Maine System
- The Maine Maritime Academy
- The Maine Technical College System

Appendix D

OFPR Organization

OFFICE OF FISCAL AND PROGRAM REVIEW
Policy Area Assignments by Analyst
119th Legislature

Jim Clair, Director	Maine Development Foundation Commission on Governmental Ethics and Election Practices Maine Municipal Bond Bank Department of the Secretary of State Office of the Treasurer of State
Rose Breton, Principal Analyst	Coordinator, Fiscal Note Process Coordinator, Expenditure Research Legislature Law and Legislative Reference Library
Grant Pennoyer, Principal Analyst	Coordinator, Revenue and Economic Research Department of Administrative and Financial Services Governor's Office and Blaine House (Exec. Dept.) State Planning Office (Exec. Dept.) Judicial Department Bureau of Revenue Services (DAFS) State Board of Property Tax Review
Tim Leet, Senior Analyst	Primary Staff, Joint Standing Committee on Appropriations & Financial Affairs Department of the Attorney General Department of Audit Maine Arts Commission Maine Historic Preservation Commission Maine Historical Society Maine State Library Maine State Museum
Alexandra Avore, Analyst	Department of Corrections Criminal Justice Commission Department of Human Services Department of Mental Health, Mental Retardation and Substance Abuse Services Maine Children's Trust Maine Health Data Organization Maine Hospice Council Maine State Housing Authority Maine Veterans' Home Pine Tree Legal Assistance

**Shirrin Blaisdell,
Analyst**

Maine Advocacy Services
Department of Economic and Community Development
Department of Education
Finance Authority of Maine
Maine Committee for Global and Geographic Education
Maine International Trade Center
Department of Labor
Maine Maritime Academy
Department of Professional and Financial Regulation
Fund Insurance Review Board
Office of the Public Advocate (Exec. Dept.)
Maine Public Broadcasting Corporation
Public Utilities Commission
Maine Science and Technology Foundation
Maine State Retirement System
Maine Technical College System
State Board of Education
University of Maine System
Workers' Compensation Board

**Julie Jones,
Analyst**

Primary Staff, Joint Standing Committee on Taxation

Maine Human Rights Commission
Maine Indian Tribal - State Commission

**Lock Kiermaier,
Analyst**

Primary Fiscal Staff, Joint Standing Committee on Transportation

Atlantic Salmon Authority
Atlantic States Marine Fisheries Commission
Baxter State Park Authority
Department of Agriculture, Food and Rural Resources
Department of Conservation
Department of Defense and Veterans Services
Department of Environmental Protection
Department of Inland Fisheries and Wildlife
Department of Marine Resources
Bureau of Motor Vehicle (Sec. of State)
Lobster Promotion Council
Department of Public Safety
Department of Transportation
Maine Turnpike Authority
Maine Sardine Council
Maine Sludge and Residuals Utilization Research
Saco River Corridor Commission
St. Croix International Waterway Commission
Wild Blueberry Commission of Maine

OFFICE OF FISCAL AND PROGRAM REVIEW
Policy Area Assignments by Agency
119th Legislature

<u>Agency Name</u>	<u>OFPR Analyst</u>
Department of Administrative and Financial Services	Grant Pennoyer
Maine Advocacy Services	Shirrin Blaisdell
Department of Agriculture, Food and Rural Resources	Lock Kiermaier
Maine Arts Commission	Tim Leet
Atlantic Salmon Authority	Lock Kiermaier
Atlantic States Marine Fisheries Commission	Lock Kiermaier
Department of the Attorney General	Tim Leet
Department of Audit	Tim Leet
Baxter State Park Authority	Lock Kiermaier
Wild Blueberry Commission of Maine	Lock Kiermaier
Maine Children's Trust	Alexandra Avore
Department of Conservation	Lock Kiermaier
Department of Corrections	Alexandra Avore
Criminal Justice Commission	Alexandra Avore
Department of Defense and Veterans Services	Lock Kiermaier
Maine Development Foundation	Jim Clair
Bureau of Motor Vehicle (Sec. of State)	Lock Kiermaier
Department of Economic and Community Development	Shirrin Blaisdell
State Board of Education	Shirrin Blaisdell
Department of Education	Shirrin Blaisdell
Department of Environmental Protection	Lock Kiermaier
Commission of Governmental Ethics and Election Practices	Jim Clair
Finance Authority of Maine	Shirrin Blaisdell
Fund Insurance Review Board	Shirrin Blaisdell
Maine Committee for Global and Geographic Education	Shirrin Blaisdell
Governor's Office and Blaine House (Exec. Dept.)	Grant Pennoyer
Maine Health Data Organization	Alexandra Avore
Maine Historic Preservation Commission	Tim Leet
Maine Historical Society	Tim Leet
Maine Hospice Council	Alexandra Avore
Maine State Housing Authority	Alexandra Avore
Maine Human Rights Commission	Alexandra Avore
Department of Human Services	Alexandra Avore
Maine Indian Tribal - State Commission	Julie Jones
Department of Inland Fisheries and Wildlife	Lock Kiermaier
Maine International Trade Center	Shirrin Blaisdell
Judicial Department	Grant Pennoyer
Department of Labor	Shirrin Blaisdell
Law and Legislative Reference Library	Rose Breton
Legislature	Rose Breton
Maine State Library	Tim Leet
Lobster Promotion Council	Lock Kiermaier
Department of Marine Resources	Lock Kiermaier

Agency Name

Maine Maritime Academy
Department of Mental Health, Mental Retardation and Substance Abuse Services
Maine Municipal Bond Bank
Maine State Museum
Office of the Public Advocate (Exec. Dept.)
Pine Tree Legal Assistance
Department of Professional and Financial Regulation
State Board of Property Tax Review
Maine Public Broadcasting Corporation
Department of Public Safety
Public Utilities Commission
Maine State Retirement System
Bureau of Revenue Services (DAFS)
Saco River Corridor Commission
Maine Sardine Council
Maine Science and Technology Foundation
Department of the Secretary of State
Maine Sludge and Residuals Utilization Research
Maine Soil & Water Conservation Commission
State Planning Office (Exec. Dept.)
St. Croix International Waterway Commission
Maine Technical College System
Department of Transportation
Office of the Treasurer of State
Maine Turnpike Authority
University of Maine System
Maine Veterans' Home
Workers' Compensation Board

OFPR Analyst

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Tim Leet
Shirrin Blaisdell
Julie Jones
Shirrin Blaisdell
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Shirrin Blaisdell
Lock Kiermaier
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Grant Pennoyer
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Lock Kiermaier
Shirrin Blaisdell
Jim Clair
Lock Kiermaier
Lock Kiermaier
Grant Pennoyer
Lock Kiermaier
Shirrin Blaisdell
Lock Kiermaier
Jim Clair
Lock Kiermaier
Shirrin Blaisdell
Alexandra Avore
Shirrin Blaisdell

Appendix E

Sample Fiscal Notes

Sample Fiscal Note Memoranda

JAMES A. CLAIR
Director

Date: 01/01/99 ORIGINAL
Hearing Date:
Committee: NOT REFERRED

Maine State Legislature
OFFICE OF FISCAL AND PROGRAM REVIEW
Augusta, Maine 04333

TO: Senate Chair - Sen.
House Chair - Rep.
Sponsor -

FROM: Rose Breton, Principal Analyst

SUBJECT: FISCAL NOTE INFORMATION FOR LD 9999

This is a test bill

The estimated increase (decrease) of Appropriations and Allocations:

Line Item Summary	1999-00	2000-01
Positions - LEG Count	(2,000)	(3,000)
Personal Services	75,000	150,000
All Other	20,000	40,000
Capital Expenditures	<u>10,000</u>	<u>5,000</u>
TOTAL	105,000	195,000

Fund Summary	1999-00	2000-01
General Fund	105,000	150,000
Other Funds		45,000

The estimated increase (decrease) of Revenues:

	1999-00	2000-01
Other Funds		45,000

Comments:

The Department of Testing will incur additional costs of \$105,000 in fiscal year 1999-00 and \$195,000 in fiscal year 2000-01 to prepare and conduct the tests required in section 2. The \$45 fee for the test will generate additional dedicated revenue of \$45,000 annually beginning in fiscal year 2000-01 based on 1000 persons taking the test each year. An Other Special Revenue allocation of \$45,000 will fund a Tester I position in fiscal year 2000-01. General Fund appropriations of \$105,000 in fiscal year 1999-00 and \$150,000 in fiscal year 2000-01 will be required to fund the remaining requirements of the department for a Senior Tester position and a Tester I position and related expenses.

Appropriation and allocation sections and a fiscal note must be amended to the bill pursuant to Joint Rule 312.

JAMES A. CLAIR
Director

Date: 01/01/99 ORIGINAL
Hearing Date:
Committee: NOT REFERRED

Maine State Legislature
OFFICE OF FISCAL AND PROGRAM REVIEW
Augusta, Maine 04333

TO: Senate Chair - Sen.

 House Chair - Rep.

 Sponsor -

FROM: Rose Breton, Principal Analyst

SUBJECT: FISCAL NOTE INFORMATION FOR **LD 9999**

This is a test bill

Comments:

The Department of Testing will incur some minor additional costs to prepare and conduct the tests required in section 2. These costs can be absorbed within the department's existing budgeted resources. The testing fee will result in insignificant increases of General Fund revenue.

JAMES A. CLAIR
Director

Date: 01/01/99 ORIGINAL
Hearing Date:
Committee: NOT REFERRED

Maine State Legislature
OFFICE OF FISCAL AND PROGRAM REVIEW
Augusta, Maine 04333

TO: Senate Chair - Sen.

House Chair - Rep.

Sponsor -

FROM: Rose Breton, Principal Analyst

SUBJECT: FISCAL NOTE INFORMATION FOR **LD 9999**

This is a test bill

Comments:

This bill has no fiscal impact.

Sample Amendment Fiscal Review Form

**OFFICE OF FISCAL AND PROGRAM REVIEW
AMENDMENT FISCAL REVIEW**

January 1, 1999

LD: 9999 LR: 9999 Item: 2 Filing#: Analyst: GTP
Type of Amendment: C A Requester: ROS
Sponsor: Majority

Fiscal Note Only Request: YES

Fiscal Impact of Amendment: NO FISCAL IMPACT

Fiscal Note Required: YES

Approp./Alloc. section(s) or additional attachments required: YES

Mandate Exemption: NO CHANGE

Drafting Notes: This section will contain any fiscal related drafting instructions.

FISCAL NOTE

	1999-00	2000-01
APPROPRIATIONS/ALLOCATIONS		
General Fund	105,000	150,000
Other Funds		45,000

REVENUES

Other Funds	45,000
-------------	--------

The Department of Testing will incur additional costs of \$105,000 in fiscal year 1999-00 and \$195,000 in fiscal year 2000-01 to prepare and conduct the tests required in section 2. The \$45 fee for the test will generate additional dedicated revenue of \$45,000 annually beginning in fiscal year 2000-01 based on 1000 persons taking the test each year. An Other Special Revenue allocation of \$45,000 will fund a Tester I position in fiscal year 2000-01. General Fund appropriations of \$105,000 in fiscal year 1999-00 and \$150,000 in fiscal year 2000-01 will be required to fund the remaining requirements of the department for a Senior Tester position and a Tester I position and related expenses.

**OFFICE OF FISCAL AND PROGRAM REVIEW
AMENDMENT FISCAL REVIEW**

January 1, 1999

LD: 9999 LR: 9999 Item: 2 Filing#:

Analyst: GTP

Type of Amendment: C A

Requester: ROS

Sponsor: Majority

Fiscal Impact of Amendment: NO FISCAL IMPACT

Fiscal Note Required: YES

Sec. 3. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Act.

	1999-00	2000-01
TESTING, DEPARTMENT OF		
Special Tests		
Positions - LEG Count	(2.000)	(2.000)
Personal Services	\$75,000	\$105,000
All Other	20,000	40,000
Capital Expenditures	10,000	5,000
 TOTAL	 \$105,000	 \$150,000

Provides funds for a Senior Tester position and a Tester I position to administer the special testing program.

Sec. 4. Allocation. The following funds are allocated from Other Special Revenue funds to carry out the purposes of this Act.

2000-01

TESTING, DEPARTMENT OF

Special Tests

Positions - LEG Count	(1.0)
Personal Services	\$45,000

Provides funds for a Tester I position to administer the special testing program.

Sample Final Fiscal Note Form

STATE OF MAINE
119th Legislature
OFFICE OF FISCAL AND PROGRAM REVIEW

01/01/99

H.P. 9999 - L.D. 9999

CURRENT TITLE: This is a test bill

Committee: Not Referred

Fiscal Impact of LD: Current Costs

This Fiscal Note is for the bill as Engrossed with the Following Amendments:

CC "A" (S-9999)

No Fiscal Impact

FISCAL NOTE

	1999-00	2000-01
APPROPRIATIONS/ALLOCATIONS		
General Fund	105,000	150,000
Other Funds		45,000
REVENUES		
Other Funds		45,000

The Department of Testing will incur additional costs of \$105,000 in fiscal year 1999-00 and \$195,000 in fiscal year 2000-01 to prepare and conduct the tests required in section 2. The \$45 fee for the test will generate additional dedicated revenue of \$45,000 annually beginning in fiscal year 2000-01 based on 1000 persons taking the test each year. An Other Special Revenue allocation of \$45,000 will fund a Tester I position in fiscal year 2000-01. General Fund appropriations of \$105,000 in fiscal year 1999-00 and \$150,000 in fiscal year 2000-01 will be required to fund the remaining requirements of the department for a Senior Tester position and a Tester I position and related expenses.

Appendix F

Guidelines for Department/Agency Fiscal Estimate Preparation

Guidelines for Agency Fiscal Estimate Preparation

State departments and agencies (hereafter referred to as agencies) play an important role in the fiscal note process. OFPR has formalized the input of agencies in this process by requesting from each agency an estimate of the fiscal impact of each bill or amendment that impacts that agency. The following information is intended to guide each agency in responding to OFPR.

Agency Responsibilities for Responding on Bills and Amendments

Every Legislative Document (LD) and amendment must be responded to, in writing by the agency that is affected regardless of whether the agency concludes that the legislative document does or does not have a fiscal impact. In most cases, the analyst working with the agency will contact (either by a call, fax or E-mail) to notify the agency of the bills and amendments affecting the agency. However, the analyst's call or contact with the agency is a courtesy and should not be relied upon. The ultimate responsibility for getting fiscal estimate information to OFPR lies with the agency.

Timing Deadlines for Responses

OFPR needs a response to all legislative documents (including amendments) within five working days of their release to the general public. If this deadline cannot be met, the OFPR analyst assigned to your agency (see Appendix D for list) should be notified as to when the fiscal estimate will be completed and forwarded.

Each agency should be aware that there will be times during the session (particularly during the end of the session) when the agency will not have even five working days to respond to certain LDs, new drafts and amendments (i.e., when an immediate response is needed). An OFPR analyst will notify each agency by phone when these situations arise.

Objectivity and Completeness of Responses

All fiscal estimates must be objective and accurate. An agency's response should not be used to influence the policy-making process, which involves the elected representatives of the people of the State of Maine. Rather, the agency's response must be completely factual.

- Any assumptions used in preparing the fiscal estimate should be clearly delineated.
- The agency's fiscal estimate should quantify the LD's impact in dollar terms.
- When the agency believes the LD does have a fiscal impact, the fiscal estimate should include the following:

A breakdown of any appropriation or allocation needed, including the following:

- Program Name and MFASIS Number(s)
- Fund(s)
- Fiscal Year(s)
- Position Count* and Type of Count (if needed)
- Personal Services (if needed)

- All Other (if needed)
- Capital Expenditures (if needed)
- Totals

*When a new position is being requested the agency must include the hire date and the job title, range, and justification if other than the first step is needed to fill the new position.

Revenue increases/decreases by fund and fiscal year.

A brief description of the fiscal impact (including any and all assumptions made).

Umbrella, unit, program and appropriation numbers for any appropriation/allocation fiscal estimate.

Any other information needed to fully explain the agency's estimate.

If it is difficult to specify the fiscal impact, the best available estimate should be forwarded. A range can be used rather than a specific number if it represents the "best" data available.

Future Impacts

5 M.R.S.A., §1665 requires agencies to submit an estimate of expenditures and revenues for the current biennium and the following biennium. For the 119th Legislature, this means that agencies must estimate expenditures and revenue through fiscal year 2002-03 and submit that estimate to the State Budget Officer. This information must also be submitted to OFPR.

Municipal Mandates

In 1992, Maine's voters approved a Constitutional Amendment requiring the State to fund 90% of the cost of state mandates on local units of government. This has significant implications for the fiscal note process. Many local government costs resulting from legislation have effectively become state government costs. Therefore, it is very important that each agency review bills affecting its areas of responsibility for their potential as state mandates and, at a minimum, identify the requirement(s) in the bill that may result in additional local expenditures for local governmental units. If an agency has data available to estimate the additional local costs, that information should be included as well.

Submitting Fiscal Estimates

Suggested forms to submit fiscal estimates are available from OFPR as either a hardcopy, Microsoft Word template file, or Microsoft Excel file. A sample copy of the forms is included in Appendix G. Agencies may create their own templates and forms as long as all the necessary information is included in approximately the same format.

Estimates may be submitted by fax, E-mail or hardcopy whichever is most convenient for the agency.

Appendix G

Suggested Form for Department/Agency Fiscal Estimate Preparation

To: _____ Date: _____
From: _____
Subject: Fiscal Estimate for LD _____ Short Title _____

Programs Affected: _____

Check the box(es) that apply:

1 ☐ **No Fiscal Impact** (Briefly explain why proposed change has no impact): _____

2 ☐ **Minor Costs/Costs Absorbed** (Briefly explain additional responsibilities and provide approx. estimate of costs):

3 ☐ **Minor Revenue Impact** (Briefly explain and provide approximate estimate of the amount and the fund affected):

4 ☐ **State Mandate** (Describe new requirements that may increase costs for local governmental units and, if possible, include your estimate of the total additional local costs - attach analysis on a separate sheet):

5 ☐ **Fiscal Impact**

Include the following if, and only if, Box 5 is checked:

- > **Attach Expenditure and Revenue Estimates Sheet(s)** (Pursuant to 5 MRSA, sec. 1665, as amended by PL 1995, c. 365, pt. EE, fiscal estimates must include an estimate of the revenue and expenditure forecasts for each year of the current fiscal biennium and the following fiscal biennium.)
- > **Attach an Explanation of Methodology** (Include assumptions made in determining the costs and/or projecting a change in revenue; also refer to specific sections of the proposed bill that create a fiscal impact.)

(Attach additional information/sheets as necessary)

**Expenditure and Revenue Estimates
For LD _____ (119th Legislature)**

Program Name: _____

MFASIS Account Number(s): _____

Effective Date used as basis for calculating costs: _____

	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03
General Fund Appropriations/Expenditure Estimates					
Positions - Leg. Count					
Positions - FTE Count					
Personal Services					
All Other					
Capital Expenditures					
Total					

Highway Fund Allocations/Expenditure Estimates					
Positions - Leg. Count					
Positions - FTE Count					
Personal Services					
All Other					
Capital Expenditures					
Total					

Other Fund Allocations/Expenditure Estimates					
Fund: _____					
Positions - Leg. Count					
Positions - FTE Count					
Personal Services					
All Other					
Capital Expenditures					
Total					

Fund: _____					
Positions - Leg. Count					
Positions - FTE Count					
Personal Services					
All Other					
Capital Expenditures					
Total					

Fund: _____					
Positions - Leg. Count					
Positions - FTE Count					
Personal Services					
All Other					
Capital Expenditures					
Total					

Fund: _____					
Positions - Leg. Count					
Positions - FTE Count					
Personal Services					
All Other					
Capital Expenditures					
Total					

Revenue Estimates					
General Fund (undedicated)	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03
Highway Fund					
Other Revenue					
Fund: _____					
Fund: _____					
Fund: _____					
Fund: _____					

(Attach sheet(s) for explanation of methodology and any other information necessary to calculate these estimates)

Explanation of Methodology for Expenditure and Revenue Estimates

For LD _____ (119th Legislature)

Detail of Assumptions:

Line Category Detail:

Personal Services (Include job title, range, step, hire date and other benefit assumptions for each position):

Job Title	Range/Step	Hire Date	Other Benefit Assumptions
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

All Other (Identify costs included in this estimate by the same level of C&O detail as the "C" Forms):

C&O# & Description	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total - All Other

Capital Expenditures (Identify costs by item(s) and fiscal year(s) to be purchased):

Detail of Revenue Estimates: (Include Revenue Source Code)

Revenue Source Code	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total - All Other

Revenue Notes and Assumptions:

(Attach additional sheet(s) for any other assumptions/information necessary to calculate these estimates)

