

Legislative Budget Office(LBO)

Fiscal Note User Guide

Note: Documents are available in alternative formats by contacting lbo@lbo.leg.mn

Introduction

This Fiscal Note User Guide prepared by the Legislative Budget Office (LBO) provides information on fiscal notes, direction on how to complete a fiscal note, and technical instructions on the Fiscal Note Tracking System (FNTS). The purpose of the Fiscal Note User Guide is to provide instruction and examples to ensure compliance with the [Legislative Budget Office Uniform Standards and Procedures \(USP\)](#). Users should become familiar with these Uniform Standards and Procedures to understand how to develop fiscal notes.

Fiscal Note Statutes

Agencies and the Supreme Court are directed by Minnesota Statute §3.98 to complete fiscal notes according to the uniform standards and procedures approved by the LBO Oversight Commission. Minnesota Statutes §3.8853 and 3.8854 guide the operations of the LBO.

Fiscal Note Overview

A fiscal note is an objective estimate of the fiscal impact to the state from the implementation of a proposed bill. The fiscal impact estimates include changes in expenditures and non-tax revenues. Fiscal notes are often requested to inform the legislature of the potential fiscal impact of the bill prior to a scheduled hearing. A fiscal note is requested on a particular version of a bill.

A fiscal note helps legislators and the public understand how a bill will impact the state budget, the budget of state agencies, and local governments (when applicable). Fiscal notes are created by state agencies, the judicial branch, or other state entities with subject matter expertise on the topic or whose operations are impacted by the proposed legislation.

Agencies impacted by the legislation are assigned to complete a fiscal note. In certain cases, multiple agencies are impacted and more than one agency is assigned to complete a fiscal note. This is known as a consolidated fiscal notes. There are certain circumstances where one agency may be asked to prepare a fiscal note on behalf of many agencies. In cases where a defined set of agencies are impacted by the bill language, multiple agencies are assigned to complete the fiscal note. This creates a consolidated fiscal note and one agency is designated as the “Lead Agency.”

All fiscal notes shall be created in compliance with the USP as approved by the LBO Oversight Commission as required under Minnesota Statute §3.8853 available on the Legislative Budget Office website.

Fiscal Note Types

Regular Fiscal Notes

A regular fiscal note is requested and prepared on an introduced bill or amendment to an introduced bill. A regular fiscal note can only be requested by the Chair of the House Ways and Means Committee, the Chair of the Senate Finance Committee, and the Chair of the committee to which the bill has been referred. Operationally, fiscal analysts make requests for fiscal notes on behalf of members. Completed regular fiscal notes are public data.

Unofficial Fiscal Note

An unofficial fiscal note is requested and prepared on a draft bill that has not been introduced. An unofficial note may be requested by any member of the legislature. Completed unofficial fiscal notes are public data.

Classified Unofficial Fiscal Notes

A classified unofficial fiscal note is requested and prepared on draft legislation that has not been introduced. A classified unofficial fiscal note may be requested by any member of the legislature. A classified unofficial fiscal note is handled as nonpublic data at the discretion of the author. The fiscal note becomes public data once the author chooses to make bill language available for consideration by the legislature. See page 22 for additional information on the classified unofficial fiscal note process.

Fiscal Note Process

1. A fiscal note request is made through the Fiscal Note Tracking System (FNTS). The requester must establish a due date and provide the bill language for unIntroduced legislation. The due date reflects the date the fiscal note is to be submitted to the legislature.
2. The LBO receives the request through the FNTS system. The LBO Coordinator reviews the bill and assigns agencies to complete a fiscal note.
3. The assigned agency Fiscal Note Coordinator(s) receive an email notification of the request. Each agency Fiscal Note Coordinator then reviews the bill language and makes internal assignments to analyze the potential impact to the agency.
4. The agency analyzes the bill to assess the impact to the agency including estimated costs or savings, changes in revenue, associated technology costs, long-term considerations, and additional staff time or resources required to implement the proposed bill. The agency includes all assumptions used to create the fiscal note and identifies any potential for local impact.
5. The Fiscal Note Coordinator enters the agency's completed fiscal note into the FNTS and signs off on the fiscal note. The agency Fiscal Note Coordinator should submit the fiscal note at least 24 hours in advance of the due date for single agency fiscal notes and 48 hours for consolidated notes to allow time for the LBO review.

6. The LBO Analyst is notified via email once their assigned agency completes a fiscal note in the FNTS. The LBO Analyst reviews the assigned agency's fiscal notes to ensure compliance with the USP. All fiscal notes are reviewed for accuracy, objectivity, and reasonableness.

The LBO Analyst will request additional information or clarification from the agency when the standards are not met. An agency may revise its fiscal note in the FNTS with updated data so that it conforms to the USP.

The LBO Analyst signs off on the fiscal note in the FNTS when the fiscal note conforms to the USP. For consolidated notes, after each assigned agency has submitted its fiscal note to the LBO and the corresponding LBO Analyst signs off on each individual note, the Lead LBO Analyst reviews and signs off on the consolidated fiscal note.

7. Once the fiscal note is marked complete, the FNTS emails the completed regular fiscal note to the requester, Agency Fiscal Coordinator, agency email notification recipients, committee fiscal analyst, and Executive Budget Officer (EBO) at Minnesota Management and Budget (MMB). The author, committee chair and other individuals on the committee email distribution list also receive this email for regular and unofficial fiscal notes. For classified unofficial fiscal notes the email notification is more limited.
8. Regular and unofficial fiscal notes become available on the [public fiscal note search webpage](#) hosted on the LBO website within 24 hours of LBO Analyst signoff. Regular fiscal notes from past legislative sessions are also available on this site. Classified unofficial fiscal notes are not available on the public fiscal note search webpage.
9. Fiscal notes are based on the bill language at the time of the request. If bill language changes that may affect the fiscal note estimate, the requester must submit a new request for the new bill language.

For detailed instruction on navigating the Fiscal Note Tracking system, see Chapter 5 of this User Guide.

Chapter 1

Annotated Fiscal Note

Pages 6-8 contain an annotated version of a fiscal note. An accessible version of the same annotated note can be found on pages 9-11. Each page of the annotated note is an example of fiscal note best practices. Call out boxes appear on each page to explain the information that should be included in the fiscal note. The annotated note serves as an example, but does not address every possible scenario and level of detail that should be included under every circumstance. In order to complete the fiscal note accurately and completely, the entire User Guide and USP should be reviewed and applied.

The first page of the annotated note is an example of a fiscal note cover page. The cover page(s) should always include the following five sections:

1. Fiscal Note Heading
2. Fiscal Impact Indicator Checkboxes
3. State Cost (Savings) Table
4. Full Time Equivalent (FTE) Positions Table
5. Legislative Budget Office Analyst Signoff

The second page of the annotated note demonstrates the detail and information that should be included in the following sections:

1. State Cost (Savings) Calculation Details Table
2. Bill Description
3. Assumptions

The State Cost (Savings) Calculation Details Table includes two parts (Expenditures, Absorbed Costs, Transfers Out; and Revenues, Transfers In), which are then calculated and entered into the top of the table. The State Cost (Savings) Calculation Details Table is always on the page directly following the cover page.

Immediately following the State Cost (Savings) Calculation Details Table are six supporting narrative sections. These narratives provide support for the overall fiscal impact shown within the tables. The six supporting narrative sections appear in the following order:

1. Bill Description
2. Assumptions
3. Expenditure and/or Revenue Formula
4. Long Term Fiscal Considerations
5. Local Fiscal Impact
6. References/Sources

As demonstrated, the Bill Description should include references to the applicable bill sections that have a fiscal impact on the agency. For further information on the Bill Description section and best practices, please refer to page 15 of the User Guide. The Assumptions section should provide sufficient detail to support the fiscal estimates included in the Expenditure and/or Revenue Formula section. For more information on Assumptions and best practices, please refer to pages 16-17 of the User Guide.

The sections on Expenditures and/or Revenue Formula appear on the third page of the annotated fiscal note. As demonstrated, the Expenditures and/or Revenue Formula section should include details on salary, fringe, supplies and travel, and IT services or equipment for FTEs. These details should be displayed separately. The Expenditure and/or Revenues section should provide the calculations that support the numbers on the cover page and tables of the fiscal note. For more information on the Expenditures and/or Revenue Formula section and best practices, please refer to page 17 of the User Guide.

Long Term Fiscal Considerations, Local Fiscal Impact, and References/Sources appear on the third page of the annotated fiscal note. For information on Long Term Fiscal Considerations, Local Fiscal Impact, and References/Sources; and best practices, please refer to page 18 of the User Guide.

The third page of the annotated note also includes the last two sections of the fiscal note:

1. Agency Contact
2. Agency Fiscal Note Coordinator Signature

These sections include contact information for the agency contact person who developed and completed the note and the agency Fiscal Note Coordinator.

Fiscal Note Heading—includes the bill number, version, bill title, chief author, date completed (when the note was signed off by the LBO), and agency. When more than one agency is assigned the heading will also state “Consolidated Fiscal Note” and identify the name of the lead agency, and the name(s) of other agencies.

Fiscal Impact Indicator Checkboxes—indicates whether the bill would have an impact on State Expenditures, Fee or Departmental Earnings, Tax Revenue, and whether the bill impacts state information technology systems. A fifth checkbox for Local Fiscal Impact indicates whether the bill has an impact on local government expenditures or revenues.

Fiscal Note

HF999 - 1E - Agricultural Tax Credit Program

Chief Author: Jane Smith
Committee: Agriculture Finance
Date Completed: 3/3/2019 12:00:00 PM
Agency: Agriculture Dept

2019 - 2020 Legislative Session

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue	X	
Information Technology	X	
Local Fiscal Impact		X

Full Time Equivalent (FTE) Positions Table— this table estimates the changes in Full Time Equivalent (FTE) positions by fund. Consolidated fiscal notes display FTE impact by fund and fiscal year separately for each agency.

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings) Dollars in Thousands	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	88.5	48	48	48
Total	-	88.5	48	48	48
Biennial Total			136.5		96

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	.5	.5	.5	.5
Total	-	.5	.5	.5	.5

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: John Doe Date: 3/3/2019 12:00:00 PM
Phone: 651-284-5555 Email: John.Doe@lbo.leg.mn

State Cost (Savings) Table—this table summarizes the bill's state cost or savings by fund and fiscal year. Consolidated fiscal notes involving multiple agencies summarize the cost (savings) individually by agency and fund, and then combines the cost (savings) by fund, demonstrating the total impact.

Fiscal notes prepared during the first year of a legislative session include five years of data, and those prepared during the second year include four years of data. For example, a fiscal note requested in the 2019 session will project the impact for fiscal years 2019 through 2023; notes prepared during the 2020 session will project fiscal impact for fiscal years 2020 through 2023.

Legislative Budget Office Analyst Signoff—identifies the LBO Analyst who reviewed the fiscal note (the Lead Analyst for a consolidated fiscal note), their telephone number, their e-mail address, and the date the Analyst signed off on the note.

The standard message reads “I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.” It may sometimes be followed by additional clarifying comments from the LBO Analyst.

State Cost (Savings) Calculation Details Table—this table details the data and calculations of the State Cost (Savings) table from the cover page(s). At the top of this table, it repeats the summary cost by fund, which is also on the cover page(s). Additionally, this table includes two other parts, described below.

Part 1—details, by fund, the changes in expenditures (if any), the amount of additional costs the agency can absorb (if any), and the amount of funds to be transferred out (if any) from a state fund to another state fund. For consolidated notes, data is presented individually by agency and fund.

Part 2—details, by fund, the changes in fees or state tax revenues, and the amount of funds to be transferred in (if any) to a state fund from another state fund. For consolidated notes, data is presented individually by agency and fund.

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2

Dollars in Thousands	FY2019	Biennium		Biennium	
		FY2020	FY2021	FY2022	FY2023
General Fund	-	88.5	48	48	48
Total	-	88.5	48	48	48
Biennial Total			136.5		96

1 - Expenditures, Absorbed Costs*, Transfers Out*

General Fund	-	88.5	48	48	48
Total	-	88.5	48	48	48
Biennial Total			136.5		96

2 - Revenues, Transfers In*

General Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

This bill establishes a tax incentive program to beginning farmers, as well as those selling or leasing farming land or assets to beginning farmers.

Section 1, subdivision 2 of the bill will allow a credit against the tax due under Chapter 290 for the sale or rental of "Agricultural Assets" to a beginning farmer.

Section 1, subdivision 3 of the bill provides a tax credit for beginning farmers who are taking approved farm financial management programs according to section 41B.0391, subdivision 3. This credit is equal to 100 percent of the cost of participating in the program.

Section 1 of the bill also directs the Rural Finance Authority (RFA) to certify the following: the validity of the beginning farmer designation; the validity of the rental agreement; the validity of agricultural assets eligible for tax credit; the validity of the educational program merits and qualifications based upon the statute. The RFA shall also provide beginning farmers with necessary and reasonable assistance and support for qualification and participation in approved financial management programs, and refer beginning farmers to agencies and organizations that may provide additional information and assistance.

Section 2 of the bill directs the RFA to share verification information with the Department of Revenue (DOR). This information includes any of the following that have been deemed valid: beginning farmers names, rental agreements, sale agreements and assets sold, and the names of beginning farmers enrolled in the approved financial management programs. It also requires that the RFA verify the terms of the approved application, including information on the terms of the sale or rental agreement, or cost of financial management courses.

Assumptions

Certification Process

There are currently four financial management programs for farmers. The RFA has to certify each of these programs once. The RFA estimates that the certification process for these four programs will take approximately 16 hours. This impact is immaterial and RFA staff could handle the educational certification processing.

It is assumed that a significant number of applications for the Beginning Farmer Tax Credit would be received. Preliminary estimates based on experience in Iowa indicate that approximately 370 applications might be received per year. To address this workload, additional staffing would need to be added.

Agency staff would review applicable information such as ownership records, tax returns, financial records, and educational transcripts to determine whether the farmer in question meets the parameters of the program as outlined in the bill. It is assumed that the review process will take approximately 2.75 hours per application. Considering there are likely 370 applications, at 2.75 hours each, the hours of added work is approximately 1,018. Additionally, staff will have to enter this information into the database to share with the Department of Revenue, which will require a few minutes per application. We assume this will add 5 minutes to each application review, or 31 hours. Based on this increased workload, we will require .50 FTE, as 1.0 FTE = 2,080 hours.

Supporting Narratives—the following six sections provide narrative information that should clearly and concisely address each area. These sections include: bill description, assumptions, expenditure and/or revenue formula, long term fiscal considerations, and local fiscal impact.

Bill Description—describes what the bill does with an emphasis on the portions of the bill that have a fiscal impact. This summary explanation should have sufficient detail and context for readers who are not familiar with the bill. The agency should also state when it is responding to particular sections of the bill.

Assumptions—explain the factors, assumptions, and methodology used to develop the estimate. Explanations of assumptions should be accurate, transparent, reasonable, justifiable, well documented, and easily understood by readers.

Expenditure and/or Revenue Formula—describes the basic equation or formula that rolls up all of the assumptions into the bottom-line fiscal impact. This section should include all the factors contributing to the cost or savings of the bill. Savings are displayed as negative numbers.

Long Term Fiscal Considerations—indicates whether the estimated fiscal impact will continue beyond the forecasted period. This can include either a quantification of the impact or an explanation of long term fiscal considerations.

Assumptions Continued—this is a continuation of the assumptions from page 2. This narrative explains the agency assumptions used to develop IT cost estimates.

IT Development Process

The RFA will need to create an electronic verification form for approved applications and update their database for sharing this information with the DOR. This work will require IT system updates and changes that allow the RFA to share information with outside agencies. It will also require one-time testing.

The RFA has had similar IT work done in order to share database information with other agencies. Previously this work required 180 hours of contractor work, at a rate of \$275/hour. In total the system updates and testing are expected to cost \$49,500 in the first year, with subsequent years costing \$8,800 for continued maintenance. Maintenance is calculated at a rate up to 20% of original development costs and does not include system testing expenses.

Expenditure and/or Revenue Formula

370 applications x 2.75 hours = 1,018 hours
 1,018 hours ÷ 2,080 (1.0 FTE Hours) = .49 FTE
 370 applications x 5 minutes = 1,850 minutes or 31 hours
 1,018 hours + 31 hours = 1,049 hours
 1,049 hours ÷ 2,080 (1.0 FTE Hours) = .50 FTE

Initial Program Development and Administration	FY19	FY20	FY21	FY22	FY23
Salary (0.5 FTE State Program Administrator Sr. 10L Step 5)		\$26,000	\$26,000	\$26,000	\$26,000
Fringe (13.5% plus insurance)		\$9,000	\$9,000	\$9,000	\$9,000
Centralized IT Services (service and equipment)		\$1,500	\$1,500	\$1,500	\$1,500
Office Supplies and Travel		\$2,500	\$2,500	\$2,500	\$2,500
IT System Updates		\$44,000	\$8,800	\$8,800	\$8,800
IT System Testing		\$5,500			
Total Cost:		\$88,500	\$47,800	\$47,800	\$47,800

Tax implications would be estimated by the Department of Revenue.

Long Term Fiscal Considerations

Ongoing and annual system support is necessary to accommodate future maintenance, and is calculated at up to 20% of original development costs.

Local Fiscal Impact

The bill does not have a local fiscal impact.

References/Sources

Current MN Statutes, Chapters 41B, 275 and 290
 State of Iowa Department of Agriculture website and staff were also consulted due to a similar program run in their state.

Agency Contact: Matthew Johnson (651-201-5555)

Agency Fiscal Note Coordinator Signature: Mary Anderson

Date: 3/1/2019 6:00:00 PM

Phone: 651-201-3333

Email: Mary.Anderson@state.mn.us

**References/
Sources**—identifies staff and/or other entities consulted while completing the fiscal note.

Local Fiscal Impact—identifies the local government unit(s) affected, provides a brief description of the fiscal impact to the local government, describes any new or expanded local mandate(s), and whether it is a program or a non-program mandate. Often it may not be possible to quantify the amount of local impact. In that case, this section should explain the factors contributing to local government cost. This narrative section must be completed when an agency checks the local fiscal impact indicator on the cover page(s).

Agency Contact— identifies the name and phone number of the staff member whom the agency fiscal note coordinator has designated to respond to questions regarding the fiscal note.

Agency Fiscal Note Coordinator Signature —identifies the name, telephone number, and e-mail address of the agency fiscal note coordinator; and date the coordinator signed off on the fiscal note.

HF999 – 1E – Agricultural Tax Credit Program

Chief Author: Jane Smith
 Committee: Agriculture Finance
 Date Completed: 3/3/2019 12:00:00 PM
 Agency: Agriculture Dept

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue	X	
Information Technology	X	
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.

Reductions shown in the parentheses.

State Cost (Savings)		Biennium1	Biennium1	Biennium2	Biennium2
Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	88.5	48	48	48
Total	-	88.5	48	48	48
Biennial Total			136.5		96

Full Time Equivalent Positions (FTE)		Biennium1	Biennium1	Biennium2	Biennium2
	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	.5	.5	.5	.5
Total	-	.5	.5	.5	.5

LBO Analyst's Comments

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: John Doe Date: 3/3/2019 12:00:00 PM
 Phone: 651-284-5555 Email: John.Doe@lbo.leg.mn

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are show in parentheses.

"Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2			Biennium1	Biennium1	Biennium2	Biennium2
Dollars in Thousands		FY2019	FY2020	FY2021	FY2022	FY2023
General Fund		-	88.5	48	48	48
	Total	-	88.5	48	48	48
	Biennium Total			136.5		96
1 – Expenditures, Absorbed Costs*, Transfers Out*						
General Fund		-	88.5	48	48	48
	Total	-	88.5	48	48	48
	Biennial Total			136.5		96
2 – Revenues, Transfers In*						
General Fund		-	-	-	-	-
	Total	-	-	-	-	-
	Biennial Total			-		-

Bill Description

This bill establishes a tax incentive program to beginning farmers, as well as those selling or leasing farming land or assets to beginning farmers.

Section 1, subdivision 2 of the bill will allow a credit against the tax due under Chapter 290 for the sale or rental of "Agricultural Assets" to a beginning farmer.

Section 1, subdivision 3 of the bill provides a tax credit for beginning farmers who are taking approved farm financial management programs according to section 41B.0391, subdivision 3. This credit is equal to 100 percent of the cost of participating in the program.

Section 1 of the bill also directs the Rural Finance Authority (RFA) to certify the following: the validity of the beginning farmer designation; the validity of the rental agreement; the validity of agricultural assets eligible for tax credit; the validity of the educational program merits and qualifications based upon the statute. The RFA shall also provide beginning farmers with necessary and reasonable assistance and support for qualification and participation in approved financial management programs, and refer beginning farmers to agencies and organizations that may provide additional information and assistance.

Section 2 of the bill directs the RFA to share verification information with the Department of Revenue (DOR). This information includes any of the following that have been deemed valid: beginning farmers' names; rental agreements, sale agreements and assets sold, and the names of beginning farmers enrolled in the approved financial management programs. It also requires that the RFA verify the terms of the approved application, including information on the terms of the sale or rental agreement, or cost of financial management courses.

Assumptions

Certification Process

There are currently four financial management programs for farmers. The RFA has to certify each of these programs once. The RFA estimates that the certification process for these four programs will take approximately 16 hours. This impact is immaterial and RFA staff could handle the educational certification processing.

It is assumed that a significant number of applications for the Beginning Farmer Tax Credit would be received. Preliminary estimates based on experience in Iowa indicate that approximately 370 applications might be received per year. To address this workload, additional staffing would need to be added.

Agency staff would review applicable information such as ownership records, tax returns, financial records, and educational transcripts to determine whether the farmer in question meets the parameters of the program as outlined in the bill. It is assumed that the review process will take approximately 2.75 hours per application. Considering there are likely 370 applications, at 2.75 hours each, the hours of added work is approximately 1,018. Additionally, staff will have to enter this information into the database to share with the Department of Revenue, which will require a few minutes per application. We assume this will add 5 minutes to each application review, or 31 hours. Based on this increased workload, we will require .50 FTE, as 1.0 FTE = 2,080 hours.

IT Development Process

The RFA will need to create an electronic verification form for approved applications and update their database for sharing this information with the DOR. This work will require IT system updates and changes that allow the RFA to share information with outside agencies. It will also require one-time testing.

The RFA has had similar IT work done in order to share database information with other agencies. Previously this work required 180 hours of contractor work, at a rate of \$275/hour. In total the system updates and testing are expected to cost \$49,500 in the first year, with subsequent years costing \$8,800 for continued maintenance. Maintenance is calculated at a rate up to 20% of original development costs and does not include system testing expenses.

Expenditure and/or Revenue Formula

370 applications x 2.75 hours = 1,018 hours
1,018 hours/2,080 (1.0 FTE hours) = .49 FTE
370 applications x 5 minutes = 1,850 minutes or 31 hours
1,018 hours + 31 hours = 1,049 hours
1,049 hours/2,080 (1.0 FTE hours) = .50 FTE

Initial Program Development and Administration	FY19	FY20	FY21	FY22	FY23
Salary (0.5 FTE State Program Administrator Sr. 10L Step 5)		\$26,000	\$26,000	\$26,000	\$26,000
Fringe (13.5% plus insurance)		\$9,000	\$9,000	\$9,000	\$9,000
Centralized IT Services (service and equipment)		\$1,500	\$1,500	\$1,500	\$1,500
Office Supplies and Travel		\$2,500	\$2,500	\$2,500	\$2,500
IT System Updates		\$44,000	\$8,000	\$8,000	\$8,000
IT System Testing		\$5,500			
Total Cost:		\$88,500	\$47,800	\$47,800	\$47,800

Tax implications would be estimated by the Department of Revenue.

Long Term Fiscal Considerations

Ongoing and annual system support is necessary to accommodate future maintenance, and is calculated at up to 20% of original development costs.

Local Fiscal Impact

The bill does not have a local fiscal impact.

References/Sources

Current MN Statutes, Chapters 41B, 275 and 290

State of Iowa Department of Agriculture website and staff were also consulted due to a similar program run in their state.

Agency Contact: Matthew Johnson (651-201-5555)

Agency Fiscal Note Coordinator Signature: Mary Anderson

Date: 3/1/2019 6:00:00 PM

Phone: 651-201-3333

Email: Mary.Anderson@state.mn.us

Chapter 2: Components and Best Practices: Fiscal Note Basics

General Notes

This chapter outlines the components of and best practices for fiscal notes. Appendix B provides a sample checklist that will be used by LBO analysts when reviewing agency notes.

Objectivity

The fiscal note must be written objectively without any reference to the merit of the proposed legislation. An agency shall not comment on whether it is in favor of or opposed to the bill. The fiscal note must be created on the potential fiscal impact to the agency based on the language of the bill.

The fiscal note may comment on mechanical or technical defects of the bill as they apply to the assessment of the fiscal impact. An agency may use the assumptions portion of the fiscal note to communicate concerns or barriers to fully implement a bill based on mechanical or technical issues identified with the bill language.

Plain Language

The agency must explain assumptions and program impacts through the narrative portion of the fiscal note. Each agency should make an effort to use plain language throughout the fiscal note to communicate clearly, allowing readers to understand the content the first time they read it. Principles of plain language include:

- Using lists and bullet points when possible for easy reading.
- Stating explicitly what an abbreviation stands for when using for the first time in a document.
- Focusing on what is most important for the reader to understand.
- Using short blocks of text for easy reading.
- Being direct and simple.

Additional plain language guidelines can be found on the [Federal Plain Language Guidelines Webpage](#).

Budgetary Policy and Instructions

Agencies must consider budgetary policy and instructions for each biennium, issued by Minnesota Management and Budget (MMB), when completing fiscal notes. All fiscal impact on a fiscal note should be consistent with these policies.

Fiscal Note Format

Fiscal notes follow the format listed below. Each agency assigned to the note must complete the checkboxes, tables, and supporting narrative sections. In addition to that information from individual agencies, consolidated notes, which are notes assigned to multiple agencies, contain cover pages that summarize the total fiscal impact to the state budget for all agencies.

Fiscal Impact Checkboxes

Fiscal impact checkboxes exist for each of the following categories: State Expenditures, Fee or Departmental Earnings, Tax Revenue, Information Technology, and Local Fiscal Impact. Thresholds and instructions for each are found below.

1. State Expenditures

Does this bill have an impact on the state budget or agency's spending?

- The agency must check this box when the proposed bill will result in the agency incurring additional costs or savings to existing costs.
- A central service agency responding on behalf of multiple agencies must check this box if those agencies would have additional spending as a result of this bill.
- The agency must check "Yes" in the expenditures box if the costs are absorbed.
- The fiscal note narrative must include detail and explanation of the fiscal impact indicated by the checked box, including any formula used to calculate the expenditures/savings.

2. Fee/Departmental Earnings

Does this bill impact an Agency Fee or Departmental Earning? Will the bill result in any non-tax revenue to the agency?

- The agency must check this box when implementing a bill impacts a service charge, license fee, regulatory fee, or other charges imposed by or pursuant to state law.
- The fiscal note narrative must include detail and explanation of the fiscal impact indicated by the checked box, including any formula used to calculate these revenues, assumptions about who will pay, and the costs to be recovered.

3. Tax Revenue

Does this bill impact State Tax Revenues?

- The agency must check this box when implementing a bill impacts state tax revenue.
- The fiscal note narrative must include detail and explanation of the tax impact indicated by the checked box, including assumptions, formulas, and/or equations used to calculate the fiscal impact, if known. Revenue Estimates completed by the Department of Revenue should serve as the source for this data.

4. Information Technology

Does this bill impact the agency's information technology systems?

- The agency must check this box when implementing a bill impacts information technology systems in the agency.
- The fiscal note narrative must include detail and explanation of the information technology impact, including which systems are impacted, staffing implications, hardware costs, software costs and the formula or equation used to calculate the impact.

- The fiscal note must be reviewed by the agency's Chief Business Technology Officer (CBTO) or their designee when this box is checked. This review must happen prior to the agency signoff for review by the LBO. Checking this box serves as a confirmation that the CBTO/designee review has occurred

5. Local Fiscal Impact

Does this bill have an impact on a unit of local government, such as cities, counties, or school districts?

- The agency must check this box when implementing a bill impacts a local unit of government.
- The fiscal note narrative must include a description and, when feasible, an estimate of the amount of fiscal impact indicated by the checked box. The local impact section of the supporting narrative must be completed as thoroughly as possible.

Tables

The agency must provide a detailed explanation of all numbers represented in all of the tables listed below, on the cover page of the fiscal note and in the fiscal note assumptions section. All estimated numbers included in tables must be designated by fund.

State Cost (Savings) Table

This table summarizes all data entered in the State Cost (Savings) Calculation Details Table. It summarizes the bill's net impact to state government across all agencies assigned to a consolidated fiscal note, including the dollar amount associated with Full-Time Equivalent (FTE) positions.

Full-Time Equivalent Positions (FTE)

Staffing level impacts are reflected on fiscal notes in the form of Full-Time Equivalent positions (FTE) to the hundredth of a position. Each fiscal year of the table must reflect differences from current law. If the bill will require 3 FTE in the first year, with 2 additional FTE in the second year, the table should show 3 FTE in the first year and 5 FTE in the second year. Documentation of FTE impact must be included in the fiscal note Expenditures section of the table and contain the calculated FTE change and the dollar amount cost of that change. The FTE table on the cover page of the fiscal note reflects the total FTE impact of the proposed legislation.

State Cost (Savings) Calculation Details Table

This table breaks down the total fiscal impact of the legislation by fund and by type of expenditure or type of revenue. All numbers included in this table are also included in the State Cost (Savings) table. The parts of this table and best practices for how to complete them, are:

Expenditures:

An expenditure on a fiscal note must be estimated by fund. A fiscal note shall not include inflationary increases, except in cases of bill language directing an agency to include inflationary increases or involving a forecasted program that includes an inflationary factor. Justification and explanation of each expenditure must be included in the fiscal note assumptions section.

Primary impacts of the bill must be included. Secondary impacts of the bill may only be discussed in the narrative and shall not be included in the table.

Absorbed Costs:

An agency is allowed to show the ability to absorb the costs of a bill on a fiscal note. All costs must be calculated in full and shown on the fiscal note, regardless of ability or intention to absorb them. The agency must indicate its ability to absorb the costs by reporting them on the State Cost (Savings) Calculation Details Table as absorbed. All absorbed costs must be accompanied by an explanation and justification within the assumptions section of the fiscal note.

Transfers Out:

Both the transfer out and transfer in must be reported on the fiscal note when a bill causes an impact to a transfer between funds. The transfer out and transfer in must be reported in like amounts, such that no net effect is realized. Transfer impacts must be accompanied by an explanation and justification within the fiscal note assumptions section.

Revenues:

A revenue change is reported on this table when a bill causes an impact to agency earnings. Revenue types included in this table include fees, departmental earnings, federal reimbursements, or other forms of non-tax earnings. An agency shall not include tax revenue in this table. Tax revenue calculated by the Minnesota Department of Revenue on Revenue Estimates may be included on the note for a bill which has a completed Revenue Estimate. An agency must include a comment in the fiscal note assumptions section if there is an impact on tax revenues, but the agency shall not include tax revenue in the table without an official Revenue Estimate from the Tax Research Division at the Department of Revenue. Any revenue that is reported on the table must be accompanied by an explanation and justification in the assumptions section of the fiscal note.

Transfers In:

Both the transfer in and transfer out must be reported on the fiscal note when a bill causes an impact to a transfer between funds. The transfer in and transfer out must be reported in like amounts, such that no net effect is realized. Transfer impacts must be accompanied by an explanation and justification within the fiscal note assumptions section.

Supporting Narrative

In addition to completing the tables, the agency must complete the following six sections (Bill Description, Assumptions, Expenditure and/or Revenue Formula, Long-Term Fiscal Considerations, Local Fiscal Impact, and References/Sources) to clearly and thoroughly explain the fiscal impacts of the bill.

Bill Description

The agency must describe the provisions of the bill in sufficient detail. The agency should identify the sections of the bill that have a fiscal impact on the agency. The Bill Description must include detail about appropriations and budgetary programs the bill impacts.

Assumptions

The agency must use the assumptions section of the fiscal note to explain in detail the foundation for the fiscal impact that is included in the fiscal note. This section must clearly state the basis of the estimates and provide as much detail as necessary to understand the entire fiscal note. The assumptions section must justify all estimates included in the fiscal note tables. The assumptions section must include enough detail that a reasonable person could understand the fiscal impact reported on the note without knowledge of the bill or the agency's programs. All methodologies must be explained. Each agency on a consolidated fiscal note should work with the assigned LBO Analyst to coordinate assumptions with all agencies assigned to the fiscal note.

If the bill language is particularly complicated or unclear, making it difficult for the agency to develop reasonable assumptions, the agency should contact the LBO Analyst and requester to determine the appropriate steps to take to obtain clarification of the bill language. The agency may indicate technical or mechanical defects of the bill language, such as drafting errors, conflict with existing statute, or undefined terms in the assumptions section.

The fiscal note assumptions section should adhere to the following best practices to address all included items on a fiscal note:

Expenditures:

The agency must explain why the bill language will result in additional costs or savings. The explanation must detail how the costs reported on the note are necessary and reasonable to implement the language in the bill. The agency must state whether the cost or savings is one-time or ongoing. The narrative must fully explain how the assumptions have translated into the fiscal impact of the bill and detail the reason for any changes between fiscal years or biennia. Changes as a result of build-up or start-up costs are allowable.

FTEs

The agency should provide information about the classification and rate of salary of positions created or eliminated by the bill, with projections for each year reflecting changes from current law. The agency should calculate and identify separately all fringe costs, supplies, and any other costs associated with FTEs. Agencies must calculate FTEs using total working hours between 2,080 and 2,096. Independent contractors should not be included in FTE counts.

The agency must explain all differences between biennia or fiscal years. Agencies are allowed to account for the anticipated total compensation increases for FTEs in the second year of the first biennium. The cost may be higher in year two than in year one to account for this; however, costs for an individual FTE for years three and four must be consistent with FTE costs for year two. Fringe benefit and insurance cost estimates can be found on [MMB's Cost Projections Update](#) dated August 19, 2019.

Indirect costs:

The agency must list indirect costs separately from the other costs as a separate line on a table or in a formula. The agency must justify the inclusion of indirect costs and explain differences between indirect costs in various funds on the same fiscal note.

Absorbed Costs:

The agency is allowed to show the ability to absorb the costs of a bill. All costs must be calculated in full and shown on the fiscal note, regardless of ability or intention to absorb them. The agency must indicate its ability to absorb the costs by reporting them on the Calculation Details table as absorbed. All absorbed costs must be accompanied by an explanation and justification within the assumptions section of the fiscal note.

The agency must not absorb the costs if they:

- Are new to the agency
- Are non-operational in nature, such as money for grants
- Displace other functions of the agency
- Are associated with forecasted programs
- Are being absorbed based solely on bill language that requires an agency to absorb costs associated with the bill
- Are being absorbed based on an agency's position on a bill.

Revenue:

The agency must explain why the bill language will result in revenue to the agency. The agency must explain in detail the rate at which fees will be assessed and departmental-earning programs will be taken up. The agency must also note whether the revenue is one-time or ongoing. The agency may note the tax impact of a bill in the fiscal note assumptions section if a Revenue Estimate has been completed for the bill by the Department of Revenue. The agency must cite the Tax Research Division at the Department of Revenue as the source of this information.

IT Costs

When a bill involves IT related costs, agencies should consider separately showing costs associated with hardware/infrastructure, software, IT staffing, business staffing and contracts. Agencies should indicate if the IT related costs are associated with a modification to an existing system or the development of a new system. For new system development, agencies must identify whether the system would be commercial-off-the-shelf (COTS) or custom developed. Implementation costs should be separated from ongoing maintenance and support costs.

Expenditure and Revenue Formula

The agency must provide the detailed formula used to determine the final costs listed on the fiscal note. The agency must include explanation of the formula used, including the assumptions contributing to the calculated estimate. The formula may be displayed in a table, as an equation, or in another format, as long as sufficient detail and explanation is provided. The agency must explain all units used in the formula and make clear how the assumptions inform the formula used to calculate the expenditure and/or revenue impact of the bill. In addition, for FTE costs, the agency must break costs down, separating salary from benefits and detailing other costs, such as supplies, equipment, travel, etc., as appropriate.

Long Term Fiscal Considerations

The agency must detail and explain any fiscal impact beyond the years that are included in the cover page of the fiscal note. The agency must provide detailed information on whether the costs within the four-year period on the note will continue at the same rate or change over time, especially changes due to phased-in revenues or expenditures, or sun-setting of activities. The agency must include any long-term implications of the legislation as well, including implications of the bill on federal or other funding. The agency shall not include costs from the long-term fiscal considerations section that are expected to occur beyond the budget years identified on the cover of the fiscal note in any tables.

Local Impact

The agency must explain in detail any fiscal impact, including impact to the local property tax rate, the bill has on a local government unit and the type and magnitude of that impact. The agency must identify which units will be impacted (cities, counties, townships, school districts) and the duration (one-time, ongoing, long term) of the fiscal impact. The agency must distinguish between program mandates (proposals that would expand, reduce, or alter local government functions or services) and non-program mandates (proposals which apply equally to existing requirements, such as elections, public meeting requirements, data collection, tax collection, or procurement procedures) when applicable.

The agency should consult with local government entities when possible and provide any estimates and assumptions received from those organizations on the fiscal note. A list of these organizations is available in Appendix A.

References/Sources

The agency must identify the source from which data for the fiscal note was obtained. The source can include agencies, entities from other states that were consulted for information on a similar program, research articles or academic literature, program staff, administrative data, or other sources. All sources and work papers must be retained after completion of the fiscal note in compliance with each agency's data retention schedule.

Chapter 3. Beyond the Basics

This chapter addresses circumstances that an agency may encounter when preparing a fiscal note that goes beyond what is addressed in Chapter 2, Components and Best Practices. Because this chapter may not be exhaustive of every circumstance that could happen, an agency may always consult with the appropriate LBO analyst to help navigate other scenarios.

Range of Fiscal Impacts and Most Likely Scenario

Generally, the agency must include data in the fiscal note tables for the single fiscal estimate that reflects the most likely scenario. For circumstances where it is not possible to determine a most likely scenario, the agency should identify a likely scenario and enter the corresponding data into the fiscal note tables.

The agency must include a range of expenses and revenues within the narrative of the fiscal note in cases where there are multiple scenarios possible. The agency must provide detailed assumptions for each scenario and the rationale for selecting the likely scenario used in the fiscal note tables.

The agency may use a range of likely scenarios for fiscal notes with:

- Hard to estimate take-up rates
- Hard to estimate compliance rates
- A bill that provides multiple options to achieve the desired outcome
- IT costs that may be hard to predict (off-the-shelf, custom built, or vendor development/implementation)

Examples, shown below, include HF599-0 and SF78-0 Legislative Budget Office Creation from the 2017-2018 session.

Fiscal Note Range of Outcomes Example:

Expenditure and/or Revenue Formula

This table shows the contract cost for MMB/MN.IT to host and maintain the FNTS. This cost has been entered in the fiscal note as the most likely scenario.

Table 3-1 - Cost of MMB/MN.IT Hosting & Maintaining the FNTS

Expense Description	FY18	FY19	FY20	FY21
MN.IT FNTS Technical Support, Database Administration, Maintenance & Web Services	45,000	45,000	45,000	45,000
MN.IT Annual Server Support Services, Backup and Storage Fees	9,000	9,000	9,000	9,000
MMB Budget Planning & Operations FNTS Support, Training and Technical Assistance Services	15,000	15,000	15,000	15,000
Total MMB/MN.IT Contract Cost for Host/Maintaining FNTS	69,000	69,000	69,000	69,000

For discussion purposes, the cost of the FNTS to be transferred by MMB/MN.IT to the LCC/LBO for hosting and maintaining is shown in the following table. This would be an alternative to having the FNTS hosted and maintained by MMB/MN.IT. These costs have not been included in the fiscal note tables.

Table 3-2 - Cost of LCC/LBO Hosting and Maintaining the FNTS

Expense Description	FY18	FY19	FY20	FY21
Contracted System Support	115,000	21,000	21,000	21,000
Hardware	14,000	4,000	4,000	4,000
MN.IT Tech Support with Transfer of FNTS	45,000	0	0	0
Consultants	150,000	50,000	50,000	50,000
LBO Tech Service Specialist (.5 FTE)	57,000	57,000	57,000	57,000
Total Cost for LCC/LBO Hosting & Maintaining FNTS	381,000	132,000	132,000	132,000

Constitutional Amendments

The Legislative Budget Office assigns fiscal notes on constitutional amendments to the Secretary of State as the lead agency and to each agency impacted by the amendment. The agency must only include the costs of adding the question to the ballot in the fiscal note tables. The agency may explain potential impacts caused if the amendment were to pass in the narrative under the Expenditure and/or Revenue Formula section.

Bills Involving Pensions

The agency must use the standard fiscal note format when completing fiscal notes on pension bills. The agency must only include data in the tables that reflect the bill's direct impact on the state budget. The agency must explain the long-term implications of the bill in the narrative section of the fiscal note, particularly how the bill affects unfunded liabilities. The agency must also discuss the effect on actuarial required contributions in the narrative. The agency must present this information as a table within the Expenditure and/or Revenue Formula section. The agency must discuss the impacts of pension bills to local governments in the Local Impact section and must include actual estimates if they are available.

Bills Containing an Appropriation

The agency must complete the fiscal note estimate regardless of an appropriation amount being included in the bill language. The agency must reference the amount in the fiscal note bill description section, but shall not assume that the dollar amount stated in the bill represents the fiscal impact of the bill. If a bill appropriates money for a grant in the language of the bill, the agency should include the grant funding as well as any associated administrative costs in the table on the fiscal note.

No Fiscal Impact

The agency must complete a fiscal note it has been assigned, even when proposed legislation has no fiscal impact on the agency. The agency must state that there is no fiscal impact and explain how it was determined. The agency must check “No” for all of the Fiscal Impact Indicators.

The agency should contact the LBO analyst or LBO coordinator if they feel the agency should not have been assigned to the fiscal note. The LBO will review the bill and the assigned agencies and determine if changes to the assignment are necessary.

Contingency Bills

A contingency bill provides funding to continue operations in the event legislation is not enacted by July 1 of an odd number year. The agency must:

- 1) Not reflect costs in the table unless there are new costs to the state.
- 2) Discuss existing costs in the narrative of the fiscal note.
- 3) Reflect cost estimates in bi-weekly amounts.
- 4) Consult their Continuity of Operations Plan or Shutdown Planning Documentation.
- 5) Ensure the bill contains appropriation language or work with the bill author to ensure legal authority exists for funds to be available to support the activities of the bill.
- 6) Consider central service agency work that may be necessary to support the bill (ex: payroll, accounting, technology support). The agency must contact the LBO at lbo@lbo.leg.mn if an impacted central service agency is not included on the fiscal note.

Central Service Agency Responses of Behalf of Enterprise

The LBO may assign central service agencies (Department of Administration, MN.IT Services, and Minnesota Management and Budget) to create a fiscal note on behalf of multiple agencies. The central service agency should work with each impacted agency to develop and review assumptions and formulas used in the fiscal note. The agency must follow the instructions found in the “Fiscal Impact Cannot Be Determined” section of this chapter in cases where a fiscal impact to state agencies is apparent, but is not able to be estimated.

Fiscal Impact Cannot Be Determined

The agency may find that the fiscal impact of a bill cannot be determined in extremely rare cases.

When a fiscal impact cannot be determined, the agency must:

- Contact their LBO Analyst to discuss
- Check the State Expenditure checkbox
- Exhaust all available resources when attempting to estimate a fiscal impact
- Indicate the fund or funds that will be impacted
- Explain in the assumptions why the estimate cannot be provided, the specific factors involved, and relevant information about potential impacts

If the agency is faced with multiple scenarios that make it hard to provide an estimate, they should refer to the Range of Fiscal Impacts and Most Likely Scenarios section.

Rulemaking

Depending on the agency size and circumstances, the rulemaking process may vary considerably. The annually published [Minnesota Rulemaking Manual](#) includes broad considerations for programs that go through the rulemaking process. However, due to the variance in experiences, an agency should use this information as a rough framework for beginning analysis, and instead rely on program-specific circumstances to inform the final fiscal note estimate. This information is updated annually for current-year cost estimates. For 2019, these costs are on page 283.

Classified Unofficial Fiscal Notes

Classified unofficial fiscal notes follow a process similar to all other fiscal notes. However, there are three additional steps in the classified unofficial fiscal note process:

1. When a Fiscal Analyst receives a request for a classified unofficial fiscal note, they should advise the member that:
 - a. MMB issued a memo to executive branch agencies instructing agencies to share classified unofficial fiscal note information with MMB and while the LBO Uniform Standards and Procedures do not allow for this, agencies might choose to share the information; and
 - b. If the language is later offered for consideration by the legislature, the note becomes public information, and the LBO recommends that a regular fiscal note be requested at that time, so that the most updated and complete information can be included.
2. Upon receipt of a classified unofficial fiscal note request, the LBO Coordinator will assign the note to the agencies impacted by the proposed language and will enter a message in the FNTS stating:
 - a. “This is a classified unofficial fiscal note request. Agencies must ensure that they are in compliance with M.S. 13.64, subdivision 3 and the LBO Fiscal Note Uniform Standards and Procedures (see p. 28, Classified Unofficial Fiscal Notes), when preparing this fiscal note.”
3. During the LBO approval process, the LBO Analyst will include a comment, which will appear on the cover page of the fiscal note, stating:
 - a. “This is a classified unofficial fiscal note request. If the language for which this fiscal note was based is made available for consideration by the legislature, the fiscal note is public, and the requester is advised to request a regular fiscal note, so that the most updated and complete information can be taken into consideration.”

Revised Fiscal Notes

There may be circumstances under which a fiscal note could be made more accurate after it has been signed off on by the LBO. (i.e. An agency may receive new information that changes the numbers on the fiscal note). Under these circumstances, the chair of the committee to which the bill has been referred, the bill’s author, a Fiscal Analyst, the LBO, or the agency may identify the need to consider a revision to the fiscal note. When a fiscal note is revised, agencies should indicate via a sentence at the beginning of assumptions section that the note has been revised, highlighting why the note is being revised, and indicating what has changed from the original version of the fiscal note. The LBO will maintain a copy of

the original note, with an indication that it has been revised, on [the LBO website](#) and will publish the revised note within 24 hours of completion.

Chapter 4. Common Fiscal Note Errors

This chapter addresses some of the commonly seen errors on fiscal notes. Any of the errors below would bring a fiscal note out of compliance with the LBO's USP. These errors would result in the LBO Analyst requiring the agency to make corrections before signoff by the LBO.

Secondary Impacts

Fiscal note tables should not include secondary impacts. The agency may discuss secondary impacts in the fiscal note assumptions narrative section of the fiscal note. The agency must identify secondary impacts as such when they are included in the narrative.

Secondary impacts are costs, savings, or revenue generation that do not result directly from the implementation of the bill. Some secondary impacts include:

- Return-on-investment type analysis
- Macro-level economic effects like expected changes to the unemployment rate due to the implementation of a new program proposed in a bill.
- Impacts that are substantially removed from the original implementation of a bill. These impacts require some level of assumed outcome that the LBO deems unreasonable to estimate.

Secondary Impact Examples:

Example 1: A bill requires all young children to be immunized at a cost to the state of \$1 per child. The agency must include only the total cost of providing the immunization for each child in the fiscal note tables. The possible reduction in future state expenditures for health care due to improved health outcomes is considered a secondary impact.

Example 2: A bill proposes the building of a new sports facility with a portion of the funding of the project coming from public dollars. The agency must include only the cost of building the stadium and any targeted non-tax revenue generation associated with the project. Any projected increased hiring or new tourism dollars being brought into Minnesota as a result of the project is considered a secondary impact.

Example 3: A bill proposes a new regulation on employers. The agency must include an estimate of the number of employers out of compliance and the cost to oversee the resolution to that lack of compliance. Any future estimated settlement amount that may result from litigation is considered a secondary impact.

Confusing No Fiscal Impact, Immaterial Fiscal Impact, and Absorbed Costs

A common error is stating "no fiscal impact" when an agency actually means that they are able to absorb the costs of the bill. The agency must check "No" for all the fiscal impact indicators if the proposed legislation has no fiscal impact on the agency or a local government unit. The agency must explain in detail the assumptions leading to a "No fiscal impact" response.

The agency may absorb the workload and associated costs resulting from legislation in some cases. The agency must check "Yes" for the fiscal impact indicator and show the costs of the legislation, even on

fiscal notes for legislative language that explicitly require an agency to absorb the costs of implementing the legislation within existing funding. The agency must indicate if they are able to absorb costs and the amount that can be absorbed by fund. The agency shall not absorb costs solely based on language in the bill stating that costs must be absorbed. The agency must discuss any activities that will be displaced as a result of absorbing the costs in the fiscal note assumptions section. The agency must not absorb costs associated with forecast programs

The agency must support its ability to absorb costs with analysis clearly explaining why the costs will be absorbed. The agency must consider whether the costs are being absorbed based on a fair analysis of the impact (not because the agency supports the bill). The agency should consider whether or not it can create thresholds for activities that can be absorbed.

The agency may encounter legislative language for which an agency will incur a cost that is small enough to be considered immaterial and therefore can be absorbed. The agency must explain this in full in the narrative portion of the bill, and should not include the number on the table. A total cost below \$2,000 may be considered immaterial by an agency.

Showing Expenditures for Salary and Benefit with No FTE Impacts

The agency must state the assumptions regarding the salary levels of new FTEs being requested in the fiscal note assumptions section if the proposed legislation will result in an FTE impact. The corresponding FTE impact from the narrative must be included in the FTE table.

Showing Expenditures for Salaries with No Benefits

The agency must include expenditures for salaries and benefits if the proposed legislation will result in an FTE impact. The agency must identify assumptions separately for fringe costs, associated supplies, and related expenses.

Incorrect Use of Parentheses

Cover Page and Summary Tables (Surrounded by bold outline)

When you are looking at the cover page of a fiscal note, whether it's a consolidated note or a single agency note, the table summarizes the overall fiscal impact to the state. Therefore, an increase in cost or FTE is shown as a positive number. A decrease in cost or FTEs is shown in parentheses. For revenues shown on the cover page, a positive number indicates a decrease or loss of revenue, which adds to the overall cost of the note. A revenue number on the cover page shown in parentheses indicates an increase or gain of revenue, which is reducing the overall cost of the note.

Table 4-1 – Parentheses on the cover page table

If showing a(n)	Then	Ex. Fund	Amount
Cost Increase	No parentheses	General Fund	750
Cost Decrease	Use parentheses	General Fund	(750)
FTE Increase	No parentheses	General Fund	5
FTE Decrease	Use parentheses	General Fund	(5)
Revenue Increase	Use parentheses	Special Revenue	(32)
Revenue Decrease	No parentheses	Special Revenue	32

State Cost (Savings) Calculation Details Tables

The use of parentheses on the State Cost (Savings) Calculation Details tables are slightly different when dealing with Revenue accounts, specifically in the table sections titled “1 – Expenditures, Absorbed Costs, Transfers Out” and “2 – Revenues, Transfers In.” In these tables, when an agency shows an increase in revenue, the amount is NOT shown in parentheses. That increase, however, is shown in parentheses in the main summary table. Likewise, when an agency shows a decrease in revenue in the detail tables, the amount is shown in parentheses.

Table 4-2 – Parentheses on the calculation tables

If Revenue is:	Then	Example
Increasing	No parentheses	58
Decreasing	Use parentheses	(58)

Transfers In and Out

The summary table, on the cover page of the fiscal note, shows the overall fiscal impact to the state. The Cost (Savings) Calculation Detail table, below the summary, shows more detail by specifying the funds individually that are impacted. The amounts are shown as separate line items when a fund has a transfer in or transfer out. The transfer amount must result in no overall change in cost or savings to the state, though transfers likely result in an overall cost or savings to a particular fund or agency. A transfer out from one fund must be matched by an equal transfer in to another fund.

Transfers Out

A positive number indicates an increase in transfers out. A number in parentheses indicates a decrease in transfers out.

Transfers In

A positive number indicates an increase in transfers in. A number in parentheses indicates a decrease in transfers in.

Example: The Department of Natural Resources (DNR) will be increasing a transfer out from their agency to the Department of Agriculture (MDA). The DNR will show a transfer out as a positive number and the MDA will show a transfer in as an equal, positive number. The opposite is true when the transfer amount is decreasing.

Table 4-3 – Showing an Increase in Transfers

Agency	Transfer Type	Amount
Department of Natural Resources	Transfer Out	24
Department of Agriculture	Transfer In	24

Table 4-4 – Showing a Decrease in Transfers

Agency	Transfer Type	Amount
Department of Natural Resources	Transfer Out	(61)
Department of Agriculture	Transfer In	(61)

Narrative data mismatch with tables

The figures entered in the table must be consistent with the numbers and calculations in the assumptions. Differences due to rounding are acceptable.

Example:

General Fund: \$1,520 (thousands)

Assumptions: Our agency will require a total of ten new employees to administer this program at a cost of \$125,000 per employee.

LBO Analysis: $10 \times \$125,000 = \$1,250,000$ The agency transposed the digits when entering their cost into the spreadsheet.

Inconsistent assumptions between agencies on a consolidated note

Assumptions should be consistent across agencies assigned to a consolidated fiscal note. The lead agency must work with all other assigned agencies during the development stages of the fiscal note to ensure that the assumptions will be consistent. Common errors on consolidated fiscal notes include duplicating costs or revenues, not covering the cost of a new commission or advisory council, different workload numbers or assumptions, and differing assumptions regarding staff, rates, or revenue. In situations where agencies have reasonable explanations why they are using different assumptions, the assumptions and reason for the differing assumptions must be explained in the narrative.

Lack of Plain Language: Abbreviations, Jargon, and Passive Voice

Fiscal note narratives should be written for a general audience using plain language because readers of the fiscal note may not be familiar with details of agency programs and operations.

Agencies should use an active voice, rather than passive voice, and avoid using jargon, acronyms, and abbreviations.

Active voice makes it clear who is performing an action. In an active sentence, the actor comes first, then the verb, then the object being acted upon. In a passive sentence, the object that is acted upon is the subject of the sentence, and comes before the verb and actor. Below is a comparison of active and passive voice.

Table 4-5 – Active Voice

Voice	Sentence Structure	Example
Active	Actor – Verb – Direct Object	The Department of Human Services proposed new regulations.
Passive	Direct Object – Verb – Actor	New regulations were proposed by the Department of Human Services.

Minimize the use of acronyms and abbreviations. Abbreviations should be defined when used for the first time in a document. Once the acronym is defined, it can be used throughout the rest of the note.

Example: Department of Natural Resources (DNR) responsibilities will include registrations, inspections, escapes, compliance and enforcement actions, Chronic Wasting Disease (CWD) testing, and program management and administration.

Avoid jargon whenever possible. Jargon unnecessarily complicates language that often leads to misunderstanding or confusion. The LBO recognizes that some details of a bill or explanation will require the use of technical or scientific terminology; however, the agency should use plain language instead of jargon as often as possible.

Biased language

Do not use biased language in the fiscal notes. The agency may comment on technical or mechanical defects of the bill but must not include opinions regarding the merits of the bill.

Appropriate: The bill includes a cross-reference to M.S. 290.03, but we believe the author intended to cross-reference M.S. 290A.03, as the language of the bill is making a change to the property tax refund, not individual income tax.

Appropriate: There is an error with the calculation of the new tax credit. The tax credit is meant to plateau for a certain range of income, and then increase again once that range of income is exceeded. The current bill language creates a dip in the credit amount at the end of the plateau. If this is not intended, the language should be adjusted to correct this.

Inappropriate: This bill creates a service that our government should not provide.

Inappropriate: The bill gives responsibility for this program to Agency A, but our agency is in a much better position to administer this program.

Chapter 5. Using the Fiscal Note Tracking System (FNTS)

Information in this chapter is divided into four sections:

- All Users – information for all FNTS users
- Legislative Users – for users who request fiscal notes
- Agency Users – for users who enter fiscal note data and sign off for agencies
- LBO Analysts – for analysts who review and approve fiscal notes

Please read the All Users section and then skip to the information for your role.

ALL USERS

The Fiscal Note Tracking System (FNTS) is a web-based system with role-based functions to securely store and manage fiscal note requests and agency responses. The FNTS sends emails to update users. Only those who have a specific role related to requesting, preparing, or reviewing/analyzing fiscal notes will be granted access to the FNTS.

Access policy

Users submit a request to the LBO to be granted access to the FNTS. The LBO will approve users with the role appropriate for their position (see Table 1). Users will only see the functions associated with their role in the system.

Table 5-1. Fiscal Note Tracking System User Roles

FNTS Roles
Legislative User - Fiscal Analysts who enter requests on behalf of committee chairs and authors authorized by statute to request fiscal notes.
Agency – Agency staff entering their agency’s fiscal note data in the system (does not include signoff capability)
Agency Signoff – Agency staff responsible to approve fiscal notes for their agency
EBO – MMB staff who review preliminary and completed regular and unofficial fiscal notes
LBO Analyst – LBO staff responsible to review and approve fiscal notes
Admin – LBO staff responsible for assigning and overseeing operation of the FNTS

Note: An Agency Fiscal Note Coordinator is not granted access to the FNTS unless they also request the agency signoff or agency role. Otherwise, Agency Fiscal Note Coordinators only receive emails about fiscal notes assigned to their agency. This is the case for the boards and agencies receiving fiscal note support from the Department of Administration’s Small Agency Resource Team (SmART).

Requesting FNTS Access

- A. Agency Fiscal Note Coordinators use the [System User Authorization Form](#), available on the LBO Website, and follow the instructions on the form to request user access to the FNTS. If a user does not have an 8-digit Employee ID, one will be provided for their use.
- B. An email from the LBO Coordinator will confirm access to the new users.

Logging in to the FNTS

1. Use Google Chrome or Internet Explorer version 11 to log in to the FNTS.

- a. Note: If opening two instances of the FNTS, use different browsers for each instance. Using the same browser may cause you to overwrite and lose information.
2. Use the [Administrative Portal](#) to log in. (It looks very similar to Employee Self Service, but it is different.) Use the same ID and password used in Employee Self Service.
 - a. Users who do not have an 8-digit Employee ID will be issued an ID and a temporary password. You must choose a new password when you first log in with your temporary password.
 - b. Note: Set up a password hint when you change your password.
3. Passwords expire every 60 days. See [Statewide Systems Password Information](#). You will receive a reminder popup about upcoming required password changes through the Administrative Portal. Note: For help with password resets, contact SWIFTHelpDesk.MMB@state.mn.us or call the SWIFT HelpDesk at 651-201-8100, option 2.
4. The Administrative Portal will time out inactive users. If you logged in through the portal, you will receive a pop-up warning.
5. If you used a direct link, you will not receive time-out or password expiration warnings. Best practice is to log in through the portal.
6. For any other help with access to the FNTS, contact the LBO Coordinator at lbo@lbo.leg.mn, (651) 297-7146.

FNTS Announcements and Maintenance

System announcements appear on the home screen and are updated as necessary.

System scheduled maintenance occurs every Sunday morning between 7:00 a.m. and 12:00 noon. The system will be unavailable to users during maintenance. If maintenance is required at other times, an announcement will be added and users will be notified in advance by email.

Updates to this User Guide will be made as necessary and the updated version announced in the system announcements and posted on the LBO website and within the FNTS.

Navigating in FNTS

See figures below:

- A. User status information shows in the red bar near the top. There is a logout button on the right side.
- B. The left menu pane lists functions available for your role.
- C. Navigation breadcrumbs indicate your location in FNTS.
- D. Entry fields in the main pane change depending on the function chosen and your role.
- E. Command buttons available for your role are near the bottom of the main pane.

Figure 5-1 - Fiscal Note Tracking System Search Screen

The screenshot displays the Fiscal Note Tracking System interface. At the top, a red header bar contains the system name and user information (User: , ID: , Role:). A 'Logout' button is located on the right side of this bar, labeled 'A'. On the left, a blue sidebar menu lists various functions: Home, Request, Search, Directories, Coordinators, Agency Email Notification, Committee Email Notification, Agencies, Funds, Announcements, and Help. The 'Search' option is highlighted, labeled 'B'. Below the sidebar, a breadcrumb trail shows 'Home' and 'Search', labeled 'C'. The main content area is titled 'Search' and contains various input fields for filtering results, labeled 'D'. These fields include Bill Number, Version, Assigned Date From/To, Agency, Agency Contact, Agency Status, LBO Analyst, Requester, Author, Committee, Session, Urgent, Due Date From/To, Note Status, Note Type, and Note Title. At the bottom of the main content area, there are 'Search' and 'Cancel' buttons, labeled 'E'. A checkbox labeled 'Show All Assigned Agencies' is also present.

Note: Use the tab key or your mouse, not the enter key, to move from field to field in the FNTS.

Figure 5-2 – Fiscal Note Status Details Screen

Note: Some status details displayed will change depending on which assigned agency is highlighted under Agency Assignments.

Fiscal Note Status Details

Bill Number:

Bill Number and Version Number

Title:

Bill Title

Note Type:

Regular Fiscal Note

Note Status:

Complete

Author:

Contact information and Agency highlighted below

Analyst:

Agency:

Agency Status:

Agency Contact:

FN Coordinator:

Agency Signoff:

LBO Analyst:

Lead LBO Analyst:

Comp Bill:

Requester:

Requester Name, email hyperlink and telephone number

Req Committee:

Committee Name

Request Date:

1/18/2019 3:13:15 PM

Retrieval Date:

1/18/2019 3:27:45 PM

Assign Date:

1/18/2019 3:27:55 PM

Due Date:

1/29/2019

Complete Date:

1/31/2019 12:16:03 PM

Prev Bill Nbr:

Prev Session Year:

Suggested Agency Assignment:

Suggested Agencies

Agency Assignments

Agency Nbr	Agency Name	Lead	Agency Status	LBO Approve	Agency Signoff Name	Agency Signoff Date	LBO Signoff Name	LBO Signoff Date
			LBO Signed Off	Y		1/22/2019 9:03:43 AM		1/22/2019 12:11:03 PM
			LBO Signed Off	Y		1/29/2019 11:06:26 AM		1/29/2019 11:28:27 AM
			LBO Signed Off	Y		1/29/2019 6:23:05 PM		1/30/2019 10:19:05 AM
		*	LBO Signed Off	Y		1/28/2019 11:00:39 AM		1/28/2019 11:22:25 AM
			LBO Signed Off	Y		1/25/2019 1:04:10 PM		1/25/2019 3:30:41 PM

Attachments

No attachments found.

Message History

Date	Message	Sender
1/18/2019	Message shows here.	John Walz

Print Message History

Status: Note is Completed.

View Consolidated

View

Revise Note

Close Detail View

Checking the Status or Searching for a Fiscal Note in the FNTS

1. Use the **Search** function on the menu pane.
2. The session defaults to the current session. Use the drop-down to choose a different session.
3. Enter the information in the appropriate fields to retrieve a list for any of the search parameters listed. Using more fields can help narrow the search results.
4. You can also use the check boxes, alone or along with the search fields, to narrow the focus of your search. Check boxes vary depending on the user's role in the system.
5. The search results can be sorted by selecting the heading in each column.
6. Select a search result by choosing the bill number or title.

Each fiscal note has both an agency status and a note status:

Table 5-1: Fiscal Note Status Categories

Agency Status	Note Status	Notes
Legislative Request	Legislative Request	New request; agencies have not yet been assigned. Only viewable by Requester and LBO Admin users responsible for assigning agencies.
Agency Draft	In Process	Viewable only to assigned agencies.
Preliminary Data	In Process	Optional status an agency can select. For regular and unofficial fiscal notes, the draft note is available to review by Legislative Requester, other assigned agencies, the MMB EBO, and the LBO Analyst. This information can also be viewed by anyone with access to the FNTS. For classified unofficial requests, the draft note is available to review by the Legislative Requester, other assigned agencies, and LBO Analysts.
Agency Signed Off	Waiting for LBO Signoff	Viewable by any user assigned to the note (more restricted for classified notes).
LBO Signed Off	Complete*	Viewable by any user (more restricted for classified notes).
LBO Signed for Agency	Complete*	Used only on rare occasions when requested by the agency.
(Status when request was inactivated)	Inactive	Used when a requested fiscal note is no longer needed.

* If more than one agency is assigned, the lead LBO Analyst must sign off on the consolidated note before the status changes to complete.

Note: If a completed fiscal note is subsequently revised, the completed status is removed, the information is updated, and reviewed again. The revision will be indicated by a "Yes" in the Revised column on the search results screen.

Searching for Completed Fiscal Notes

Note: Use the [Fiscal Note Search](#) on the LBO website, not the search function in the FNTS, to search for completed notes from previous sessions. Using the FNTS to access notes that were completed prior to

the 2020 Session may result in labeling errors due to the transition of fiscal note oversight from MMB to the LBO.

Revising a Fiscal Note

The requester, an assigned agency, or the LBO may request a revised fiscal note if an error is found or new information becomes available that would impact the estimate. To request a revision, contact the LBO Analyst who signed off on the fiscal note or FNTS Admin at fn@lbo.leg.mn. After the appropriate signoffs have been removed and a message with the revision information added, and the note may be revised. Email notifications will be sent to those affected.

Viewing a Note in Progress

The FNTS will offer the options appropriate for your role to view or print a fiscal note.

1. Fiscal notes in agency draft status are only viewable by the agency assigned.
2. If you have rights to view a note in preliminary status, use the “View” button.
3. If it is a consolidated fiscal note, use the “View Consolidated” button or highlight the agency in the Agency Assignments section of the screen to choose to view an individual agency fiscal note.

Note: Only the requester, agency users with signoff authority, and LBO Analysts and Admin roles can view a classified note.

Printing a Fiscal Note in Progress

The FNTS will offer the options appropriate for your role to view or print a fiscal note.

1. Use the command buttons at the bottom of the screen to view an individual agency fiscal note or the consolidated fiscal note.
2. Use the print icon on the fiscal note pdf (upper right corner) to print the fiscal note.

Printing Message History

Use the “Print Message History” button to print a copy of all messages associated with a fiscal note request.

Using FNTS Reports

Reports can help you track bills and manage your work in the FNTS.

Reports available for your role will be listed in the menu pane.

Select the report and parameters.

Note: Most reports will not include classified unofficial fiscal notes. The report that includes classified unofficial fiscal notes requested by you or assigned to your agency will not include any others.

Choose the **Create PDF Report** or **Create Excel Report** button.

Note: The options (PDF or Excel) vary based on report. Not all reports will have both options.

Getting Help Using the FNTS

1. If you cannot find the answer to your FNTS question in this guide, email lbo@lbo.leg.mn. Include “FNTS” in the subject line.

- For questions or help concerning fiscal note policy issues or help with issues related to a specific fiscal note request, contact the LBO Analyst assigned to the request.

FNTS Email Notifications

The FNTS uses a series of emails to keep users updated. The emails you receive are determined by your FNTS role and the type of fiscal note request:

Table 5-2 - Fiscal Note Tracking System Email Notifications

Regular or Unofficial FN Emails	Agency FN Coordinator	Agency Email List	Requester	Authors*	Committee Chairs	LBO Analyst**	EBO	Admin
FN requested				x				x
Required attachment missing			x					
FN retrieved								x
New FN assigned	x	x				x	x	
New companion FN assigned to regular fiscal note request	x	x				x	x	
FN due date change	x	x	x			x	x	x
LBO pre-signoff review						x	x	
FN ready for LBO signoff						x	x	
Agency removed signoff	x					x	x	
LBO removed agency signoff	x	x					x	
Agency unassigned FN	x	x				x	x	
FN inactivated	x	x	x			x	x	x
FN reactivated	x	x	x			x	x	x
LBO signoff removed while consolidated FN in process	x	x						x
FN Complete	x	x	x	x	x	x	x	x
FN revised after completion	x	x	x	x	x	x	x	x
Past due fiscal note***	x	x						
Message field updated	x	x	x			x	x	x

Classified FN Emails	Agency FN Coordinator	Agency Email List	Requester	Authors*	Committee Chairs	LBO Analyst**	EBO	Admin
New Classified FN assigned	x		x			x		
Classified FN inactivated	x		x					x

*If companion bill, companion bill authors also receive email

**For consolidated FN, lead analyst also gets email

***Past due emails for classified fiscal note requests are sent separately from emails about past due regular and unofficial fiscal note requests.

Logging out of the FNTS

Choose **Logout** along the right edge of the user status bar or close the program.

LEGISLATIVE USERS

Requesting a fiscal note

1. Information you will need:

- Fiscal note type (regular, unofficial, or classified)
- If already introduced, bill number and version include HF or SF as appropriate and the 4-digit bill number
- PDF of unIntroduced bill or amendment language
 - Use bill number and version for amendment language PDF when you attach the file
- Bill author if not a classified fiscal note request (you may also choose unknown as an option)
- Due date
 - FNTS defaults to 8 business days. A due date of four or fewer business days is flagged as urgent.
- Committee requesting the fiscal note (unless classified)
- List of agencies you suggest respond to the fiscal note request (optional)
- Bill number and session year of previous fiscal notes on this topic (optional)
- Message: Any other important information like hearing date, or how this request differs from an earlier request for the same bill (optional)

Note: The FNTS will let you know if a fiscal note has already been requested for the bill number and version you enter. If you request a fiscal note for an amendment on an active fiscal note request, the FNTS will ask if you want to inactivate the prior request.

2. Choose the **Request** function from the menu pane.
3. Enter the information: required fields have an * in front of the field name.
4. For unIntroduced legislative language (unofficial or classified fiscal note requests), a bill number is assigned by the FNTS.
 - a. You must attach the unIntroduced or amendment language.
 - i. Select “Choose File” in the Attachment History section.
 - ii. Select the file from your computer and select “Upload.”

Note: If you do not attach the bill language, the fiscal note cannot be assigned. The FNTS will send reminder emails to the requester daily until the language is attached.

5. Add a message, if desired:
 - a. Type your message in the Message History field.
 - b. Proofread your message—once saved, messaged cannot be edited or deleted.
 - c. Save the message by choosing the “Add to Msg List” button.
6. Select “Save” to complete the request.

Searching for an Incomplete Fiscal Note

Use the **Search** function on the menu pane to search for a list of all fiscal note requests. (Classified requests will only be shown to the requester.)

Use the **Request** function on the menu pane to see a list of the fiscal notes you have requested.

Committee Email Notifications

Legislative users are responsible for maintaining the committee email notification list for the committees they work with. When legislative users are added to the FNTS, the committees they work with are associated with their role. They are the only legislative users who can delete names from a committee email notification list.

All legislative users can add themselves to any committee email notification list, House or Senate.

1. Use the **Committee Email Notification** function under the Maintenance heading on the menu pane.
2. Pick the committee from the drop-down list.
3. Add an email address by choosing the “Add” link and type the email address in the box. Select “Save.”
4. If your role includes responsibility for a committee, delete emails by using the delete icon and confirming the selection.

Modifying a request

The modification options available to a requester depend on the fiscal note’s current note status.

1. Search for the note using the **Request** or **Search** function in the menu pane. If the request has not yet been retrieved or assigned, you will find it on your list of requested fiscal notes. After it is assigned, use the **Search** function. You will have edit or delete options listed as appropriate.

Table 5-3 - Modify Actions Available by Request Status

Request Status	Modify Actions Available through Request Screen
Legislative Request	All fields except bill number, version, and note type. The request can be deleted if no longer needed.
Retrieved	Author Committee Due Date Add a message Suggest Agencies Note other fiscal notes on the topic Add an attachment
Assigned	Author Committee Due Date Add a message Make Inactive

2. Select “Save” after making your request modifications.

Note: A note may not be deleted after it has been retrieved by the LBO. To delete a retrieved request, contact the LBO Coordinator.

Inactivating a request

If a request is no longer needed for an assigned fiscal note request, choose the “Inactivate” button at the bottom of the screen. The FNTS will send an email notification to the appropriate parties. Only the requester may inactivate a request.

Reactivating a request

If an inactive request needs to be reactivated, choose the “Activate” button at the bottom of the screen. Only the requester may activate an inactive note.

AGENCY USERS

Preparing (Entering) your Agency’s Response to a Fiscal Note Request

Information you will need:

- Worksheets and draft documents
 - Use the worksheets available on the [LBO website](#) or develop and use your own worksheet
 - Using an .rtf file extension for your worksheet to minimize the code that will need to be removed in the FNTS text boxes
 - Keep your worksheets and draft documents for reference (follow your agency’s retention schedule)
- Four-digit codes for funds associated with expenditures and revenues
 - Fund Directory (available on our website and on FNTS)
- Information from [MMB Cost Projections Update: Budget Fiscal Years 2020, 2021, and 2022](#)
- Your agency’s bill description and assumptions
 - Include, if applicable, any identified technical or mechanical defects in your agency’s bill description.

Entering the information in the FNTS

Note: Save often when preparing a note in FNTS. Be aware that the session could time out, losing unsaved information.

1. Highlight your agency on the list of assigned agencies.
2. Select the “Prepare” button.
3. Use the “Copy from existing note” checkbox at the top of the screen if there is an existing fiscal note you would like to start with, or begin entering data in the fields.
4. **Section 1, Fiscal Note Header:** Add Agency contact information for the fiscal note.
5. **Section 2, Fiscal Impact:** Select the appropriate boxes.
 - a. If you choose “Yes” for any of the fiscal impact sections, explain the impact in the assumptions.
 - b. If your agency has no fiscal impact from the proposed legislation, choose the “No Impact” checkbox, and skip to the narrative section.
 - i. Enter your agency’s bill description.
 - ii. Explain why there is no impact in the Assumptions text box.
6. **Section 3, Expenditures, Absorbed Costs, and Transfers Out:** If applicable, enter the data from your worksheet.

- a. Absorbed costs should be entered as a positive number. The FNTS will turn it to a negative number in the tables.
 - b. Negative numbers are entered with a minus sign. The FNTS will display the number in parentheses.
- Note:** Section 3 and 4 entries represent thousands. (Example: if your cost is \$2,000, enter 2.)
7. **Section 4, Revenues and Transfers In:** If applicable, enter the data from your worksheet.
8. **Section 6, Full-Time Equivalent Positions (FTE):** If applicable, add Full-Time Equivalent Positions (FTE) data. Do this any time salary expenditures are included.
 - a. FTE entries:
 - i. can be positive or negative
 - ii. must use the same funds as those used in Section 3
 - iii. can be whole numbers or decimals with up to 2 places. Amounts less than one must be entered with a preceding zero (example: 0.08)
9. Select the “Open Narratives” button at the bottom of the tables. Enter the information from your worksheet in the appropriate text boxes.
 - a. Enter “N/A” in any text box not applicable to your agency’s response.

Formatting Tips:

- Charts, images, or graphics are not supported by the FNTS. The FNTS will not save them if entered in the narrative text boxes.
- Copy the entire text box contents at one time, including any tables.
- Text from Microsoft Word can be copied into the narrative text boxes. (Use Ctrl + C, Ctrl + V).
- To create space between paragraphs, set up your document with paragraph spacing in the ribbon, rather than “entering” blank lines.
- Use these settings in your Microsoft Word or Excel documents to make copying and pasting easier:

Table 5-4 - Formatting Standards for Narrative Text Boxes

Setting Type	Setting
Margins (left and right)	.08”
Text font	Arial, size 9
Table font	Arial, size 7.5
Paragraph Spacing	After: 9 pt

Table Tips:

- Use the formatting icons in the text box to format your data.
- Do not indent, tab, use the spacebar at the beginning of a cell entry, or include blank cells.
- Keep your tables short—break up long tables into workable sections.
- Do not merge cells or leave individual cells, entire columns, or rows blank.
- Tables from Microsoft Word and Excel can be copied into the narrative text boxes. (Use Ctrl + C, Ctrl + V).
- If copying a table from Microsoft Word, include a return after the table and copy the table and the return.

- If you have trouble with table formatting in the text boxes, use Ctrl+A to select all the contents in the text box, and delete everything before copying in again, following the tip above.
- Do not use the backspace key to try and remove a table from a text box. If you do, follow the tip above to delete the contents of the text box before pasting in the text box contents again.

Bulleted and numbered lists:

If copying the lists from a Word document, save the document as .rtf first.

Alternately, copy the text without the bullets or numbering, and use the icon in the text box to add the formatting after you copy it. (This tends to produce the formatting closest to that in a Word document.)

If you need to edit the entries in your lists, it will work best if you edit in your worksheet, and replace the text in the text box with the edited list.

Help with text box entries:

If you need help formatting text or tables in the FNTS, please email your fiscal note worksheet with a brief description of the issue to lbo@lbo.leg.mn.

10. To check your entry, choose the “View” buttons at the bottom of the screen to view the pdf version of the fiscal note you just entered.
11. When you finish entering the data, choose the “Save” button. Save often throughout the preparation of your note.
12. If you would like to ask your LBO Analyst to review your agency response before signing off, choose the “Email LBO for pre-signoff review” button. Otherwise, have an authorized user with signoff access choose “Sign Off” from the status details or prepare screen.

Modifying your response

Before signing off

Information entered and saved in the FNTS can be modified before signing off by choosing the “Prepare” button and entering or changing information. When done, choose “Save” again.

After signing off, before LBO review is complete

Information entered and saved in the FNTS can be modified after signing off by letting the LBO Analyst know that there are changes and choosing the “Remove Signoff” button and entering or changing information. When done, choose “Save” again. If you are ready to sign off, choose “Sign Off” and follow the screen prompts.

After signing off, after LBO review is complete

Contact your LBO Analyst, discuss what needs to be modified, and request the LBO Analyst remove their signoff. Then follow the instructions above for modifying your response before LBO review.

Adding Names to your Agency Email Notification list

Individuals added to the agency email list are copied on emails sent to your agency (except classified unofficial fiscal notes). These recipients do not have access to the FNTS.

Each agency Fiscal Note Coordinator is responsible to maintain their agency's email notification list. If the Fiscal Note Coordinator does not have access to the FNTS, an agency user with access should be designated by the Fiscal Note Coordinator to update the agency email notification list.

Note: LBO Analysts and MMB EBOs should not be deleted from the agency email notification list.

To add or delete users to receive agency email notifications:

1. Choose "Agency Email Notification" under Maintenance in the menu pane.
2. Select your agency in the dropdown list.
3. The existing list will display.
 - a. Delete by choosing the delete icon and confirming.
 - b. Add an existing FNTS user by entering the email address and selecting save.
 - c. Add a non-user by entering the email address under "Non-user Email" and choosing save.

Updating your Agency's Authorized Users

Before the session begins, the LBO will send Fiscal Note Coordinators a list to reauthorize access to the FNTS. Updates at other times can be initiated by emailing the [LBO Coordinator](mailto:lbo@lbo.leg.mn) (lbo@lbo.leg.mn).

LBO ANALYSTS

Adding your name to Agency Email Notification Lists

Your name will be automatically added to the agency email notification List for your assigned agencies. If you would like to be on the agency email list for other agencies, contact the LBO Coordinator.

To unsubscribe from Agency Email Notifications:

1. Choose "My Email Preferences" from the menu pane.
2. Select the "unsubscribe" hyperlink to the right of the agency name for which you do not want to receive email notifications.

Searching for fiscal notes that require LBO Action:

1. To see notes requiring your action, choose your name in the "LBO Analyst" dropdown and check the "LBO Action Required" box.
2. You can change or refine the parameters of the search with any of the fields on the search screen.

Adding a Message

LBO analysts may add a message to communicate with all the parties associated with the fiscal note request. For regular and unofficial fiscal notes, the FNTS will send an email with the message to:

- The requester
- All assigned agencies

- Agency email recipients
- LBO Analysts assigned to the request
- EBOs assigned to the request
- FNTS Admin users

Note: Once a message is added it cannot be edited or deleted.

To add a message:

1. Search for and choose the fiscal note.
2. Type your message in the Message History field.
3. Proofread your message—once saved, messaged cannot be edited or deleted.
4. Save the message by choosing the “Add to Msg List” button.

Reviewing a fiscal note

To review a fiscal note after an agency has signed off, highlight the agency in the Agency Assignments area, and select the “View” button. To view a consolidated fiscal note, choose the “View Consolidated” button.

Signoff/Remove Signoff

1. After review, if you wish to signoff on the note, select the “Signoff/Remove Signoff” button. (The same button will remove the signoff if you select it after you signoff on a fiscal note.)
2. Choose the appropriate “Signoff for” choice.
3. LBO approval defaults to “Approved.” Choosing “Not Approved” should be done only after consulting with the LBO Director.
4. For an approved or not approved note, add comments in the LBO Narrative section only after consulting with the LBO Director.
5. For consolidated notes, the process is the same after choosing “Lead LBO Analyst.”

Changing the LBO Analyst Assigned to a Fiscal Note

1. Search for and select the fiscal note to reassign.
2. Select the appropriate agency under Agency Assignments.
3. Choose the “Modify” button.
4. The LBO Analyst name becomes a dropdown box. Select the new LBO Analyst.
5. Choose the “Save” button to save the change, or cancel to go back to the previous selection.

Note: For 2019 fiscal notes that are reactivated or need revision, the LBO will work with requester and agencies on any related FNTS implications.

Appendix A. List of Local Government Entity Associations

Name with website hyperlink	Website Address	Phone Number
Minnesota Inter-County Association (MICA)	www.mica.org	651-222-8737
Association of Minnesota Counties (AMC)	www.mncounties.org	651-224-3344
League of Minnesota Cities (LMC)	www.lmc.org	651-281-1200
Minnesota Association of County Social Service Administrators (MACSSA)	www.macssa.org	651-789-4340
Minnesota Association of Community Correction Act Counties (MACCAC)	www.maccac.org	651-789-4345
Minnesota County Attorneys Association (MCAA)	www.mcaa-mn.org	651-641-1600
Minnesota Chiefs of Police Association	www.mnchiefs.org	651-457-0677
Minnesota Sherriff's' Association	https://netforum.avectra.com/web/StartPage.aspx?Site=MSA	651-451-7216
Minnesota Police and Peace Officers Association (MPPOA)	www.mppoa.com	651-291-1119
Minnesota Association of County Administrators (MACA)	www.maca-mn.org	651-789-4343
Minnesota Government Finance Officers Association (MNGFOA)	www.mngfoa.org	651-249-2903
City Engineers Association of Minnesota (CEAM)	www.ceam.org	763-509-5501
Minnesota City/County Management Association (MCMA)	www.mncma.org	651-281-1256
Minnesota Association of School Business Officials (MASBO)	www.mnasbo.org	651-290-7485

Name with website hyperlink	Website Address	Phone Number
Minnesota Association of School Administrators (MASA)	www.mnasa.org	651-645-6272
Minnesota School Boards Association (MSBA)	www.mnmsba.org	800-324-4459
Minnesota School Nutrition Association (MSNA)	www.mnsna.org	877-251-2344

Appendix B. Sample LBO Fiscal Note Review Checklist

Below is a sample of the checklist that LBO Analysts will use when reviewing agency fiscal notes.

- ☐ 1. **Bill Language**
 - Y/N I am looking at the correct version of the bill?
 - Y/N Is the agency being asked to do something new?
 - Y/N Are there any duties that will be taken away from the agency as a result of the bill?
 - Y/N Is there a revenue change associated with the collection of a fee or fine?
 - Y/N Are there any repealers in the bill?
 - Y/N Does the bill have a sunset provision?
 - Check for effective dates and note if missing or differ from section to section.
- ☐ 2. **Bill Description** – describes which sections of the bill have a fiscal impact.
 - Indicates the budgetary programs affected by the proposed legislation.
 - Indicates if the bill contains an appropriation or funding source.
 - Describes changes from current law that are causing an increase or decrease in expenditures or revenues.
 - If bill has been updated, the bill description highlights changes from the previous version of the bill that causes changes to the fiscal note, if a previous fiscal note was complete.
 - Addresses any mechanical or technical defects of the bill.
 - Remains neutral on the merits of the bill.
- ☐ 3. **Assumptions** – explains the basis for the fiscal impacts that are included in the fiscal note.
 - Assumptions are reasonable given information available.
 - If a consolidated note, all agencies are working from same assumptions.
 - Explains how workload assumptions translates into costs.
 - States salary level assumptions of new employees.
 - States assumptions regarding salary, fringe, and other FTE associated costs.
 - All fund transfers are addressed and reference the funds and agencies involved.
 - Substantial changes in revenue and costs are explained from year-to-year.
 - If any absorbed costs in tables, the assumptions state why the costs can be absorbed.
 - Source of assumptions are listed (similar program, research from outside organization, etc.)
- ☐ 4. **Expenditure and Revenue Formula** – formula or table provided to show the expenditures and revenues in a mathematical formula or detailed table.
 - Tables or formulas provide a level of detail to allow the reader to understand how the assumptions translate into the fiscal impact displayed in the Fiscal Note Tables.
 - Calculations in tables or formulas are correct
- ☐ 5. **General Formatting** – formatting of narrative portion of the fiscal note is correct
 - Tables in narrative section follow the formatting guidelines (see User Guide)
 - Uses plain language (look for jargon, acronyms, etc.)
 - No typos or grammatical errors

- ☐ **6. Fiscal Impact Checkboxes** – check boxes are marked appropriately given the information provided on the *Calculation Details* table and in *Narrative* section of fiscal note.

This box should be checked:	If this is in the fiscal note:
Expenditures	<ul style="list-style-type: none"> • Tables show Expenditures • Tables show Absorbed Costs
Fee/Departmental Earnings	<ul style="list-style-type: none"> • Assumptions include impact on agency fees or departmental earnings
Tax Revenue	<ul style="list-style-type: none"> • Assumptions include impact to tax revenue
Information Technology*	<ul style="list-style-type: none"> • Assumptions include impact to agency information technology systems
Local Fiscal Impact	<ul style="list-style-type: none"> • Assumptions include local fiscal impact

- ☐ **7. State Cost (Savings) Calculation Details Table**

- The costs provided in the fiscal note reasonably align with the effective dates in the bill.
- Amounts are detailed in the narrative section.
- Funds included in the table are accurate given bill language or current program funding.
- No inflation is included in the cost projections.
- All fund transfers have an In and Out transaction, so the net impact is zero.
- Secondary costs are not included in the table.
- Absorbed costs mentioned in narrative are included in the *Calculation Details Expenditures*.

- ☐ **8. Cover Page - State Cost (Savings) Table** –the *State Cost (Savings)* table matches the information provided in the *Calculations Details* table and narrative section.

- ☐ **9. Cover Page - Full Time Equivalent Positions Table** – FTE totals match the information provided in the narrative section.

- FTE changes show difference from current projected levels for each year.
 - *For example, if an organization will add five positions per year for four years the FTE table would show FTE impacts of 5, 10, 15, 20.*
- FTE changes are show in the year that is referenced in the narrative.

- ☐ **10. Long Term Fiscal Considerations** – the long term fiscal considerations, such as expected changes to the fiscal impact for future years or ongoing costs carrying into the future, are explained.

- Any known changes to expenses or revenues in years beyond those shown in the fiscal note tables.
- If substantial changes from biennium 1 and biennium 2, there should be some information on the long term expectations of expenditures and revenues.
- If federal funds involved, discuss the probability of continued federal support.
- If IT costs included, known changes to future cost of the contract, standard maintenance costs, and any expected future system update costs are included.

- ☐ **11. Local Impact** – if bill appears to have a local impact, information is provided stating that impact.

- If information provided in narrative section on local impacts, the Local Fiscal Impact box is checked on the cover page checkbox table.