

Guide to Fiscal Notes Instructions for Legislative Committees

Following the Legislative and Fiscal Notes Processes and Using the Fiscal Notes System



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INTRODUCTION

Texas statute and House and Senate rules require that a fiscal note be prepared and accompany a bill or joint resolution as it goes through the legislative process. A fiscal note is a written estimate of the costs, savings, revenue gain, or revenue loss that may result from implementation of a bill or joint resolution. It serves as a tool to help legislators better understand how a bill might affect the state budget, individual agencies, and in some instances, local governments. The Legislative Budget Board (LBB) does not prepare fiscal notes for simple or concurrent resolutions with the exception of House simple resolutions to go outside the bounds on bills assigned to conference committee.

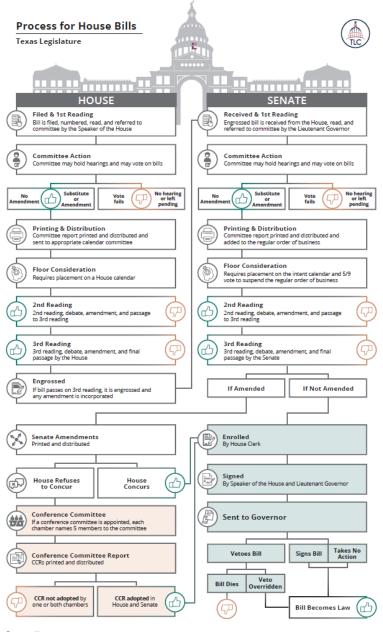
The LBB fields requests for fiscal notes from legislative committees using a web-based fiscal note system (FNS). Part I of this manual is intended to assist committee clerks in following the legislative and fiscal notes processes. Part II provides instructions for committee clerks on how to use the FNS.

PART I – FOLLOWING THE LEGISLATIVE AND FISCAL NOTES PROCESSES

BASIC STEPS IN THE TEXAS LEGISLATIVE PROCESS

Courtesy of the Texas Legislative Council, **Figure 1** shows the sequential flow of a bill from the time it is introduced in the House of Representatives to final passage and transmittal to the Governor. The process for a bill introduced in the Senate can be seen here: https://tlc.texas.gov/docs/billprocess/BillProcessSenate_final.pdf.

FIGURE 1
BASIC STEPS IN THE TEXAS LEGISLATIVE PROCESS



Source: Texas Legislative Council.

STAGES OF A BILL

House and Senate rules require a fiscal note for a bill before it can be considered in a House committee or before it can be voted out of a Senate committee. LBB staff prepare a new fiscal note for each version of a bill unless there are no changes from one version to the next. Here are descriptions of the potential versions of a bill:

INTRODUCED/FILED

The version of a bill that is introduced to the Legislature and referred to committee before any other actions occur.

AS AMENDED

An introduced bill amended by the committee to which it is referred. The amendments appear after the text of the introduced bill text. If the amendments are incorporated into the bill text, the bill will be designated as a committee substitute.

COMMITTEE SUBSTITUTE

The replacement for the introduced version of a bill made by the committee to which it is referred. Committee substitutes are distinguished by the prefix "CS" placed directly before the normal prefix. For example, "CSHB 5" would be the Committee Substitute for House Bill 5.

COMMITTEE REPORT

The committee report is produced after a committee takes action on a bill and includes the fiscal note, a record of the committee's vote on the bill, the text of the bill as reported by the committee, a detailed bill analysis, an LBB-provided impact statement (if required), and other attachments as necessary.

FLOOR AMENDMENTS

Amendments adopted on the floor of the originating chamber (House amendments for House bills, Senate amendments for Senate bills) that typically can be obtained most quickly from Texas Legislature Online at https://capitol.texas.gov/.

ENGROSSED

The version of the bill that incorporates all changes made to the proposed legislation when it is passed by the chamber in which it originated and that must be referred to committee in the second chamber before any other actions occur.

AS AMENDED, SECOND HOUSE/CHAMBER

The version of the bill as engrossed by the first chamber and amended in committee in the second chamber. The amendments appear after the engrossed bill text. If the amendments are incorporated into the bill text, the bill will be designated as a committee substitute

COMMITTEE SUBSTITUTE, SECOND HOUSE/CHAMBER

The replacement for a bill as engrossed by the first chamber made by the committee to which it is referred in the second chamber. As with first chamber committee substitutes, these are distinguished by the prefix "CS" placed directly before the normal prefix. For example, CSHB 5 would designate the Committee Substitute for House Bill 5 (with the committee in question being a *Senate* committee – the Senate committee substitute of a House bill).

COMMITTEE REPORT, SECOND HOUSE/CHAMBER

The second chamber committee report includes the same components as the first chamber committee report. The bill may be the engrossed version, a version of the engrossed bill that includes changes made by the committee (Committee Substitute), or the engrossed version with committee amendments included separately from the bill.

FLOOR AMENDMENTS, SECOND HOUSE/CHAMBER

Amendments adopted on the floor of the second chamber that can be obtained from the chamber's journal or the Texas Legislature Online website.

AS PASSED, SECOND HOUSE/CHAMBER

The version of the bill as passed by the second chamber. This version includes any second chamber floor amendments.

CONFERENCE COMMITTEE REPORT

If the originating chamber refuses to concur with amendments made by the second chamber, members can vote to appoint a conference committee to resolve the differences. If and when differences are resolved, the result is a conference committee report incorporating the changes made by the conference committee.

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

House rules require that a fiscal note on a conference committee report must be submitted to the chief clerk in the House before adoption of the report by the full House.

FISCAL NOTES RULES AND REQUIREMENTS

FISCAL NOTE DEFINITION

To reiterate, a fiscal note is a written estimate of the costs, savings, revenue gain, or revenue loss that may result from implementation of a bill or joint resolution. It serves as a tool to help legislators better understand how a bill might affect the state budget, individual agencies, and in some instances, local governments. The LBB does not prepare fiscal notes for simple or concurrent resolutions with the exception of House simple resolutions to go outside the bounds (deviate from language that is not in disagreement) on bills assigned to conference committee.

LEGAL BASIS, RULES, AND REQUIREMENTS

The Texas Government Code, Section 314.001 directs the LBB to establish a system of fiscal notes identifying the probable impact of each bill or resolution that authorizes or requires the expenditure or diversion of any state funds for any purpose other than those provided for in the general appropriations bill.

The statute requires that the fiscal impact be projected for the five-year period that begins on the effective date of the bill or resolution and that the fiscal note state whether the impact will continue thereafter. The director of the LBB may choose to project the fiscal impact beyond the five-year period. In addition to the estimate, the fiscal note identifies the portions of the bill that would create the fiscal impact.

House and Senate rules also set out requirements that inform the content of a fiscal note. For example, House rules require a fiscal note for any bill or joint resolution that would affect all units of government of the same type or class statewide, such as all cities or all counties.

All rules referenced in this document are based on the previous session and are subject to change.

HOUSE RULES

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

EXCERPTS FROM HOUSE RULES RELATING TO FISCAL NOTES RULE 4, SECTION 33, FISCAL NOTES

- (a) If the chair of a standing committee determines that a bill or joint resolution, other than the general appropriations bill, authorizes or requires the expenditure or diversion of state funds for any purpose, the chair shall send a copy of the measure to the Legislative Budget Board for the preparation of a fiscal note outlining the fiscal implications and probable cost of the measure.
- (b) If the chair of a standing committee determines that a bill or joint resolution has statewide impact on units of local government of the same type or class and authorizes or requires the expenditure or diversion of local funds, or creates or impacts a local tax, fee, license charge, or penalty, the chair shall send a copy of the measure to the Legislative Budget Board for the preparation of a fiscal note outlining the fiscal implications and probable cost of the measure.
- (c) In preparing a fiscal note, the director of the Legislative Budget Board may utilize information or data supplied by any person, agency, organization, or governmental unit that the director deems reliable. If the director determines that the fiscal implications of the measure cannot be ascertained, the director shall so state in the fiscal note, in which case the fiscal note shall be in full compliance with the rules. If the director of the Legislative Budget Board is unable to acquire or develop sufficient information to prepare the fiscal note within 15 days of receiving the measure from the chair of a committee, the director shall so state in the fiscal note, in which case the note shall be in full compliance with the rules.
- (d) If the chair determines that a fiscal note is required, copies of the fiscal note must be distributed to the members of the committee not later than the first time the measure is laid out in a committee meeting. The fiscal note shall be attached to the measure on first printing. If the measure is amended by the committee so as to alter its fiscal

- implications, the chair shall obtain an updated fiscal note, which shall also be attached to the measure on first printing.
- (e) All fiscal notes shall remain with the measure throughout the entire legislative process, including submission to the Governor.
- (f) All fiscal notes must include in the summary box on the first page of the fiscal note a statement that indicates whether the bill or joint resolution will have fiscal implications or probable costs in any year.

ADDITIONAL RULES

It is current practice that a Senate fiscal note may be used by a House committee for a Senate measure if the measure has not been amended since the preparation of that fiscal note. If the measure has been amended since the Senate fiscal note was prepared, the chair of the House committee should request a new fiscal note from the Legislative Budget Board. This practice does not preclude the chair of a House committee from requesting a new fiscal note on any Senate measure referred to the committee.

Rule 4, Section 32 (b) (5)

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

Rule 12, Section 1 (a) (1) (e)

Section 1. Printings Of Bills and Joint Resolutions -

- (a) Except as otherwise provided in this rule, all bills and joint resolutions shall be printed and a copy provided to each member at each of the following stages in the parliamentary progress of the bill or joint resolution:
 - (1) at the time of the committee report on the bill or joint resolution, which shall be known as "First Printing" and which shall consist of: (E) a copy of the latest fiscal note.

Rule 2, Section 1 (a) (16)

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

Rule 13, Section 5 (b)

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

Rule 13, Section 10 (c)

(c) Before action can be taken by the House on a conference committee report on a bill or joint resolution, other than the general appropriations bill, a fiscal note outlining the fiscal implications and probable cost of the conference committee report shall be submitted to the chief clerk, and a copy of the fiscal note shall be distributed with the conference committee report on its printing.

SENATE RULES

Senate rules require fiscal notes for all bills and joint resolutions. Senate rules authorize a bill to be heard without a fiscal note, but the fiscal note must be distributed before committee members can take a final vote on the measure.

EXCERPTS FROM SENATE RULES RELATING TO FISCAL NOTES

Rule 7.09 (b-h) Fiscal Notes

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

- (c) If a bill or joint resolution is amended by a committee, the committee chair shall obtain an updated fiscal note. The chair may require that the updated fiscal note be distributed to the committee members prior to the final vote to report the measure.
- (d) Prior to a motion to concur in House amendments, an updated fiscal note shall be distributed to all members if the director of the Legislative Budget Board determines that a House floor amendment has altered the policy implications of the bill or resolution, except the general appropriations bill.
- (e) An updated fiscal note shall be distributed to all members prior to a motion to adopt a conference committee report on any bill or joint resolution, other than the general appropriations bill; provided that an updated fiscal note is not required on a conference committee report if the text of the report is the engrossed text of either the House or Senate version and the report has attached a fiscal note outlining the fiscal implications of that version of the measure.
- (f) A fiscal note for a bill or joint resolution which authorizes or requires the expenditure or diversion of any state funds for any purpose shall estimate the fiscal implications and probable cost of the measure each year for the first five years after the implementation of its provisions and state whether there will be a cost involved thereafter. The fiscal note shall include the number of additional employees considered in arriving at the probable cost.
- (g) A fiscal note for any bill or joint resolution which imposes, increases, decreases, or repeals any state tax or fee shall estimate the fiscal implications of the measure for the first five years after the implementation of its provisions and state whether there will be fiscal implications thereafter. The committee chair to which the bill or resolution was referred may request the director of the Legislative Budget Board to include with the fiscal note a tax equity note estimating the general effects of the proposal on the distribution of tax and fee burdens among individuals and businesses.
- (h) A fiscal note for any bill or joint resolution which has impact on units of local government of the same type or class shall estimate the fiscal implications and probable cost of the measure to the affected unit or units of local government each year for the first five years after the implementation of its provisions and state whether there will be a cost involved thereafter. As used in this rule, "unit of local government" means county, city, town, school district, conservation district, hospital district, or any other political subdivision or special district.

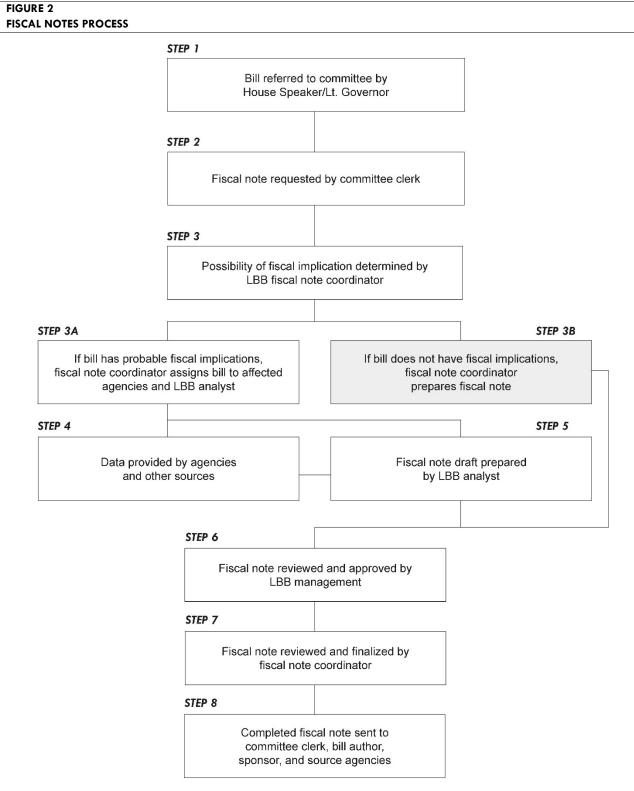
Rule 7.09 (q-t)

- (q) In preparing a fiscal note or an impact statement, the director of the Legislative Budget Board may use information or data supplied by any person, agency, organization, or governmental unit that the director deems reliable. The director shall state the sources of information or data used and may state the extent to which the director relied on the information or data in preparing the fiscal note or impact statement. If the director is unable to acquire or develop sufficient information to prepare a fiscal note within 15 days after receiving a bill or joint resolution, the director shall prepare the fiscal note stating that fact, and the fiscal note shall be in full compliance with the rules. If the director determines that the fiscal or other implications of a bill or joint resolution cannot be ascertained, the director shall prepare the fiscal note stating that fact, and the fiscal note shall be in full compliance with the rules.
- (r) The director of the Legislative Budget Board shall forward a copy of each fiscal note or impact statement to the author or sponsor of the affected bill or joint resolution.
- (s) All fiscal notes and impact statements shall be signed by the director of the Legislative Budget Board and shall remain with the measure throughout the entire legislative process, including submission to the Governor.
- (t) For any statement or analysis required by this rule, the Senate Committee on Administration may adopt such necessary forms and procedures as are required to ensure that all members of the Senate are informed as to the impact of proposed legislation on the state or other unit of government. The committee may authorize the director of the Legislative Budget Board to develop the format for fiscal notes and impact statements and submit the suggested forms to the committee for its approval.

Rule 7.12 (b) (5)

- (b) Every committee report printing on a bill or resolution shall include:
 - (5) any fiscal note on the bill or resolution, including any updated fiscal note required by Rule 7.09.

BASIC STEPS IN THE FISCAL NOTES PROCESS



SOURCE: Legislative Budget Board.

STEP 1

The Speaker of the House or the Lieutenant Governor refers a bill to committee.

STEP 2

The committee clerk, acting on behalf of the committee chair, electronically requests a fiscal note from the LBB via the web-based Fiscal Note System. It is the committee's responsibility to request fiscal notes on any bill that meets the criteria specified in the House and Senate rules.

After a fiscal note request is made, the Fiscal Note System routes the request to the LBB fiscal note coordinator assigned as liaison to the committee.

STEP 3

When a fiscal note request is received by the LBB, the fiscal note coordinator reviews the bill to determine appropriate actions.

STEP 3A

If the bill is likely to have fiscal implications, the coordinator assigns the request to affected agencies and the appropriate LBB analysts, all of whom are alerted of the assignments via automated notification emails generated by the Fiscal Note System.

STEP 3B

If it appears that the bill would have no fiscal implication (NFI), the coordinator may create the fiscal note or assign the bill to the appropriate analyst but not agencies. The process skips to Step 5.

STEP 4

Agencies respond to the LBB with a brief fiscal analysis of the bill, focusing on the anticipated changes in agency programs and/or operations that would be necessary if the bill were implemented. The agency reports to the LBB a detailed explanation of both the bill's fiscal impact and the method of finance.

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

STEP 5

If the bill would have no fiscal impact, the fiscal note coordinator or the assigned analyst creates an NFI fiscal note. If the bill would likely have fiscal implications and agencies were assigned, the LBB analyst considers all information submitted by the affected agencies and other sources in producing an estimate. LBB estimates may agree or differ with information provided by state agencies. The analyst completes the fiscal note worksheet and generates a draft fiscal note.

STEP 6

LBB management reviews the draft fiscal note for approval.

STEP 7

The fiscal note coordinator makes a final check of the fiscal note.

STEP 8

After a fiscal note is completed and approved by the director, the fiscal note coordinator sends it electronically to the clerk of the committee that made the request, the author of the bill (and sponsor if applicable), and source agencies.

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

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

IMPACT STATEMENTS

In addition to the preparation of fiscal notes, House and Senate Rules direct the LBB to prepare several types of impact statements. These statements provide specific information (described below) not contained in the corresponding fiscal note.

In accordance with Senate rules, the director of the LBB determines whether an impact statement is required. Under House rules, the committee chair makes that determination. Other differences between the Senate and House rules are noted below.

Any time a bill is changed (amended, substituted, etc.), there is a requirement that the fiscal note be updated, and if an impact statement was prepared for the introduced version of the bill, the impact statement also must be updated.

ACTUARIAL IMPACT STATEMENT

This statement provides an estimate of proposed legislative changes to public pension funds.

- For Senate bills, the LBB will create a request only if legislation affects the financing, membership, or benefits of a pension plan.
- For House bills, the committee chair decides whether to request.

CRIMINAL JUSTICE POLICY IMPACT STATEMENT

This statement provides an estimate of proposed legislative changes to prison capacity.

- > For Senate bills, the LBB will create a request only if provisions of the bill would change sanctions applicable to adults convicted of a felony crime or applicable to juveniles who have been adjudicated for misdemeanor or felony conduct.
- For House bills, the committee chair should only request an impact a criminal justice policy impact statement if a provision of the bill would change sanctions applicable to adults convicted of felony crimes.

EQUALIZED EDUCATION FUNDING IMPACT STATEMENT

This statement provides an analysis of the equity implications associated with a proposed legislative change in state aid to school districts under the Foundation School Program.

- For Senate bills, the LBB will create a request only if a bill proposes to change the school funding formulas.
- > For the House, the committee chair decides whether to request.

HIGHER EDUCATION IMPACT STATEMENT

This statement provides an estimate of the implications resulting from creating or changing the classification, mission, or governance of an institution of higher education.

> For Senate bills, the LBB will create a request only if a bill proposes to establish a new institution of higher education, open graduate programs at institutions that heretofore have been only undergraduate institutions, convert two-year colleges into four-year colleges, or move one institution from one university system to another. (Only required by Senate Rules.)

OPEN GOVERNMENT IMPACT STATEMENT

This statement estimates the impact of proposed policy changes on public access to government information or to the transaction of public business.

For Senate bills, the LBB will create a request only if provisions of the bill would reduce public access to government records and meetings. (Only required by Senate Rules.)

TAX/FEE EQUITY NOTES

This provides an analysis of how a proposed increase/decrease in taxes/fees affects taxpayers in the state. It calculates both the initial impact and the final impact.

- For House and Senate bills, the committee chair determines whether to request.
- Supplemental Information Regarding Economic Effects of Tax Changes is provided by the LBB upon request. These statements are prepared by the Comptroller of Public Accounts.

WATER DEVELOPMENT POLICY IMPACT STATEMENT

This statement provides an estimate of changes resulting from the establishment of water districts pursuant to the Texas Constitution, Article XVI, Section 59. The Water Development Board and the Texas Commission on Environmental Quality are important sources of information in preparing these documents.

For House bills, the committee chair should request only if a bill is affected by Article XVI, Section 59 of the Texas Constitution. (Only required by House Rules; however, if a House bill is changed in the Senate and an impact statement had been developed when the bill was in the House, the LBB will create a request for an updated impact statement.)

FREQUENTLY ASKED QUESTIONS

Who can request a fiscal note?

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

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

Committees may request a fiscal note only at those points in the legislative process specified in the House and Senate rules.

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

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

Does the LBB prepare fiscal notes on bills and resolutions?

The House and Senate rules require the LBB to prepare fiscal notes on bills and joint resolutions according to specified criteria. The LBB does not prepare fiscal notes on simple or concurrent resolutions, except for House simple resolutions that authorize going outside the bounds on bills assigned to conference committee.

What is the distinction between No Fiscal Implication (NFI) and No Significant Fiscal Implication (NSFI)?

The term No Fiscal Implication (NFI) means just that: NO fiscal implication. Implementing the provisions of the bill would not require any additional resources from the state, nor would there be any savings or state revenue impact.

No Significant Fiscal Implication (NSFI) means that the change in resources necessary to implement the provisions of the bill is insignificant relative to the budget of an affected agency and could be reasonably absorbed within an agency's current appropriation level. Similarly, any savings or revenue impact would be insignificant in context.

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

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

- A bill not appropriating money for implementation does not prevent the fiscal note from reflecting the full costs associated with the bill.
- > Bill language limiting expenditures to amounts appropriated does not eliminate costs on a fiscal note.

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

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

This question often arises when bill language states that a program "may" be implemented as opposed to "shall/must" be implemented.

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

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

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

Do fiscal notes represent costs to state funds only, or do they represent costs to the Texas economy as a whole? Fiscal note estimates only address the direct effect a bill would have on state government expenditures or revenues.

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

What is the baseline for preparing fiscal note estimates?

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

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

How do fiscal notes and the appropriation process go together?

The fiscal note is a statement of a bill's potential fiscal impact. A bill provides the legal basis for certain actions to take place but generally does not appropriate funds to implement its provisions. If a bill does not specifically appropriate funds but would require an appropriation in order to implement its provisions, it is the responsibility of the bill author to bring the legislation before the House Committee on Appropriations or the Senate Finance Committee to seek funding. The fiscal note can be helpful in this process by providing members of those committees a guideline as to how much they might consider appropriating. The House Committee on Appropriations, Senate Finance Committee, or conference committee may choose to fund the legislation at the level estimated on the fiscal note or at an alternate level or may choose not to fund the bill at all. But for purposes of the LBB, the amount that may be appropriated has no bearing on the cost included in the fiscal note.

For example, the fiscal note on a bill appropriating \$200,000 to implement a program that is estimated to cost \$500,000 would still indicate \$500,000 in costs. The fiscal note would recognize that \$200,000 was appropriated; however, funding of the program would require an additional \$300,000.

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

How are fiscal notes distributed?

LBB fiscal note coordinators deliver fiscal notes to the requesting committee's chair or clerk, bill authors and sponsors, and source agencies via the LBB's web-based Fiscal Note System. The LBB will also hand-deliver a hard copy of the fiscal note to the committee under special circumstances.

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

LBB staff can access/print the fiscal note from the Fiscal Note System. A copy of the fiscal note is also posted on Texas Legislature Online after delivery or, in the case of a committee substitute, after the committee report is turned in to the committee coordinator's office, an event which may lag behind the date of the hearing.

COMMONLY USED FISCAL NOTE TERMS

ACCOUNT

A special accounting entity within the General Revenue Fund that keeps a separate and distinct balance at the end of each fiscal year. An account is not a fund (see Dedicated Funds and Fund).

ACT

A bill passed by the Legislature that has become law.

APPROPRIATED

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

ARTICI F

A major division of a bill (or a section of the Texas Code of Criminal Procedure).

BIANNUAL

Occurring twice a year; LBB convention is instead to say every six months.

BIENNIAL

Occurring every two years.

BIENNIUM

The two-year period beginning on September 1 and ending on August 31 of odd-numbered years, for which Texas' general state appropriations are made. A biennium is identified by the two fiscal years of which it consists (e.g., the 2028–29 biennium).

BILL

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

BUDGETED

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

DEDICATED FUNDS

Revenue sources or Comptroller-designated funds restricted for specific purposes, including both constitutionally and statutorily dedicated funds. Accounts often are referred to mistakenly as funds.

ENGROSSED

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

FNROLLED

A bill that has been passed by both chambers of the Legislature. After enrollment, a bill is sent to the Governor for signature or veto.

FISCAL YEAR (FY)

September 1 through August 31, specified by the calendar year in which the fiscal year ends (e.g., September 1, 2026, to August 31, 2027, is fiscal year 2027). The federal fiscal year is October 1 through September 30.

FULL-TIME-EQUIVALENT (FTE) POSITION

Unit of measure that represents the number of hours that an employee works compared to 40 hours per week. Full-time employment is generally considered to be 40 hours per week. An FTE is any combination of employees whose work hours total 40 hours a week and does not necessarily equate to headcount. For example, two halftime (20 hours per week) workers together equal one FTE.

FUND

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

GENERAL REVENUE FUND

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

GENERAL REVENUE-DEDICATED FUNDS

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

GENERAL REVENUE-RELATED FUNDS

The General Revenue Fund (No. 001), Available School Fund (No. 002), State Technology and Instructional Materials Fund (No. 003), Foundation School Fund (No. 193), and Tobacco Settlement Fund (No. 5040). This narrow definition applies for fiscal note purposes only.

NO FISCAL IMPLICATION (NFI)

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

NO SIGNIFICANT FISCAL IMPLICATION (NSFI)

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

SPECIAL FUNDS

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

STATUTE

A law passed by the Legislature and generally listed in topical codes with other legislation on the same subject.

| DOCUMENT ABBREVIATIONS | | | |
|------------------------|---|--------------|--|
| ABBREVIATION | MEANING | ABBREVIATION | MEANING |
| FN | Fiscal Note | Open | Open Records Impact Statement |
| Act | Actuarial Impact Statement | Supp | Supplemental Information Regarding Economic Effects of Tax Changes |
| CJ | Criminal Justice Impact Statement | Тах | Tax/Fee Equity Note |
| EEFIS | Equalized Education Funding Impact Statement | WDev | Water Development Policy Impact Statement |
| HEd | Higher Education Impact Statement | | |

PART II - INSTRUCTIONS FOR THE FISCAL NOTES SYSTEM

These instructions are written for committee staff users of the Fiscal Notes System (FNS).

CONTACTING THE FNS HELP DESK

The LBB supports an FNS pager/hotline that is monitored 24 hours a day, 7 days a week, during legislative sessions. To reach the pager/hotline, call 512-936-4033. If your call is not answered, leave a message and an LBB staff member will call you back shortly.

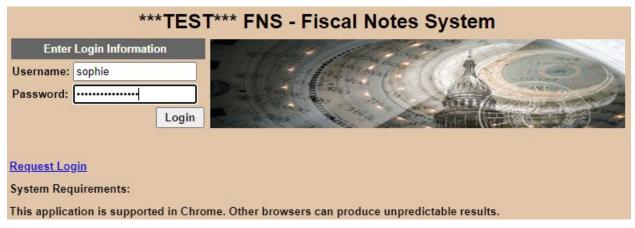
The LBB responds to emails about the FNS during normal work hours (Monday through Friday, 8 am to 5 pm). Send emails to LBB.Applications@lbb.texas.gov.

OBTAINING A USERNAME AND PASSWORD

You must have a username and password to access the FNS. To request a username and password, please fill out a logon request form here: https://loginreqcmte.lbb.texas.gov/.

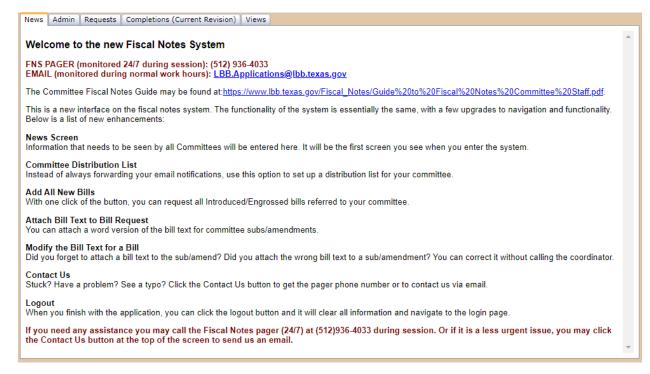
LOGGING IN

Once you have your FNS username and password, you may log in here: http://fns.lbb.texas.gov/. Enter your username and password on the login screen as shown below and click **Login**. Note that the FNS may not work with web browsers other than Chrome.



NEWS TAB

The **News** tab is the first tab that appears after you log into the FNS.

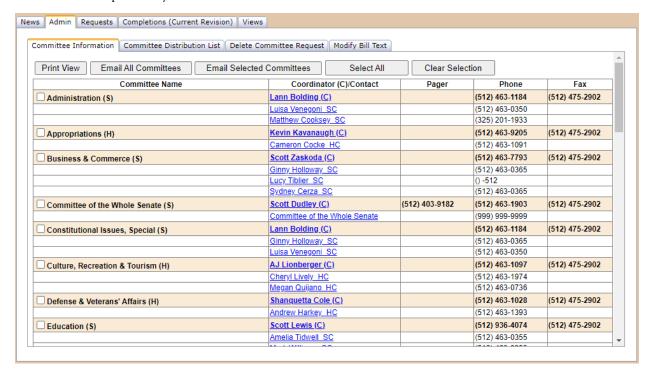


ADMIN TAB

To view various administrative functions, click the Admin tab, which includes four tabs of its own.

COMMITTEE INFORMATION

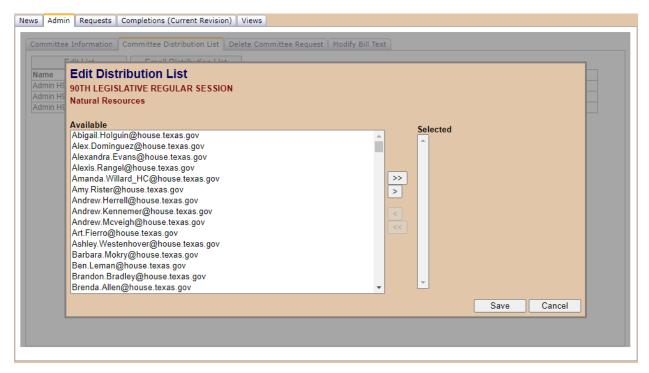
The first tab under the Admin tab is **Committee Information**, which can be used to view the legislative committees, fiscal note coordinators, and committee contacts. Clicking an individual name in the Coordinator/Contact column opens an email draft to that person in your native email client.



To print the list, click the **Print View** button in the upper left corner. The buttons to the right of that button can be used to email all or certain of the committees within the FNS. Select the committees using the check boxes to the left of their names in the list.

COMMITTEE DISTRIBUTION LIST

The second tab under the Admin tab is **Committee Distribution List**, which can be used to create an email distribution list for your committee. To create the list, click the **Create List** button, which displays a window in which you can add members to the distribution list.



Use the four buttons between the Available list and Selected list to move members either all at once or one at a time. Hold the **Shift** key while clicking two nonadjacent members to select those members and those between them. Hold the **Ctrl** key while clicking to select nonadjacent members one at a time.

Click **Save** to create the list, which can be edited by clicking the Edit List button. Click **Email Distribution List** to email members of list within the FNS.



DELETE COMMITTEE REQUEST

The third tab under the Admin tab is **Delete Committee Request**, which can be used to delete committee requests for fiscal notes and, if applicable, impact statements.



If necessary use the drop-down list in the upper left corner to filter the list of bills by number range. After locating the desired bill, enter any comments in the **Comments** field and click the **Delete** link to the left of the bill number to delete the request. Comments, if entered, are included in the automatic email notifying LBB staff of the deletion.

MODIFY BILL TEXT

The last tab under the Admin tab, **Modify Bill Text**, can be used to upload new bill text associated with an applicable version of a bill.



Use the drop-down list to locate the desired bill and version. Click **Find** to view the bill text currently associated with the bill version. Click **Choose File** to select the new bill text file to be uploaded and click **Attach** to complete the upload, which, as noted, overwrites the previously saved document.



REQUESTS TAB

To request fiscal notes and impact statements, click the **Requests** tab.



ADD NEW BILL

To request a fiscal note for an individual bill, click Add New Bill.



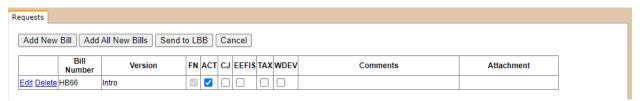
On the resulting screen, select the bill number and version from the applicable drop-down lists. If the bill is not listed in the **Bill Number** drop-down list, perhaps due to the bill being re-referred from one committee to another, enter the bill number in the **Bill Not in Committee** field and click **Get Versions** to display the available versions for that bill in the Version drop-down list.

Requests for bill versions other than introduced and engrossed must be accompanied by bill text. Click **Choose File** to select the bill text file and click **Attach** to upload it.

IMPORTANT Only PDF files can be uploaded.

House committee staff may request impact statements in addition to fiscal notes by selecting the appropriate check boxes next to **Request Types**. In accordance with Senate rules, LBB staff determine whether impact statements are necessary for bills being heard in Senate committees.

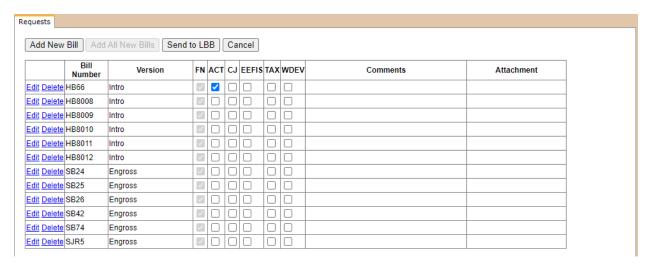
Enter any comments intended for LBB staff and click **Add to List** to add the request for that bill to the list of unsubmitted requests.



To continue adding bills one by one, repeat the process.

ADD ALL NEW BILLS

To add all new introduced and engrossed bills referred to committee, click **Add All New Bills**. The bills appear in the list of unsubmitted requests, which can be edited and deleted using the links to the left of each bill. House committee staff may select the appropriate check boxes to request impact statements.



SEND TO LBB

To submit the requests to the LBB, click **Send to LBB**.

Click **Cancel** to undo any changes made to the Requests tab.

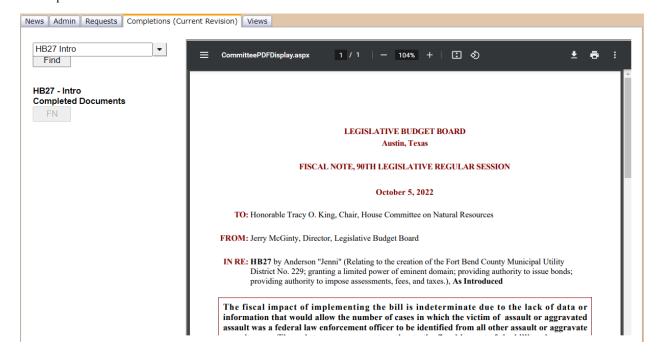
COMPLETIONS

To view completed fiscal notes and impact statements by bill, click the **Completions** tab.



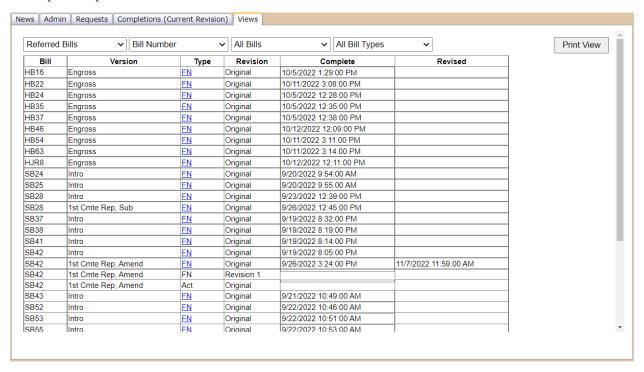
Select the bill and version from the drop-down list and then click **Find**.

Completed documents, i.e., requests, will appear below. Click the applicable buttons to open the completed fiscal notes and impact statements in an embedded PDF viewer.



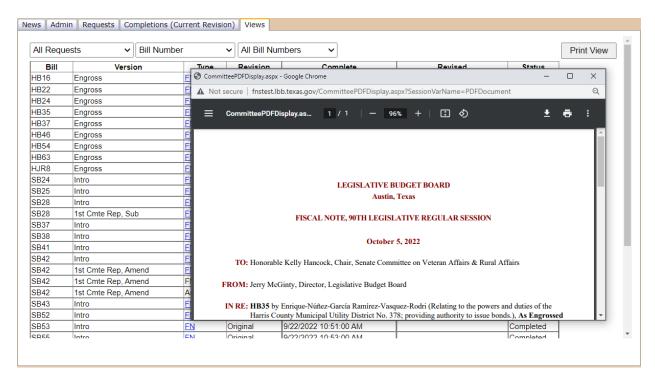
VIEWS

To view lists of bills referred to your committee, all requests submitted to the LBB (both completed and incomplete), and all completed requests, click the **Views** tab.



In the drop-down list in the upper left corner, select **Referred Bills** to view all bills referred to your committee, including bills for which you have not requested a fiscal note from the LBB; **All Requests** to view bills for which you have submitted a request to the LBB, including requests the LBB has not yet completed; and **Completed Requests** to view bills for which the LBB has completed the request.

Bills with completed fiscal notes or impact statements list the time and date the request was completed. Clicking the hyperlink in the **Type** column opens the completed document in a pop-up window.



The other drop-down lists can be used to sort and filter the list of bills by a variety of criteria. Note that those criteria can change based on what other criteria are selected. For example, when viewing all requests, selecting **Bill Number** in the second drop-down list sorts the list in bill number order, and the third drop-down list can be used to filter by bill number range. Selecting **Hearing Date** in the second drop-down list sorts the list chronologically by hearing date and time, and the third drop-down list can be used to filter by date range.

Click **Print View** to open a print-friendly version of the current view in a new window.

HELP AND CONTACT US

Click **Help** in the upper right corner of the Fiscal Notes System to open the Fiscal Notes page on the LBB's external website, which include a link to this guide and to the system itself, along with other resources.

Click Contact Us to open a window in which you can send an email to LBB technical staff and view contact information.

