

November 12, 2013

## Accounting for Impact: The Need for a Stronger Fiscal Note Process in West Virginia

*Sean O'Leary*

### Executive Summary

Falling revenues and rising costs have squeezed West Virginia's budget in the past few years. Any new proposal or program gets extra scrutiny from legislators who must keep the budget balanced. But when legislators or taxpayers need an estimate of how much new legislation will cost or save the state, the information they receive is often biased, inaccurate, incomplete or flawed.

Legislators rely on estimates known as fiscal notes to help them understand how legislation will affect the budget. But fiscal notes in West Virginia fall short in key areas. As a result, many legislators don't trust their accuracy, complicating the legislative process. Among the problems:

- Fiscal notes are generally inaccurate, with a small minority coming within 10 percent of the bill's ultimate cost.
- Fiscal notes are often subject to bias, with the agencies that prepare them having a vested interest in how lawmakers view the cost of a proposal.
- West Virginia lacks a formal fiscal note process with defined criteria and proper oversight for ensuring their accuracy and uniformity.
- The way fiscal notes are prepared and presented is inconsistent from bill to bill.
- Local costs or savings are often ignored by fiscal notes.
- Many fiscal notes fail to explain how cost estimates were calculated.
- When multiple agencies submit fiscal notes for one bill, it can lead to fragmented and incomplete analysis.
- New fiscal notes are not prepared when bills are amended, even when significant changes are made that affect their cost.

This report includes an overview of the fiscal note process in West Virginia and discusses its problems. It also includes the results of a survey of the West Virginia legislature, showing a general dissatisfaction with fiscal notes among legislators of both parties. It recommends ways to improve the process and correct the problems that plague current fiscal notes, including improvements to the independence, uniformity, transparency, and accessibility of West Virginia's fiscal notes.

### What are Fiscal Notes?

Fiscal notes are the "price tags" attached to legislation. They are intended to estimate the costs, savings, revenue gain, or revenue loss if the legislation is implemented. The estimates help legislators, as well as the media and the public, understand how a proposed bill might impact the state budget, individual agencies, local governments, and taxpayers.

Fiscal notes play a significant role in determining the fate of proposed legislation. West Virginia's legislature is required by the state constitution to pass a balanced budget. Every year, legislators must review hundreds of bills that affect their ability to do so, and they can use fiscal notes to narrow the field. In general, bills that are too costly are eliminated from consideration in favor of bills that have fiscal notes showing minimal costs or savings.

Many states define what is expected out of their fiscal notes. According to the Minnesota Management and Budget Office Fiscal Note Policy Manual, good fiscal notes provide the best possible estimate of how a piece of legislation would affect spending, revenue, and staffing. They should be factual, informative, and concise, with estimates that are adequately explained, justified, and documented. Fiscal notes should also be objective, and help the legislature make informed and intelligent decisions based on the best facts available, rather than be used to influence the outcome of a bill.<sup>1</sup>

West Virginia's fiscal notes have five parts: the header, the summary, the detail, the explanation, and the memorandum. The header identifies the bill number, the subject of the proposal, the fund affected, the revenue source, and the agency submitting the note. The summary states how the bill would affect costs and revenues for the state, local governments, or both, as well as the purpose of the bill and which provisions carry costs or savings. The detail section contains the overall effect table that breaks down the costs or savings by source and year. The explanation discusses the fiscal impact, how the estimates were made, and any long-range costs or savings. The memorandum is used to address areas of uncertainty and identify technical limitations of the estimates.

### The Fiscal Note Process

The rules of the West Virginia Legislature require a fiscal note for any bill that impacts the state budget, as well as any legislation that impacts local government finances.<sup>2</sup>

Legislators are responsible for specifying whether bills they sponsor will have a fiscal impact, but legislative staff, such as bill drafters or proofreaders, may also do so. The House Speaker and Senate President can also determine a bill has a fiscal impact when they assign it to a committee for consideration.<sup>3</sup>

Fiscal note requests are sent to the agencies that will implement or be affected by the legislation. For example, during the 2013 Legislative Session, the fiscal note for SB 22, which required maternity services coverage for certain health insurance plans, was prepared by the Department of Health and Human Resources, while the fiscal note for SB 553, relating to a road program, was prepared by the Department of Highways. Generally, the agency has three days to complete the fiscal note and return it to the Legislative Services office, where it is attached to the bill.<sup>4</sup>

If a fiscal note is not prepared in a reasonable amount of time, the committee chairs are allowed to discuss or vote on the bill, and legislation enacted without a fiscal note is still considered valid.<sup>5</sup>

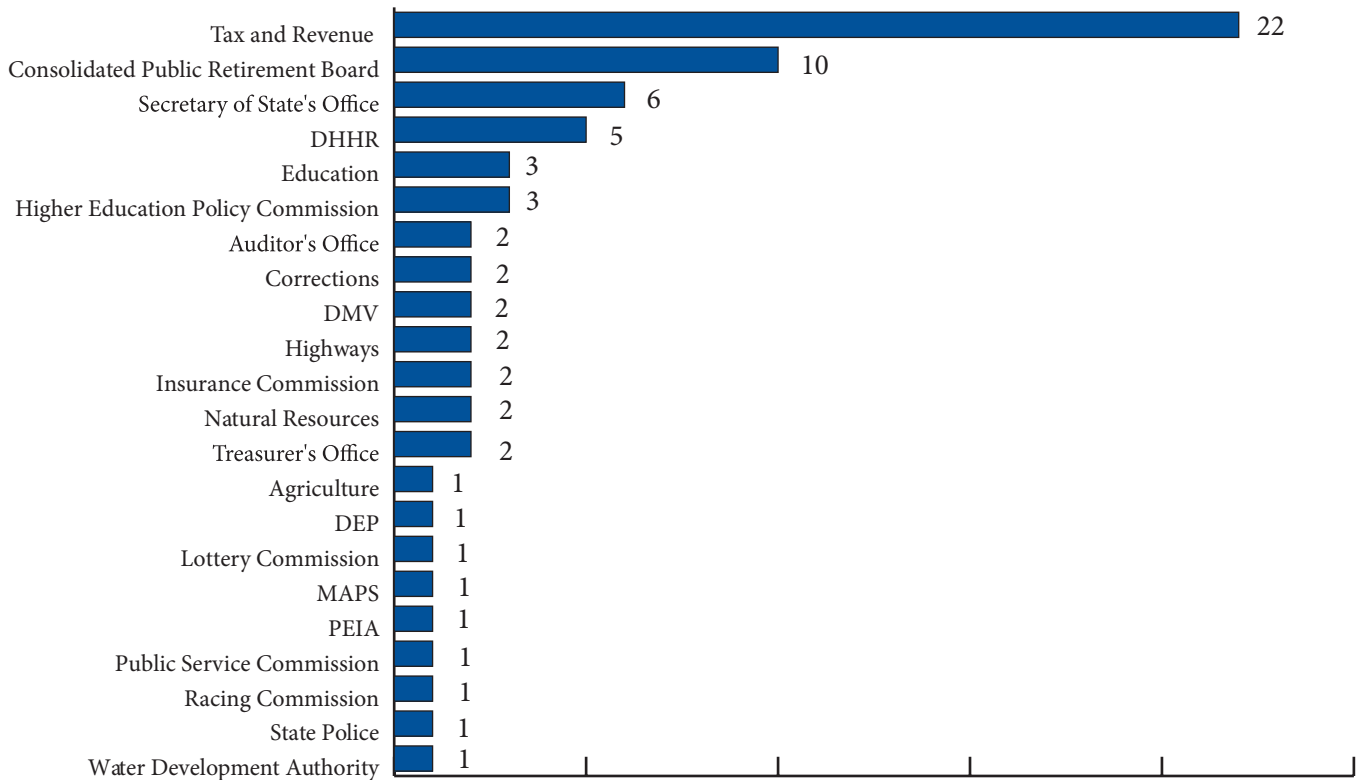
During the 2013 Legislative Session, 72 fiscal notes were prepared by nearly two dozen different agencies for bills that ultimately passed the legislature. The Tax and Revenue Department prepared the most, 22. Sometimes multiple agencies write fiscal notes for one bill (**Figure 1**).

### Fiscal Note Issues

West Virginia is in a small minority of states when it comes to its largely informal fiscal note process. Only five other states reported having a similar process in a 1999 survey of state fiscal note processes conducted by the National Council of State Legislatures. The majority of states reported having a formal assignment, review, and approval

process. Only six states, including West Virginia, assign fiscal notes to agencies controlled by the governor and other Executive Branch officials, while 34 states have legislative fiscal offices responsible for preparing fiscal notes. Even small states with part-time legislatures like West Virginia’s have a formal process with full-time employees in a legislative fiscal office preparing fiscal notes, including Idaho, New Mexico, and Vermont.<sup>6</sup>

Figure 1  
**Fiscal Notes by Agency, Completed Legislation, 2013 Legislative Session**



Source: Bill Status, 2013 Regular Session, West Virginia Legislature.

West Virginia’s largely informal process means there are few guidelines for how fiscal notes are to be used and what should be included in them, and there is little oversight over their production. In contrast, a state like Minnesota has extensive guidelines and procedures for producing fiscal notes. The entire process is overseen by the Minnesota Management and Budget Office, which ensures that all fiscal notes adhere to the guidelines and also reviews them for accuracy. Fiscal notes that do not meet the guidelines are rejected and must be resubmitted.<sup>7</sup> The end results more closely meet the definition of a good fiscal note (see **Appendix**).

The lack of a formal process and concrete criteria for fiscal notes in West Virginia means they fall short of their goal of giving legislators and the public an accurate picture of the fiscal impact of a bill. Based on a limited review of fiscal notes over the past few years, West Virginia’s process has a number of major flaws, including:

- Agency bias
- Inconsistency
- Overlooking or ignoring local impacts
- Failure to clearly explain findings
- Incomplete analysis
- No revisions, even if the underlying legislation changes
- General inaccuracy

## Agency Bias

In West Virginia, the agency that would be responsible for carrying out a new policy or program created by a bill is also responsible for estimating its fiscal impact. The legislature has no way of independently verifying the estimates provided by the Executive Branch agencies.

Legislators have voiced concerns that agencies may be “gaming” the fiscal note process either by inflating or underestimating the cost of legislation, which, in turn, can undermine or help the legislation’s chances of being approved.<sup>8</sup>

In one stark example, the state Department of Education estimated the cost of a bill requiring daily physical education classes to be \$1.5 billion, which is nearly as much as the state spends in total on education. According to legislators, the Department inflated its analysis by including the costs of building new gymnasiums and athletic facilities around the state.<sup>9</sup>

In other instances, agencies use the fiscal notes to make subjective judgments about legislation. SB 158, Creating the Complete Streets Act, was passed by the legislature during the 2013 Legislative Session, with a fiscal note prepared by the Department of Highways. It was unable to determine a fiscal impact, but rather than explain why an estimate was not made, the agency used the fiscal note to, in effect, lobby against the bill. The fiscal note referred to the bill as an “unfunded mandate,” said it creates “additional work over and beyond what is needed without a funding mechanism,” and would be “an additional burden on an already financially stressed State Road Fund.”

While the legislature tries to discourage the gaming of fiscal notes by agencies, it has no authority to actually police or prevent it.<sup>10</sup> When the legislature suspects a fiscal note is unfairly biased for or against a bill, it only serves to create distrust, making the legislative process more difficult and contentious.

## Inconsistency

The multiple agencies that are asked each year to prepare fiscal notes have differing levels of expertise and experience. Some, like the Tax Department, are asked to prepare many fiscal notes each session, while other, more obscure agencies are rarely called upon. The lack of enforceable guidelines for how much detail is required in fiscal notes leads to inconsistency in how they are prepared by each agency.

For example, the fiscal note for HB 2952, a 2013 bill creating a work share plan for the state’s unemployment system, prepared by Workforce WV, shows that the bill would cost \$5.8 million dollars, including \$235,710 in personal services, \$101,355 in current expenses, and \$5,412,620 in other costs. However, there is no explanation of how the estimate was determined. The fiscal note simply states that the costs will have to be covered by the State Benefit Trust Fund. No further information was provided.

Contrast that with the fiscal note prepared by the Secretary of State’s office for HB 2542, which stops the printing of the State Register. The fiscal note shows a savings of \$21,790 and a decrease in revenue from the forgone fees. It then explains the estimates, noting that the revenue decrease was calculated based on the price and number of copies requested in FY 2012, and the savings estimate was based on the printing, labor, and postage costs. This fiscal note displays a great deal of detail, explicitly showing its estimates, data, and calculations.

In some cases, the same agency looking at the same bill can be inconsistent. In the past three years, a bill has been introduced to put a three-percent cap on any increase in property tax assessments (HB 2276 in 2011 and 2012, and

HB 2077 in 2013). Each year, the Tax Department prepared the fiscal note. It calculated the 2011 bill would reduce state and local revenues by \$9.94 million and increase costs for the department by \$40,000. In 2012, it put the revenue reduction at \$12.95 million and the cost increase at \$20,000.

But for reasons that are unexplained, none of the reduced revenues or increased costs are shown in the fiscal notes' overall effect tables. Instead, the fiscal notes show total costs and revenues to be \$0, creating the impression that the bill would have no fiscal impact, contradicting the actual analysis. When the bill was introduced again in 2013, the Tax Department calculated a revenue loss of \$13.45 million and a cost increase of \$20,000. But this time the numbers were included in the overall effect table, with no explanation for the inconsistency with previous analyses.

The inconsistencies between departments and within the same departments lead to fiscal notes that not only contradict themselves and cause confusion, but cannot be relied on to provide complete and accurate information.

## Local Impacts

The legislative rule governing the fiscal note process requires that any impact to the state, county, or municipality be considered, but the overall effect table does not distinguish between state and local effects. This can lead to the impression that a bill has no fiscal impact, when the analysis shows that it does.

For example, HB 2717, passed during the 2013 Legislative Session, requires that deputy sheriffs be issued bullet-proof vests. The fiscal note summary, prepared by the Treasurer's Office, states that the costs "will be borne by the counties, and not the state," and the overall effect table shows a \$0 fiscal impact. However, in the explanation section of the fiscal note, the Treasurer's Office estimates the bill will cost \$143,750, again noting that the cost will be borne by the counties. Instead of showing the total costs, the overall effect table only showed the costs to the state, creating the impression that the bill had no fiscal impact.

The overall effect table is also inadequate when it comes to legislation that affects the relationship between state and local finances. In 2011, the legislature passed SB 1002, which created the Coal County Reallocated Severance Tax Fund. The bill requires up to \$20 million in severance tax revenue be distributed to the coal-producing counties, reducing the amount of revenue available for the state to spend through the General Revenue Fund by the same amount. But the fiscal note prepared by the Tax Department found no fiscal impact, instead noting that "passage of this bill will not result in any change in total revenue, but a reallocation of revenue." The overall effect table did not explain this interaction between state and local revenue, only showing an overall impact of \$0. So while the passage of the bill resulted in less revenue for the state, it was given a \$0 fiscal note, because it also resulted in more revenue for local governments.

Another local impact that fiscal notes tend to neglect is the relationship between the school aid formula and local property taxes. Any reduction in local property tax revenue will be partially made up by the state through the school aid formula. So a bill that reduces local property tax revenue -- like HB 2077, which would have capped increases in property assessments -- will also increase costs for the state. But that increased cost is not reflected in the fiscal note, which only considers the change in tax revenue.

## Missing Explanations

As part of the fiscal note form, agencies are instructed to explain their analysis, including their assumptions, data sources, and confidence in the estimate.<sup>11</sup> However, these explanations often are not included in the official fiscal note that is attached to the legislation and available to the public. Instead, many fiscal notes provide minimal information, with little insight offered into the methods behind the estimates.

The fiscal note for HB 2952, the bill creating a work share plan for the state's unemployment system, is an example of a fiscal note completely lacking details. Prepared by Workforce WV, the note shows that the bill would cost \$5.8 million. But it has no justification for how any of the estimates were made. Instead, the fiscal note simply states that the costs will have to be covered by the State Benefit Trust Fund. How these costs were estimated, what assumptions were made, and what data was used is left out of the analysis.

The lack of information created a false impression of bill's fiscal impact. The fiscal note neglected to explain that the \$5.8 million in costs would have been offset by reduced unemployment insurance payments. Nor did the fiscal note explain that the costs would be fully reimbursed by the federal government, resulting in significant savings for the state.

In other instances, fiscal notes will make assumptions about the economic impact of a bill, and use those assumptions to justify its costs. However, those assumptions are often not backed by any explanation or data justifying them. In 2012, HB 4086, also known as the "cracker" bill, was passed. It offered reduced property tax assessments for a petrochemical facility known as a cracker and came with a \$0 fiscal note. However, the Tax Department, which prepared the fiscal note, noted that while, "there could be some Property Tax revenue forgone," there would also be "likely other direct or indirect increases in tax revenue attributable to the new or expanded facility... that may offset the tax revenue forgone." But the fiscal note never estimated the forgone revenue or estimated the offsetting revenue increases. It merely assumed that whatever revenue was lost would be replaced, without even knowing how much replacement revenue would be needed or even if it was state or local revenue that would be created.

### **Incomplete Analysis**

Since it is often the case that a piece of legislation would affect more than one agency, multiple fiscal notes can be submitted from different agencies, covering different aspects of the bill. But each of these individual fiscal notes only offers a partial analysis, and even when put together, they can leave an incomplete picture of the bill.

In each of the past two legislative sessions, a Voter ID bill has been introduced, which would require voters to show a photo ID before voting, and provide a free photo ID to qualified voters. When the bill was first introduced in 2012 (SB 532), the Department of Motor Vehicles provided the fiscal note. The DMV estimated it would cost \$1.3 million to provide free IDs, while the state would lose \$424,908 in revenue from forgone ID processing fees. No other potential costs created by the bill were considered.

When the bill was reintroduced in 2013 (HB 2350), the fiscal note was first prepared by the Division of Corrections, which found the bill to have no fiscal impact, despite there being no substantial change from the previous year's bill. Later, the Secretary of State's office prepared a second fiscal note, estimating the cost of the bill to be \$1.8 million, based on the costs of required outreach and training. But neither of the fiscal notes prepared for the 2013 version of the bill considered the costs of providing free IDs, while the 2012 fiscal note did not consider the outreach costs.

Even more problematic, the fiscal note that the Department of Motor Vehicles prepared for SB 532 contains basic math errors. The estimated cost of \$1.3 million is based on the cost of providing 66,643 free ID's. That figure is arrived at by subtracting the number of registered voters in the state (1,217,515) from the number of issued driver's licenses (1,284,158). However, the figure would include individuals who have driver's licenses, but are not registered to vote, rather than individuals who are registered to vote, but do not have a driver's license, making the estimated cost meaningless. The estimate for the forgone revenue is similarly flawed.

This piecemeal approach to the fiscal note process, with multiple agencies providing different interpretations of a bill's fiscal impact, led to an incomplete and inaccurate analysis. Despite the fact that three different fiscal notes were prepared over two legislative sessions, the full fiscal impact of the Voter ID bill was still unclear.

### Lack of Revisions

As bills move through the legislative process, they are often amended, and this can significantly alter a bill's fiscal impact. But fiscal notes are often prepared early in the legislative process and are not updated when the bills are amended, resulting in fiscal notes that do not account for significant changes to a bill.

In 2008, lawmakers passed SB 680, which reformed the state's business taxes. The final version of the bill included a gradual reduction of the corporate net income tax rate and a phase-out of the business franchise tax. The fiscal note prepared by the Tax Department estimated that the bill would cost the state \$70 million when fully enacted. But it was prepared for an early version of the bill that only included changes to the corporate net income tax. The phase-out of the business franchise tax was added to the bill after the fiscal note was prepared, and the fiscal note was never updated.

A fiscal note from 2007, for SB 751, shows that a phase-out of the business franchise tax would cost the state \$118 million when fully enacted. So the actual cost of SB 680, as amended, was more than double what the fiscal note reflected.

### Accuracy

Given all of the shortcomings of West Virginia's fiscal note process, it is unsurprising that the estimates are usually found later to be inaccurate. In 2011 and 2012, the Legislative Auditor's Office produced two reports on the accuracy of the state's fiscal notes, looking at bills passed during the 2007 and 2008 sessions. Of the 143 bills passed, 32 had fiscal estimates that were off by more than 10 percent, while 48 had an unknown fiscal impact. Twelve fiscal notes were off by more than 50 percent in 2007, while three were off by that much in 2008 (Table 1).

Table 1  
Fiscal Note Accuracy

Margin of Accuracy	Number of Fiscal Notes - 2007	Number of Fiscal Notes - 2008
Within 10% of Estimate	9	10
11-30% of Estimate	4	9
31-50% of Estimate	3	1
Over 50% of Estimate	12	3
No Fiscal Impact	19	25
Unable to Calculate	21	27
Total	68	75

Source: West Virginia Legislative Auditor's Office, Performance Evaluation and Research Division.

With many fiscal notes providing grossly inaccurate estimates and many others providing no data at all, they are falling short of their goal of educating legislators and the public about how a bill will affect the state budget, individual agencies, local governments, and taxpayers.

### Legislator Survey

As part of the research into fiscal notes, the West Virginia Center on Budget and Policy surveyed legislators to determine their satisfaction with fiscal notes and the process used to produce them. The survey was sent to all members of the

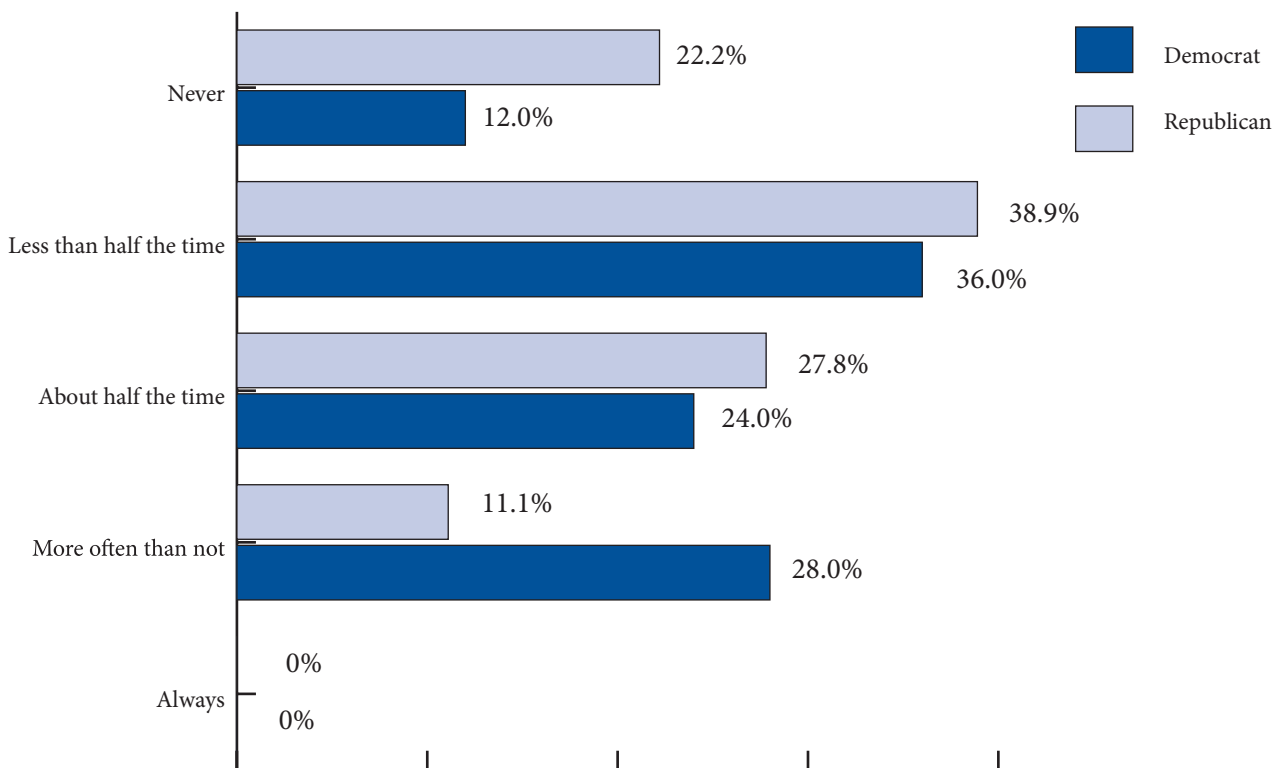
81st Legislature, by email and in person. Forty-three legislators completed the survey, including 7 Senators and 36 Delegates, with 18 Republicans and 25 Democrats responding.

The survey results show that fiscal notes are widely read, with 56 percent of the respondents indicating that they always read fiscal notes, and 37 percent saying that they read fiscal notes more often than not. There were no responses of “never” reading fiscal notes.

But the responding legislators do not find the fiscal notes very accurate: 37 percent said that fiscal notes accurately determine the actual costs of legislation less than half the time, while 16 percent said that fiscal notes are almost never accurate. None of the legislators said that fiscal notes were always accurate.

There was very little partisan split on the question: 36 percent of Democrats and 39 percent of Republicans said that fiscal notes are accurate less than half the time (**Figure 2**).

Figure 2  
**Do fiscal notes accurately determine the actual costs of legislation?**



Source: WVCBP survey of West Virginia state legislators, 2013.

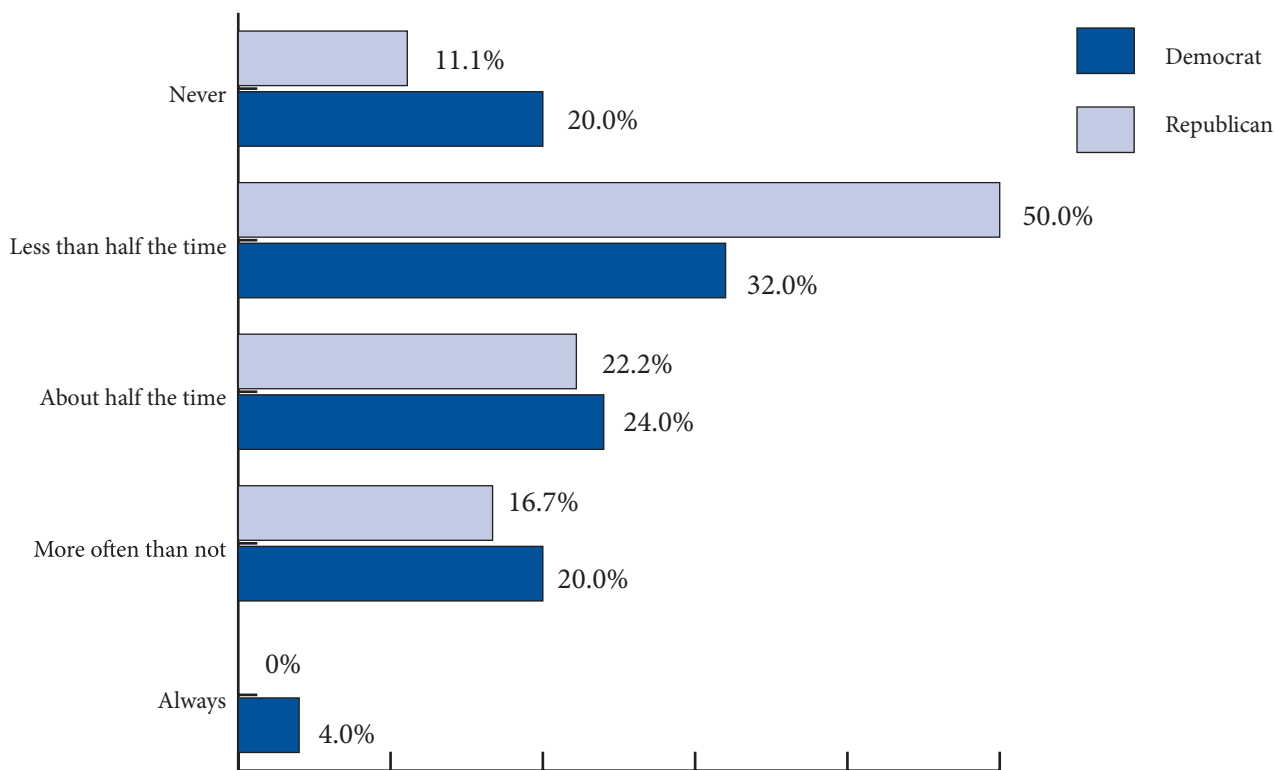
The responding legislators also found fiscal notes to be subject to bias: 40 percent said that fiscal notes are prepared objectively less than half the time, while only two percent said that fiscal notes are always prepared without bias. Again, there was only a small partisan split on the question (**Figure 3**).

More than 80 percent of the responding legislators said that fiscal notes clearly explain the fiscal effects of legislation only half the time or less, while almost 75 percent said that fiscal notes are prepared in a consistent manner only half the time or less.



Figure 3

### Are fiscal notes prepared objectively, with no bias toward the preparing agency's or governor's preferred outcome for the legislations?



Source: WVCBP survey of West Virginia state legislators, 2013.

When asked what improvements should be made to the fiscal note process, 66 percent of the respondents said the state should establish an independent fiscal office, while 51 percent said there should be a one- to five-year reconciliation process, where past fiscal notes are reviewed for accuracy. Other suggestions included the creation of separate fiscal notes for the impact that a bill would have on counties and municipalities, and requiring fiscal notes to be prepared during the interim legislative sessions.

Responding legislators also commented that fiscal notes need more detail, bad estimates affect the passage of bills, and there is seldom enough time for agencies to properly analyze the impact of legislation and prepare fiscal notes during the session. (See **Appendix** for full list of questions and responses.)

### Policy Recommendations

By taking the following steps, the state could create a stronger fiscal note process that better serves the legislature and the people of West Virginia:

- Fiscal notes should be reviewed and finalized by a neutral and independent source, rather than the affected agency. Establishing an independent Legislative Fiscal Office or allowing the budget division of the Joint Committee on Government and Finance to produce or oversee fiscal notes would eliminate the potential for agency bias. Agencies should be encouraged to provide information, but the primary oversight of the fiscal note should be independent.
- The creation and enforcement of written criteria and standards that fiscal notes must meet should also be a key aspect of the oversight role. While legislative staff exercises some oversight of the fiscal note process, it is informal and subjective.

- The legislative rules governing fiscal notes should be revised, ensuring that fiscal notes are standardized, accurate, and comprehensive. Local impacts should be separated from state impacts, and official estimates backed by data need to be distinguished from uncertain estimates based on limited information.
- All fiscal notes should contain an explanation of the method used to produce the cost estimate and the reasons why the method was used. Costs and offsetting revenues should be fully calculated and explained. All fiscal notes should also describe the assumptions used to determine the estimate. While agencies are currently instructed to do this, these explanations rarely make it into the final fiscal note.
- West Virginia should add a feature to the legislature’s website allowing for searchable fiscal note tracking. This would ensure that all fiscal notes are easily found and publicly available.

## Conclusion

It is hard for legislators to make good, fiscally sound decisions when they do not have the information to do so. And the state agencies tasked with providing that information often do not have the resources to give them that information. Right now, bills are introduced and passed without realistic cost estimates, and little is being done about it.

Improving the fiscal note process should be a priority. Requiring a full explanation of a fiscal note’s estimates will create confidence in the process. Making all of the fiscal notes public and searchable will increase their accessibility. Creating an independent body to oversee the production of fiscal notes will increase their neutrality and quality.

## Appendix - Survey Results (written responses appear as written)

### Q1: Fiscal notes accurately determine the actual costs of legislation -

<i>Answer Options</i>	<i>Response Rate</i>
Always	0.0%
More often than not	20.9%
About half the time	25.6%
Less than half the time	37.2%
Almost never	16.3%

### Q2: Fiscal notes are prepared objectively, with no bias toward the preparing agency’s or governor’s preferred outcome for the legislation -

<i>Answer Options</i>	<i>Response Rate</i>
Always	2.3%
More often than not	18.6%
About half the time	23.3%
Less than half the time	39.5%
Almost never	16.3%

### Q3: Fiscal notes clearly explain the estimated fiscal effects of the legislation, including how estimates were made, sources and amounts of revenue -

<i>Answer Options</i>	<i>Response Rate</i>
Always	4.7%
More often than not	14.0%
About half the time	39.5%
Less than half the time	23.3%
Almost never	18.6%

**Q4: How often do you read the fiscal notes accompanying bills you have voted on?**

<i>Answer Options</i>	<i>Response Rate</i>
Always	55.8%
More often than not	37.2%
About half the time	4.7%
Less than half the time	2.3%
Almost never	0.0%

**Q5: In general, the fiscal notes prepared by all of the different agencies are of high quality, containing complete information offered in an easy-to-read and consistent format -**

<i>Answer Options</i>	<i>Response Rate</i>
Always	0.0%
More often than not	25.6%
About half the time	23.3%
Less than half the time	32.6%
Almost never	18.6%

**Q6: Which part of the fiscal note do you find most useful?**

<i>Answer Options</i>	<i>Response Rate</i>
The summary, which states the effect of legislation on costs and revenues	26.8%
The detail, which shows the overall effect in a table format	17.1%
The explanation of the estimates, which explains the reasoning behind the fiscal effect estimate	43.9%
Other (please specify)	12.2%
Other responses:	
• None	
• The estimate only – there is rarely any attached detail	
• All	
• There is nothing extremely useful due to the lack of detail	
• Economic impact	

**Q7: Which part of the fiscal note do you find most useful?**

<i>Answer Options</i>	<i>Response Rate</i>
The summary, which states the effect of legislation on costs and revenues	36.0%
The detail, which shows the overall effect in a table format	16.0%
The explanation of the estimates, which explains the reasoning behind the fiscal effect estimate	20.0%
Other (please specify)	28.0%
Other responses:	
• All of it needs more detail	
• None	
• The notes have become suspect on many occasions	
• All	
• Ignoring taxpayer cost if it is county or municipal	

**Q8: What improvements should be made to the fiscal note process?**

<i>Answer Options</i>	<i>Response Rate</i>
Establishment of an independent fiscal note office	66.7%
Creation of a more defined procedure for producing fiscal notes	35.7%
Expansion of the scope of fiscal notes to include information beyond costs and revenues	21.4%
Establishment of a one-year and five-year reconciliation process to determine the accuracy of the information contained in the fiscal notes	50.0%
Other (please specify)	
Other responses:	
<ul style="list-style-type: none"><li>• Create a similar program to the federal CBO</li><li>• Add county and municipal fiscal notes</li><li>• All Bills requiring fiscal note should be prepared during interims to allow time for members to review them prior to introduction. If the fiscal note is inadequate, the bill cannot be introduced that session.</li></ul>	

**Q9: In what chamber of the Legislature do you serve?**

<i>Answer Options</i>	<i>Response Rate</i>
House of Delegates	83.7%
Senate	16.3%

**Q10: How long have you served in the Legislature?**

<i>Answer Options</i>	<i>Response Rate</i>
1-3 years	34.9%
4-6 years	20.9%
7-12 years	23.3%
13+ years	20.9%

**Q11: Additional Comments –**

- The explanations can be biased
- Would like to see a fiscal note committee of Delegates/Senators review the notes 4 years later to see how accurate they were
- More detail needed
- We need more accounts and fiscal experts in specific areas not non partisan think tanks.
- Provide a training class to Committee Chairs explaining they are “FISCAL” notes and not “PHYSICAL” note
- They are like notes sent home from your teacher. You don’t agree but your opinion will have little effect on the punishment sure to follow.
- If a fiscal note is 0 to the state, then it should be noted who will bear the cost and how much that is estimated to be.
- I have experienced fiscal notes which were both grossly over-estimated and under-estimated and those incorrect estimates affected the passage of the Bill they described.
- One problem I see is that during the 60 day Legislative session, if a fiscal note is called for, there is seldom enough time to properly analyze and prepare the note. Perhaps the answer is to re-vamp the way legislation moves through the Legislature. I would suggest that during the interim period all proposed legislation requiring a fiscal note be sent to Bill Drafting and to the appropriate agency for a fiscal note. Only after the Bill has been drafted and reviewed and the Fiscal note has been prepared and reviewed, could the bill be introduced into the Regular Session. If the Bill is not properly prepared, or the fiscal note is not adequate, the Bill could not be introduced.

## Endnotes

- 1 Fiscal Note Policy Manual, Minnesota Management and Budget Office, <http://www.beta.mmb.state.mn.us/doc/budget/notes/policy-manual.pdf>
- 2 West Virginia Legislature House Rule 95a and Senate Rule 15a.
- 3 Email conversation with Steve Thompson July 10, 2012.
- 4 Ibid.
- 5 West Virginia Legislature House Rule 95a
- 6 <http://www.ncsl.org/documents/fiscal/FiscalNoteProcess.pdf>
- 7 <http://www.beta.mmb.state.mn.us/doc/budget/notes/policy-manual.pdf>
- 8 <http://www.newsandsentinel.com/page/content.detail/id/563649/Analysis-office-on-costs-favored-by-lawmakers.html?nav=5061>,  
<http://www.register-herald.com/statenews/x67376978/West-Virginia-agencies-miss-mark-on-bills-fiscal-effects>, <http://www.dailymail.com/Business/201302200258>
- 9 <http://wvgazette.com/News/201102231224>
- 10 Anatomy of a Fiscal Note, Fred Lewis, Policy Analyst, West Virginia House of Delegates, Committee on Finance.
- 11 Ibid.