



# LOCAL IMPACT NOTES

## What are local impact notes?

Local impact notes estimate the impact of proposed legislation seeking to impose a program or financial mandate on political subdivisions. Local impact notes are governed by [Minnesota Statute 3.987](#).

## What groups are considered “political subdivisions”?

Cities, counties, townships, villages, and school districts are all examples of political subdivisions.

## Who provides local impact notes?

The Legislative Budget Office (LBO) coordinates the response to the request and prepares the local impact note. The LBO relies on the expertise and cooperation of representative associations to help streamline the response and provide the data for those estimates. The LBO provides to political subdivisions the necessary background information and a timeline for the response, answers any questions from requesters and political subdivisions, facilitates the collection of the data requested, and prepares the finished local impact note.

## How are local impact notes used?

Legislators may use local impact notes to determine the final form of bill language, to inform funding decisions, and to make decisions about whether to pursue the proposed legislation.

## Who can request a local impact note?

The chair or the ranking minority member of either House or Senate Tax, Finance, or Ways and Means Committee may request a local impact note by sending a request to the Legislative Budget Office ([lbo@lbo.leg.mn](mailto:lbo@lbo.leg.mn)).

## When are local impact notes requested?

Local Impact Notes are typically requested during the Minnesota legislative session, January – May. Like fiscal notes, local impact notes may also be requested outside of the legislative session.

## How long does it take to prepare a local impact note?

Often, a response is most useful if provided shortly after the request. The estimates in a local impact note can play a significant role in informing legislators of the full impact of the proposed legislation—when they are timely and provide the information requested. The LBO will attempt to coordinate the responses in order to provide a local impact note within thirty days of the request. The complexity of the proposed legislation or timing of the request may affect the timeline.

## How should the local impact note estimate be developed?

The key word is “estimate.” Exact costs are not required and often would be impossible to obtain in a timely manner. Using the information provided by the LBO, local government entity subject matter

experts build reasonable assumptions, applying neither a worst case nor best case approach on which to base their estimate. The estimate should include:

- similar existing work used to estimate the impact of the proposed legislation
- requirements necessary to maintain or that are being eliminated that affect the estimate
- additional or reduced staffing, materials, equipment, or technology changes impacted by the proposed legislation

Including these elements helps the Legislative Budget Office and the legislature better understand the estimate.

The estimate must be objective. The estimate should simply answer the question of what the fiscal effect of the legislation would be to political subdivisions if enacted. Opinions about the legislation can be communicated to the legislature separately, but should not influence the data provided or be included in the estimate.

### **What is the difference between local impact in a fiscal note and a local impact note?**

Fiscal notes include information on the estimated local impact of proposed legislation. Because fiscal notes focus on proposed legislation's impact to state agencies, fiscal notes do not go into as much detail as a local impact note.

### **Does every piece of legislation need a local impact note?**

Historically, only a few local impact note requests are made each session. When a request for a local impact note is made, the LBO confirms that the request meets the requirements of a local impact note, and is not covered in the list of exceptions included in [Minnesota Statute 3.988](#).

### **Who should I contact for more information?**

Contact Kathryn Ho, Legislative Budget Office Coordinator (651) 297-7146, [Kathryn.ho@lbo.leg.mn](mailto:Kathryn.ho@lbo.leg.mn), for more information about local impact notes.