



Date: October 1, 2019
To: Commissioners, Deputy Commissioners, Chief Financial Officers and Budget Directors
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Subject: MMB Role in Fiscal Note Review

On September 1, 2019, oversight of the fiscal note process transitioned from Minnesota Management & Budget to the Legislative Budget Office (LBO). Even though the LBO will assign, review and approve fiscal notes, MMB's review of fiscal notes will continue as part of the agency's core mission.

State law designates the Commissioner of Management and Budget as the state's controller, chief accounting and chief financial officer. MMB must ensure that enacted budgets are balanced, as required by the state's constitution, and proposed budgetary changes are tracked and estimated responsibly.

Under the new model for fiscal notes, MMB plans to engage strategically with agencies early in fiscal note development to ensure critical assumptions and calculations are vetted and agreed upon. We anticipate this early engagement will occur primarily in cases of complex fiscal notes or notes with significant fiscal impact. In other cases, EBOs will review the fiscal note when it is submitted to the LBO by the agency or following the LBO review.

In order to support MMB's statutory responsibilities, agencies should reach out to EBOs about assumptions and fiscal note content before submission to the LBO in the following cases:

1. Bills making changes to existing or that establish new forecast programs
2. Bills that establish new, or eliminate existing, programs or entities
3. Bills with statewide impact
4. Bills that generate significant savings
5. Bills that reflect, or substantially resemble, a Governor's budget recommendation
6. Notes that reflect an agency absorbing costs
7. Bills that require significant IT system changes
8. Unofficial and classified fiscal notes¹
9. Bills with language an agency believes cannot reasonably be implemented
10. Bills with significant costs beginning outside the budget horizon

MMB will work in partnership with agencies, the LBO, and legislative fiscal staff. If the LBO requests changes that the agency disagrees with, agency staff should reach out to their EBO. If there is a disagreement about a fiscal note between an agency or MMB and the LBO, MMB will attempt to work through the issue with the agency, the LBO and legislative fiscal staff.

Typically, fiscal note disagreements can be resolved. However, in the case of intractable disagreement, MMB may submit a letter with an alternative fiscal estimate for the legislation. We expect these situations will be rare, and MMB will work closely with agency staff on the format and development of any alternative estimates.

¹For confidential fiscal notes, agencies should notify EBOs when a confidential note is requested, and provide the language upon which the fiscal note is being completed. Under statute, state agencies are required to make records available to MMB. Minn. Stat. §§ 15.08 (the commissioner of MMB “shall have free access to the records of all state departments and agencies”); 16A.06, subd. 7 (the commissioner of MMB “shall obtain from an executive agency any information needed to make state financial policy.”)