

Department of Planning and Budget 2014 Fiscal Impact Statement

1. Bill Number: HB199

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Landes

3. Committee: Committee on Rules

4. Title: Legislation affecting local government expenditures or reductions.

5. Summary: Requires the Division of Legislative Services to identify and forward to the Commission on Local Government (Commission) joint resolutions introduced calling for a study of local government expenditures or revenues. The bill also authorizes the Department of Planning and Budget and the Department of Taxation to forward to the Commission bills introduced requiring additional local government expenditures or a reduction in local government revenues.

6. Budget Amendment Necessary: Yes

7. Fiscal Impact Estimates: Preliminary. See Item #8 below.

8. Fiscal Implications: The Department of Planning and Budget and the Department of Taxation consider the implementation of this legislation routine and do not anticipate any fiscal impact.

According to the Department of Housing and Community Development (DHCD), this bill will result in an expenditure impact. The Commission on Local Government, housed under DHCD, is charged with reviewing legislation for local fiscal impacts. Currently, the Commission only analyzes bills assigned to them by the Division of Legislative Services. According to the Commission, the current statute implies that the only bills it can review are bills flagged and forwarded to it by Division of Legislative Services. Through this process, the Commission typically reviews and prepares fiscal impact statements on approximately 10 to 15 bills per session.

This bill authorizes the Department of Planning and Budget and the Department of Taxation, in addition the Division of Legislative Services, as agencies who may forward local, legislative bills to the Commission. As a result, the Commission estimates an increased number of bills will be forwarded for analysis, in the range of 75 to 100. Current practice involves localities submitting Word documents to the Commission, which are reviewed and manually compiled. With the probability of increased bills requiring review, the Commission anticipates the need for a web-based data portal for localities to submit input on the various

bills. The system will allow for the automatic consolidation of information from the numerous localities for inclusion in the fiscal impact statements. DHCD estimates a one-time cost of \$28,000 to \$34,000 for the development of the web portal in FY 2015. This figure is based upon 8 to 10 weeks of systems development with an IT consultant at approximately \$71 per hour.

In addition to the web-portal, DHCD also anticipates that the Commission will need to hire seasonal contract work to prepare the additional impact statements. According to DHCD, there is one staff person at the Commission who completes the analysis and submission of the local fiscal impact statements. DHCD estimates an ongoing fiscal impact of \$6,700 to \$14,000 annually, based upon a contract length of 10 weeks using the Commonwealth's temporary firm contract rates of \$16.75 per hour should clerical assistance be hired or \$35 per hour if an economist is hired.

9. Specific Agency or Political Subdivisions Affected: Department of Planning and Budget, Department of Taxation, Commission on Local Government, Division of Legislative Services

10. Technical Amendment Necessary: n/a

11. Other Comments: n/a