FREQUENTLY ASKED QUESTIONS ABOUT THE LOCAL GOVERNMENT FISCAL NOTE PROGRAM

1. What is a local government fiscal note?
2. How are our fiscal notes different than state agency notes?
3. How do we assess fiscal impacts?
4. How to provide input on bill impacts?

1. WHAT IS A LOCAL GOVERNMENT FISCAL NOTE?

The Local Government Fiscal Note Program (LGFN) reports to the Legislature the potential fiscal impacts of proposed legislation on local governments. We are one of 42 similar programs across the United States.

Fiscal notes are part of the legislative record for proposed bills, typically available to legislators and the public prior to hearings and updated as bills are modified. Local government fiscal notes are sent to the policy and appropriations committees of each house and available to members of the public online.

Washington’s local government fiscal note process was established in 1977 through Chapter 43.132 RCW. We provide objective analysis of potential expenditure and revenue impacts to counties, cities and special purpose districts. Only two types of local jurisdictions are outside our purview:

• courts, which are covered by the Administrative Office of the Courts (AOC); and
• school districts, which are covered by the Office of the Superintendent of Public Instruction (OSPI).

Local government fiscal notes provide the Legislature with the information it needs to uphold Chapter 43.135.060 RCW. This statute requires the state to mitigate the impact of legislation that requires local governments to create or expand services if these costs are not reimbursed through specific state appropriations or increases in state distributions of revenue to local governments enacted after January 1, 1998.

Figure 1 illustrates how we have consistently produced the largest number of fiscal notes of any state agency in Washington – hundreds more per year than the Department of
Revenue (DOR), the Department of Social and Health Services (DSHS) or the Administrative Office of the Courts (AOC). Over the last decade, we have received 13.6 percent of all fiscal note requests.

NOTE: The zig-zag in fiscal note requests reflects long (105-day) and short (60-day) sessions.

2. HOW ARE OUR FISCAL NOTES DIFFERENT THAN STATE AGENCY NOTES?

Local government fiscal notes are similar in format to those produced by all state agencies and are distributed to legislators in the same information packet. However, our notes are different in two ways:

- State agency notes typically focus primarily on their own operations. In contrast, our focus is entirely external: We collect and objectively analyze data from literally hundreds of local jurisdictions. This is why state statute gives us five days to respond to fiscal note requests from the Office of Financial Management (OFM), while the statutory deadline for agency notes is three days.
- A state agency typically writes fiscal notes on a relatively narrow range of topics (for example, the Dept. of Health on public health). In contrast, we are charged with addressing almost any issue that could impact local governments, such as taxes, criminal justice, land use, social services, government operations and public works.
The foremost subject areas we cover will vary with each legislative session, but generally we receive the most note requests on bills related to taxes and criminal justice. In the 2012 session these subject areas represented 44 percent all note requests (see Figure 2).

![Figure 2: Note requests by topic area](image)

### 3. HOW DO WE ASSESS FISCAL IMPACTS?

Potential fiscal impacts of legislation are determined through surveys, data models, review of published reports and online databases, and direct consultation with state and local government officials. Program staff members also work closely with local government associations. These organizations include, for example, the Association of Washington Cities, the Washington State Association of Counties, the Washington Association of County Officials, the Washington Association of Prosecuting Attorneys, Washington Defender Association, and the Washington State Association of County Treasurers.

### 4. HOW TO PROVIDE INPUT ON BILL IMPACTS

If you work with local governments and would like to provide information regarding the revenue or expenditure impacts of a bill, please feel free to contact us. Data from a variety of different jurisdictions is critical to providing the best representation possible to the legislature of the types of impacts that may occur to different jurisdictions across the state. Not all information we receive is necessarily incorporated into our fiscal notes, but all information pertinent to a note, whether it is background information or fiscal figures, is helpful to providing a more complete and accurate picture of bill impacts to local governments.