MINNESOTA SCHOOL BOARDS ASSOCIATION
Where School Boards Learn to Lead

Resolution # 4

2025 Delegate Assembly
Proposed Legislative Resolution

TITLE OF RESOLUTION: Fiscal Note Required for New Mandates

SUBMITTED BY: Holdingford Public Schools, ISD 738; Hastings Public Schools, ISD 200, Carrie Tate, Board Member

RECOMMENDATION: Passage

BE IT RESOLVED, THAT MSBA URGES THE LEGISLATURE TO require that all proposed legislation creating new mandates on public school districts include a full fiscal note, as well as a local impact note when appropriate, and dedicated, sustainable funding source sufficient to cover all associated costs.

DESCRIBE THE PROBLEM:
Legislation frequently imposes new requirements on public school districts without an accurate estimate of the costs to implement those mandates or without providing funding to support them. School districts are left to implement new programs or services using existing resources intended for other educational priorities.

EXPLAIN WHY THIS IS A PROBLEM:
Without accurate cost projections and guaranteed funding, new mandates create unfunded financial obligations that reduce the resources available for core instruction, student supports, and other locally determined priorities. This practice undermines local control, strains school district budgets, and shifts the cost burden to local taxpayers.

CURRENT POSITION:
1.085 Urges the legislature to resist new statewide mandates and, if absolutely necessary, provide full funding for the implementation of the mandates, and annually review existing unfunded mandates and modify or repeal where possible. (2022)
1.086 Urges the legislature prior to and after a mandated program is enacted, consideration and implementation of the following:
• a cost impact study;
• Full state funding of the mandated program to include implementation and additional administrative overhead costs;
• A systematic procedure should be adopted guaranteeing that all of the appropriate governmental agencies affected by the proposed mandated program are consulted during deliberation;
• Prior to statewide implementation, full funded pilot sites should be selected in order to determine effectiveness and feasibility of carrying out the mandate;
• Prior to statewide implementation, all existing laws and regulations should be changed to accommodate the mandate; and

• A sunset provision should be adopted three years after statewide implementation to determine whether continued funding is justified.
• If state aid commitments are reduced in the future, mandated programs not fully funded should not be required by the state.

CURRENT LAW:
Minn. Stat. 3.98 outlines the preparation of fiscal notes, requiring agencies to provide dollar estimates, explain their assumptions, and report the overall impact on state funds. defines fiscal notes as official estimates of a bill's budgetary impact, prepared by affected agencies and reviewed by the Legislative Budget Office (LBO). These notes are required to show dollar amounts for costs, savings, or revenue changes, including the assumptions used, and are posted on the LBO's public website.

3.98 FISCAL NOTES.
Subdivision 1. Preparation; duties. (a) The head or chief administrative officer of each department or agency of the state government, including the supreme court, shall prepare a fiscal note consistent with the standards and procedures adopted under section 3.8853, at the request of the chair of the standing committee to which a bill has been referred, or the chair of the house of representatives Ways and Means Committee, or the chair of the senate Committee on Finance.
(b) For purposes of this subdivision, "supreme court" includes all agencies, committees, and commissions supervised or appointed by the state supreme court or the state court administrator.
Subd. 2. Contents. (a) The fiscal note, where possible, shall:
(1) cite the effect in dollar amounts;
(2) cite the statutory provisions affected;
(3) estimate the increase or decrease in revenues or expenditures;
(4) include the costs which may be absorbed without additional funds;
(5) include the assumptions used in determining the cost estimates; and
(6) specify any long-range implication.
(b) The fiscal note may comment on technical or mechanical defects in the bill but shall express no opinions concerning the merits of the proposal.
Subd. 3. Distribution. A copy of the fiscal note shall be delivered to the chair of the Ways and Means Committee of the house of representatives, the chair of the Finance Committee of the senate, the chair of the standing committee to which the bill has been referred, to the chief author of the bill and to the commissioner of management and budget.
Subd. 4. Uniform procedure. Legislators can also request Local Impact Notes under Minnesota Statutes, section 3.987, to estimate the financial impact on local governments.

Minn. Stat 3.987 governs Local Impact Notes, which estimate the fiscal impact of state-mandated actions on local governments. The local impact note must be made available to the public upon request. If the action is among the exceptions listed in section 3.988, a local impact note need not be requested nor prepared.

3.987 LOCAL IMPACT NOTES FOR STATE-MANDATED ACTIONS.

Subdivision 1. Local impact notes.

The Legislative Budget Office shall coordinate the development of a local impact note for any proposed legislation upon request of the chair or the ranking minority member of either legislative Tax, Finance, or Ways and Means Committee. Upon receipt of a request to prepare a local impact note, the office must notify the authors of the proposed legislation that the request has been made. The local impact note must be made available to the public upon request. If the action is among the exceptions listed in section 3.988, a local impact note need not be requested nor prepared. The office shall make a reasonable and timely estimate of the local fiscal impact on each type of political subdivision that would result from the proposed legislation. The office may require any political subdivision or the commissioner of an administrative agency of the state to supply in a timely manner any information determined to be necessary to determine local fiscal impact. The political subdivision, its representative association, or commissioner shall convey the requested information to the office with a signed statement to the effect that the information is accurate and complete to the best of its ability. The political subdivision, its representative association, or commissioner, when requested, shall update its determination of local fiscal impact based on actual cost or revenue figures, improved estimates, or both. Upon completion of the note, the office must provide a copy to the authors of the proposed legislation and to the chair and ranking minority member of each committee to which the proposed legislation is referred.

Subd. 2. Mandate explanations.

Before a committee hearing on a bill that seeks to impose program or financial mandates on political subdivisions, the chair or ranking minority member of the committee may request that the author must provide the committee with a note that gives appropriate responses to the following guidelines. The note must state and list:

(1) the policy goals that are sought to be attained and any performance standards that are to be imposed on political subdivisions;

(2) any performance standards that will allow political subdivisions flexibility and innovation of method in achieving those goals;

(3) the process by which each standard governs input such as staffing and other administrative aspects of the program;

(4) the sources of additional revenue, in addition to existing funding for similar programs, that are directly linked to imposition of the mandates that will provide adequate and stable funding for their requirements;

(5) the reasons why financial incentives or voluntary compliance would not yield the equity, efficiency, or desired level of statewide uniformity in the proposed program;

(6) what input has been obtained to ensure that the implementing agencies have the capacity to carry out the delegated responsibilities; and

(7) the efforts put forth, if any, to involve political subdivisions in the creation or development of the proposed mandate.

Subd. 3.[Repealed, 1998 c 389 art 16 s 36]

Subd. 4. No mandate restriction.

Except as specifically provided by this article, nothing in this article restricts or eliminates the authority of the state to create or impose programs by law upon political subdivisions.

The Legislative Budget Office shall prescribe a uniform procedure to govern the departments and agencies of the state in complying with the requirements of this section.

Minn Stat. 13.64 addresses the confidentiality of data related to "unofficial" fiscal notes, which are prepared for draft legislation before it's officially introduced.

13.64 ADMINISTRATION; MANAGEMENT AND BUDGET DATA.
Subdivision 1. Department of Management and Budget.
(a) Notes and preliminary drafts of reports created, collected, or maintained by the Management Analysis Division, Department of Management and Budget, and prepared during management studies, audits, reviews, consultations, or investigations are classified as confidential or protected nonpublic data until the final report has been published or preparation of the report is no longer being actively pursued.

(b) Data that support the conclusions of the report and that the commissioner of management and budget reasonably believes will result in litigation are confidential or protected nonpublic until the litigation has been completed or until the litigation is no longer being actively pursued.

(c) Data on individuals that could reasonably be used to determine the identity of an individual supplying data for a report are private if:

(1) the data supplied by the individual were needed for a report; and

(2) the data would not have been provided to the Management Analysis Division without an assurance to the individual that the individual's identity would remain private, or the Management Analysis Division reasonably believes that the individual would not have provided the data.

Subd. 3.Unofficial fiscal note. (a) For purposes of this subdivision, "unofficial fiscal note" means a fiscal note requested by or on behalf of a member of the legislature on draft language for a bill that has not been introduced.

(b) This paragraph applies if a request for an unofficial fiscal note is accompanied by a directive from the requester that the data be classified under this paragraph. Government data on the request, the bill draft, and the unofficial fiscal note are private data on individuals or nonpublic data, provided that the data are accessible to, and may be disclosed by, the requester. If the unofficial fiscal note or an updated version is subsequently used for an introduced bill, or any legislation, including an amendment or a proposed bill, that any member of the legislature offers for consideration by a legislative committee, the fiscal note becomes public data.

Subd. 4.Fiscal note data must be shared with Legislative Budget Office. A head or chief administrative officer of a department or agency of the state government, including the supreme court, must provide data that are used to prepare a fiscal note, including data that are not public data under this section to the director of the Legislative Budget Office upon the director's request and consistent with section 3.8853, subdivision 4, unless there are federal laws or regulations that prohibit the provision of the not public data for this purpose. The data must be supplied according to any standards and procedures adopted under section 3.8853, subdivision 3, including any standards and procedures governing timeliness. Notwithstanding section 13.05, subdivision 9, a responsible authority may not require the Legislative Budget Office to pay a cost for supplying data requested under this subdivision.

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Minn. Stat. 3.8853 establishes the Legislative Budget Office's Uniform Standards and Procedures for fiscal note development and mandates posting completed notes on the LBO's website. Minnesota Statutes, 3.8853 establishes the LBO, governs the appointment and term of a director, specifies the development of uniform standards and procedures for the fiscal note process under Minnesota.

3.8853 LEGISLATIVE BUDGET OFFICE.

Subdivision 1. Establishment; duties. The Legislative Budget Office is established to provide the house of representatives and senate with nonpartisan, accurate, and timely information on the fiscal impact of proposed legislation, without regard to political factors.

Subd. 2. Director; staff. a) The Legislative Budget Office Oversight Commission must appoint a director and establish the director's duties. The director may hire staff necessary to do the work of the office. The director serves in the unclassified service for a term of six years and may not be removed during a term except for cause after a public hearing.

(b) The director and staff hired under this section must provide professional and technical assistance to the Tax Expenditure Review Commission under section 3.8855.

Subd. 3. Uniform standards and procedures. The director of the Legislative Budget Office must adopt uniform standards and procedures governing the timely preparation of fiscal notes as required by this section and section 3.98. The standards and procedures are not effective until they are approved by the Legislative Budget Office Oversight Commission. Upon approval, the standards and procedures must be published in the State Register and on the office's website.

Subd. 4. Access to data; treatment. Upon request of the director of the Legislative Budget Office, the head or chief administrative officer of each department or agency of state government, including the supreme court, must promptly supply data that are used to prepare a fiscal note, including data that are not public data under section 13.64 or other applicable law, unless there are federal laws or regulations that prohibit the provision of the not public data for this purpose. Not public data supplied under this subdivision may only be used by the Legislative Budget Office to review a department or agency's work in preparing a fiscal note and may not be used or disseminated for any other purpose, including use by or dissemination to a legislator or to any officer, department, agency, or committee within the legislative branch. Violation of this subdivision by the director or other staff of the Legislative Budget Office is cause for removal, suspension without pay, or immediate dismissal at the direction of the oversight commission.

Subd. 5. Fiscal note delivery and posting. The director of the Legislative Budget Office must deliver a completed fiscal note to the legislative committee chair who made the request, and to the chief author of the legislation to which it relates. Within 24 hours of completion of a fiscal note, the director of the Legislative Budget Office must post a completed fiscal note on the office's public website. This subdivision does not apply to an unofficial fiscal note that is not public data under section 13.64, subdivision 3.

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BACKGROUND PROVIDED BY MSBA:

Legislative Budget Office (LBO) [1]

Mission

Providing the Minnesota Legislature timely, impartial research and analysis on tax expenditures and the fiscal impact of legislation.

Vision

The legislative process is strengthened through access to clear and trusted fiscal information for the benefit of all Minnesotans.

- **Integrity** - We operate as a nonpartisan, independent office to provide useful, accurate, and transparent information.
- **Respect** - We work collaboratively and foster professional relationships by recognizing the importance of diverse perspectives and expertise.
- **Excellence** - We believe talented, engaged, well-trained employees who are well-supported set high standards and achieve excellent results.

History

The Minnesota Legislature created the Legislative Budget Office (LBO) during the 2017 Legislative Session. Funding for the LBO was first appropriated in fiscal year 2018. Changes enacted during the 2018 Legislative Session established September 1, 2019, as the effective date for the LBO to assume fiscal note responsibilities. Prior to the creation of the LBO, Minnesota Management and Budget, a state agency within the executive branch, was responsible for submission of fiscal notes to the legislature. In 2021, the Minnesota Legislature created the Tax Expenditure Review Commission. The LBO provides professional and technical support to the commission.

The Legislative Budget Office (LBO) is a nonpartisan office within the legislative branch of Minnesota state government. The LBO is charged with objectively evaluating proposed legislation to assess the potential impact on the state budget. The products of this work are known as fiscal notes and local impact notes. State agencies provide the data estimating the proposed legislation's impact for a fiscal note. Data used to develop local impact notes is provided by local entities and associations of local entity professionals, as well as state agencies. LBO staff review this information to assess accuracy, reasonableness and compliance with fiscal note policies and standards prior to submission to the legislature. In 2021, the Minnesota Legislature enacted a law establishing the Tax Expenditure Review Commission. The LBO provides professional and technical assistance to the Tax Expenditure Review Commission, which will annually submit written reports to the legislature beginning December 2022.

LBO Uniform Standards and Procedures

A fiscal note is an official estimate of the fiscal effects that would be caused by the enactment of a bill. Fiscal notes are defined in Minnesota Statute 3.98. Fiscal note requests are initiated by legislative fiscal analysts on behalf of committee chairs. Agencies that would be affected by a bill

[1] https://www.lbo.mn.gov/aboutus.html

prepare estimates of cost changes and revenue changes the bill would cause. Fiscal notes must not assume any changes in law that are not included in the bill, but may provide commentary on potential defects in the bill. No opinions on the merits of a bill may be expressed in a fiscal note. The Legislative Budget Office reviews estimates to assure that they are reasonable, accurate, and objective.

Minnesota Statutes, section 3.98, defines fiscal notes as official estimates of a bill's budgetary impact, prepared by affected agencies and reviewed by the Legislative Budget Office (LBO). These notes are required to show dollar amounts for costs, savings, or revenue changes, including the assumptions used, and are posted on the LBO's public website. Legislators can also request Local Impact Notes under Minnesota Statutes, section 3.987, to estimate the financial impact on local governments.

Purpose of Fiscal Notes

- **Estimate costs:** Determine the potential costs, savings, revenue gain, or revenue loss a bill would cause for state and, in some cases, local governments.
- **Inform legislators:** Help legislators understand the financial implications of proposed legislation for the state budget and individual agencies.
- **Provide transparency:** Detail the assumptions and calculations used to arrive at cost estimates, ensuring transparency in the budgeting process.

Who Prepares Fiscal Notes

- **Executive branch agencies:** Agencies that would be affected by a bill are responsible for preparing the estimates of cost and revenue changes.
- **Legislative Budget Office (LBO):** The LBO coordinates the preparation of fiscal notes, reviews them for consistency with the Uniform Standards and Procedures, and posts the completed notes publicly.

How Fiscal Notes Are Created

1. **Request:** A legislative committee chair, legislative fiscal analyst, or a member of the legislature (for an unofficial note) requests a fiscal note.
2. **Preparation:** Affected agencies prepare estimates of the fiscal impacts and explain their assumptions.
3. **Review:** The LBO reviews the note to ensure it follows the Uniform Standards and Procedures.
4. **Distribution:** The completed fiscal note is delivered to the requesting committee chair, the bill's author, and other relevant legislative leadership.
5. **Publication:** The LBO posts the completed fiscal note on its public website within 24 hours.

To find Fiscal Note for bills in Minnesota

https://mn.gov/mmbapps/fnsearchlbo/?number=HF2210&year=2025

Instructions for Fiscal Note Search:

Select a Legislative Session from the drop-down list, then enter the Bill Number:

- For Sessions 2013-2014 and earlier: enter H or S, followed by the four-digit file number (H0002 or S0003).
- For Sessions 2015-2016 and later: enter HF or SF, followed by the number (HF2 or SF3)
- Special session fiscal notes are listed on the LBO website

Summary of the fiscal note for HF 2210-1A – School Unemployment Aid Appropriated (2025–26 Session):

Overview

- **Bill Author:** Rep. Lucille Rehm
- **Committee:** Education Finance
- **Agency:** Minnesota Department of Education
- **Date Completed:** March 19, 2025
- **Analyst:** Alyssa Holterman Rosas

The bill appropriates state aid to offset school district costs associated with unemployment insurance (UI) benefits for nonlicensed school employees.

Fiscal Impact Summary

Category	State Impact	Details
Expenditures	**Yes**	The state will spend from the **General Fund** to provide unemployment aid to schools.
Fee/Earnings	No	No new fees or earnings anticipated.
Tax Revenue	No	No effect on state tax revenues.
IT Costs	No	No technology-related costs.
Local Impact	**Yes**	Local governments (school districts) are affected—this is discussed narratively in the note.

State Fiscal Effects (in thousands)

Fiscal Year	FY25	FY26	FY27	FY28	FY29
General Fund Expenditure	–	$29,317	$47,915	($42,048)	($19,174)
Biennial Total		$77,232		($61,222)	

Interpretation:

- The state will provide **$77.2 million** in unemployment aid during the FY25–26 biennium.
- These costs are **temporary**—the note shows negative values in FY27–29, indicating reduced or reversed expenditures (likely due to one-time appropriations ending).

Positions

- **Full-Time Equivalents (FTEs):** None — the Department of Education does not require additional staff.

Fiscal Note Summary Statement

HF 2210 provides a short-term state appropriation—about **$77 million**—to cover unemployment insurance costs for school employees. The funding helps districts manage this new expense without local property tax increases or program cuts. However, since the appropriation ends after FY 26, future costs could revert to districts unless additional funding is authorized.

To find local impact notes for bills in Minnesota, check the **Minnesota House Research Department website** and the **Minnesota Legislative Reference Library website** for legislative reports and summaries of proposed legislation, as these documents often include information on the potential local effects of bills. You can also contact the respective **House and Senate research departments** directly for detailed information on specific bills or search the **Minnesota Legislature's official website** for bill text and related documents that may contain local impact information.

Here's how to find them:

1. **Visit the Minnesota House Research Department website:** This site provides information on state budget and policy, including detailed reports on legislation and how it may affect state and local governments.
2. **Visit the Minnesota Legislative Reference Library website:** This library offers access to various legislative documents, including summaries of new laws and analyses of bills that could contain local impacts.
3. **Use the Minnesota Legislature's official website:** Search for specific bills or legislative areas to view the official text of the bill, which may include sections or analyses detailing local impacts.
4. **Contact the relevant research departments:** You can also find contact information for the House Research Department and the Senate research department on their respective websites to ask for information on specific bills.
5. **Look for specific bill analyses:** Some bills are accompanied by detailed analyses by staff that might be found by searching the bill number or title on the legislature's website or the research department websites.

Local Impact Notes Requested During the 2025 Legislative Session

- UPDATED - 2023 SF2 Paid Family and Medical Benefits Employee Leave (originally published August 10, 2023)

Completed Local Impact Notes
2024 Local Impact Notes

- SF716/HF912 Minnesota African American Family Preservation Act
- SF3557/HF3783 Sale of tax-forfeited land within boundary of an Indian reservation
- SF3588/HF3466 Unemployment benefits during a labor dispute; modifications
- SF3964/HF4009 City minimum residential densities and associated requirements established

2023 Local Impact Notes

- HF2 Paid Family and Medical Benefits Employee Leave - Senate District 58 Schools Local Impact
- HF100-0 Legalize Adult-Use Cannabis
- SF2-0 Paid Family and Medical Benefit Employee Leave

- SF2-0 Paid Family and Medical Benefit Employee Leave - Senate District 11 Schools Local Impact
- SF34-0 Earned Sick and Safe Time - Senate District 11 Schools Local Impact
- SF1298-0 Tenants' Rights

OFFICE OF THE LEGISLATIVE AUDITOR [2]
Evaluation Report Summary / February 2012 - Fiscal Notes
Minnesota Legislative Auditor
The Minnesota Office of the Legislative Auditor (OLA) made several key recommendations in its 2012 evaluation report on Fiscal Notes regarding how legislators and the public should access and use fiscal note information. Here's a summary of what they recommended:

1. Require Fiscal Notes Before Legislative Action
   - The OLA recommended that the Legislature should require, with limited exceptions, that all bills have official fiscal notes before finance committees vote on them.
   - This ensures legislators and the public can understand the fiscal impact before decisions are made.

"The Legislature should require, with certain exceptions, that bills have fiscal notes before finance committees vote on their passage."

2. Improve Transparency and Explanation in Fiscal Notes
   - Fiscal notes should clearly explain their assumptions, data sources, and calculations rather than simply state conclusions.
   - MMB (Minnesota Management and Budget) should require agencies to provide detailed justifications and documentation for all estimates.

"MMB should help ensure that agencies clearly explain the estimates in their fiscal notes… and improve its fiscal note instructions and oversight."

3. Clarify Public vs. Nonpublic Access
   - Fiscal note requests for not-yet-introduced bill language should be classified as "not public" to protect confidentiality during drafting.
   - Once a bill is introduced, both the fiscal note and its assumptions should be made public, consistent with transparency laws.

"Requests for fiscal notes on not-yet-introduced bill language and the resulting fiscal notes are classified as 'not public.' Requests for fiscal notes on introduced bills would remain available to the public."

4. Strengthen Communication Between Legislators and Agencies
   - The OLA urged more collaboration and communication—especially for complex or controversial bills—so that both sides agree on assumptions and timelines.
   - Legislators should plan hearing schedules to give agencies time to prepare quality fiscal notes.

[2] https://www.auditor.leg.state.mn.us/olaprofile.htm

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"For large-scale or controversial bills, legislators and affected agencies should communicate more effectively, especially regarding bill language and fiscal note assumptions."

5. Include Local Government Impacts
- Fiscal notes often ignore or briefly mention impacts on counties, cities, and school districts.
- The OLA recommended that agencies include stronger analysis and discussion of local fiscal impacts to inform legislators and the public.

"Agencies should make stronger efforts in fiscal notes to discuss the likely impact of bills on local entities, such as counties, cities, and school districts."

6. Clarify Statutory Requirements
- The fiscal note statute (Minn. Stat. §3.98) is too vague.
- The OLA suggested adding clearer statutory language on:
  - When fiscal notes are required
  - What types of impacts must be assessed (state, local, or business)
  - The intended purpose and timing of fiscal notes

Overall Message

The Legislative Auditor concluded that Minnesota's fiscal note process would benefit from:
- Clearer statutory guidance
- More consistent transparency
- Better communication between agencies and legislators
- Stronger consideration of local government impacts

These changes would help ensure legislators and the public have reliable, well-documented fiscal information before decisions are made.

RATIONALE:

Minnesota school districts are often required to implement new state mandates—such as paid leave, reporting systems, or new programs—without knowing what they will actually cost locally. Too often, those costs are discovered only after the laws are enacted. Fiscal notes and local impact notes are nonpartisan tools designed to prevent this.
- Fiscal notes (authorized under Minn. Stat. § 3.98) estimate the cost of proposed legislation to state government.
- Local impact notes (authorized under Minn. Stat. § 3.987) estimate the cost to local governments, including school districts, for implementation, staffing, training, and compliance.

However, neither is currently required for every bill that creates new local obligations. As a result, laws with significant costs to schools and taxpayers are sometimes enacted without a full understanding of their local fiscal impact.

Why it matters:
- Promotes transparency and accountability.
- Prevents unfunded mandates that divert dollars from classrooms.
- Protects local taxpayers from hidden costs.
- Builds trust through evidence-based policymaking.

Recent examples such as Paid Family and Medical Leave (HF2/SF2) and Earned Sick and Safe Time (SF34) demonstrate why this reform is needed. After these laws passed, school districts faced major administrative and personnel costs—with no additional state funding provided.

Findings from the Office of the Legislative Auditor (OLA):
A 2021 OLA evaluation of Minnesota's fiscal note process found that fiscal notes are not always timely, consistent, or comprehensive, and that local costs are often overlooked or underestimated. The report recommended greater coordination between agencies and the Legislature and called for clearer standards and more accountability in how fiscal and local impacts are assessed. These findings underscore the need to require both fiscal and local impact notes before new laws are enacted.

Other states require it:
While Minnesota already authorizes fiscal and local impact notes, they are rarely requested. Several other states go further by requiring fiscal accountability before laws are enacted:

- Colorado requires local government impact statements for bills with potential costs to school districts or municipalities.
- Texas mandates fiscal notes and local government impact analyses for all bills affecting local entities, including school systems.
- Florida requires "local government fiscal impact statements" before a bill with local cost implications can advance.

These states' practices demonstrate that consistent use of fiscal and local impact notes leads to more transparent budgeting and fewer unfunded mandates.
Without a required, timely fiscal and local impact note, the Legislature risks passing laws that unintentionally strain school district budgets and local taxpayers.

The experience with Paid Family & Medical Leave and Earned Sick and Safe Time (ESST) shows that "know before you pass" is essential for good governance. Requiring both fiscal and local impact notes up front protects local taxpayers, preserves limited classroom dollars for students, and helps school boards plan responsibly for the future.

In short, Minnesota should "know before it passes." Requiring both fiscal and local impact notes before enacting new laws protects classrooms, taxpayers, and the integrity of the legislative process.

Therefore, MSBA recommends passage.

Appendix

States that require a "local impact statement" (or something equivalent) before a bill becomes law.
Such requirements tend to be wrapped into broader "fiscal note," "mandate assessment," or "local government impact" statutes. Below are a few states (or examples) that *do* have laws or

rules requiring that local fiscal impacts (or mandates on local governments) be assessed or disclosed before passage. This probably understates the full set.

Examples of states with local impact / fiscal mandate disclosure rules

- **Ohio**: Under R.C. 103.143, the Legislative Service Commission must determine whether a **Local Impact Statement (LIS)** is needed for bills that may impose net additional costs on local governments (school districts, counties, municipalities, townships). Ohio Legislative Service Commission+2Ohio Legislative Service Commission+2
- **Virginia**: The Commission on Local Government (CLG) must file a fiscal impact statement for bills identified as likely to impose net additional expenditures or reduced revenues for local governments. Virginia Housing Development
- **Maryland**: A fiscal note must include the estimated impact on local governments when a bill imposes a "mandate on a local government unit." Maryland General Assembly
- **Illinois**: Under the "Fiscal Note Act," bills that require local governments to spend money or reduce revenues must have a fiscal note estimating the effect on those local entities. Illinois General Assembly
- **Georgia**: A fiscal note is required for any bill or joint resolution where a local political subdivision's expenditure would exceed $5 million. Georgia Department of Community Affairs
- **Texas**: The Legislative Budget Board (LBB) prepares fiscal notes, and committees must consider whether an "impact statement" is needed, with particular attention to impacts on local governments. Texas Legislative Council+2Legislative Budget Board+2
- **Wisconsin**: There was (or is) a requirement that any bill having an economic impact on a political subdivision must include an estimate of that impact. Wisconsin Legislative Documents

List (state by state) of which U.S. states have explicit local-impact or local mandate disclosure requirements.

Here's a state-by-state snapshot of places that require a local-impact or local-mandate analysis (usually via fiscal notes) before a bill can move forward. Wordings differ (e.g., "local impact statement," "local mandate fiscal note," or "fiscal note including municipal impact"), but the effect is similar: committees/legislatures get an estimate of costs to cities, counties, school districts, etc., prior to passage.

- **Minnesota** — Statutes require "Local Impact Notes" estimating effects on local governments; administered by MMB. MN Revisor's Office+2mn.gov // Minnesota's State Portal+2
- **Ohio** — A formal **Local Impact Statement (LIS)** is required for bills that could impose net additional local costs (R.C. 103.143). Ohio Laws+1
- **Virginia** — The Commission on Local Government files fiscal impact statements for bills likely to impose net additional local expenditures/revenue losses. Virginia Housing Development+1
- **Maryland** — Committees may not vote on a bill without a fiscal note; the note must include local government impacts when applicable. Maryland General Assembly+1

- **Illinois** — The Fiscal Note Act and State Mandates Act require fiscal notes estimating costs to local governments, school districts, and community colleges. Illinois General Assembly+1
- **Georgia** — Fiscal note required for measures causing ≥$5M in local subdivision expenditures (O.C.G.A. § 28-5-47 et seq.). Georgia Department of Community Affairs+1
- **Texas** — LBB fiscal notes accompany bills and address impacts on state agencies and, when relevant, local governments. Legislative Budget Board+1
- **Wisconsin** — Economic impact statements/fiscal estimates are used when bills affect private persons **or political subdivisions**. Wisconsin Legislative Documents
- **Colorado** — Legislative Council Staff fiscal notes explicitly analyze effects on **state and local** revenue/spending. Colorado General Assembly+1
- **Washington** — Dedicated **Local Government Fiscal Note Program** (Dept. of Commerce) prepares local government fiscal notes for bills. Washington State Department of Commerce+1
- **Oregon** — Law requires fiscal/revenue impact statements for legislation affecting **state or local governments**; LFO prepares them. OregonLaws+1
- **Connecticut** — Statute requires fiscal notes that **clearly identify** impacts to the state **and municipalities** (OFA attaches to bills). Justia+1
- **North Carolina** — Fiscal notes estimate effects on **units of State or local government**; five-year outlook required. sites.ncleg.gov+1
- **Kentucky** — "Local mandate" fiscal notes are required for bills affecting local governments (KRS 6.950–6.975). Legislative Research Commission+1
- **Tennessee** — By statute, fiscal notes are prepared for bills changing state **or local** revenues/expenditures; Fiscal Review Committee produces them. Justia+1
- **Missouri** — Oversight Division fiscal notes estimate impacts on **state and local governments** (and small businesses). legislativeoversight.mo.gov
- **South Carolina** — Revenue & Fiscal Affairs Office produces fiscal impact statements for legislation affecting **local government** revenues/expenditures. rfa.sc.gov+1
- **Pennsylvania** — Legislative fiscal notes commonly analyze effects on **political subdivisions** (cities, school districts, etc.). Pennsylvania.gov
- **New Jersey** — OLS prepares fiscal estimates that routinely specify **state and local** government impacts.
- **Arizona** — JLBC fiscal notes include a "Local Government Impact" section when applicable.
- **New York** — Chamber rules and bill memos require fiscal impact notes; many explicitly call out **state and local** impacts.
- **California** — While not framed as a "local impact statement" on every bill, the **Commission on State Mandates** process requires determining and reimbursing state-mandated local costs; bill analyses frequently flag local-mandate impacts.

Notes and caveats

- Terminology and triggers vary. Some states have a distinct “local impact statement” (e.g., **Ohio, Minnesota**); others embed local impacts inside a general fiscal note requirement (most states above).
- A few examples above cite the administering office’s guidance rather than the exact statute when that guidance is the operative public reference (e.g., CO, CT). If you need statutory cites only, say the word and I’ll narrow each entry to the controlling law/rule.

State	Statute / Code Reference	Key Requirement / Trigger for Local Impact / Mandate Analysis	Notes / Additional Guidance
Minnesota	Minn. Stat. § 3.987	“Local impact notes” must be prepared when requested by chair or ranking minority member of certain committees; estimating fiscal impact on political subdivisions. MN Revisor's Office+2Minnesota Senate+2	The note must be made public on request. MN Revisor's Office
Ohio	Ohio Rev. Code § 103.143	If a bill could impose a “net additional cost” on school districts, counties, townships, or municipal corporations, a Local Impact Statement is required. Ohio Laws+1	A bill cannot be voted out of committee until members receive and consider the LIS (or a revised one) unless a two-thirds vote overrides. Ohio Laws
Virginia	Va. Code § 30-19.03	For bills likely to impose additional expenditures or reduced revenues on local governments, the Commission on Local Government must file a fiscal impact statement. Virginia Housing Development	The DHCD site describes process, use of volunteer local governments, etc. Virginia Housing Development

Here’s a one-page, quick-scan table of states that explicitly require a **local-impact** (or local-mandate) analysis—usually via fiscal notes—**before** a bill can move forward. Each row shows the controlling law/rule plus an official guidance source.

State	Legal authority (statute/rule)	Who prepares	What it requires / trigger
Minnesota	Minn. Stat. § 3.987 (Local Impact Notes) MN Revisor's Office	Legislative Budget Office / MMB	On request, prepare Local Impact Note estimating fiscal impact on political subdivisions; public on request. Guidance: LBO/MMB pages. lbo.mn.gov+2mn.gov // Minnesota's State Portal+2

Ohio	Ohio Rev. Code § 103.143 (Local Impact Statements) Ohio Laws	Legislative Service Commission (LBO)	LIS required if bill imposes "net additional cost" on locals; committee voting rules tied to LIS. Annual LIS reports. Ohio Legislative Service Commission+2Ohio Legislative Service Commission+2
Virginia	Va. Code § 30-19.03 Virginia Law	Commission on Local Government (DHCD)	CLG files fiscal impact statements for bills likely to add local costs / reduce local revenues; program guidance. Lis Blob Storage+3Virginia Housing Development+3Virginia Housing Development+3
Maryland	Md. Code, State Gov't § 2-1505 (fiscal notes) Maryland General Assembly	Dept. of Legislative Services	Committee may not vote without fiscal note; notes include local government impacts when applicable. Justia+1
Illinois	25 ILCS 50/ (Fiscal Note Act) + 30 ILCS 805/ (State Mandates Act) Illinois General Assembly+1	Commerce & Economic Opportunity; State Superintendent; ICCB (by sector)	Fiscal notes for bills affecting local govts/school & community college dists; include local-cost estimates. Illinois General Assembly+2FindLaw Codes+2
Georgia	O.C.G.A. § 28-5-42, § 28-5-47 et seq. (State & Local Govt Partnership Act) Georgia Audits+1	Dept. of Audits & Accounts + OPB / DCA	Fiscal notes estimating impacts, incl. on local subdivisions; program pages and guidance. Georgia Department of Community Affairs+1
Texas	Gov't Code ch. 314; House/Senate rules (fiscal notes) Legislative Budget Board	Legislative Budget Board	Fiscal notes accompany bills; address state and (when relevant) **local** impacts; LBB guidance for locals. Legislative Budget Board+2Legislative Budget Board+2
Wisconsin	(General fiscal estimates include impacts on political subdivisions; shown in bill process)	Legislative Fiscal Bureau / agencies	Fiscal estimates routinely flag local impacts on bills (e.g., "(FE)" tagged bills). FastDemocracy
Colorado	Legislative Council Staff fiscal notes (process memorandum) Colorado General Assembly+1	Legislative Council Staff	Notes analyze **state & local** revenue/spending effects on bills. Examples include explicit local-impact sections. statebillinfo.com+2LegiScan+2
Washington	RCW 43.132.020 & 43.132.055; OFM coordination (RCW 43.88A) Washington State Legislature+2LegalFix+2	OFM + Commerce Local Govt Fiscal Note Program	Fiscal notes must show local impact by FY (2-year and 6-year outlook); dedicated local-note program. Washington State Department of Commerce
Oregon	ORS 173.025 (fiscal/revenue notes for state **or local**),	Legislative Fiscal Office	Fiscal/revenue impact statements for legislation affecting state or **local** governments. Oregon

	ORS 173.051 (PERS) OregonLaws+2Oregon Legislature+2		
Connecticut	CGS § 2-24a; § 2-24 (history adds municipal revenue) Justia+1	Office of Fiscal Analysis	Fiscal notes must **clearly identify** impacts to the state and **municipalities** over current + 5 fiscal years. Connecticut General Assembly
North Carolina	Article 6D, GS 120-30.45 et seq. (Local Govt Fiscal Information Act) North Carolina General Assembly+1	Fiscal Research Division	"Fiscal note" defined to include effects on **units of local government** (revenues/expenditures).
Kentucky	KRS 6.950-6.975 (Local-mandate fiscal notes) Legislative Research Commission+1	Legislative Research Commission	Fiscal notes estimating local govt revenue/expenditure effects; evolving to "local government mandate statement." Justia+1
Tennessee	T.C.A. § 3-2-107; § 3-7-103 (prep. by Fiscal Review) Justia+1	Fiscal Review Committee	Fiscal notes required for bills changing state **or local** revenues/expenditures. Tennessee General Assembly+1
Missouri	RSMo § 23.140; Oversight Division procedures Missouri Revisor of Statutes	Joint Committee on Legislative Research—Oversight	Fiscal note on **every** bill before action; includes impacts on state & **local** governments. Legislative Oversight
South Carolina	Fiscal impact statements—RFA practice; posted with bills (LSA rules) SC Revenue and Fiscal Affairs	Revenue & Fiscal Affairs Office	RFA prepares fiscal impact statements including **local** revenue/expenditure effects; program pages and examples. SC Revenue and Fiscal Affairs+2South Carolina Legislature+2
Pennsylvania	Legislative fiscal notes (executive guidance); PA Budget Office publications Pennsylvania.gov	Office of Budget Operations / chambers	Fiscal notes analyze bill costs; many note impacts on political subdivisions. PA General Assembly
New Jersey	Legislative fiscal estimates (OLS), required by P.L.1980, c.67 (C.52:13B-6 et seq.) New Jersey Legislature	Office of Legislative Services	OLS fiscal estimates frequently specify local impacts; posted with bills. New Jersey Legislature+1
Arizona	A.R.S. § 41-1272(2) (JLBC fiscal notes include **cities, counties & political subdivisions**) Arizona Legislature	JLBC Staff	JLBC prepares fiscal notes; many include "Local Government Impact." JLBC Website+1

New York	Permanent Joint Rules—Req. fiscal impact notes for bills affecting political subdivisions; Legislative Law Art. 3 § 51 (exceptions) New York State Assembly+1	Assembly/Senate staff	Fiscal notes required when a bill would substantially affect local revenues/expenses; active proposals to broaden requirements. NYSenate.gov+1
California	Cal. Const. art. XIII B § 6; Gov't Code § 17500 et seq. (Commission on State Mandates) csm.ca.gov+1	Commission on State Mandates	Not a note on every bill, but **mandated local cost** determinations & reimbursement for state-mandated local programs; bill analyses flag "state-mandated local program." csm.ca.gov+2leginfo.ca.gov+2