



Legislative Budget Office Update

LBO OVERSIGHT COMMISSION

SEPTEMBER 12, 2023

Topics Covered

- LBO Overview
- Fiscal Notes
- Local Impact Notes
- Tax Expenditure Review Commission

Statutory Responsibilities

- Fiscal Notes
 - Minnesota Statute [3.98](#)
 - Minnesota Statute [3.8853](#)
 - Minnesota Statute [13.64](#) (unofficial and classified)
 - [Fiscal Note Uniform Standards and Procedures](#)
- Local Impact Notes
 - Minnesota Statutes [3.986](#)
 - Minnesota Statutes [3.987](#)
 - Minnesota Statutes [3.988](#)
- Tax Expenditure Review Commission
 - Minnesota Statute [3.8855](#)

LBO Budget

- Sources

- General Fund Appropriation from State Government Committee ([Minn. Session Laws – 2023, Chapter 62](#))
- Local Government Aid Statutory Appropriation ([Minn. Stat. § 477A.03](#))
- Carryforward

- Uses

- 90% of expenses for employee compensation
- Fiscal Note Tracking System Lease, Maintenance, and Upgrades = \$65,000 per year
- Contracted services growing in coming years

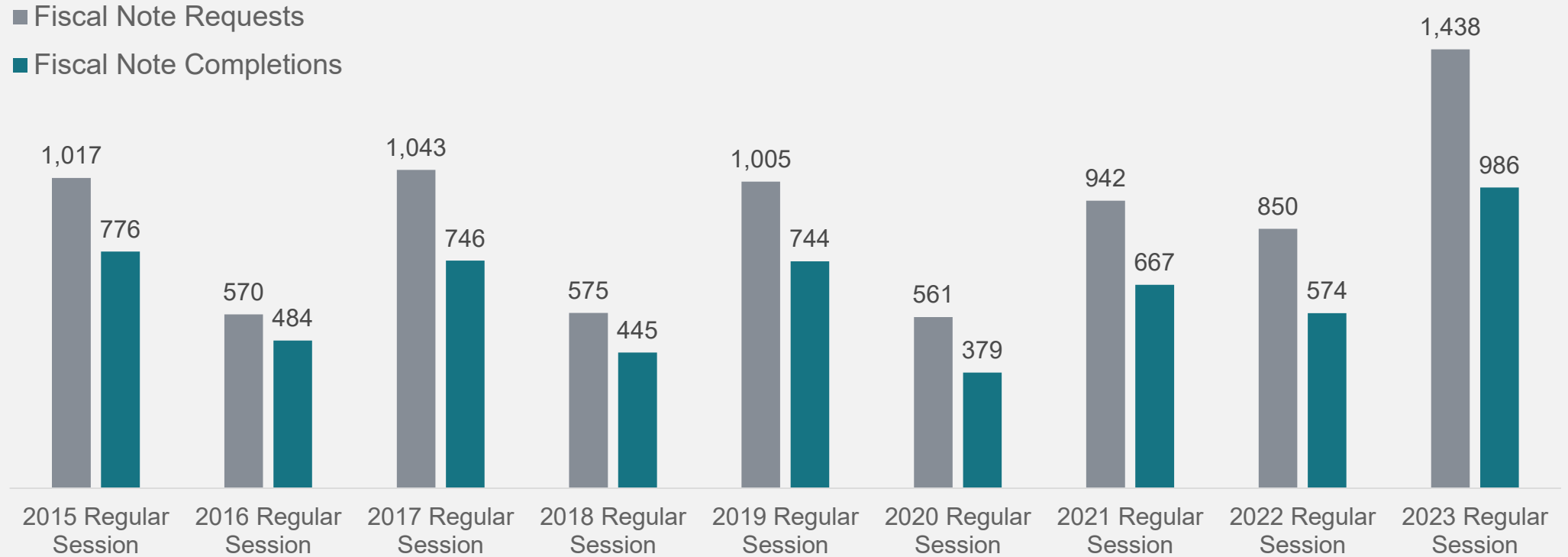
LBO FY2024-25 Budget (in US dollars)

Sources	FY24	FY25	FY24/25 Biennial Budget
General Fund Approp. (Minn. Session Laws – 2023, Chapter 62)	2,454,000	2,669,000	5,123,000
Local Government Aid Approp. (Minn. Stat. § 477A.03)	207,000	207,000	414,000
Carryforward	1,886,621	2,279,621	2,487,621
Total Sources	4,547,621	5,155,621	8,024,621
Total Appropriation	2,661,000	2,876,000	5,537,000
Expenses	FY24	FY25	FY24/25 Biennial Budget
Compensation	2,114,000	2,299,000	4,413,000
Fiscal Note Tracking System (Lease and Service)	60,000	70,000	130,000
Contracted Services	26,000	226,000	252,000
All Other Expenses	68,000	73,000	141,000
Total Expenses	2,268,000	2,668,000	4,936,000
Net Effect	FY24	FY25	FY24/25 Biennial Budget
Net (Available Funding less Expenses)	2,279,621	2,487,621	3,088,621
Net Excluding Carryforward (Appropriations less Expenses)	393,000	208,000	601,000

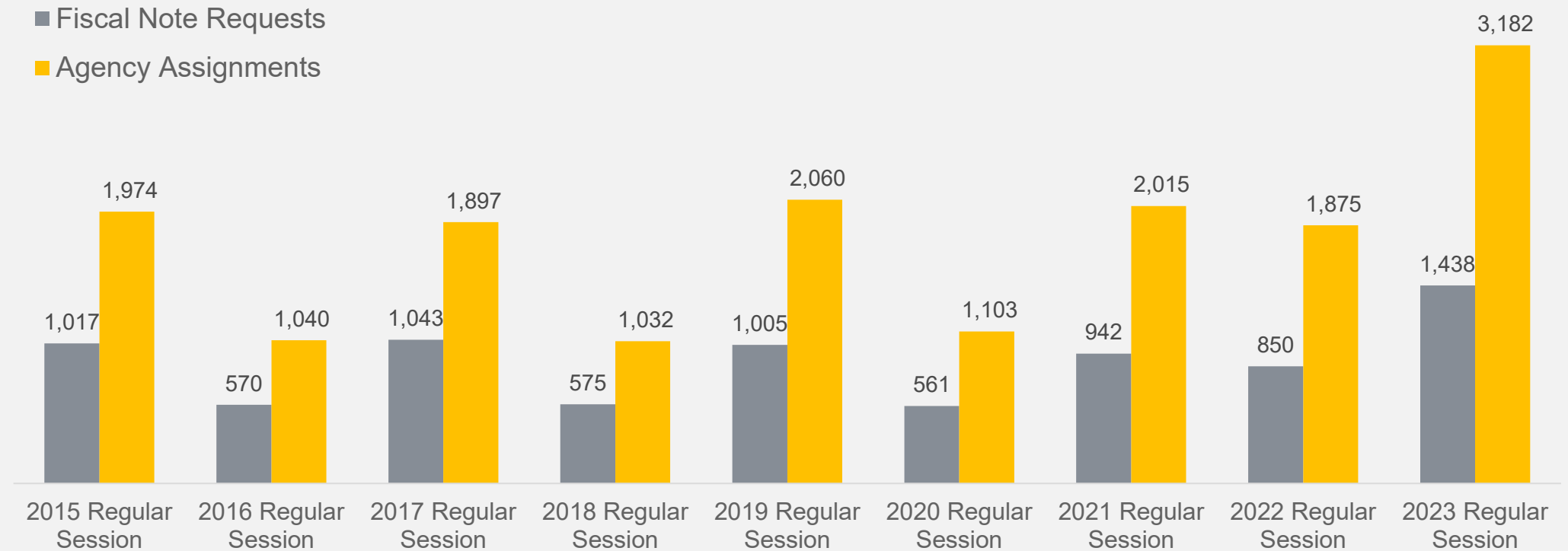
Staffing

- 18 FTE
 - Director
 - Deputy Director
 - Coordinator
 - Systems Analyst – hire imminent
 - Lead Budget Analysts (3)
 - Budget Analysts (10)
 - Economist (vacant)
- 13 FTE budgeted for fiscal notes, local impact notes, and general operations
- 5 FTE budgeted for Tax Expenditure Review Commission

Fiscal Note Volume

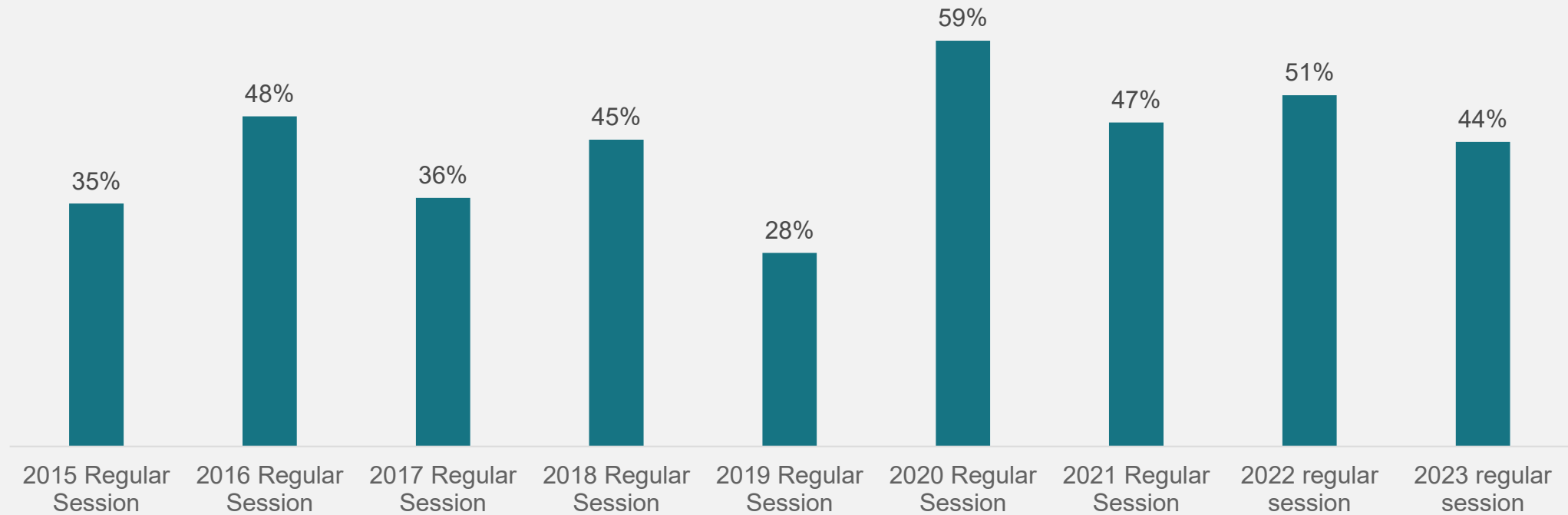


Fiscal Note Workload

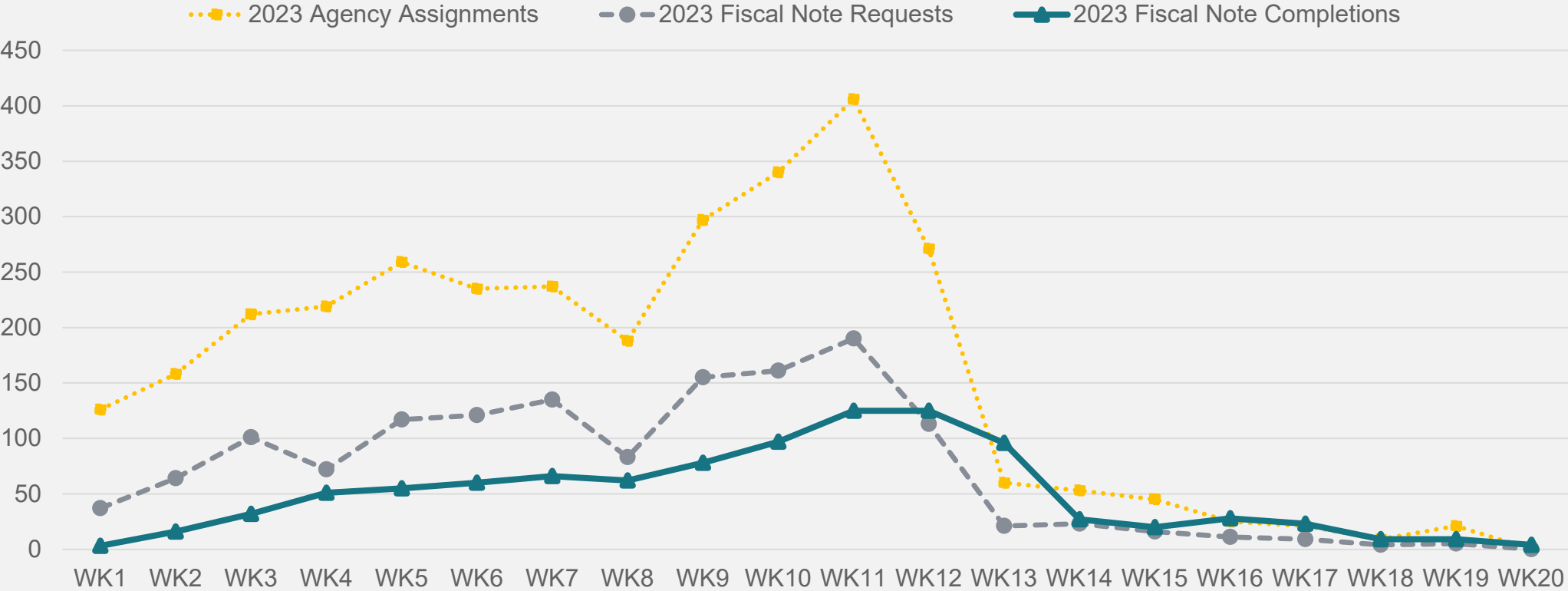


Fiscal Note Timeliness

Completed Fiscal Notes Approved by the Due Date



2023 Fiscal Note Activity by Week of Session



Local Impact Notes

- Variable from year-to-year
- Partner with representative associations to survey local units of government
- 2 requests in 2020 - 2022
- 5 requests in 2023
 - 2 complete as of 9/1/2023

Tax Expenditure Review Commission (TERC)

- TERC charged with reviewing Minnesota tax expenditures and evaluating their effectiveness and fiscal impact
- TERC created in July 2021
 - Statute updated in 2023
 - LBO appropriated funds to provide professional and technical assistance
- First meeting convened in April 2022
- Report required to Legislature by December 15 each year
 - First [TERC report](#) released to legislature in December 2022

Requirements of TERC

- Two phases of tax expenditure reviews:
 1. Initial review – identify the purpose of each tax expenditure
 2. Full review and evaluation – evaluate all tax expenditures at least once every 10 years
 - 9 criteria for full evaluation provided in statute
 - LBO provides research and analysis for much of the evaluation process
 - DOR provides analysis and data for portions of the evaluations
 - LBO may contract with outside party for portions of certain evaluations

Tax Expenditure Initial Review Progress

Description	Count
Tax expenditures in Dept. of Revenue Tax Expenditure Budget	316
Tax expenditures with a purpose statement in law	104
Tax expenditures requiring a purpose statement	212
Tax expenditure purpose statements ready for TERC Consideration	72
Tax expenditure purpose statement reviews remaining	140

Questions and Contact Information

Christian Larson, Director

Legislative Budget Office

Email: christian.larson@lbo.mn.gov

Phone: (651) 284-6436

Kristi Schroedl, Deputy Director

Legislative Budget Office

Email: kristi.schroedl@lbo.mn.gov

Phone: (651) 284-6544

Legislative Budget Office General Contact Information

Email: lbo@lbo.mn.gov

Phone: (651) 297-7146

Website: www.lbo.mn.gov

LBO FY2023 – 25 Budget Detail				
Sources	FY23 Actual	FY24	FY25	FY24/25 Biennial Budget
General Fund Approp. (Minn. Session Laws – 2023, Chapter 62)	2,198,000	2,454,000	2,669,000	5,123,000
Local Government Aid Approp. (Minn. Stat. § 477A.03)	207,000	207,000	207,000	414,000
Carryforward	1,188,412	1,886,621	2,279,621	2,487,621
Total Sources	3,593,412	4,547,621	5,155,621	8,024,621
Total Appropriation	2,405,000	2,661,000	2,876,000	5,537,000
Expenses	FY23 Actual	FY24	FY25	FY24/25 Biennial Budget
Compensation	1,560,825	2,114,000	2,299,000	4,413,000
Fiscal Note Tracking System (Lease and Service)	68,613	60,000	70,000	130,000
Contracted Services Outside Vendor	500	0	200,000	200,000
Space Rental	60	0	0	0
Computer and System Services	10,414	31,000	36,000	67,000
Communications	1,515	2,000	2,000	4,000
Employee Recruitment	2,423	2,000	2,000	4,000
In State Travel (Includes Member Reimbursements)	60	6,000	6,000	12,000
Out of State Travel	5,522	6,000	6,000	12,000
Employee Development	20,456	24,000	24,000	48,000
Supplies and Printing	10,488	9,000	9,000	18,000
Equipment (Non-capital)	25,915	14,000	14,000	28,000
Total Expenses	1,706,791	2,268,000	2,668,000	4,936,000
Net Impacts	FY23 Actual	FY24	FY25	FY24/25 Biennial Budget
Net (Available Funding less Expenses)	1,886,621	2,279,621	2,487,621	3,088,621
Net Impact excluding Carryforward (Appropriations less Expenses)	698,209	393,000	208,000	601,000