



Roles and Responsibilities

LBO OVERSIGHT COMMISSION

SEPTEMBER 3, 2025

LBO 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](#) – [3.989](#)
- Tax Expenditure Review Commission
 - Minnesota Statute [3.8855](#)

LBOOC Statutory Responsibilities

- Review work of the LBO and make recommendations to improve the office's ability to fulfill its duties
 - Minnesota Statute [3.8854](#)
- Appoint a director of the LBO (term of six years)
 - Minnesota Statute [3.8853](#)
- Approve Fiscal Note Uniform Standards and Procedures
 - Minnesota Statute [3.8853](#)



Legislative Budget Office Update

LBO OVERSIGHT COMMISSION

SEPTEMBER 3, 2025

Topics Covered

- LBO Budget and Staffing
- Fiscal Notes
- Local Impact Notes
- Tax Expenditure Review Commission

LBO Budget

- Sources

- General Fund Appropriation from State Government Committee ([Laws of Minnesota 2025, Chapter 39](#))
- Local Government Aid Statutory Appropriation ([Minnesota Statute 477A.03](#))
- Carryforward

- Uses

- 85% of expenses projected for employee compensation
- Fiscal Note Tracking System lease, maintenance, and upgrades
- Contracted services growing in coming years

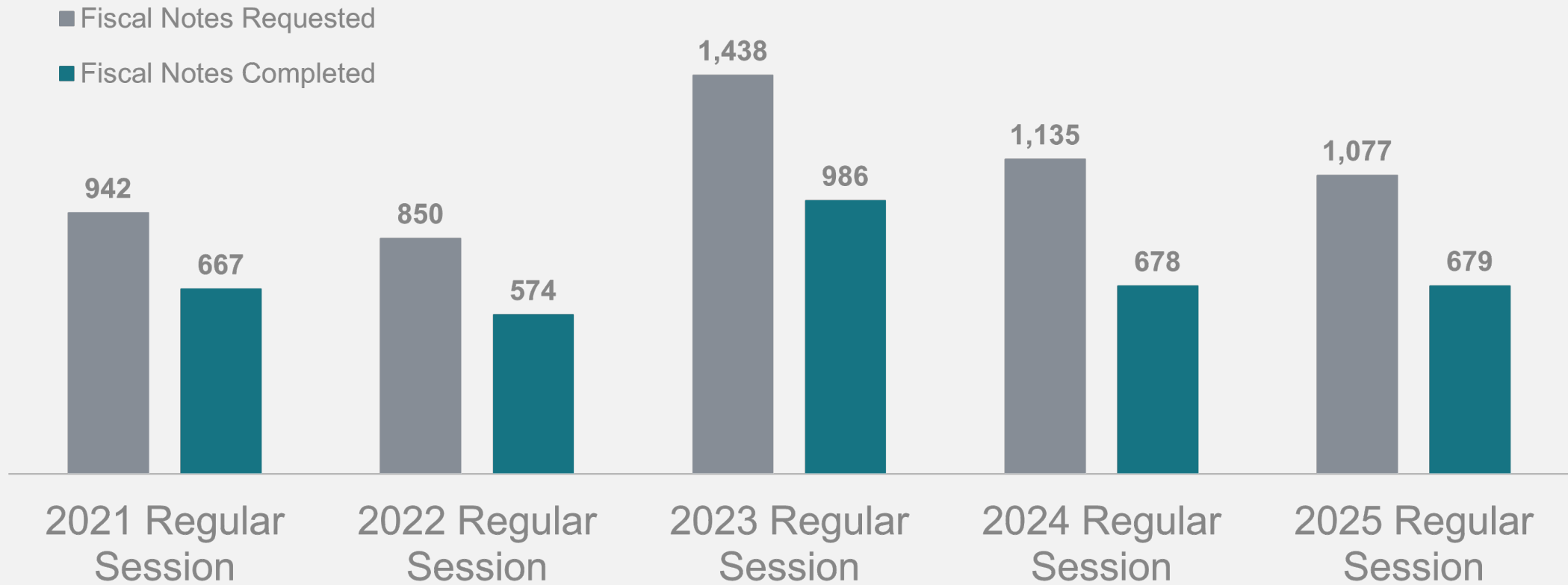
LBO FY2026-27 Budget (in US dollars)

Sources	FY25 Actual	FY26	FY27	FY26/27 Biennial Budget
General Fund Appropriation	2,669,000	2,800,000	2,965,000	5,765,000
Local Government Aid Appropriation	207,000	207,000	207,000	414,000
Total Appropriation	2,876,000	3,007,000	3,172,000	6,179,000
Carryforward	2,286,422	2,674,225	2,791,225	2,791,225
Total Sources	5,162,422	5,681,225	5,963,225	8,970,225
Expenses	FY25 Actual	FY26	FY27	FY26/27 Biennial Budget
Compensation	2,341,878	2,500,000	2,622,000	5,122,000
Fiscal Note Tracking System (Lease and Service)	58,402	70,000	70,000	140,000
Contracted Services	0	200,000	350,000	550,000
All Other Expenses	87,916	120,000	128,000	248,000
Total Expenses	2,488,197	2,890,000	3,170,000	6,060,000
Net Effect	FY25 Actual	FY26	FY27	FY26/27 Biennial Budget
Net (Available Funding less Expenses)	2,674,225	2,791,225	2,793,225	2,910,225
Net Excluding Carryforward (Approp. less Expenses)	387,803	117,000	2,000	119,000

Staffing

- 19 FTE
 - Director
 - Deputy Director
 - Coordinator
 - Systems Analyst
 - Lead Analysts (4)
 - Budget Analysts (7), *one vacancy*
 - Economist
 - Program Evaluators (3)
- During session
 - 11 staff strictly assigned to fiscal note and local impact note related duties
 - 4 staff assigned full time to TERC related work
- In interim, staff shift to support needs of the office

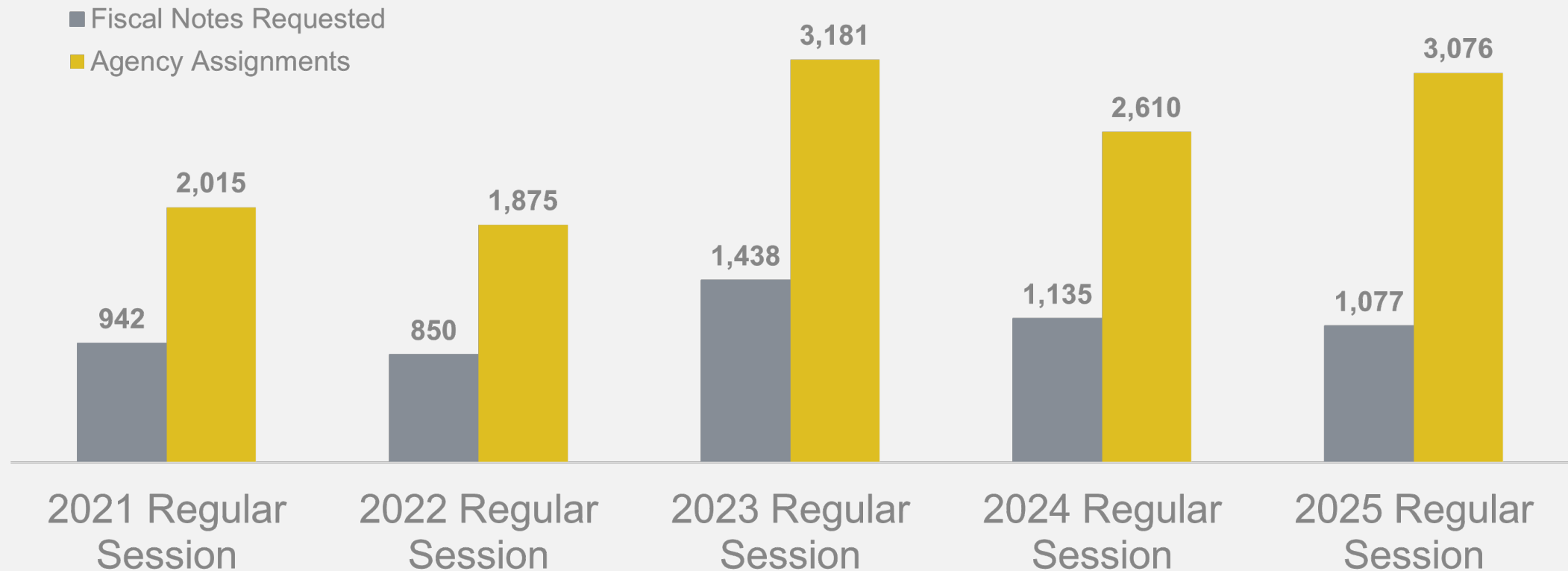
Fiscal Note Volume



Fiscal Note Volume – Per Day of Session

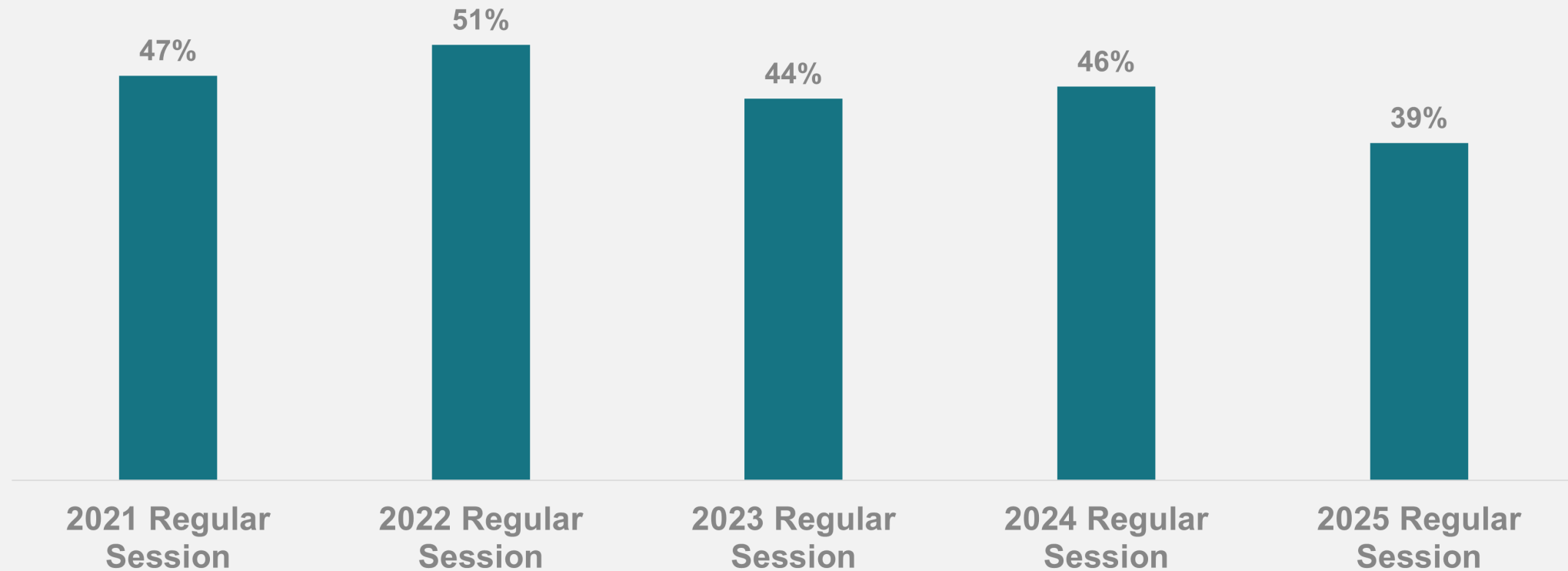
	2021 Regular Session	2022 Regular Session	2023 Regular Session	2024 Regular Session	2025 Regular Session
Requests per Day of Session	7.1	7.5	10.3	11.5	8.5
Completions per Day of Session	5.0	5.1	7.0	6.8	5.4

Fiscal Note Workload



Fiscal Note Timeliness

Fiscal notes completed by the assigned due date



Local Impact Notes

- The fiscal effects of proposed legislation to cities, townships, counties, and school districts
- Variable from year-to-year
 - 2 requests in 2020 - 2022
 - 5 requests in 2023
 - 4 requests in 2024
 - 1 request for an update in 2025
- Partner with representative associations to survey local units of government when necessary

Tax Expenditure Review Commission (TERC)

- TERC charged with reviewing Minnesota tax expenditures and evaluating their effectiveness and fiscal impact
- TERC created in July 2021 (first meeting in 2022)
 - Statute updated in 2023 and 2025
- Report required to Legislature by February 15 of each year
 - [TERC reports](#) posted and distributed to House and Senate tax committees

Requirements of TERC

- Two phases of tax expenditure reviews:
 1. **Initial review** – identify the objective of each tax expenditure
 2. **Full review and evaluation** – evaluate the effectiveness of 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 data and analysis 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 2024 Dept. of Revenue Tax Expenditure Budget	327
Tax expenditure objective statements approved by TERC for evaluation	45
Tax expenditure objective statements requiring TERC review and approval	282

Tax Expenditure Evaluations

Description	Count
Tax expenditures approved for full evaluation	45
Tax expenditure evaluations in progress	31

Note – Tax expenditure evaluations often bundle individual tax expenditures together so the 31 tax expenditures being evaluated will not result in 31 individual tax expenditure evaluation reports.

Questions and Contact Information

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Appendix A: LBO FY26-27 Budget Detail

Sources	FY25 Actual	FY26	FY27	FY26/27 Biennial Budget
General Fund Approp. (Laws of Minnesota 2023, Chapter 62)	2,669,000	2,800,000	2,965,000	5,765,000
Local Government Aid Approp. (Minn. Stat. § 477A.03)	207,000	207,000	207,000	414,000
Total Appropriation	2,876,000	3,007,000	3,172,000	6,179,000
Carryforward	2,286,422	2,674,225	2,791,225	2,791,225
Total Sources	5,162,422	5,681,225	5,963,225	8,970,225
Expenses	FY25 Actual	FY26	FY27	FY26/27 Biennial Budget
Compensation	2,341,878	2,500,000	2,622,000	5,122,000
Fiscal Note Tracking System (Lease and Service)	58,402	70,000	70,000	140,000
Contracted Services Outside Vendor	0	200,000	350,000	550,000
Computer and System Services	23,513	20,000	20,000	40,000
Communications	1,737	2,000	2,000	4,000
Employee Recruitment	4,618	5,000	5,000	10,000
In State Travel (Includes Member Reimbursements)	1,003	2,000	2,000	4,000
Out of State Travel	8,384	9,000	15,000	24,000
Employee Development	19,020	31,000	31,000	62,000
Supplies and Printing	4,005	5,000	5,000	10,000
Equipment (Non-capital)	10,073	18,000	18,000	36,000
All Other Expenses	15,563	28,000	30,000	58,000
Total Expenses	2,488,197	2,890,000	3,170,000	6,060,000
Net Effect	FY25 Actual	FY26	FY27	FY26/27 Biennial Budget
Net (Available Funding less Expenses)	2,674,225	2,791,225	2,793,225	2,912,225
Net Impact excluding Carryforward (Appropriations less Expenses)	387,803	117,000	2,000	119,000

Appendix B: 2025-26 TERC Membership

House Members

- Rep. Esther Agbaje (D)
- Rep. Greg Davids (R)
- Rep. Kristin Robbins (R)
- Rep. Andy Smith (D)

Senate Members

- Sen. Bill Weber (R)
- Sen. Mark Koran (R)
- Sen. Matt Klein (D)
- Sen. Doron Clark (D)

Dept. of Revenue Member

- Comm. Paul Marquart

Ex-Officio Members

- Rep. Aisha Gomez (D)
- Sen. Ann Rest (D)