

Local Impact Notes

CURRENT PROCESS AND ALTERNATIVES

DECEMBER 17, 2025

Background

- Legislators have expressed concerns about the timeliness of local impact notes
- Four alternatives to the current local impact note process were developed from an analysis of other state's programs
- During the last three legislative sessions, 11 local impact notes have been requested
- LIN requests are often made for complex legislation such as HF100 Legalize Adult Use Cannabis (2023) or SF3964 City Minimum Residential Densities and Associated Requirements (2024)

Current Local Impact Note Process

1. Chair or ranking minority member from a Tax Committee, Senate Finance, or House Ways and Means requests a local impact note
2. The LBO sends formal request notifications to bill authors and committee chairs
3. The LBO identifies potential data sources. Surveys are often utilized
4. Collected data and survey results are used to develop an estimate or range of impacts

Current Local Impact Note Content

- A completed local impact note typically includes:
 - Executive summary
 - Bill description
 - Discussion of methodology and data limitations
 - Comparison of similar programs in other states
 - Literature review
 - Survey response summary
 - Analysis of fiscal impacts

Current Local Impact Note Distribution

- Completed reports are distributed to:
 - The requestor
 - Bill authors
 - Committee chairs and minority leads to which the bill has been referred
 - Non-partisan fiscal staff
 - Posted on the LBO website

Strengths and Weaknesses of Current Process

STRENGTHS

- Depth and thoroughness
- Nuanced discussion of potential impacts even when data is limited or not available

WEAKNESSES

- It can take several weeks to several months to complete a local impact note
- Survey design, distribution and collection can take several months
- Most local impact notes completed during the interim

Alternative 1: Cross Section Analysis

- Cross-section of counties, cities, and school districts are identified prior to legislative session to act as proxy for local governments across state
- Local impact note requests are communicated to volunteer local governments
- Representative volunteer local governments analyze bill language and submit a fiscal impact statement by a specified due date
- The LBO submits a summary, analysis, and individual responses to the requestor and relevant committees
- 10 to 15 business days to complete, depending on bill complexity

Strengths and Weaknesses of a Cross Section Analysis

STRENGTHS

- Timely information direct from local governments
- Formalized process faster than designing and administering surveys unique to each local impact note request

WEAKNESSES

- It may be difficult to consistently recruit a representative cross-section of local governments
- Local governments may find it difficult to dedicate the time and resources to local impact analyses
- Some elements of current process such as the literature review would likely need to be omitted or scaled down for timeliness

Alternative 2: Local Impact Briefs

- Local impact note shortened to a 3-6 page document
- Turnaround time of approximately 8 business days
- Similar in format to the executive summary provided in current local impact notes

Strengths and Weaknesses of a Local Impact Brief

STRENGTHS

- Timely information
- Concise, need-to-know format

WEAKNESSES

- Less depth than the current process
- Formal surveys, comparison of other state programs, and literature review would need to be shortened or removed

Alternative 3:

Annual Report on Previously Enacted Bills

- Switch from a request system to an annual report
- Report would include:
 - Executive summary
 - Bill-by-bill analysis
 - Comments from local governments and associations
 - Copies of related fiscal notes
- Selection methods could include:
 - Bills that meet certain impact thresholds
 - LBOOC selection
 - Bills selected by each caucus
- Statute changes may be needed to implement this option

Strengths and Weaknesses of an Annual Report on Previously Enacted Bills

STRENGTHS

- Fixed, predictable timeline
- Analysis on enacted bill language

WEAKNESSES

- Local impact notes would not be provided during session
- Depth of analysis could vary from year-to-year depending on:
 - number of bills selected
 - bill complexity

Alternative 4: Annual Report on Contemplated Legislation

- Local impact analyses requested for upcoming session instead of during session
- The LBO would develop estimates using the current process
- Completed analyses would be published in an annual report prior to the beginning of session
- Each caucus could request 3-4 impact estimates
- Statute changes may be needed to implement this option

Strengths and Weaknesses of an Annual Report on Contemplated Legislation

STRENGTHS

- Local impact information available at the beginning of session
- Process allows for a deeper level of analysis relative to other alternatives

WEAKNESSES

- Local impact notes would not be provided during session
- Less responsive to bills drafted shortly before or during session
- Legislators could request local impact estimates on bills they plan to offer but may not be aware of bills with potential local impacts contemplated by others

Next Steps

- This memo is meant to inform LBOOC members and legislators about possible alternatives to the current LIN process
- If there is interest in one of the alternatives presented above or an option not discussed here, the LBO can follow up with further analysis

Questions and Contact Information

Christian Larson, LBO Director

Email: christian.larson@lbo.mn.gov

Phone: (651) 284-6436

Joel Enders, LBO Lead Budget Analyst

Email: joel.enders@lbo.mn.gov

Phone: (651) 284-6542

Legislative Budget Office General Contact Information

Email: lbo@lbo.mn.gov

Phone: (651) 297-7146

Website: www.lbo.mn.gov