

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 93 Cost and Benefit Analysis of Legislation

SPONSOR(S): Crisafulli and others

TIED BILLS: **IDEN./SIM. BILLS:**

	REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1)	Finance & Tax Council		Wilson	Langston
2)	Full Appropriations Council on Education & Economic Development			
3)	Policy Council			
4)	Rules & Calendar Council			
5)				

SUMMARY ANALYSIS

HB 93 creates s. 216.138, F.S., directing special impact sessions of the Revenue Estimating Conference to consider both the costs and benefits of proposed legislation. The request for such special impact sessions must be made by either the Speaker of the House of Representatives or the President of the Senate and must be made at least 90 days before the beginning of the subsequent legislative session. The results of these special impact sessions will be completed no later than the start of legislative session for which it has been requested.

The bill also provides that the Office of Economic and Demographic Research, in consultation with the principals of the Revenue Estimating Conference, will develop protocols and procedures for the estimation of costs and benefits of specific proposed legislation during special impact conference sessions. These protocols and procedures recommendations will be provided to the President of the Senate and Speaker of the House of Representatives for approval by October 1, 2010. If approved, the protocols and procedures are to be used by the Revenue Estimating conference as provided in s. 216.138, F.S., until affirmatively revoked.

The bill will likely require additional state government expenditures. The amount is not known at this time.

The bill shall take effect upon becoming a law.

HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Current Situation:

Chapter 216, Florida Statutes, establishes the planning and budgeting laws for the fiscal affairs of the state. These laws provide guidelines to the Legislature, the Governor's Office, state agencies, and the judicial branch in order to properly develop legislative budgets and administer the general appropriations act. An essential support for the state's planning and budgeting functions is the use of the consensus estimating conferences. Sections 216.133-216.137, F.S., provide statutory authority for the consensus estimating conference process.

Section 216.136, F.S., establishes 10 consensus estimating conferences:

1. Economic Estimating Conference
2. Demographic Estimating Conference
3. Revenue Estimating Conference
4. Education Estimating Conference
5. Criminal Justice Estimating Conference
6. Social Services Estimating Conference
7. Workforce Estimating Conference
8. Early Learning Programming Estimating Conference
9. Self-Insurance Estimating Conference
10. Florida Retirement System Actuarial Assumption Conference

These conferences develop official estimates of revenues, expenditures, and various other impacts related to budgeting and taxation. All state agencies and the judicial branch must use the official results of the conference in carrying out their duties under the state planning and budgeting system; however, the Legislature is not bound to use the official consensus forecasts. Nevertheless, the Florida Legislature has consistently used the results of these conferences in its official duties.¹ Each estimate considers a baseline forecast and an assumption that "current law, current administration"² remains in effect for the duration of the forecast period unless otherwise provided by law or decided by unanimous

¹ Further information on the consensus forecasting process can be found on the Office of Economic and Demographic Research website. <http://edr.state.fl.us/conferences/confprocess.pdf> (last visited March 10, 2010)

² Section 216.134(1), F.S.

agreement of the principals. Section 216.133(3), F.S., defines “consensus” as “the unanimous consent of all of the principals.” All of the principals must agree on the forecasts before they are finalized.

The voting members of each conference (i.e., the principals) consist of one representative from professional staff of the Governor’s Office, the coordinator of the Office of Economic and Demographic Research, professional staff of the Senate designated by the President of the Senate, and professional staff of the House of Representatives designated by the Speaker of the House of Representatives. Non-voting participants may be requested to generate alternative forecasts and provide additional information for the conference. The conference principals consider information provided by participants in the development of its “official information.”³ All the conferences are open, public meetings.

A conference session may be convened at the call of any principal to review and reconsider any official information of the conference that a principal feels is no longer valid. Additionally, s. 216.137(1)(d), F.S., allows any principal to call a special impact session of the conference to develop official information that reflects the impact of proposed law changes related to a conference’s subject area.

The Revenue Estimating Conference meets throughout the year to update estimates of various revenue sources. This conference also meets several times before, during, and after legislative sessions to estimate the anticipated state and local government revenue impacts of proposed or current law changes. Many of these impacts are analyzed by the conference numerous times before a final estimate is adopted. In 2009, the Revenue Estimating Conference completed 343 analyses: 240 (70%) analyses during the 60 day session with 140 (41%) analyses in the final 30 days.

Current law does not specify particular methods, techniques, or approaches to developing the official estimates of the consensus estimating conferences.

Proposed Changes:

The bill creates s. 216.138, F.S., directing special impact sessions of the Revenue Estimating Conference to consider both the costs and benefits of proposed legislation. These special impact sessions will be in addition to the current special impact sessions conducted by the consensus estimating conference set in s. 216.137(1)(d), F.S. The request for special impact sessions to review costs and benefits of specific legislation must be made at least 90 days before the start of the subsequent legislative session. The results of the special impact sessions will be completed and made available to the public no later than the start of the legislative session for which it has been requested.

This bill also provides that the Office of Economic and Demographic Research, along with the principals of the Revenue Estimating Conference and, after receiving public input, will develop protocols and procedures for estimating the cost and benefits of specific proposed legislation during special impact conference sessions defined in s. 216.138, F.S. These protocols and procedures recommendations will be provided to the President of the Senate and the Speaker of the House of Representatives for approval by October 1, 2010. If approved, the protocols and procedures are to be used by the Revenue Estimating conference as provided in s. 216.138, F.S., until affirmatively revoked.

B. SECTION DIRECTORY:

Section 1: Creates s. 216.138, F.S., to require special impact sessions of the Revenue Estimating Conference to consider both the costs and benefits of proposed legislation.

Section 2: Provides that the Office of Economic and Demographic Research, along with the principals of the Revenue Estimating Conference, will develop protocols and procedures for special impact sessions by October 1, 2010.

Section 3: Provides that the bill will take effect upon becoming a law.

³ Section 216.133, F.S., defines “Official information” as data, forecasts, estimates, analyses, studies, and other information which the principals of a consensus estimating conference unanimously adopt for the purpose of the state planning and budgeting system.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

See FISCAL COMMENTS below.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

The bill will likely create the need for additional staffing, hardware, software and data resources for the Office of Economic and Demographic Research. The cost is not known at this time. It will depend in part on the protocols and procedures developed for the expanded analysis process.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

None.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES