

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 121 Economic and Demographic Research

SPONSOR(S): Finance & Tax Council; Poppell

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

	REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1)	Finance & Tax Council	16 Y, 0 N, As CS	Aldridge	Langston
2)	Full Appropriations Council on Education & Economic Development			
3)	Policy Council			
4)	Rules & Calendar Council			
5)				

SUMMARY ANALYSIS

The bill creates s. 216.138, F.S., providing authority to the President of the Senate or the Speaker of the House of Representatives to request special impact sessions of consensus estimating conferences to evaluate proposed legislation using specified techniques, including cost-benefit analysis, return on investment, or dynamic scoring.

The bill requires the Office of Economic and Demographic Research, acting in consultation with the principals of the consensus estimating conferences and after receiving public input, to develop protocols and procedures necessary to implement s. 216.138, F.S. The protocols and procedures must be submitted to the presiding officers of the Legislature by December 1, 2010, for their approval.

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

The bill will 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 LAW

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., providing authority for the President of the Senate or the Speaker of the House of Representatives to request special impact sessions of consensus estimating conferences to evaluate proposed legislation based on tools and models not generally employed by the conferences, including cost-benefit, return-on-investment, or dynamic scoring techniques, when suitable and appropriate for the legislation being evaluated.

The bill also provides that the Office of Economic and Demographic Research, acting in consultation with the principals of the consensus estimating conferences and after receiving public input, shall develop protocols and procedures necessary to implement s. 216.138, F.S. At a minimum, the protocols and procedures to be used for evaluating specific proposed legislation shall include cost-benefit, return-on-investment, and dynamic scoring techniques and may include additional, appropriate economic techniques. Additionally, the protocols and procedures must address the format for reporting results and provide proposed linkages to the appropriations and revenue forecasting processes, including any statutory changes that may be needed. The linkages must be consistent with the constitutional requirement for a balanced budget.

The office is required to submit a report of its findings and recommendations to the President of the Senate and the Speaker of the House of Representatives by December 1, 2010. Subject to approval by the President of the Senate and the Speaker of the House of Representatives following the submission of the report, the protocols and procedures shall be used to the extent feasible for the analysis of specific proposed legislation by consensus estimating conferences as provided in s. 216.138, F.S., unless and until such approval is subsequently affirmatively revoked.

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.

B. SECTION DIRECTORY:

Section 1: Creates s. 216.138, F.S., providing authority to the President of the Senate or the Speaker of the House of Representatives to request special impact sessions of consensus estimating conferences to evaluate proposed legislation using specified techniques.

Section 2: Requires the Office of Economic and Demographic Research, acting in consultation with the principals of the consensus estimating conferences and after receiving public input, to develop protocols and procedures necessary to implement s. 216.138, F.S.

Section 3: Conforms a cross reference in s. 216.133, F.S., to changes made by the bill.

Section 4: Provides that the bill will take effect upon becoming a law.

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

On March 11, 2010, the Finance and Tax Council adopted a strike-all amendment that:

- Eliminates requirements for longitudinal analysis of the economic impacts of legislation,
- Clarifies the process for developing protocols and procedures to include dynamic scoring and other appropriate techniques,
- Requires protocols and procedures to be approved by the presiding officers of the Legislature,
- Requires that the presiding officers must request special impact conferences that use techniques not normally used by the consensus estimating conferences.

The analysis has been updated to reflect the Council Substitute.