

**MEMORANDUM**

TO: County Council

FROM: Robert H. Drummer, Senior Legislative Attorney 

SUBJECT: **Introduction:** Expedited Bill 43-10, Administration – Legislative Branch –  
County Council – Fiscal Impact Statements

Expedited Bill 43-10, Administration – Legislative Branch – County Council – Fiscal Impact Statements, sponsored by Councilmember Knapp, Council President Floreen, Council Vice President Ervin, and Councilmembers Andrews and Trachtenberg, is scheduled to be introduced on July 27, 2010. A public hearing is tentatively scheduled for September 21 at 1:30 p.m.

A complete fiscal impact statement is an important tool for the Council to review in making public policy decisions necessary to enact legislation. The Code does not currently require a fiscal impact statement. A recent report from the Office of Legislative Oversight (OLO) concluded that fiscal impact statements should be made uniform and required for each bill.<sup>1</sup> Bill 43-10 would require the Director of OMB to submit a fiscal impact statement to the Council for each bill under consideration before Council action. The Bill would also establish a timeline for submission and the required content for the statement.

This packet contains:	<u>Circle #</u>
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<sup>1</sup> The OLO report is available online at <http://www.montgomerycountymd.gov/content/council/olo/reports/pdf/FINALReport2010-10.pdf>

Expedited Bill No. 43-10  
Concerning: Administration – Legislative  
Branch – County Council – Fiscal  
Impact Statements  
Revised: July 22, 2010 Draft No. 3  
Introduced: July 27, 2010  
Expires: January 27, 2012  
Enacted: \_\_\_\_\_  
Executive: \_\_\_\_\_  
Effective: \_\_\_\_\_  
Sunset Date: \_\_\_\_\_  
Ch. \_\_\_\_\_, Laws of Mont. Co. \_\_\_\_\_

## COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

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By: Councilmember Knapp, Council President Floreen, Council Vice President Ervin, and  
Councilmembers Andrews and Trachtenberg

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**AN EXPEDITED ACT** to:

- (1) require the Executive to submit a statement to the Council describing the fiscal impact of a bill before Council action; and
- (2) generally amend the law governing the consideration of bills by the Council.

By adding

Montgomery County Code  
Chapter 2, Administration  
Article IV, Legislative Branch  
Section 2-81A

<b>Boldface</b>	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

*The County Council for Montgomery County, Maryland approves the following Act:*

1           **Sec. 1. Section 2-81A is added as follows:**

2    **2-81A. Fiscal Impact Statements**

3           (a)   Definitions. In this Section, the following words and phrases have the  
4                   following meanings:

5                   Director means the Director of the Office of Management and Budget.

6                   Fiscal impact means an estimate of changes in future County revenue  
7                   and expenditures attributable to a change in the law.

8           (b)   Fiscal impact statements. The Director must submit a statement to the  
9                   Council describing the fiscal impact, if any, of each bill under  
10                  consideration by the Council. The Director must submit a separate  
11                  statement for each bill.

12          (c)   Time for submission. A fiscal impact statement should be submitted to  
13                  the Council:

14                  (1)   no later than 7 days before the public hearing on each bill  
15                    introduced by the Council President at the request of the County  
16                    Executive; and

17                  (2)   no more than 21 days after a bill sponsored by a Councilmember  
18                    is introduced.

19          (d)   Content of fiscal impact statement. Each fiscal impact statement must  
20                  include:

21                  (1)   the sources of information, assumptions, and methodologies  
22                    used;

23                  (2)   an estimate of changes in County revenues and expenditures  
24                    regardless of whether the revenues or expenditures are assumed  
25                    in a recommended or approved budget;

26                  (3)   revenue and expenditure estimates covering at least the next 6  
27                    fiscal years;

- 28           (4) an actuarial analysis through the entire amortization period for  
 29           each bill that would affect retiree pension or group insurance  
 30           costs;
- 31           (5) later actions that may affect future revenue and expenditures if  
 32           the bill authorizes future spending;
- 33           (6) an estimate of the staff time needed to implement the bill;
- 34           (7) an explanation of how the addition of new staff responsibilities  
 35           would affect other duties;
- 36           (8) an estimate of costs when an additional appropriation is needed;
- 37           (9) a description of any variable that could affect revenue and cost  
 38           estimates;
- 39           (10) ranges of revenue or expenditures that are uncertain or difficult to  
 40           project; and
- 41           (11) if a bill is likely to have no fiscal impact, why that is the case.
- 42           (e) Compliance. Council action on a bill that is otherwise valid is not  
 43           invalid because of any failure to follow the requirements of this Section.

44           **Sec. 2. Expedited Effective Date.**

45           The Council declares that this legislation is necessary for the immediate  
 46           protection of the public interest. This Act takes effect on the date on which it  
 47           becomes law.

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49           *Approved:*

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Nancy Floreen, President, County Council

Date

## LEGISLATIVE REQUEST REPORT

Expedited Bill 43-10

Administration – Legislative Branch – County Council – Fiscal Impact Statements

**DESCRIPTION:** The Bill would require the Director of OMB to submit a fiscal impact statement to the Council for each bill under consideration by the Council. The Bill would also establish a timeline for submission and the required content for the statement.

**PROBLEM:** A complete fiscal impact statement is an important tool for the Council to review in making public policy decisions necessary to enact legislation. The Code does not currently require a fiscal impact statement. A recent report from the Office of Legislative Oversight (OLO) concluded that fiscal impact statements should be made uniform and required for each bill.

**GOALS AND OBJECTIVES:** To enhance the information available to the Council when making public policy decisions necessary to enact legislation.

**COORDINATION:** OLO, OMB

**FISCAL IMPACT:** To be requested.

**ECONOMIC IMPACT:** To be requested.

**EVALUATION:** To be requested.

**EXPERIENCE ELSEWHERE:** Maryland law requires fiscal impact statements for state legislation.

**SOURCE OF INFORMATION:** Robert H. Drummer, Senior Legislative Attorney

**APPLICATION WITHIN MUNICIPALITIES:** NA

**PENALTIES:** NA