

**MEMORANDUM**

TO: County Council

FROM: Robert H. Drummer, Senior Legislative Attorney 

SUBJECT: **Public Hearing:** 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, Trachtenberg, Elrich, Leventhal, Navarro, and Berliner was introduced on July 27, 2010. A Management and Fiscal Policy Committee worksession is tentatively scheduled for September 27 at 10:30 a.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. A Bill would not be subject to challenge solely because OMB failed to timely submit a fiscal impact statement to the Council.

This packet contains:	Circle #
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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 28, 2010  
Draft No. 4  
 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, Trachtenberg, Elrich, Leventhal, Navarro, and Berliner

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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.

**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.

48  
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