



Finance & Tax Council

**Wednesday, January 13, 2010
1:00 PM
404 HOB**

**Larry Cretul
Speaker**

**Ellyn Setnor Bogdanoff
Chair**

Council Meeting Notice
HOUSE OF REPRESENTATIVES

Finance & Tax Council

Start Date and Time: Wednesday, January 13, 2010 01:00 pm
End Date and Time: Wednesday, January 13, 2010 05:00 pm
Location: 404 HOB
Duration: 4.00 hrs

Presentation by Department of Revenue on the Department's 2010 Legislative Concepts Package

Workshop on "Dynamic Scoring" and related bills:

- HB 93 Cost and Benefit Analysis of Legislation by Reps. Crisafulli and Hudson
- HB 121 Economic and Demographic Research by Rep. Poppell

NOTICE FINALIZED on 01/06/2010 14:52 by BAI



Department of Revenue 2010 Tax Concepts

**Florida House of Representatives
Finance and Tax Council
January 13, 2010**

**Lisa Echeverri
Executive Director
Department of Revenue**

2010 Tax Administration Concepts

- I. Reducing the Burden of Compliance on Taxpayers
- II. Improving Tax Administration
- III. Improving Tax Enforcement

Reducing the Burden of Compliance on Taxpayers

- Clarify the Documentary Stamp Tax on Short Sales
- Clarify the Residential Exemption for Communications Services Tax
- Provide Statutory Support for the 25% Food Rule
- Remove Taxpayer Information from Vending Machine Decals
- 2010 Corporate “Piggyback”
- Clarify the Definition of “Employer” for Unemployment Tax
- Allow the Department to E-mail General Tax Information

Improving Tax Administration

- Repeal Report on International Banking Facilities
- Allow the use of Electronic Methods for Notice of Garnishment
- Permit Information Sharing with the Department of Environmental Protection
- Accelerate certain Fuel Tax Distributions to Local Governments
- Allow Consolidated Enterprise Zone Refund Applications
- Clarify Criminal Penalty "Glitch" Issue
- Clarify 2009 SIC to NAICS Conversions
- Clarify 2008 Energy Bill References "Glitch"
- Remove Obsolete Reference to "Telefile" in Unemployment Tax
- Clarify the Length of Unemployment Tax Liens
- Clarify Refund Offset Authority for Unemployment Tax Refunds
- Remove the Approved State Bidder List Requirement

Improving Tax Enforcement

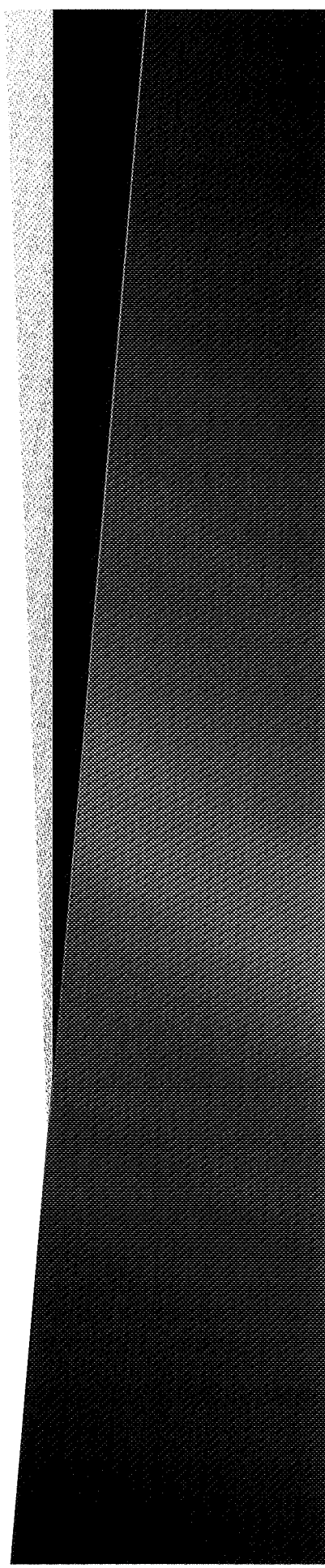
- Provide for Financial Information Data Match with Financial Institutions
- Clarify the Transfer of Tax Liabilities to Related Entities
- Integrate the Revocation of Registrations for Tax Liabilities
- Allow the Publication of Tax Warrants on the Department's web site
- Permit the Disclosure of Cash Levies
- Allow Information Sharing with the Division of Hotels and Restaurants
- Encourage Complete and Accurate Wage Reports
- Encourage Proper Electronic Filing of Wage Reports
- Clarify Single Member LLC Classifications

Questions?

Workshop on “Dynamic Scoring” & related bills

“Dynamic Scoring”: An Overview

House Finance & Tax Council
January 13, 2010



Outline

- ▶ “Dynamic Scoring” defined and why it might be useful
- ▶ Current “scoring” law and practice
- ▶ Practical considerations regarding usefulness and cost
- ▶ Policy Options

What is “Dynamic Scoring”?

- ▶ **“Scoring”** = Estimating the fiscal impacts of proposed law changes
- ▶ **“Dynamic” Scoring** = Scoring that incorporates the effects of:
 - Changes in taxpayer behavior
 - Tax administration considerations
 - Interactions with other taxes
 - *Feedbacks through the broader economy*

Potential Benefits

- ▶ *Enhance public policy decisions*
- ▶ More fully utilize knowledge about the structure and dynamics of the economy
 - Fiscal Impacts
 - Economic Impacts

Dynamic Scoring is a Matter of Degree

<u>Narrowest</u>	<u>Partial</u>	<u>Broadest</u>
<ul style="list-style-type: none">• "Static"• Tax Admin effects• No behavioral responses• No feedbacks through economic linkages	<ul style="list-style-type: none">• Tax Admin effects• Taxpayer behavioral responses• Limited feedbacks through economic linkages	<ul style="list-style-type: none">• Tax Admin effects• Taxpayer behavioral responses• Feedbacks through economic linkages

Current “Scoring” Law

▶ *Consensus Estimating Conferences*

- Statutory process since 1985 (list on slide 18)
- “Official” information for state planning and budgeting system (including special impacts)
- Professional staff represents the House, Senate, Governor, and EDR
- Unanimous Agreement is required
- The practical effect is:
 - Revenue estimates are largely depoliticized
 - Quality Control

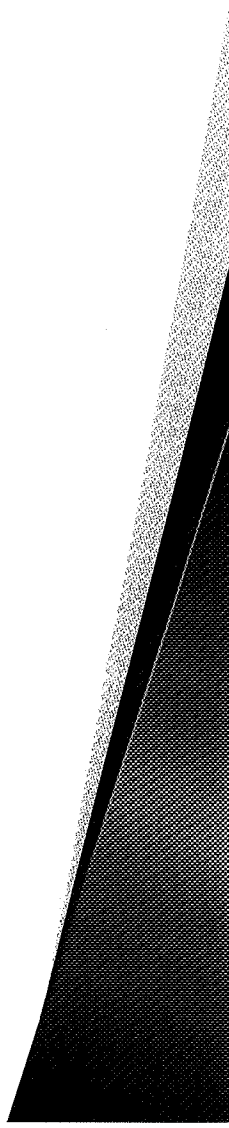
Current “Scoring” Practice

▶ *Partially Dynamic*

- Likely taxpayer behavior, interactions among taxes, administrative issues are usually considered
- Broader macroeconomic interactions/feedbacks are rarely considered

Should Florida Do More?

Is the usefulness of the new information worth the cost of resources needed to produce it?



Usefulness

- ▶ *Accuracy*
- ▶ *Timeliness*
- ▶ *Significance*

Accuracy

- ▶ *Estimates or “scores” of proposed law changes or programs will have a RANGE OF ERROR*
 - Error range can be small or large, depending on the proposal
 - Error range for a single proposal can encompass both net positive and net negative outcomes

Accuracy: Imperfect Info

- ▶ *Imperfect information* regarding the key economic relationships and behavioral parameters forces us to make *educated guesses*
 - At one extreme good data allows sound application of *statistical estimation techniques*
 - At the other extreme insufficient data forces the use of *assumptions or judgment calls* to fill the information gap

Accuracy: Assumptions

- ▶ ***Assumptions can be pivotal in an analysis***
 - Size and sign of the outcome can be affected
 - Analyst bias enters here
 - Inaccurate assumptions can increase overall inaccuracy of the impact estimate

- ▶ ***When a crucial assumption is required, which way should the assumption and analysis lean?***
 - The answer will depend on how the estimate is being used and the consequences of being wrong.
 - Budget Scoring
 - Supplemental information

Timeliness

- ▶ ***Greater lead time is needed***
 - Accommodates the added complexity and informational requirements
 - Estimating Conference scoring workload is cyclical and peaks during legislative session

- ▶ ***In 2009:***
 - 343 issues were scored
 - 70% during the 60 days of session
 - 41% in the final 30 days

Significance: Will Decisions be Affected?

- ▶ *Not Clear*
- ▶ ***Fiscal Impacts***— Dynamic “feedbacks” likely to offset only a fraction of the static estimate
 - Extensive experience elsewhere demonstrates this [see Table on slides 19 – 21]
 - Economic multipliers dictate this outcome
 - *There will be exceptions*
- ▶ ***Economic Impacts***—Will be useful additional information

Cost

- ▶ Certain *analytical tools and resources are needed*
 - Software
 - Hardware
 - Specialized/Proprietary Databases
 - Published economic research
 - Analysts to use all of the above

Policy Options

- ▶ ***Do Nothing:*** Usefulness < Cost

- ▶ ***Do Something:*** Usefulness > Cost
 - Practical Considerations/Questions:
 - Apply to revenue issues only? Or spending, too?
 - Include in budget calculations?
 - Selection or prioritization process?
 - Analysis lead time?
 - Analysis time horizon?
 - Analysis output? Fiscal *and* economic impacts?
 - Permanent or exploratory?
 - Follow-up analysis?

Q & A

Formal Consensus Estimating Conferences

- ▶ Criminal Justice Estimating Conference
- ▶ Early Learning Programs Estimating Conference
 - Voluntary Pre-Kindergarten Education Program
 - School Readiness
- ▶ Education Estimating Conference
 - Public Schools Enrollment
 - Community Colleges Enrollment
 - Post-Secondary Financial Aid
- ▶ Demographic Estimating Conference
- ▶ Economic Estimating Conference
 - Florida Economic
 - National Economic
- ▶ FL Retirement System Actuarial Assumption Conference
- ▶ Revenue Estimating Conference
 - Ad Valorem
 - General Revenue
 - Gross Receipts / Communications Services Tax
 - Education Enhancement Trust Fund (EETF)
 - Lottery
 - Slot Machines
 - Public Education Capital Outlay (PECO)
 - Transportation Revenue
 - Tobacco Settlement
 - State School Trust Fund
 - Long-Term Revenue Analysis
- ▶ Self-Insurance Estimating Conference
 - Risk Management Trust Fund
 - State Employees' Health Insurance
- ▶ Social Services Estimating Conference
 - Medicaid Caseload and Expenditures
 - Temporary Assistance for Needy Families (TANF) Caseload and Expenditures
 - KidCare Caseload and Expenditures
- ▶ Occupational Forecasting Conference (Workforce Estimating)

Dynamic Scoring: Selected Estimates

Proposed Tax Legislation	Estimator	Date Estimated	Estimated Revenue Feedback (% of "initial" estimate)	
			Short Run	Long Run
Business Tax (Missouri): Small Business Investment Tax Credit Program	Missouri State Auditor (using REMI, Inc.)	2005		55%
Business Tax (Oregon): Proportional Decrease in Business Excise Taxes	Legislative Revenue Office	2001		10.4%
Corporate Income Tax (Arizona): Change Apportionment formula to 100% Sales Factor	REMI, Inc.	2005	3.8%	4.8%
Corporate Income Tax (Connecticut): Film Tax Credit	Dept. of Economic and Community Development	2008		8%
Corporate Income Tax (California): Increase Taxes by \$1 billion (approx. 17%)	California Legislative Analyst's Office	2006		-18%
Corporate Income Tax (Federal): Reduce Corporate Income Taxes by \$500 billion	Joint Committee on Taxation	2005	3.6% to 17.9%	11.8% to 27.5%
Corporate Income Tax (Florida): Tax Sub S Corporations and Partnerships	Florida Tax Watch	2003	-4.3%	-39.0%
Corporate Income Tax (Manitoba): Film Tax Credit	Intragroup Consultants	2003		Net positive or negative, depending on assumptions
Corporate Income Tax (Massachusetts): Film Industry Tax Credit Program	Department of Revenue	2008		17.9%
Corporate Income Tax (Massachusetts): Research Credit	Ernst & Young	2003		10.5%
Corporate Income Tax (New Mexico): Film Tax Credit	Ernst & Young for State Film Office	2009		94%
Corporate Income Tax (New Mexico): Film Tax Credit	Legislative Finance Committee	2008		14%

Dynamic Scoring: Selected Estimates

Proposed Tax Legislation	Estimator	Date Estimated	Estimated Revenue Feedback (% of "initial" estimate)	
			Short Run	Long Run
Corporate Income Tax (Oregon): Apportionment Factors to 100% Sales	Office of Economic Analysis	2004	3.6%	18.1%
Corporate Income Tax (Oregon): Proportional Decrease in Corporate Income Tax	Legislative Revenue Office	2001		17.1%
Corporate Income Tax (Pennsylvania): Film Tax Credit	Economic Research Associates for Leg. Budget & Finance Commission	2009		30%
Corporate/Personal Income Tax (Louisiana): Film and Video Tax Incentive Program	Legislative Fiscal Office	2005		16.3%
Personal Income Tax (California): Increase High Income Tax Rates from 9% to 10-11%	California Legislative Analyst's Office	2006		-3%
Personal Income Tax (California): Increase Taxes by \$1 billion (approx. 4%)	California Legislative Analyst's Office	2006		-4%
Personal Income Tax (Federal): Increase Personal Exemptions by \$500 billion	Joint Committee on Taxation	2005	-1.7% to 12.6%	-0.0% to 17.4%
Personal Income Tax (Federal): Reduce Individual Income Taxes by \$500 billion	Joint Committee on Taxation	2005	2.8% to 17.7%	8.0% to 26.7%
Personal Income Tax (New Mexico): Tax Reduction	Dept. of Finance and Administration	2005	3.7%	2.2%
Personal Income Tax (Oregon): Proportional Decrease in Personal Income Tax	Legislative Revenue Office	2001		9.6%
Property Tax (Oregon): Decrease in Business Property Taxes	Legislative Revenue Office	2001		11.3%
Property Tax (Texas): Cut Residential Property Tax via \$10k Exemption	Beacon Hill Institute	1999		28%
Property Tax (Texas): Cut Residential Property Tax via Rate Cut	Beacon Hill Institute	1999		13%

Dynamic Scoring: Selected Estimates

Proposed Tax Legislation	Estimator	Date Estimated	Estimated Revenue Feedback (% of "initial" estimate)	
			Short Run	Long Run
Sales Tax (California): Increase Taxes by \$1 billion (approx. 5%)	California Legislative Analyst's Office	2006		-12%
Sales Tax (Florida): 6% tax on all currently non-taxed business services	Florida Tax Watch	2003	-6.2%	-21.0%
Sales Tax (Florida): 6% tax on all currently non-taxed professional services	Florida Tax Watch	2003	-5.6%	-19.3%
Sales Tax (Florida): Increase Tax Rate by 1% Point	Florida Tax Watch	2003	-1.4%	-6.5%
Sales Tax (Texas): Cut Tax by \$200m	Beacon Hill Institute	1999		9%
Sales Tax (Texas): Limited Exemption for Over the Counter Drugs	Comptroller of Public Accounts	2007	1.9%	3.9%
Sales Tax (Texas): Limited Tax Exemption for Water	Comptroller of Public Accounts	2007	1.3%	3.2%
Various Taxes (Federal): Make Permanent President Bush's 2001 tax cuts	Congressional Research Service/Extension of Treasury Estimates	2006	7%	10%
Various Taxes (Federal): Make Permanent President Bush's 2001 tax cuts	Heritage Foundation	2006		30%
Various Taxes (Federal): President's Budgetary Proposals for FY 2004	Congressional Budget Office	2003	-10% to +15%	-15% to +17%
Various Taxes (Philadelphia, Pa): *Reduce the city wage tax from 4.5385% to 4.0% and increase the real estate tax to offset * Eliminate the city net profits tax * Reduce the gross receipts portion of the business privilege tax from .24% to .20% * Reduce the net income portion of the business privilege tax from 6.5% to 4.0%	City of Philadelphia, Pennsylvania Office of the Controller	2001	16.90% to 50.40%	none reported
Vehicle License Fee (California): Eliminate Fee	California Legislative Analyst's Office	2006		10%

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 <i>WWJ</i>	Langston <i>SL</i>
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 cost and benefits of proposed legislation. The request for such special impact sessions will 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.

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.

These conferences consist of various principals and participants. The principals of each conference include 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. 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."¹ All the conferences are open, public meetings.

The principals can call conferences and are generally responsible for developing and adopting consensus forecasts. 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. 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.²

¹ 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.

² 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 Jan. 11, 2010)

The principals generally meet in a series of regularly scheduled conference sessions. 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. Each estimate considers a baseline forecast and an assumption that "current law, current administration"³ remains in effect for the duration of the forecast period unless otherwise provided by law or decided by unanimous agreement of the principals. A conference session may be convened at the call of any principle to review and reconsider any official information of the conference that a principle feels is no longer valid. Additionally, s. 216.137(1)(d), F.S., allows any principle 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.

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 will 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.

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.

³ Section 216.134(1), F.S.

Section 3: 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

29 Section 2. The Office of Economic and Demographic
 30 Research, acting in consultation with the principals of the
 31 Revenue Estimating Conference, and after receiving public input,
 32 shall by October 1, 2010, develop protocols and procedures for
 33 the consistent estimation of costs and benefits of specific
 34 proposed legislation. At a minimum, the protocols and procedures
 35 must address appropriate economic techniques used in the
 36 analysis of proposed legislation, the format for reporting
 37 results, and proposed linkages to the appropriations and revenue
 38 forecasting processes, including any statutory changes that
 39 would be needed. The linkages must be consistent with the
 40 constitutional requirement to have a balanced budget. The office
 41 shall submit a report of its findings and recommendations to the
 42 President of the Senate and Speaker of the House of
 43 Representatives by October 1, 2010. Subject to approval by the
 44 President of the Senate and Speaker of the House of
 45 Representatives following the submission of the report, the
 46 protocols and procedures shall be utilized for the analysis of
 47 specific proposed legislation by the Revenue Estimating
 48 Conference as provided in s. 216.138, Florida Statutes, unless
 49 and until such approval is subsequently affirmatively revoked.

50 Section 3. This act shall take effect upon becoming a law.

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 121

Economic and Demographic Research

SPONSOR(S): Poppell

TIED BILLS:

IDEN./SIM. BILLS:

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Finance & Tax Council		Aldridge <i>AA</i>	Langston <i>SL</i>
2) Full Appropriations Council on Education & Economic Development			
3) Policy Council			
4) Rules & Calendar Council			
5)			

SUMMARY ANALYSIS

This bill requires the Office of Economic and Demographic Research to perform a longitudinal analysis of the economic impact of legislation that amends provisions of state law that relate to taxation. Findings of this analysis are to be released in three annual reports as follows:

1. The first report is due to the President of the Senate and the Speaker of the House of Representatives by September 1 of the year in which the legislation is enacted. This report will include an assessment of the likely economic impact of the legislation and a listing of the analytical measures to be used.
2. Additional annual reports will address any changes in the measures detected over the prior year and will provide an assessment of any deviations from the likely economic impact previously identified.
3. The final report will include an in-depth comparison of the predictions contained within the cost-benefit analysis conducted prior to the policy decision with the actual results after implementation.

This bill also requires the Office of Economic and Demographic Research to develop protocols and procedures for the consistent development of cost-benefit and return-on-investment techniques and their application to issues for consideration of special impact by Revenue Estimating Conferences. These protocols and procedures recommendations will be provided to the President of the Senate and the Speaker of the House of Representatives by December 1, 2010.

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.
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- Reverse or restrain the growth of government.
- Promote public safety.
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- 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.

These conferences consist of various principals and participants. The principals of each conference include 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. 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."¹ All the conferences are open, public meetings.

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3. Revenue Estimating Conference
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7. Workforce Estimating Conference
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PROPOSED CHANGES

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2. Additional annual reports will address any changes in the measures detected over the prior year and will provide an assessment of any deviations from the likely economic impact previously identified.
3. The final report will include an in-depth comparison of the predictions contained within the cost-benefit analysis conducted prior to the policy decision with the actual results after implementation.

This bill also requires the Office of Economic and Demographic Research to develop protocols and procedures for the consistent development of cost-benefit and return-on-investment techniques and their application to issues for consideration of special impact by Revenue Estimating Conferences. These protocols and procedures recommendations will be provided to the President of the Senate and the Speaker of the House of Representatives by December 1, 2010.

³ Section 216.134(1), F.S.

B. SECTION DIRECTORY:

Section 1: By law, requires the Office of Economic and Demographic Research to perform a longitudinal analysis of the economic impact of legislation that amends provisions of state law that relate to taxation.

Section 2: By law, requires the Office of Economic and Demographic Research to develop protocols and procedures for the consistent development of cost-benefit and return-on-investment techniques and their application to issues for consideration of special impact by Revenue Estimating Conferences.

Section 3: 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:

IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES

1 A bill to be entitled
 2 An act relating to economic and demographic research;
 3 requiring the Office of Economic and Demographic Research
 4 to annually perform certain economic impact analyses of
 5 certain legislation; requiring reports to the Legislature;
 6 providing reporting requirements; requiring the office to
 7 develop certain protocols and procedures for certain
 8 purposes; specifying requirements; requiring a report to
 9 the Legislature; providing an effective date.

10
 11 Be It Enacted by the Legislature of the State of Florida:

12
 13 Section 1. (1) Each year, the Office of Economic and
 14 Demographic Research shall perform a longitudinal analysis of
 15 the economic impact of legislation that amends provisions of the
 16 laws of this state relating to taxation. Findings of the
 17 analysis shall be released in three annual reports. The first
 18 report shall be due to the President of the Senate and the
 19 Speaker of the House of Representatives by September 1 of the
 20 year in which the legislation is enacted and shall include an
 21 assessment of the likely impact of the legislation and a listing
 22 of the analytical measures to be used. The remaining annual
 23 reports shall address any changes in the measures detected over
 24 the prior year and shall provide an assessment of any deviations
 25 from the likely impact previously identified. The final report
 26 shall also include an in-depth comparison of the predictions
 27 contained within the cost-benefit analysis conducted prior to

28 the policy decision with the actual results after
 29 implementation.

30 (2) The Office of Economic and Demographic Research shall
 31 develop protocols and procedures for the consistent development
 32 of cost-benefit and return-on-investment techniques and their
 33 application to issues for consideration of special impact by
 34 Revenue Estimating Conferences. At a minimum, the protocols and
 35 procedures must address appropriate economic techniques to use
 36 in the analysis, the format for reporting results, and proposed
 37 linkages to the appropriations and revenue-forecasting
 38 processes, including any statutory changes that would be needed.
 39 Such linkages must be consistent with the constitutional
 40 requirement for a balanced budget. The office shall submit a
 41 report of its findings and recommendations to the President of
 42 the Senate and the Speaker of the House of Representatives by
 43 December 1, 2010.

44 Section 2. This act shall take effect upon becoming a law.