

TECHNICAL ISSUES

SHTD notes that the bill requires dynamic forecasting of bills introduced during the “*second session of the forty-sixth legislature and the first session of the forty-seventh legislature*” (Section 1, Subsection B, Paragraph 1 on page 2). This specification might be reformulated to accommodate a special session, in the event one is called.

SHTD also notes that it is unclear how the dynamic forecasting requirement may affect substitute bills prepared late in a legislative session. A substitute bill combining the provisions of multiple bills may reach the \$10 million threshold while the individual bills did not. It may be quite difficult to perform a dynamic forecast when a bill involves multiple small provisions that add up to \$10 million.

OTHER SUBSTANTIVE ISSUES

Many people believe that the traditional “static” approach to evaluating the fiscal impact of a bill may overestimate or underestimate the ultimate actual fiscal impact by ignoring economic feedback effects triggered by provisions of the bill. In many cases, the economic feedback effects of legislative initiatives may take considerable time to exhibit their full effect, and may be beyond the budget horizon. Thus, the “static” and “dynamic” forecast of the fiscal impact of a bill may be quite similar over the first few years.

SS/njw