# Impact Conference Analysis Form & New Guidelines

Revenue Estimating Conference

Mission San Luis Retreat

October 30, 2012

# Header (Automatically Repeated on Each Page)

**REVENUE ESTIMATING CONFERENCE**

**Tax**:  *The full name of the tax or fee source(s) should be indicated here using upper and lower case letters.  Place each referenced source on a separate line, using a TAB to indent.  For example:*

> *Sales and Use Tax*
> *Corporate Income Tax*
> *Insurance Premium Tax*

**Issue:**  *The description should succinctly indicate what the bill does.  If a similar issue has been considered previously during the cycle, use a description which distinguishes this analysis from the prior version.*

**Bill Number(s)***:  Include all relevant bill numbers with correct specification of CS (CS/CS/...), Engrossed, Enrolled, Amendment Bar Code #, or Proposed Amendment.  The reference should match the version(s) you analyzed.*

# Informational Block…

☐ **Entire Bill** *Check this box if the analysis covers the revenue impact of the entire bill.*

☐ **Partial Bill:** *Check this box if the analysis addresses only certain sections of the bill. List the relevant sections of the bill after checking this box.*

**Sponsor(s):** *This should be the original member sponsor of the bill, even if it is a committee substitute. For example if the full listing was:*

*"GENERAL BILL by Economic Affairs Committee; Transportation and Economic Development Appropriations Subcommittee; Transportation and Highway Safety Subcommittee; Pilon; (CO-INTRODUCERS) Adkins; Brandes; Dorworth,"*

*the sponsor would be shown as "Pilon."*

# Remaining Informational Block…

**Month/Year Impact Begins:**  *Put the actual date (month and year) that you assumed in your analysis rather than "upon becoming law" or some other generic label.  This should be the date when the taxpayer's liability (actual or future) would first be affected by the bill (positively or negatively), not the effective date of the bill.  If receipts by the state or local government are further lagged and affect the cash impact, include the lagged timeframe as well.  For example:*

> *July 2013*
>
> *July 2013 (with a one-month collection lag)*
>
> *January 2014 Tax Roll (affecting the 2014-15 school year)*
>
> *January 2014 Tax Roll (affecting the 2014-15 local fiscal year)*

*For all bills that are "upon becoming law" after a typical regular session, assume an effective date of June 1.*

**Date of Analysis:**  *If the analysis was reworked, this date should reflect the latest date the bill was analyzed as opposed to when it was originally submitted.*

# Section 1: Narrative

a.  **Current Law:**  *This section should describe any aspects of current law which are changed by the legislation.  The description should be detailed enough that someone not familiar with the issue can understand what the current situation is.*

b.  **Proposed Change:**  *This section should outline the changes made by the bill which could affect the current revenue stream.  This should be detailed enough that someone not familiar with the issue can understand what the legislation actually does.*

# Section 2: Description of Data and Sources

*This section should list the sources for all data used in the analysis. It should include both publications and entities that provide relevant information. If referencing an adopted forecast, include the month and year the forecast was adopted (for example, Ad Valorem forecast adopted August 2012). If referencing data provided by someone else or produced through a special run, list the period covered by the data. If referencing a website, include the website address.*

# Section 3: Methodology

(Include Assumptions and Attach Details)

*This section should describe the methodology used to develop the estimate, including the qualitative differences between the High, Middle and Low estimates. It should provide sufficient detail that someone who doesn't look at the attached spreadsheet will have an understanding of how the estimate was derived. Do not direct the reader to the attachment as your entire explanation.*

*If the proposed impact is Indeterminate, explain why it cannot be feasibly estimated. In this regard, the Conference is changing several conventions as follows:*

- *Beginning with impacts developed for the 2013 Session, the Conference will adopt "at least as" or "minimum" estimates which reflect the known portion of estimates that could be much larger. In these cases, footnotes will be used to explain the potential magnitude of any amounts that could not be estimated.*
- *Four new abbreviations have been added to the standard list:*

  *Insignificant positive or 0          0/\**
  *Insignificant negative or 0          (0/\*)*
  *Indeterminate positive or 0          0/\*\**
  *Indeterminate negative or 0          (0/\*\*)*

# Section 4: Proposed Fiscal Impact

*The Middle estimate should be the analyst's view of the most likely or probable outcome. The High and Low estimates should also be outcomes which could be reasonably expected to occur under normal circumstances; however, it is not necessary to provide them if only the Middle estimate is probable.*

|  | High | | Middle | | Low | |
|---|---|---|---|---|---|---|
|  | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2013-14 |  |  |  |  |  |  |
| 2014-15 |  |  |  |  |  |  |
| 2015-16 |  |  |  |  |  |  |
| 2016-17 |  |  |  |  |  |  |
| 2017-18 |  |  |  |  |  |  |

*Five years of estimates should be included for each impact.*

**List of Affected Trust Funds:** *This information is used to determine whether the General Revenue Service Charge will be assessed, as well as to provide transparency to users of the specific trust funds that are impacted by the proposed legislation.*

# Scenario 1...

*TABLE CHANGES:  Five years of estimates should be included for each impact.  For any impact that is expected to have smooth growth after reaching its first full year of implementation, the recurring and cash impacts should be the same for that year and each year thereafter—with the recurring impacts for prior years developed by assuming that the bill had been in place for that year.  See TABLE A below for an example; each set of columns represents a different year of implementation.*

| | | YEAR OF IMPLEMENTATION --- Smooth Growth Pattern After Implementation | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| TABLE A | FULL | YR 1 | | YR 2 | | YR 3 | | YR 4 | | Yr 5 | |
| | IMPACT | Cash | Rec | Cash | Rec | Cash | Rec | Cash | Rec | Cash | Rec |
| 2013-14 | 100 | 100 | 100 | 0 | 100 | 0 | 100 | 0 | 100 | 0 | 100 |
| 2014-15 | 110 | 110 | 110 | 110 | 110 | 0 | 110 | 0 | 110 | 0 | 110 |
| 2015-16 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 0 | 120 | 0 | 120 |
| 2016-17 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 0 | 130 |
| 2017-18 | 140 | 140 | 140 | 140 | 140 | 140 | 140 | 140 | 140 | 140 | 140 |

# Scenario 2...

*For any impact that is expected to have smooth growth after reaching its first full year of implementation, but has a first year with only a partial impact: (1) the cash impact should be appropriately reduced for the first year; (2) the recurring impact for the first year should assume that the bill had been place for the full year; and (3) subsequent years should have cash equal to recurring. In addition, the recurring impacts for prior years will be developed by assuming that the bill had been in place for that year. See TABLE A1 below for an example; each set of columns represents a different year of implementation.*

| | | YEAR OF IMPLEMENTATION --- Partial 1st Year; Smooth Growth Pattern After Implementation | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| TABLE A1 | FULL | YR 1 | | YR 2 | | YR 3 | | YR 4 | | Yr 5 | |
| | IMPACT | Cash | Rec | Cash | Rec | Cash | Rec | Cash | Rec | Cash | Rec |
| 2013-14 | 100 | 91.7 | 100 | 0 | 100 | 0 | 100 | 0 | 100 | 0 | 100 |
| 2014-15 | 110 | 110 | 110 | 100.8 | 110 | 0 | 110 | 0 | 110 | 0 | 110 |
| 2015-16 | 120 | 120 | 120 | 120 | 120 | 110.0 | 120 | 0 | 120 | 0 | 120 |
| 2016-17 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 119.2 | 130 | 0 | 130 |
| 2017-18 | 140 | 140 | 140 | 140 | 140 | 140 | 140 | 140 | 140 | 128.3 | 140 |

# Scenario 3...

*For any impact that has a ramp-up period lasting five or more years or uneven growth for some other reason, the value for the fifth year of the pattern should establish the base—with the recurring impact for each of the prior years developed by producing an estimate equivalent to the base value for that year. This will require a method for discounting back from the fifth year of the pattern. See TABLE A2 below for an example; each set of columns represents a different year of implementation.*

| TABLE A2 | | YEAR OF IMPLEMENTATION --- Ramp-Up Period Lasting 5 or more Years | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | YR 1 | | YR 2 | | YR 3 | | YR 4 | | Yr 5 | |
| | PATTERN | Cash | Rec | Cash | Rec | Cash | Rec | Cash | Rec | Cash | Rec |
| Year 1 | 30 | 30 | 296 | 0 | 296 | 0 | 296 | 0 | 296 | 0 | 296 |
| Year 2 | 60 | 60 | 297 | 30 | 297 | 0 | 297 | 0 | 297 | 0 | 297 |
| Year 3 | 120 | 120 | 298 | 60 | 298 | 30 | 298 | 0 | 298 | 0 | 298 |
| Year 4 | 240 | 240 | 299 | 120 | 299 | 60 | 299 | 30 | 299 | 0 | 299 |
| Year 5 | 300 | 300 | 300 | 240 | 300 | 120 | 300 | 60 | 300 | 30 | 300 |

# Special Cases…

*An exception to these rules would be made for revenue sources that have greater than a one-year collection cycle (for example, fees collected every other year). The cash impact would not be affected (the actual collection level projected for each year would be displayed), but the recurring amount to be used for each year would be calculated by dividing the first non-zero cash impact under full implementation by the number of years in the cycle. If the collection cycle and/or bill timing places all non-zero cash impacts outside the five-year window, the window would be extended until this year was reached and then the analysis would be performed.*

*In addition, capped or otherwise specified amounts in the proposed legislation do not have to be discounted or further adjusted.*

# Section 5: Consensus Estimate

*Do not complete this section.  EDR is responsible for filling it in after the Impact Conference has taken place.*

| | GR | | Trust | | Local/Other | | Total | |
|---|---|---|---|---|---|---|---|---|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2013-14 | | | | | | | | |
| 2014-15 | | | | | | | | |
| 2015-16 | | | | | | | | |
| 2016-17 | | | | | | | | |
| 2017-18 | | | | | | | | |

*The heading for "Local" has now been changed to "Local/Other."  Beginning with impacts developed for the 2013 Session, the Conference will use the following specifications:*

- *Water Management Districts = Local*
- *State University System = Other*
- *State College System = Other*