



Budgeting in the States

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National Conference of State Legislatures

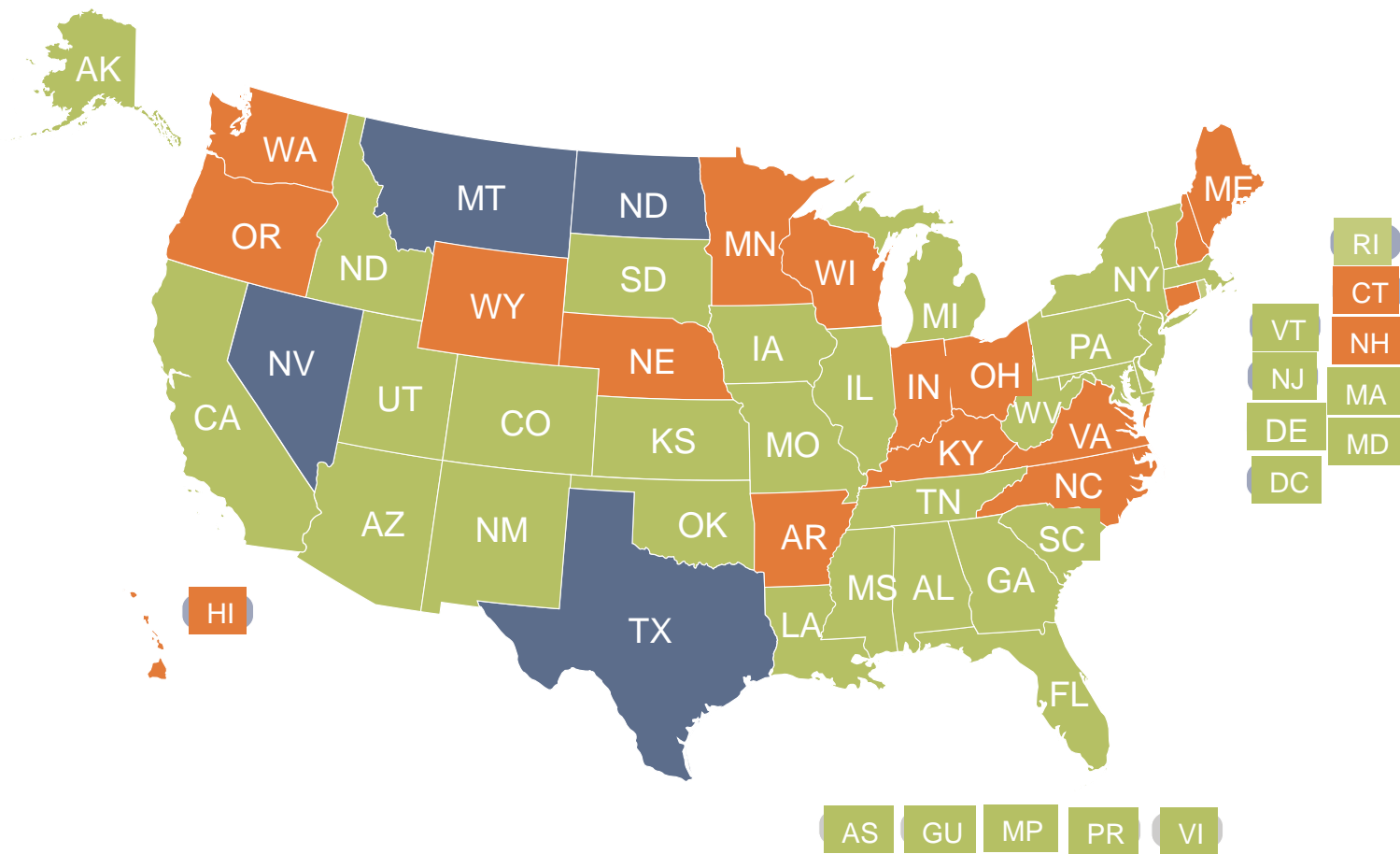
- September – October: Agencies submit budget requests
- January: Governor submits budget to legislature
- February – May: Legislature holds budget hearings
- March – June: Legislature adopts budget
- July 1: New fiscal year begins



Budget Timeline

Annual vs. Biennial Budgeting

-  30 states have an annual budget and annual sessions
-  16 states have annual sessions and a biennial budget
-  4 states have a biennial budget and biennial sessions





Revenue Forecasting



Executive

10 States



Consensus

28 States



Executive &
Legislative

12 States

Source: NASBO, 2021

Balanced Budget Requirements



The Role of Fiscal Notes

- Prepared by executive branch or legislative branch
- Legislation that requires a fiscal note varies by state
- What's in a fiscal note?
 - Direct impact to state budget for 1-2 fiscal years
- What's not in a fiscal note?
 - Limitations of traditional fiscal notes
- Dynamic fiscal notes



Budget and Fiscal Committee Structures

- Most states have a budget/fiscal committee in both chambers
- 19 States have some sort of joint budget or fiscal committee
 - Some have both with differing responsibilities
 - Oversight and other fiscal responsibilities
 - Jurisdiction over the budget
- Some Joint Committees are very powerful
 - Examples: Arizona, Colorado and Wisconsin

Appropriation Bills

- 15 states have one omnibus appropriations bill
- 35 have multiple appropriation bills
 - Many have two, an operations bill and a capital budget bill



Legislative Control Over the Budget

- Only the legislature can appropriate funds
- In practice, the governor's proposed budget drives the discussion
- In six states, the legislature drafts an independent budget
 - Arizona, Colorado, New Mexico, Oklahoma, Mississippi and Texas

- What if a budget is not enacted by the start of the fiscal year?
 - Continuing resolutions or temporary spending plans
 - Automatic continuation
 - Courts rule some funding continues
 - Partial or full government shut down

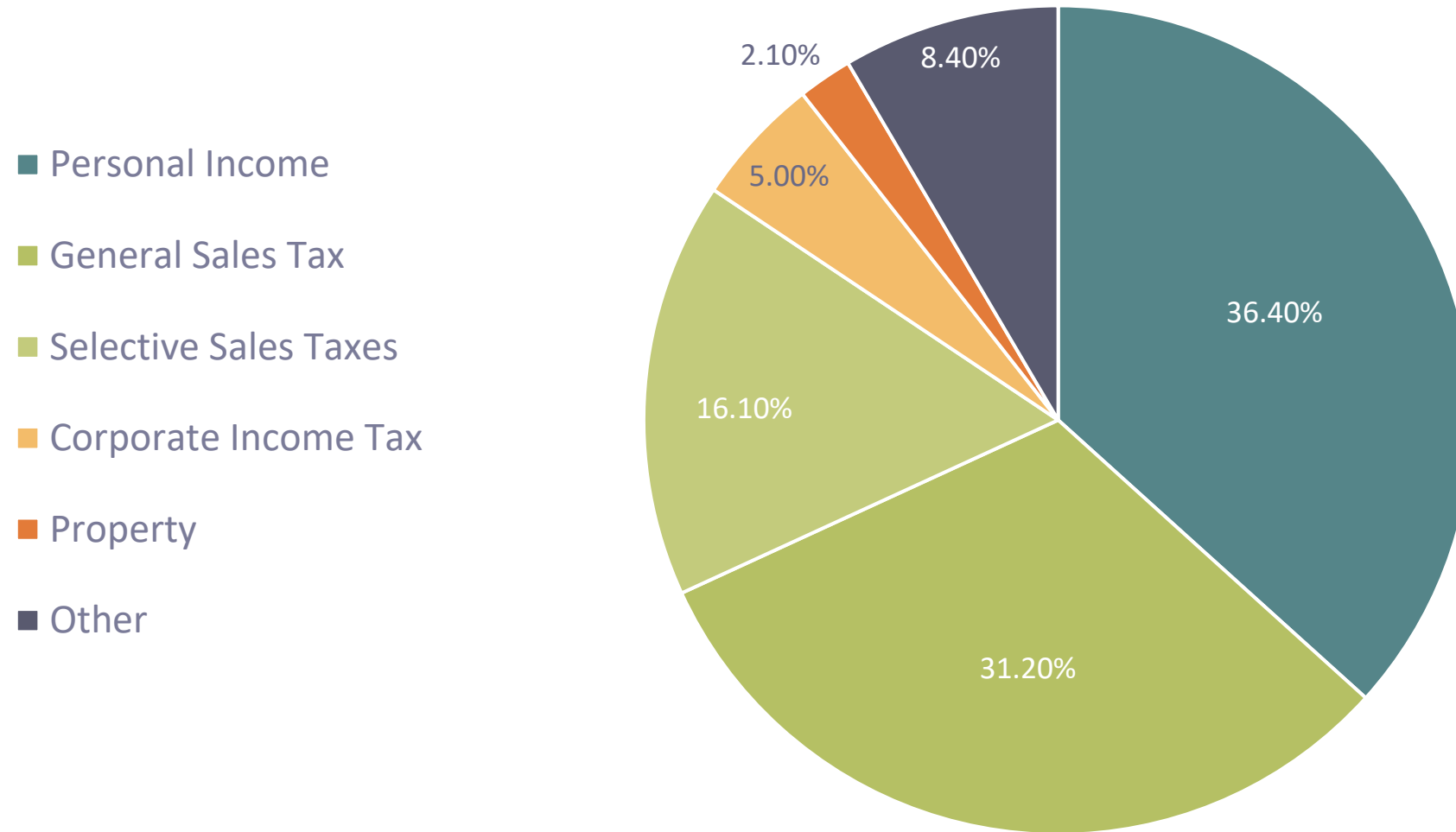


Late State Budgets

Control Over the Enacted Budget

- Governors tend to have more control than legislatures
 - Part-time nature of most legislatures
- In a majority of states, the governor has the authority to withhold funds to agencies
 - A threshold exists in some states
- Governors have the authority to transfer funds
- In most states, the governor can spend some unanticipated federal funds without legislative approval

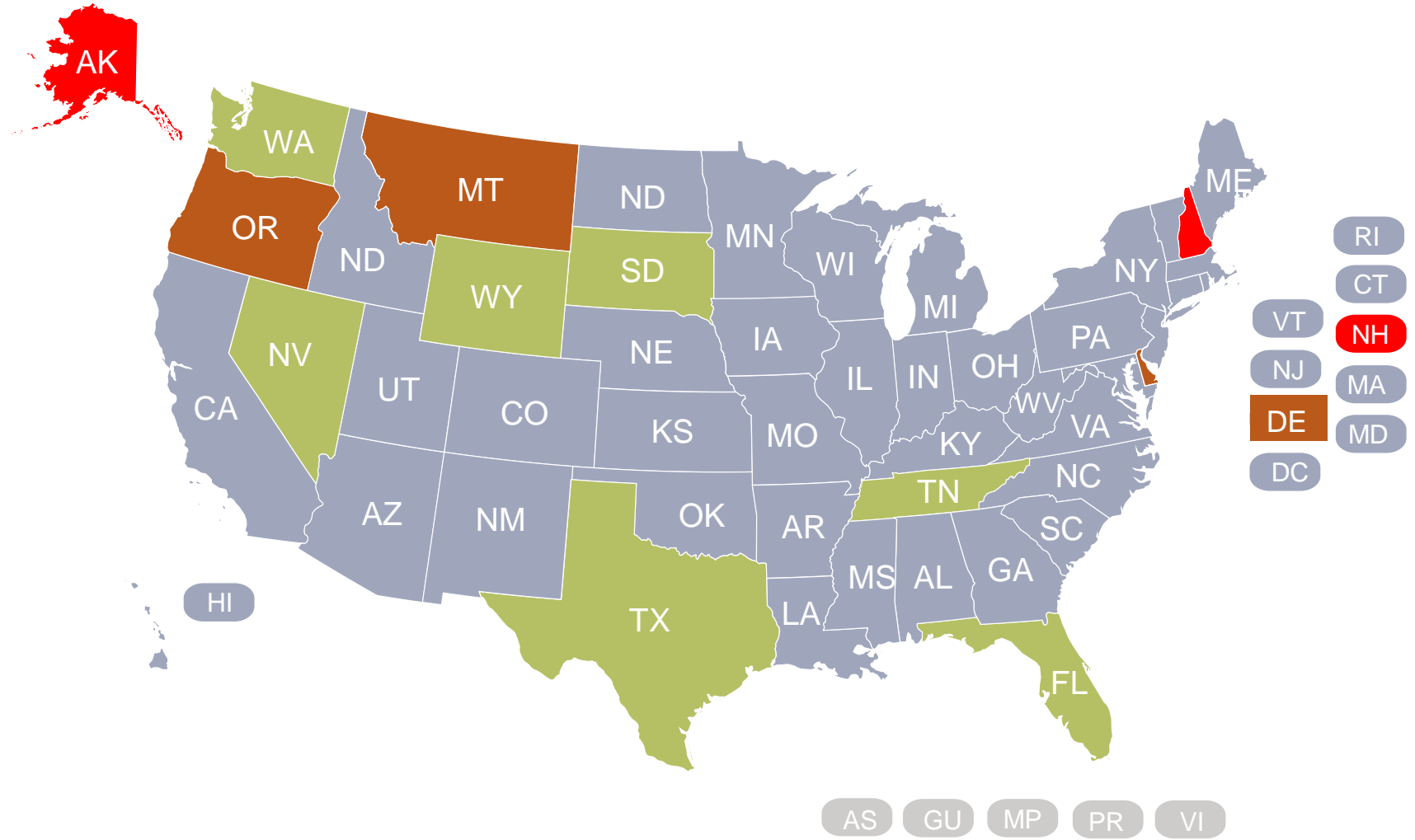
State General Fund Tax Reliance



State Tax Structures

States without Personal Income or Sales Taxes

- 7** No Personal Income Tax
- 3** No Sales Tax
- 2** No PIT or Sales Tax



Wrap-Up

- State budgeting is complex and nuanced
- No two states have the same process
- There's no wrong way to budget
- States develop a process that works with their traditions and priorities

Thank you!

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