

Analysis and Summary

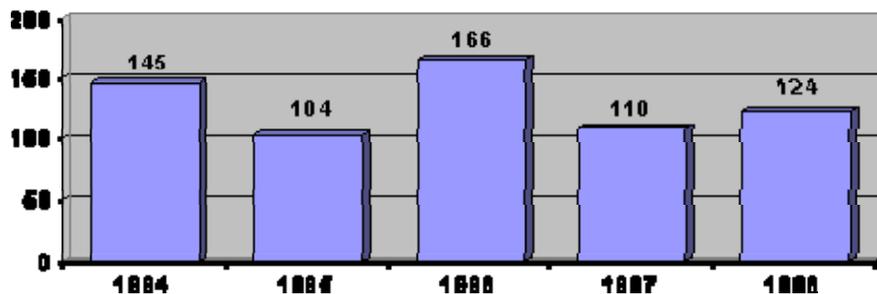
Introduction

In 1995, the Legislative Budget Office (LBO) produced the first local impact statement (LIS) as required by S.B. 33 of the 120th General Assembly. The purpose of local impact statements is to provide members of the General Assembly with thorough and timely information on the potential financial impacts of proposed legislation on counties, municipalities, townships, and school districts (referred to generically as “local governments” hereafter). The LIS information is designed to allow legislators to make better-informed decisions on bills that could affect local governments.

This analysis will examine the bills that were enacted in 1998 in order to draw out any lessons on the potential effect that LIS information has had on the legislative process. In addition to local impact, numerous factors can influence the passage of legislation during a given year. Such factors could include, but are not limited to: the policy issue addressed in the bill, interest groups supporting or opposing a bill, and the bill’s sponsor.

To fully examine the impacts of one specific factor on the legislative process would require holding static all other potential influences. Unfortunately, developing a model of the most important influences on the passage of legislation and collecting data on those influences is beyond the scope of this analysis and the requirements of the LIS Law.

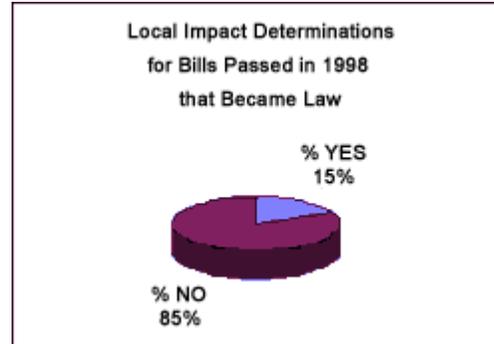
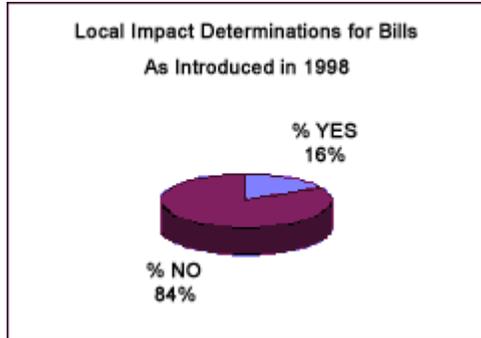
Bills Becoming Law



In calendar year 1998, the 122nd General Assembly passed 124 bills (84 House bills and 40 Senate bills) that became law. The total number of enacted bills over the past five years has varied from a low of 104 in 1995 to a high of 166 in 1996. The number of bills enacted in 1998 is somewhat lower than previous experience for even-numbered years.

Bills Passed and Becoming Law, 1994 – 1998

Bills with Local Impact (YES) and without Local Impact (NO) (Based upon LBO determinations for bills “As Introduced”)



Of the 124 bills passed in 1998 that became law:

- 103 were initially determined by LBO to have no local impact
- 21 were initially determined by LBO to have a local impact^{1[1]}
- 5 bills had a local impact “As Introduced,” but are estimated to have minimal or no local cost “As Enacted.”^{2[2]}
- 2 bills *did not* have a local impact “As Introduced,” but are estimated to have a local impact “As Enacted”
- 18 bills had a local impact “As Enacted”

Impact of the LIS

Table 1 shows that 23% or 64 of the bills introduced in 1998 did have a local impact “As Introduced.” However, only 15% of enacted bills had a local impact. Seventy-seven percent of bills had no local impact “As Introduced.”

2[1]. Please see the introduction for an explanation of the criteria LBO uses when making local impact determinations.

2[2]. According to section 103.143 of the Ohio Revised Code, once a LIS is completed the local impact determination in the LIS stays with a piece of legislation regardless of subsequent legislative changes. However, LBO still analyzes any changes for fiscal effect, even though it cannot change the initially designated impact determination.

Table 1: Introduced Versus Passed Legislation for 1998 that Became Law

The Numbers

Version of Bill	# of YES	# of NO	TOTAL
Introduced	64	209	273
Enacted	18	106	124

The Percentages

Version of Bill	% YES	% NO	% TOTAL
Introduced	23%	77%	100%
Enacted	15%	85%	100%

The average percentage of bills enacted from 1995 to 1998 that had a local impact “As Enacted” is 19 percent. These numbers *do not* indicate the average overall magnitude of the fiscal impact created by this enacted legislation. Conversely, the data offer no insight as to the overall direction and magnitude of fiscal impact from bills not tagged as having a negative local impact. Therefore, it is not possible to determine the net fiscal effect on local governments resulting from all legislation passed by the General Assembly.

Five of the 124 bills enacted in 1998 were altered after introduction so that they no longer had a local impact “As Enacted.” Two bills with no impact “As Introduced” were altered so that they did have a local impact “As Enacted.” Table 2 demonstrates this result is similar to previous years. Over the four-year period, 67% of the bills whose impact changed were altered so that they did not have a local impact.

Table 2: Local Effects Changing from Introduction to Enactment 1995-1998

	1995	1996	1997	1998	Total
Bills altered so that certain elements, which prompted a “Yes” local impact determination, were eliminated from the enacted bill.	3	4	2	5	14
Bills with a “No” local impact determination altered so that the changes made created a fiscal impact on local governments.	2	3	0	2	7

Table 3 shows that during the 122nd General Assembly, 15% of bills with a “Yes” local impact determination were enacted and 22% of all bills with no local impact were enacted. Twenty percent of all the bills introduced in the 122nd G.A. were enacted.

Table 3: Bills Passed by the 122nd General Assembly that Became Law

Initial Review	# of Enacted Bills	# of Introduced Bills	% Becoming Law
YES	38	253	15%
NO	196	889	22%
TOTAL	234	1142	20%

Table 4 shows similar results for the 121st General Assembly. Eighteen percent of bills with a “Yes” local impact determination were enacted and 25% of all bills with a no local impact were enacted. Twenty-three percent of all the bills introduced in the 121st G.A. were enacted.

The data for both General Assemblies indicate that a lower percentage of bills with a “Yes” local impact are enacted when compared to the average for all bills. Whether or not this difference is statistically meaningful is examined in the discussion for table 5, which aggregates the results from both General Assemblies.

Table 4: Bills Passed by the 121st General Assembly that Became Law

Initial Review	# of Enacted Bills	# of Introduced Bills	% Becoming Law
YES	56	311	18%
NO	214	857	25%
TOTAL	270	1168	23%

Statistical Analysis of LIS Impact on Enactment

This section presents a chi-square analysis of the LIS data from the past four years to determine if there is a statistically meaningful relationship between a bill's local impact and whether or not it is enacted. Table 5 is a contingency table that shows the actual numbers of bills in two general assemblies as they correspond to two variables:

- whether or not they were enacted
- whether or not they had a local impact

In parentheses the table shows the frequencies that would be expected if the two variables are not related. Using the frequencies in the table it is possible to perform a test of independence to determine if the variables have a statistically meaningful relationship.

Table 5: Contingency Table of Enacted Bills and Local Impact, 1995-1998

Review	# Enacted Bills	# Bills Not Enacted	Total
YES (Expected)	94 (124)	469 (440)	563
NO (Expected)	410 (381)	1337 (1366)	1747
TOTAL	504	1806	2310

The test of independence showed that the two variables, enactment and impact, are dependent on one another at the 99% confidence level (chi-square = 11.449, critical value = 3.841). This result *does not* mean that one variable is the cause of the other. The result

does mean that the two variables are correlated to one another in a statistically meaningful manner. This finding confirms a correlation that past reports suggested, but could not be systematically verified.

Conclusion

The 1998 data show a similar pattern to previous years. While these 1998 data prevent LBO from drawing conclusions as to the cause and effect relationship between a bill's local impact and whether or not it is enacted, the data do show that a bill's local impact is correlated with its eventual disposition. This result provides some support for the idea that local impact analyses may affect whether a particular piece of legislation will be enacted.

Future examinations of enacted legislation may serve to strengthen or weaken the observations made in this report. However, one thing is certain: local impact statements have added to the legislative process by providing information important to decision making. Whenever a bill is changed in committee, the local impact statement must be revised and provided to the committee before it votes out the bill, unless it reports the bill by a two-thirds margin. With members of the General Assembly having access to more information on which to base decisions, it is clear that local impact statements do *impact* the legislative process.