

Department of Legislative Services
 Maryland General Assembly
 2010 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1389

(Delegate Vallario, *et al.*)

Judiciary and Health and Government
 Operations

Judicial Proceedings

**Traffic Cases - State Police Helicopters and Ambulance, Fire, and Rescue
 Companies**

This bill requires a \$7.50 surcharge (currently added to the court costs in a traffic case in which points are assessed as the result of a conviction), to be imposed for all other traffic cases, except as otherwise specified. The surcharge is applicable to those cases in which the defendant is tried or waives the right to trial and instead pays the preset fine or penalty deposit according to the schedule established by the District Court. The Comptroller must annually credit the collected surcharges to the Volunteer Company Assistance Fund (VCAF) until \$20 million is credited to the fund. Then the collected surcharges are credited to the State general fund. The provision requiring a police officer to add a \$7.50 surcharge to each fine assessed for every traffic violation in which points could be assessed is repealed.

The bill has prospective application and does not apply to any traffic violation committed before the October 1, 2010 effective date of the bill.

Fiscal Summary

State Effect: Special fund revenues are redistributed and increase by \$4.7 million in FY 2011 from the proposed surcharge. On an annualized basis, revenues increase by \$6.3 million, assuming a stable caseload and no change in fees. In FY 2013, the general fund shares in these revenues, and beginning in FY 2014, all of the revenues accrue to the general fund with a corresponding loss in special fund revenues. Special fund expenditures are not directly affected by the bill but may increase for VCAF.

(\$ in millions)	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
GF Revenue	\$0	\$0	\$3.5	\$8.5	\$8.5
SF Revenue	\$4.7	\$6.3	\$2.8	(\$2.3)	(\$2.3)
Expenditure	0	0	0	0	0
Net Effect	\$4.7	\$6.3	\$6.3	\$6.3	\$6.3

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: To the extent volunteer fire companies receive additional financial assistance due to the bill, less support may be needed from local governments.

Small Business Effect: None.

Analysis

Bill Summary: The surcharge does not apply to uncontested automated enforcement citations for red light, speed and work zone violations, uncontested citations for the unlawful litter disposal, and parking or impoundment cases.

Current Law: The Chief Judge of the District Court is responsible for the design of arrest and citation forms used for civil, criminal, and traffic cases, except as otherwise specified. The citation form for traffic cases must include a line for the addition of a \$7.50 surcharge to those violations for which points may be assessed.

The court costs in a traffic case, including parking and impounding cases, contested automated enforcement cases, contested citations paid to a State agency that regulates parking and court costs for contested cases of unlawful litter disposal are \$22.50. The court costs also apply to those cases in which the defendant waives the right to trial and instead pays the preset penalty deposit established by the Chief Judge of the District Court. However, in uncontested cases relating to parking, automated enforcement, and unlawful litter disposal, court costs are \$2.00 and the costs are paid to and retained by the State agency, political subdivision, or municipality where the fine was paid. Upon issuing a traffic citation and after computing the preset fines or penalty deposits, a police officer is required to add a \$7.50 surcharge to the total penalty before presenting the citation to the driver. The court must then add the \$7.50 surcharge to any fine imposed. The District Court annually issues a schedule of preset fines and penalty deposits that already include the \$7.50 surcharge for all moving violations to which points can be assessed.

The surcharges are credited 50% to VCAF and 50% to the State Police Helicopter Replacement Fund (SPHRF). After \$20 million is credited to VCAF, 100% of the surcharges collected thereafter must be credited to SPHRF.

Background:

Medevac Helicopters

For almost 10 years, the Maryland State Police Aviation Command (MSPAC) operated with a fleet of 12 helicopters and 2 fixed winged aircraft. The twelfth helicopter was

involved in a fatal crash on September 27, 2008. As a result of the 2008 helicopter accident, MSPAC now operates with 11 helicopters. The useful life is estimated to be at least 20 years. The five oldest helicopters are now 20 years old. The State has budgeted \$52.5 million for helicopter replacement in the fiscal 2010 capital budget. A procurement award is expected in spring 2010. The Governor's proposed fiscal 2011 capital budget does not include any additional funding for this purpose in fiscal 2011; instead, more funding is anticipated for fiscal 2012 and 2013 through the capital budget.

The General Assembly's intent to replace the existing fleet dates back to the 2007 legislative session. Chapter 6 of the 2007 special session specified that a portion (\$110 million) of the revenues from the increased sales and use tax in fiscal 2008 be directed to SPHRF. Chapter 6 also expressed the General Assembly's intent that the Governor include sufficient expenditures from the fund to purchase three helicopters annually from fiscal 2009 to 2012. However, the Spending Mandate and Revenue Dedication Relief Act of 2008 (Chapter 414 of 2008) modified Chapter 6 to dedicate \$50 million, rather than \$110 million, to SPHRF. To replace this funding, Chapter 414 also required the Governor to include a total of \$70 million for the purchase of Medevac helicopters in the fiscal 2010, 2011, and 2012 State budgets. These funds may be from any budgetary fund that receives sales and use tax, and appropriations may be reduced by the amount of capital debt that may be authorized for helicopters or by any contribution, transfer, or financing acquired from the Maryland Automobile Insurance Fund as authorized by act of the General Assembly. The Budget Reconciliation and Financing Act of 2009 transferred \$52.7 million from SPHRF to the general fund; replacement funding, with general obligation bonds, was included in the fiscal 2010 capital budget. Thus, as of February 2010, the fund balance of SPHRF is \$1,484,681.

Volunteer Fire Companies

According to the latest report on expenditures from VCAF, submitted to the Department of Budget and Management in June 2009, the VCAF Board settled five loans for fire equipment purchases in fiscal 2008 totaling \$1,162,699. Also, one grant of \$208,054 was approved for disbursement to the Taylor's Island Volunteer Fire Company for the purchase of a new pumper and tanker truck. The fiscal 2008 loans were settled as shown in **Exhibit 1**.

Exhibit 1
Volunteer Fire Company Disbursements

<u>Department</u>	<u>Loan Amount</u>	<u>Term (Years)</u>	<u>Use</u>
Madison VFC	\$115,500	10	Aerial Ladder
Hughesville VFD	223,440	5	Pumper
Water Witch FC	164,399	10	Pumper
Vienna VFC	159,360	10	Pumper
Grantsville VFD	500,000	30	Facilities

FC = Fire Company
VFC = Volunteer Fire Company
VFD = Volunteer Fire Department

Source: Department of Budget and Management

As of March 2010, the cash balance in VCAF, from all fund sources, is \$5,427,822.

State Revenues: State special fund revenues increase by \$4,692,218 in fiscal 2011, accounting for the bill's October 1, 2010 effective date. Additional revenue accrual on an annual basis is estimated to be \$6,256,290. This revenue estimate is based on the following assumptions:

- total traffic citations processed by the District Court annually are 1,181,273, based on fiscal 2009 data;
- parking and red light citations, which are exempt from the surcharge, are 42,301 annually, based on fiscal 2009 data;
- existing surcharge revenue for violations with points totaled almost \$2.3 million in fiscal 2009;
- total surcharge revenue for all violations under the bill on an annual basis would be \$8.5 million;
- the District Court does not have reliable data on impoundment and littering cases and data on speed camera citations is not yet available so the estimate does not include the deduction of those citations; and

- the estimate assumes that the number of citations subject to the surcharge remains stable and that the surcharge does not change.

The bill requires that the attained special fund revenues be allocated entirely to VCAF until VCAF attains \$20 million. Then, all surcharge revenues are allocated to the State general fund. Based on the estimate, **Exhibit 2** shows the total revenues that are estimated to accrue due to the surcharge. However, new revenue due to the expanded application of the surcharge is approximately \$4.7 million in fiscal 2011 and \$6.3 million annually thereafter. The exhibit also shows the modified distribution to the various funds, with SPHRF no longer receiving surcharge revenue.

Exhibit 2
Distribution of Total Surcharge Revenues
Fiscal 2011-2015

<u>Surcharge Revenues</u>	<u>FY 2011**</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
VCAF	\$6,406,718	\$8,542,290	\$5,050,992	\$0-	\$0
General Fund			3,491,298	8,542,290	8,542,290
Total Surcharge Revenue*	\$6,406,718	\$8,542,290	\$8,542,290	\$8,542,290	\$8,542,290
<i>VCAF Cumulative</i>	<i>\$6,406,718</i>	<i>\$14,949,008</i>	<i>\$20,000,000</i>	-	-
<i>General Fund Cumulative</i>			<i>\$3,491,298</i>	<i>\$12,033,588</i>	<i>\$20,575,878</i>
<u>Difference from Current Law</u>					
VCAF	\$5,549,468	\$7,399,290	\$3,907,992	\$-1,143,000	\$-1,143,000
SPHRF	-857,250	-1,143,000	-1,143,000	-1,143,000	-1,143,000
General Fund	0	0	3,491,298	8,542,290	8,542,290
Total New Revenue	\$4,692,218	\$6,256,290	\$6,256,290	\$6,256,290	\$6,256,290

*Totals include surcharge revenue already collected under current law but not any revenue collected before the bill's effective date.

**Fiscal 2011 revenues reflect the October 1, 2010 effective date.

Source: Department of Legislative Services

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Baltimore City; Harford, Howard, and Montgomery counties; Board of Public Works; Department of Budget and Management; Governor's Office; Judiciary (Administrative Office of the Courts); Department of State Police; Maryland Department of Transportation; Department of Legislative Services

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