

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

House Bill 1056 (Calvert County Delegation)
Environmental Matters

**Calvert County - Length of Service Award - Fire Fighters, Rescue Squad
Members, and Rescue Dive Team Members - Increase Authorized**

This bill repeals the \$500 per month cap on benefits received by qualified individuals through the length of service award program (LOSAP) in Calvert County for members of a volunteer fire company, volunteer rescue squad, or rescue dive team. The bill authorizes the Calvert County Commissioners to enact a local law that (1) increases from \$400 per month to \$700 per month the base LOSAP benefit that a qualified volunteer is eligible to receive, and (2) increases the additional payment for each year served in excess of 25 years from \$4 per month to \$10 per month.

The bill takes effect June 1, 2014.

Fiscal Summary

State Effect: None.

Local Effect: If the Calvert County Commissioners use the authority granted by the bill to increase benefits to qualified individuals, program costs related to these benefits increase considerably. However, the Calvert County Commissioners may not opt to increase benefits to the full degree authorized under the bill as discussed below.

Small Business Effect: None.

Analysis

Current Law: Individuals who have served as members of any Calvert County volunteer fire company, volunteer rescue squad, or rescue dive team (or any combination

of the three) are entitled to specified LOSAP benefits for active years served. Active service for a given year is determined by a point system that variably credits volunteers for specified activity. Points must be earned in at least four of seven specified categories.

An individual must accumulate 60 points per calendar year to qualify as an active volunteer member in that year. A volunteer member who is temporarily totally disabled and prohibited from participation of duties because of a pending workers' compensation claim receives 6 points for each month that the claim is pending, up to a maximum of 60 points per year. No member with less than 10 years service may earn points unless he or she is a certified emergency medical technician or firefighter I.

Those who reach the age of 55 and have completed a minimum of 25 years of certified active volunteer service receive \$400 per month, for life, beginning on the first day of the first month following eligibility. For each full year of service in excess of 25 years, an additional \$4 per month is received, up to a maximum of \$500 total payment per month. An active volunteer fireman, rescue squad member, or rescue dive team member (defined as an individual who has at least two years of qualifying service in the five preceding years) who reaches the age of 70 but does not achieve the required 25 years of service, is entitled to a monthly benefit of the number of years of certified service completed, multiplied by \$8.

If a qualified volunteer dies while receiving benefits (or following 25 years of certified active service but prior to receiving benefits), his or her surviving spouse is entitled to benefits equal to half of the volunteer's benefits. This benefit terminates upon the death or remarriage of the spouse. When a qualified volunteer who has completed 25 years of certified service dies, a burial benefit up to \$6,000 is payable. When a volunteer who is receiving benefits by virtue of reaching the age of 70 dies, a burial benefit of up to \$240 for each year of certified service is payable.

If an active volunteer becomes permanently disabled while performing his or her rescue squad or volunteer fireman service, and if the disability prevents the volunteer from pursuing his or her normal occupation, the volunteer is entitled to benefits as described above, regardless of age or length of service, or any other benefits the volunteer may be entitled to receive. The volunteer receives payments beginning on the first day of the first month following establishment of the permanency of the disability.

The Calvert County Commissioners are authorized to modify or revise the LOSAP program but may not diminish or repeal a benefit now received under the program. The provisions of any modified or revised program must apply to eligible individuals who retired before the effective date of the revised program.

Local Fiscal Effect: Calvert County advised that the magnitude of the proposed change would cause the LOSAP plan to be out of compliance with Internal Revenue Service regulations related to the maximum allowed benefit accrual of \$3,000 per participant per year. Calvert County indicated that beneficiaries would be subject to income tax liability as a result of the bill and that the program may be required to discontinue. Calvert County was not able to provide an estimate of the increase in program costs due to the increase in benefits under the bill. Current annual costs for the program total approximately \$550,000, the great majority of which is in the form of payments to beneficiaries. Presently, approximately 87 individuals receive payments through the program.

If the Calvert County Commissioners use the full authority under the bill to increase benefits to qualified individuals, program costs increase considerably. However, given concerns about the viability of such an increase, the Calvert County Commissioners may choose not to substantially change benefit rates. However, the repeal of the \$500 per month cap alone will increase program expenditures. Under this scenario, annual benefits to a member with 55 years of service increase by \$240 per year.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Calvert County, Department of Legislative Services

Fiscal Note History: First Reader - March 5, 2014
ncs/hlb

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