

Department of Legislative Services  
 Maryland General Assembly  
 2016 Session

FISCAL AND POLICY NOTE  
 Third Reader - Revised

Senate Bill 389

(The President, *et al.*) (By Request - Administration)

Budget and Taxation

Ways and Means and Appropriations

Birth and Death Certificates - Fee Reduction

This Administration bill reduces specified vital records fees.

The bill takes effect July 1, 2016.

Fiscal Summary

**State Effect:** General fund revenues decrease by about \$3.3 million annually from reduced fees for vital records. Medicaid expenditures decrease by \$1.0 million annually (50% general funds, 50% federal funds) beginning in FY 2017 due to a reduction in vital records fees. Federal matching fund revenues decrease correspondingly. Expenditures for other State agencies that request vital records decrease minimally beginning in FY 2017, which may be a combination of general, special, and/or federal funds.

| (\$ in millions) | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 |
|------------------|---------|---------|---------|---------|---------|
| GF Revenue       | (\$3.3) | (\$3.3) | (\$3.3) | (\$3.3) | (\$3.3) |
| FF Revenue       | (\$0.5) | (\$0.5) | (\$0.5) | (\$0.5) | (\$0.5) |
| GF Expenditure   | (\$0.5) | (\$0.5) | (\$0.5) | (\$0.5) | (\$0.5) |
| FF Expenditure   | (\$0.5) | (\$0.5) | (\$0.5) | (\$0.5) | (\$0.5) |
| GF/SF/FF Exp.    | (-)     | (-)     | (-)     | (-)     | (-)     |
| Net Effect       | (\$2.8) | (\$2.8) | (\$2.8) | (\$2.8) | (\$2.8) |

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

**Local Effect:** Local government expenditures decrease minimally beginning in FY 2017; however, local government revenues are not materially affected, as discussed below.

**Small Business Effect:** The Administration has determined that this bill has a meaningful impact on small business (attached). For the bill as amended, the Department of Legislative Services (DLS) disagrees with this assessment. Reducing vital records fees has no impact on small businesses. (While the attached assessment does not reflect amendments to the bill, DLS notes that the Administration did not indicate a meaningful impact on small businesses from the vital records fee reductions for the bill as introduced.)

## Analysis

**Bill Summary:** Specified vital records fees are reduced as shown in **Exhibit 1**.

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### Exhibit 1 Vital Records Fee Reductions Fiscal 2017

|   | <u>Current</u><br><u>Fee</u> | <u>Proposed</u><br><u>Fee</u> | <u>Change</u> | <u>Annual</u><br><u>Volume</u> | <u>Revenue</u><br><u>Loss</u> |
|---|------------------------------|-------------------------------|---------------|--------------------------------|-------------------------------|
| Birth certificate (issued and searched)                                       | \$24                         | \$12                          | (\$12)        | 140,052                        | (\$1,680,624)                 |
| Death certificate (issued and searched)                                       | 24                           | 12                            | (12)          | 49,182                         | (590,184)                     |
| Change to a birth or death certificate made more than one year after issuance | 24                           | 12                            | (12)          | 3,043                          | (36,516)                      |
| Share of local health department fee remitted to general fund                 | 20                           | 10                            | (10)          | 95,752                         | <u>(957,520)</u>              |
| <b>Total</b>  |                              |                               |               |                                | <b>(\$3,264,844)</b>          |

Source: Department of Health and Mental Hygiene; Department of Legislative Services

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**Current Law/Background:** The Division of Vital Records in the Department of Health and Mental Hygiene (DHMH) maintains a statewide system for registering, indexing, filing, and protecting all records of birth, death, fetal death, marriage and divorce, adoption, and legitimation and adjudication of paternity for events occurring in Maryland. Local health departments may also process and issue a birth or death certificate or a report that a search of the files was made and the requested record is not on file. The Budget Reconciliation and Financing Act of 2011 (Chapter 397) increased the fee for a copy, search, or change to birth certificates from \$12 to \$24 and increased the fee that must be remitted by a local health department to the State in connection with the processing and issuing or searching for a birth certificate from \$10 to \$20. Additionally, Chapter 2 of the 2012 first special session increased the fee, from \$12 to \$24, for (1) the first copy of a death certificate issued in a single transaction; (2) a search for a death certificate; and (3) a change to a death certificate made later than one year after the certificate has been registered. Prior to the 2011 increase, the fees had not been altered since 2003.

**State Fiscal Effect:** General fund revenues decrease by \$3.3 million annually beginning in fiscal 2017 from reduced fees collected by DHMH and reduced fees remitted by local health departments to the general fund. This estimate assumes no change in the number of vital records requested each year through fiscal 2021. Individual effects are shown in Exhibit 1.

Medicaid expenditures decrease by approximately \$1.0 million annually (50% general funds, 50% federal funds) beginning in fiscal 2017 due to the reduction in vital records fees. Federal fund matching revenues decrease correspondingly. Medicaid requests approximately 83,000 birth record searches and/or birth certificates annually to verify information for certain Medicaid eligibility categories. Future years assume no change in the number of records requested.

Additionally, DHMH advises that approximately 5,200 birth and/or death certificates are issued to several State agencies each year, including the Department of Human Resources; the Department of Labor, Licensing, and Regulation; the Department of Juvenile Services; and the Maryland State Retirement Agency. State agencies that request these vital records from DHMH pay the full \$24 fee per request. Therefore, expenditures for State agencies that request birth and/or death certificates from DHMH decrease minimally beginning in fiscal 2017; *total* cost savings may be as much as \$62,400 each year. Although the majority of such expenditures are assumed to be general funds, special and/or federal fund expenditures may also decrease minimally.

**Local Fiscal Effect:** The amount that local health departments are required to remit to the general fund from fees assessed for birth certificate issuances and searches is reduced from \$20 to \$10. Current law allows local health departments to charge a fee that covers – but does not exceed – their costs, which include any fee remitted to the State. Assuming local health departments adjust their fees accordingly, local government finances are not affected.

Additionally, DHMH advises that approximately 900 birth and/or death certificates are issued to local government agencies each year. Therefore, expenditures for local government agencies that request birth and/or death certificates from DHMH decrease minimally beginning in fiscal 2017.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 459 (The Speaker, *et al.*) (By Request - Administration) - Ways and Means and Appropriations.

**Information Source(s):** Comptroller's Office; Judiciary (Administrative Office of the Courts); Maryland Higher Education Commission; Maryland Department of Agriculture; Maryland Department of the Environment; Department of Health and Mental Hygiene; Department of Labor, Licensing, and Regulation; Department of Natural Resources; Board

of Public Works; Department of State Police; Maryland Department of Transportation; State Department of Assessments and Taxation; Maryland Energy Administration; Office of People's Counsel; Public Service Commission; Department of Legislative Services

**Fiscal Note History:** First Reader - February 22, 2016  
kb/lgc Revised - Senate Third Reader - April 8, 2016  
Revised - Updated Information - June 8, 2016

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## ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Fee, Surcharge, and Tax Reduction of 2016

BILL NUMBER: SB0389/HB0459

PREPARED BY: Aaron Barker, DBM Staff Economist

### PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

### PART B. ECONOMIC IMPACT ANALYSIS

The following provisions of the omnibus tax and fee bill will likely have positive economic impacts on small business:

- Handgun Qualification License Fee Repeal
- Recreational Fishing License Fee Reduction
- Coastal Sport Fishing License Fee Reduction
- Home Improvement License Fee Reduction
- Weight and Measure Fee Reduction
- Waterway Minor Project Fee Reduction
- Environmental Trust Fund Surcharge Repeal

The repeal of the handgun qualification license fee will likely encourage more citizens to purchase firearms, which will support Maryland small businesses that sell firearms.

The reduction of fishing license fees will likely encourage more citizens to engage in recreational fishing, which will support Maryland small businesses that sell fishing equipment, bait, etc.

The reduction of home improvement license fees will save home improvement contractors, subcontractors, and sales representatives \$25 every two years. This will allow Maryland small businesses involved in these activities to invest more in their businesses.

The weight and measure fee reduction will save any Maryland small business that uses a scale or motor fuel dispenser meter including grocery stores, gas stations, etc. This savings will allow these small businesses to invest more in their businesses.

The waterway minor project fee reduction will save any Maryland small business that engages in a project that impacts less than 5,000 square feet of wetlands or waterways. In addition, this fee reduction may encourage more citizens to make similar modifications to their residential properties, which will support Maryland small businesses contracted to perform the modification.

The Environmental Trust Fund Surcharge repeal will save any Maryland small business that has an electric utility bill. This savings will allow these small businesses to invest more in their businesses.