

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 186 (Senator Young, et al.)
Budget and Taxation

Referred to Appropriations

Payroll Deductions - Mass Transit

This amended bill allows State employees to purchase mass transit tickets or tokens through paycheck deductions. State agencies may also provide mass transit benefits if funds are specifically appropriated for that purpose. Mass transit providers are required to accept payment from the Central Payroll Bureau for the vouchers, and to timely deliver them to employees.

Fiscal Summary

State Effect: Potential indeterminate special fund revenue increase. Expenditures could potentially increase by \$76,900 in FY 1997 and \$26,900 in FY 1998 on an annualized basis, as well as for any appropriated mass transit benefits.

Local Effect: None.

Fiscal Analysis

State Revenues: Special fund revenues will increase only to the extent that those employees who are not currently using mass transit will decide to do so because of the incentive effects of this bill. This number of employees cannot be reliably estimated at this time but is expected to be minimal, resulting in a minimal revenue increase for the Transportation Trust Fund.

State Expenditures: General fund expenditures could increase by an estimated \$76,918 in fiscal 1997, which reflects the bill's October 1, 1996 effective date. This estimate reflects the cost of hiring one Central Payroll Clerk II to administer the payroll deductions and account and pay for the mass transit vouchers. It includes salaries of \$13,415, fringe benefits, one-time start-up costs, and ongoing operating expenses. Also included are one-

time programming costs for the accounting and payment systems.

Salaries and Fringe Benefits	\$19,474
Programming Costs	56,744
Operating Expenses	<u>700</u>
Total FY 1997 State Expenditures	\$76,918

Future year expenditures reflect (1) full salaries with 3.5% annual increases and 3% employee turnover; and (2) 2% annual increases in ongoing operating expenses.

The Department of Fiscal Services advises that this position may not be necessary if few individuals use this deduction, and would not be necessary if the responsibility for transferring funds to mass transit providers is removed from the Central Payroll Bureau. In this case, only one-time programming expenditures would be required.

Expenditures could also increase to the extent that any State agencies have funds appropriated to provide mass transit benefits.

Information Source(s): Office of the Comptroller (Revenue Administration Division, Central Payroll Bureau), Department of Transportation (Mass Transit Administration), Baltimore City, Montgomery County, Department of Fiscal Services

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