

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 836 (Delegate Fry, *et al.*)
Appropriations

State Fire, Rescue, and Ambulance Fund

This bill changes the formula for distributing aid from the State Fire, Rescue, and Ambulance Fund by allowing a county that fails to satisfy the local spending requirement to receive disbursements, subject to a penalty in an amount equal to the percentage by which the county fails to meet the local spending requirement. Currently, this provision applies to Howard and Prince George's counties, but only for fiscal 1995 and fiscal 1996. Instead of reverting to the State's general fund, any funds not distributed by the State must be distributed to the other counties that meet the maintenance of effort requirement.

The bill is effective June 1, 1997 and is applicable to all fiscal years beginning with fiscal 1997.

Fiscal Summary

State Effect: Potential indeterminate increase in Fire, Rescue, and Ambulance Fund expenditures beginning in FY 1997. Potential indeterminate decrease in general fund revenues.

Local Effect: Potential indeterminate increase in county revenues beginning in FY 1997. Potential indeterminate decrease in county expenditures.

Small Business Effect: None. The bill would not directly affect small businesses.

Fiscal Analysis

Background: Under current law, to qualify for State aid, a county's spending for fire, rescue, and ambulance services must equal or exceed the average amount spent over the prior three years.

State Effect: To the extent that a county(s) does not qualify for State aid under the 100% requirement, general fund expenditures could increase due to the redistribution of the remaining State aid to the other qualifying counties. To date, county expenditures for fire, rescue, and ambulance services for fiscal 1996 have not been verified by the Department of Public Safety and Correctional Services. As a result, the impact on aid distributions in fiscal 1997 to the counties cannot be determined at this time. In fiscal 1996 the State Fire, Rescue, and Ambulance Fund distributed approximately \$4.9 million in aid.

Based on fiscal 1995 expenditures, Howard and Prince George's counties failed to meet the minimum standard. The State reduced Howard County's fiscal 1996 aid by \$10,393 and Prince George's County's aid by \$26,401 by withholding an amount equal to the percentage by which the counties failed to meet the spending requirement. Anne Arundel County also had its aid reduced by \$197,665 in fiscal 1996 due to the county's failure to meet the minimum funding requirement in fiscal 1994. Since the county had received 50% of its State aid in fiscal 1995 before the State verified that the county failed to meet the fiscal 1994 minimum funding level, the State decided to withhold the county's fiscal 1995 aid over a two-year period (\$197,665 in both fiscal 1995 and fiscal 1996). As a result, in fiscal 1996 a total of \$234,459 reverted to the State's general fund.

Under the bill, any excess funds will be redistributed to the other qualifying counties beginning in fiscal 1997. Accordingly, general fund revenues could decrease, while expenditures could increase by a similar amount.

In addition, the lower spending needed to meet the maintenance of effort requirement could reduce the spending needed to meet the requirement in the future. To the extent that this makes these jurisdictions eligible for aid, State aid expenditures could increase.

Local Effect: To the extent that a county(s) does not meet the minimum spending requirement, revenues in the remaining counties could increase due to the redistribution of the remaining State aid. The county that fails to meet the requirement could also experience a revenue increase since it would still be eligible to receive at least partial aid.

In addition, the lower spending needed to meet the maintenance of effort requirement could reduce the spending needed to meet the requirement in the future. To the extent that this makes these jurisdictions eligible for aid, local revenues could increase.

Information Source(s): Department of Public Safety and Correctional Services (Office of the Secretary), Department of Fiscal Services

Fiscal Note History: First Reader - February 11, 1997

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