

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

House Bill 1417 (Delegate Tavior)

Environmental Matters

Department of Health and Mental Hygiene - Vital Records

This bill increases the fee for a birth, death, or marriage certificate or record search from \$4 to \$10. Of the \$10 fee, the Department of Health and Mental Hygiene (DHMH) is to retain \$6 and transfer \$4 to the general fund. The bill authorizes a local health department to access electronically from DHMH a copy of a birth certificate and to provide that copy to an authorized individual on request. A local health department is to charge a \$10 fee for a copy of a birth certificate; of the \$10 fee, \$5 is to be retained by the local health department, \$1 is to be remitted to DHMH, and \$4 is to be transferred to the general fund. The bill authorizes DHMH and a local health department to collect a fee for a certificate requested by a State or local agency. It repeals the requirement that DHMH send a copy of an original birth certificate to a county registrar and repeals the duties of a county registrar regarding county birth records.

Fiscal Summary

State Effect: Special fund revenues increase by \$3.9 million in FY 1999. A portion of the increased revenues will accrue to local jurisdictions, depending on the extent to which local jurisdictions, rather than the State, receive certificate requests. Future year revenues reflect an increased number of birth certificate requests due to enhanced access and then level off. General fund expenditures increase by \$27,000 in FY 1999; future year expenditures increase with annualization and inflation, exclusive of potential significant savings in future years due to a decentralized system.

(in thousands)	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
SF Revenues	3,920	4,234	4,573	4,573	4,573
GF Expenditures	27	36	37	38	39
Net Effect	\$3,893	\$4,198	\$4,536	\$4,535	\$4,534

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

Local Effect: Revenues increase by a significant amount in FY 1999. Expenditures increase by \$376,700, assuming that all jurisdictions except Baltimore City would choose to

participate in a decentralized vital records system.

Small Business Effect: None.

Fiscal Analysis

Background: Beginning in fiscal 1999, vital records can be obtained through local health departments rather than through DHMH headquarters in Baltimore, due to expanded electronic access. The proposed fiscal 1999 budget for Vital Records is \$1.5 million.

State Revenues: An estimated 653,399 certificates are anticipated to be issued in fiscal 1999, of which 296,419 are birth certificates, 344,300 are death certificates, and 12,680 are marriage certificates.

Under the current fee structure, \$2.6 million in general fund revenues would be generated. Under the bill, \$6.5 million in revenues would be generated (\$3.9 million special fund revenues and \$2.6 million general fund revenues), or an additional \$3.9 million in special fund revenues, which accounts for the bill's October 1, 1998 effective date. DHMH would retain \$6 for each certificate, which represents \$3.9 million in new special fund revenues, while the State general fund would continue to realize \$4 for each certificate. Future year estimates (fiscal 2000 and 2001) assume an annual 8% increase in the number of requests due to increased access under a decentralized vital records system; subsequent year revenues remain constant.

State Expenditures: General fund expenditures could increase by an estimated \$26,648 in fiscal 1999, which accounts for the bill's October 1, 1998 effective date. This estimate reflects the cost of one Fiscal Associate to manage the accounting of fees collected by DHMH and the local health departments. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits	\$21,129
Other Operating Expenses	<u>5,519</u>
Total FY 1999 State Expenditures	\$26,648

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

Decentralization of the vital records system could result in significant expenditure savings in future years, depending on the extent to which certificate requests are received at the local rather than State level. For example, the proposed fiscal 1999 budget assumes general fund

salary savings of \$46,000 (elimination of three contractual Office Clerk positions) due to a decentralized vital records system as well as a new mainframe computer system to store and retrieve vital records.

Local Revenues: Increased revenues resulting from the bill's increase in certificate fees is shown under the State Revenues section. A portion of the increased revenues will accrue to local jurisdictions to the extent that local jurisdictions rather than DHMH handle requests for birth certificates. It is not possible at this time to reliably estimate the number of birth certificate requests that would be handled by the local health departments rather than by DHMH.

Local Expenditures: Expenditures in the local health departments could increase by an estimated \$376,706 in fiscal 1999, which accounts for the bill's October 1, 1998 effective date. This estimate reflects the cost of hiring 13.5 Administrative Specialists to handle requests for birth certificates. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. The information and assumptions used in calculating the estimate are stated below:

- one position required in Prince George's, Baltimore, Montgomery, and Anne Arundel counties; Baltimore City will not participate;
- 0.5 positions required in each of the other 19 jurisdictions; and
- one new personal computer per jurisdiction.

Salaries and Fringe Benefits	\$285,237
Computers	62,100
Other Operating Expenses	<u>29,369</u>
Total FY 1999 Local Expenditures	\$376,706

The \$376,706 estimate is based upon expenditures for local jurisdictions provided by the Maryland Association of County Health Officers. Some jurisdictions have provided separate fiscal estimates that take into account their own individual circumstances. For example, Calvert and Caroline counties advise that if additional staff is required, it could be paid for within the \$5 fee that local jurisdictions are authorized to retain. Montgomery County advises that the \$5 fee will not cover its increased expenditures for providing birth certificates, such as additional staff, computer and telecommunications equipment, new office space to house additional staff and people waiting for certificates, and accounting and supervisory overhead.

Information Source(s): Department of Health and Mental Hygiene (Deputy Secretary for Operations); Maryland Association of County Health Officers; Allegany, Calvert, Caroline, Montgomery, and Prince George's counties; Baltimore City, Department of Legislative Services

Fiscal Note History: First Reader - March 19, 1998

tlw

Analysis by: Sue Friedlander

Reviewed by: John Rixey

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710