

Department of Legislative Services
 Maryland General Assembly
 1999 Session

FISCAL NOTE

House Bill 670 (Delegate Klausmeier)

Environmental Matters

Vital Records - Access and Fees

This bill alters the distribution of the \$6 fee charged by the Department of Health and Mental Hygiene (DHMH) for a copy of a vital record obtained at the Division of Vital Records (DVR). Currently, the entire \$6 is distributed to the State general fund. The bill provides for \$4 to be transferred to the general fund and \$2 to be retained by DHMH. DHMH is authorized to establish remote sites to issue birth certificates and to collect a fee for issuing a birth certificate from a remote site. The fee is to cover, but not exceed, administrative costs incurred; of the fee charged, \$4 is to be transferred to the general fund. The bill adds death certificates to the list of vital records that a local health department (LHD) is authorized to access electronically from DHMH.

Fiscal Summary

State Effect: Special fund revenues increase by \$0.5 million in FY 2000, offset by an equal reduction in general fund revenues. Future year revenues reflect a steady increase in the number of vital records issued by LHDs. Special fund expenditures increase by \$1 million in FY 2000. Future year expenditures reflect one-time expenditures, annualization, and inflation. Further, special fund expenditures and an offsetting amount of special fund revenues could increase by a significant amount from establishment of remote sites.

(\$ in millions)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
GF Revenues	(\$0.5)	(\$0.7)	(\$0.6)	(\$0.5)	(\$0.5)
SF Revenues	0.5	0.7	0.6	0.5	0.5
SF Expenditures	1.0	0.3	0.3	0.3	0.3
Net Effect	(\$1.0)	(\$0.3)	(\$0.3)	(\$0.3)	(\$0.3)

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

Local Effect: Increased expenditures with offsetting revenues.

Small Business Effect: Potential minimal.

Fiscal Analysis

Background: Chapter 654 of 1998 increased the fee for a copy of a vital record from \$4 to \$6. It also authorizes a local health department to (1) access electronically from DHMH a copy of a birth certificate; (2) charge a fee that covers but does not exceed administrative costs; and (3) transfer \$4 of the fee to the State general fund.

State Revenues: **Exhibit 1** shows the recent history of changes to the vital records fee charged by DVR and local health departments.

Exhibit 1 Revenue Distribution from Vital Records Fee

	<u>Before Ch. 654</u>	<u>Ch. 654</u>	<u>HB 670</u>
GF from DVR	\$4	\$6	\$4
GF from LHD	\$4	\$4*	\$4
SF from DVR	\$0	\$0	\$2

*Local health departments are authorized to charge a fee amount to cover, but not exceed, administrative costs incurred; of the fee charged, \$4 is to be transferred to the general fund.

An estimated 657,699 certificates are issued annually, of which 277,104 are birth certificates, 373,581 are death certificates, and 7,014 are marriage certificates. In fiscal 2000 local health departments will issue an estimated 120,705 birth certificates and 182,748 death certificates.

Under the current fee structure, \$3.4 million in general fund revenues would be generated in fiscal 2000. Under the bill, \$2.9 million in general fund revenues would be generated. Hence, general fund revenues would decrease by \$0.5 million in fiscal 2000 (which accounts for the bill's October 1, 1999 effective date). Special fund revenues would increase by \$0.5 million.

Future year estimates assume (1) the number of vital records issued remains constant; (2) a 20% decrease in the number of birth certificates issued by DVR in fiscal 2000 and a 10% decrease in subsequent years; (3) a 5% decrease in the number of birth certificates issued by DVR in fiscal 2000 and a 10% decrease in subsequent years; and (4) the number of birth and death certificates issued by LHDs will increase accordingly.

State Expenditures: DHMH advises that it intends to spend the additional special fund revenue created by the bill to automate death records. As a result, special fund expenditures could increase by an estimated \$991,540 in fiscal 2000, which accounts for the bill's October 1, 1999 effective date. This estimate reflects the cost of a centralized electronic vital records database that would automate death records and merge them with birth records into an integrated system. It includes four contractual positions (one computer specialist, one database specialist, two administrative officers). Death records are not currently automated. DVR receives hard copy death certificates from funeral homes, hospitals, and physicians. The new system would allow electronic transmission of death records to DVR and allow local jurisdictions to access death records electronically. The estimate includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Contractual Salaries and Fringe Benefits	\$110,600
Electronic Vital Records System	725,000
Computers for Staff and LHDs	79,200
Other Operating Expenses	<u>76,740</u>
Total FY 2000 State Expenditures	\$991,540

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

In addition, the bill's provision regarding remote sites operated by DVR could result in a significant increase in special fund expenditures. Any special fund expenditure would be offset by an equal amount of special fund revenues due to the bill's provision authorizing DVR to collect a fee for issuing a birth certificate from a remote site to cover, but not exceed, administrative costs incurred. DVR is considering remote sites in those jurisdictions that are unable or not interested in accessing vital records electronically from DVR.

Local Effect: Increased expenditures with offsetting increased revenues. Local health departments will issue an increased number of birth and death certificates as the vital records system is decentralized.

Small Business Effect: A limited number of small business computer equipment and software vendors could be favorably affected by DHMH's establishment of a centralized vital records system and remote sites.

Additional Comments: The bill's provisions allow DHMH to retain \$2 from every vital records fee collected at DVR headquarters and an unspecified amount of a fee collected at a remote site without dedicating those fee revenues to a particular special fund for a particular purpose. Consequently, DHMH is not prohibited from spending those revenues for purposes other than implementing a centralized electronic vital records system/ establishing vital records remote sites. In addition, although fiscal 2000 expenditures outstrip special fund revenues by an estimated \$0.5 million, in subsequent years special fund revenues would exceed expenditures by an estimated \$0.2 million to \$0.4 million. The five-year total for special fund revenues is \$2.8 million and the five-year total for special fund expenditures is \$2.2 million, exclusive of any special fund revenues and expenditures resulting from establishment of remote sites.

Information Source(s): Department of Health and Mental Hygiene (Vital Records), Montgomery County, Prince George's County, Talbot County, Department of Legislative Services

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Analysis by: Sue Friedlander

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 946-5510
(301) 970-5510