

Department of Legislative Services
 Maryland General Assembly
 1999 Session

FISCAL NOTE

House Bill 41 (Chairman. Economic Matters Committee)
 (Departmental - Assessments and Taxation)

Economic Matters

Business Documents - Funding

This departmental bill creates a special fund to be used by the Department of Assessments and Taxation (DAT) to cover the costs of reviewing, processing, and auditing documents on an expedited basis. The bill authorizes DAT to credit 40% of the fees collected from processing documents on an expedited basis to the above special fund. Under current law, the service is funded through the general fund.

The bill is effective July 1, 1999.

Fiscal Summary

State Effect: General fund revenues and expenditures could decrease by \$470,000 and \$497,000 respectively in FY 2000. Special fund revenues and expenditures could increase by \$640,000. Therefore, the net general fund impact is an increase of \$27,600 in FY 2000. Future year estimates include expanded services offered by the department. The proposed FY 2000 budget bill includes \$497,600 in special funds to review, process, and audit documents on an expedited basis, which is contingent upon passage of this bill.

(in dollars)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
GF Revenues	(\$470,000)	(\$420,000)	(\$370,000)	(\$310,000)	(\$250,000)
GF Expenditures	(497,600)	(507,600)	(517,700)	(528,100)	(540,000)
SF Revenues	640,000	680,000	733,000	780,000	800,000
SF Expenditures	640,000	680,000	733,000	780,000	800,000
Net GF Impact	\$27,600	\$87,600	\$147,700	\$218,100	\$290,000

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

Local Effect: None.

Small Business Effect: The Department of Assessments and Taxation has determined that this bill has a meaningful impact on small business (attached). Legislative Services disagrees with this assessment.

Fiscal Analysis

State Effect:

General Fund Effect

In fiscal 1999, the Department of Assessments and Taxation expects to collect \$1.4 million in fees for processing documents on an expedited basis (these fees range from \$9 to \$30 for each document). Under current law, the expected amount of fees collected will only increase to \$1.45 million by fiscal 2004, representing an annual growth in fee revenues of 2% because of the smaller scope of the service. The revenue from these fees are deposited into the general fund; the department received a general fund appropriation of \$497,600 in fiscal 1999 to cover expenses for providing the expedited service.

In fiscal 2000, the department expects to collect \$1.6 million from fees collected for documents processed on an expedited basis due to an expansion of services provided as a result of the bill. The bill authorizes the department to deposit 40%, or \$640,000, of the \$1.6 million into a special fund, meaning that 60% or \$960,000, will be deposited into the general fund. This results in a reduction in general fund fee revenues of \$470,000 in fiscal 2000. In future years, the department expects fee revenues to increase by 7% annually as services offered continue to increase.

Since the operation would no longer be supported through the general fund, general fund expenditures would decrease by \$497,600 in fiscal 2000. Out-year expenditure reductions assume a 2% growth rate, reflecting the smaller scope of the current operation.

Combining the effect of the general fund revenue and expenditure decrease, the net impact is an overall increase of \$27,600 in fiscal 2000. Future year general fund growth reflects the expansion of services as a result of this bill: general fund revenues are projected to grow faster under the expanded expedited service program than general fund costs would grow under the existing expedited program.

Special Fund Effect

As discussed above, special fund revenues will increase to \$640,000 (40% of fee revenues

collected). As a result, the department intends to increase services, thereby increasing special fund expenditures to \$640,000.

The proposed fiscal 2000 budget includes \$497,600 in special funds to cover the costs incurred by the department to review, process, and audit documents on an expedited basis. This amount is contingent upon passage of this bill.

Small Business Effect: The Department of Legislative Services estimates that the expansion of service will increase the number of documents on an expedited basis by 12%, and assumes that this increase will not be concentrated in requests by a few small firms. Therefore, the bill will have a minimal impact on small business.

Information Source(s): Department of Assessments and Taxation

Fiscal Note History: First Reader - January 27, 1999

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