

**Department of Legislative Services**  
 Maryland General Assembly  
 1999 Session

**FISCAL NOTE**

House Bill 941 (Delegate Hixson)

Appropriations

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**State Tobacco Tax - Maryland Automatic External Defibrillator Fund - Grants for State Police**

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This bill establishes the Maryland Automatic External Defibrillator Fund in the Department of State Police and alters the distribution of tobacco tax revenue so that \$3 million is distributed to the fund each year. The fund is to be used for (1) acquisition and maintenance of automatic external defibrillators (AED) for State and local law enforcement units and fire, rescue, and emergency medical services units; and (2) training of law enforcement personnel and fire, rescue, and emergency medical personnel on proper use of AEDs. The Executive Director of the Emergency Medical Services Board must coordinate the training. The bill is contingent upon the enactment of Senate Bill 143/House Bill 190.

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**Fiscal Summary**

**State Effect:** Special fund revenues and expenditures would increase by \$3 million and general fund revenues and expenditures would decrease by an equal amount beginning in FY 2000. Future year revenues and expenditures would remain constant.

(\$ in millions)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
GF Revenues	(\$3.0)	(\$3.0)	(\$3.0)	(\$3.0)	(\$3.0)
SF Revenues	3.0	3.0	3.0	3.0	3.0
GF Expenditures	(3.0)	(3.0)	(3.0)	(3.0)	(3.0)
SF Expenditures	3.0	3.0	3.0	3.0	3.0
Net Effect	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

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

**Local Effect:** Local revenues and corresponding expenditures could increase by up to \$2.5 million annually.

**Small Business Effect:** Minimal.

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## Fiscal Analysis

**Background:** Senate Bill 143/House Bill 190 would increase the cigarette tax from \$.36 to \$1.36 per pack phased-in over two years (\$.50 in fiscal 2000 and another \$.50 in fiscal 2001). The bills also impose a 25% tax on the wholesale price of other tobacco products such as cigars and smokeless tobacco. The bills would be effective July 1, 1999, and the tax on other tobacco products is applicable to products sold on or after October 1, 1999. General fund revenues would increase by \$149.4 million.

The proposed fiscal 2000 budget assumes \$154.8 million in tobacco tax revenues from the \$.50 increase in the tobacco tax rate proposed by the bills for fiscal 2000. Of this amount, \$8 million is directed to the Dedicated Purpose Fund of the State Reserve Fund and is contingent upon the passage of the bills. The remainder are general funds.

The Department of Legislative Services (DLS) estimates that the proposed tobacco tax legislation will generate \$149.4 million in additional tobacco tax revenues in fiscal 2000. This reduces the assumed fiscal 2000 unappropriated general fund balance of \$9.1 million by \$5.4 million. Based on the Governor's budget submission, this results in a \$3.7 million unappropriated general fund balance in fiscal 2000.

The bills also specify that in fiscal 2001 and in each year thereafter, the Governor is to include in the budget capital appropriations for education facilities an amount equal to the estimated revenue increase from the second \$.50 tobacco tax increase in fiscal 2001. Correspondingly, the Governor's long-term fiscal projection for fiscal 2001-2003 includes \$97 million annually for higher education facilities contingent on the tobacco tax funding.

**State Revenues:** Because this bill diverts \$3 million in tobacco tax revenues that otherwise would have accrued to the general fund, special fund revenues would increase by \$3 million and general fund revenues would decrease by an equal amount. It is assumed that funding would begin in fiscal 2000.

**State Expenditures:** Because the bill diverts \$3 million in tobacco tax expenditures that otherwise would have been general fund expenditures, special fund expenditures could increase by \$3 million and general fund expenditures would decrease by an equal amount.

The Department of State Police (DSP) advises that the bill results in additional workload that could cost an estimated \$501,967 in fiscal 2000, which accounts for the bill's October 1, 1999 effective date. This estimate reflects the cost of six positions (one administrator and five medics) to administer fund grants and provide training. It includes salaries and fringe benefits (\$309,991), patrol cars (\$107,750), and ongoing operating expenses (\$84,226). However, expenditures for the Department of State Police would not actually increase, assuming that the bill's provision that the fund be used for training implies that the \$501,967 would come from the \$3 million in the fund.

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

**Local Effect:** Revenues and corresponding expenditures could increase to the extent that local law enforcement units and fire, rescue, and emergency medical services units acquire AEDs through the fund. AED equipment costs an estimated \$3,500.

**Additional Comments:** The American Red Cross recently announced a new pilot program in 17 cities to train thousands of people in the use of AEDs. The training course will be phased into the Red Cross' standard CPR training for businesses in those cities.

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**Information Source(s):** Department of State Police, Office of the Comptroller, Department of Legislative Services

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