

Department of Legislative Services
 Maryland General Assembly
 1999 Session

FISCAL NOTE

House Bill 194 (Delegate Hixson. *et al.*)

Judiciary

State Board of Spinal Cord Injury Research

This bill establishes an 11-member State Board of Spinal Cord Injury Research in the Department of Health and Mental Hygiene. The bill also establishes a Spinal Cord Injury Research Trust Fund, which will be funded from an administrative fee imposed on those convicted of speeding violations. The bill requires the board to develop criteria for awarding grants for spinal cord injury research, make recommendations for grants, and administer the fund. The bill also requires the board to submit yearly reports to the Governor and General Assembly on the board's status and activities.

Fiscal Summary

State Effect: Special fund revenues would increase by \$1.5 million to \$3.0 million in FY 2000 from the \$15 surcharge added to speeding convictions. Future year revenues are expected to remain relatively constant. General fund administrative expenditures could increase by \$72,200 in FY 2000. Special fund expenditures would increase by \$1.5 million to \$3.0 million to reflect grants awarded for spinal cord injury research, and by \$609,800 to reflect Maryland Department of Transportation's administrative costs. Future year expenditures reflect annualization and inflation.

(in dollars)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
GF Revenues	\$0	\$0	\$0	\$0	\$0
SF Revenues	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
GF Expenditures	\$72,200	\$71,300	\$72,000	\$72,700	\$73,500
SF Expenditures	\$2,109,800	\$2,135,000	\$2,141,400	\$2,147,800	\$2,154,200
Net Effect	(\$682,000)	(\$706,300)	(\$713,400)	(\$720,500)	(\$727,700)

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

Local Effect: None.

Small Business Effect: None.

Fiscal Analysis

Background: This bill mirrors similar legislation passed by the New York State Assembly in 1998, called the Paul Richter Law. New York imposes a \$5 surcharge on speeding tickets, and revenues are estimated at \$8 million annually.

State Revenues: A \$15 surcharge will be added to each speeding ticket issued in Maryland to fund the Spinal Cord Injury Research Trust Fund, administered by the Board of Spinal Cord Injury Research and staffed by the Department of Health and Mental Hygiene. The board will approve grants to research entities in an attempt to find rehabilitative and regenerative therapies that improve or totally restore motor function in individuals who have spinal cord injuries. It is estimated that 4,500 Marylanders currently have spinal cord injuries.

The \$15 surcharge added to all speeding tickets issued in Maryland must be paid by individuals convicted of speeding. Failure to do so will result in suspension of the individual's driver's license. In fiscal 1998, 368,000 speeding tickets were issued, and approximately 200,000 result in convictions, according to the Motor Vehicle Administration (MVA).

Special fund revenues could increase by \$1.5 million to \$3.0 million in fiscal 2000 from the \$15 surcharge added to speeding convictions. This number assumes that 200,000 tickets would be subject to the surcharge annually. If the surcharge on all tickets was paid, revenues would increase by \$3.0 million. However, it is estimated that up to 50% of individuals who are convicted of speeding may not initially pay the surcharge, resulting in suspended licenses, and reducing revenue to only \$1.5 million. It is estimated that 80% of individuals convicted of speeding will eventually pay the \$15 surcharge, although there are insufficient data at this time to reliably estimate when they will pay. The revenues are expected to remain relatively constant.

State Expenditures: Special fund expenditures for the Department of Transportation could increase by \$609,800 in fiscal 2000. General fund expenditures for the Department of Health and Mental Hygiene could increase by \$72,200 in fiscal 2000. Special fund expenditures could increase by \$1.5 million to \$3.0 million annually to reflect grants awarded for spinal cord injury research in fiscal 2000. No effect on expenditures for the District Court.

Department of Transportation: Special fund expenditures would increase by \$609,800 in fiscal 2000. The Motor Vehicle Administration (MVA) would be required to collect a \$15 surcharge on each speeding ticket conviction to fund the Spinal Cord Injury Research Fund.

The bill requires MVA to notify individuals convicted of speeding that they must pay the additional surcharge directly to MVA. Speeding ticket fines are currently collected through the District Court and not through MVA. MVA currently does not have the infrastructure in place to accommodate the bill's requirements, and consequently anticipates having to create a new accounts receivable division to comply with the bill's requirements.

To maintain an accounts receivable system where data are manually keyed, the Department of Legislative Services advises that MVA would require 5 fiscal clerk II positions. This figure assumes 200,000 bills annually, or 800 daily (assuming 250 work days), with each clerk processing 20 bills per hour. MVA would require 1 fiscal specialist III position to maintain the accounts receivable data base and supervise. MVA would also require 3 customer service representative II positions for mailing bills, answering telephones, and providing customer assistance at the counter. The estimate includes salaries, fringe benefits, one-time start-up costs, ongoing operating expenses, and indirect costs.

Salaries and Fringe Benefits (10/1/99 effective date)	\$201,500
Computer Equipment (for 9 positions)	\$ 19,800
<u>Telephones/Additional Start-Up/Operating Costs</u>	<u>\$ 25,500</u>
Total Accounts Receivable Operations	\$246,800

Under the bill's requirements, MVA would have to bill each individual convicted of speeding after MVA is notified by the District Court of the speeding convictions, resulting in postage costs of \$66,000 (200,000 x \$0.33). Because of the short time period allowed for payment (15 days from notice), it is assumed 50% of the drivers billed would not pay in time, and would subsequently have their licenses suspended. MVA must notify drivers of the suspension by certified mail, resulting in postage costs of \$297,000 (100,000 x \$2.97).

Postage for Original Bill	\$ 66,000
<u>Postage for Suspension Notice</u>	<u>\$297,000</u>
Total Postage	\$363,000

MVA's estimate for total expenditures to carry out the bill's requirements is \$1,669,000 for fiscal 2000. This figure includes 33 new positions to handle accounts receivable, 33 personal computers, a new automated accounts receivable computer system, additional office space, and furniture and equipment needs. The Department of Legislative Services believes this figure is too high. While MVA does not currently administer this type of revenue collection

or accounts receivable operation, the bill's requirements would not require 33 positions and an automated accounts receivable computer system.

Department of Health and Mental Hygiene (DHMH): Special fund expenditures would increase by \$1.5 million to \$3.0 million in fiscal 2000, reflecting grants paid to research entities. General fund expenditures would increase \$72,200 in fiscal 2000, which reflects the bill's October 1 effective date. This estimate includes the cost of hiring 1 program administrator and 1 office secretary II to provide administrative support to the board, as well as the cost of hiring a consultant to assist with the implementation of the grant program. It includes salaries, fringe benefits, one-time start-up costs, ongoing operating expenses, and indirect costs.

Salaries and Fringe Benefits (10/1/99 effective date)	\$ 53,000
<u>Start-Up Costs</u>	<u>\$ 19,200</u>
Total	\$ 72,200

DHMH's estimate for total expenditures to carry out this bill's requirements is \$415,369. This figure reflects 9 positions, including 6 physicians, to administer the grants. The Department of Legislative Services assumes, however, that the board members will administer the grants as required by the bill. New York's Department of Health has 2 positions that support its Board on Spinal Cord Injury Research, including a program administrator and an office secretary. The New York board has approximately \$8.0 million in its research trust fund.

Information Source(s): Department of Transportation (Motor Vehicle Administration), Department of Health and Mental Hygiene (Community Public Health Administration), New York State Department of Health, New York State Assembly, Department of Legislative Services

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