

Department of Legislative Services
 Maryland General Assembly
 2000 Session

FISCAL NOTE
Revised

House Bill 300 (Delegate Hixson. *et al.*)

Environmental Matters

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 (DHMH). The bill also establishes a Spinal Cord Injury Research Trust Fund, which will be funded from the 2% insurance premium tax imposed on health insurers beginning January 15, 2002. The bill requires the board to develop criteria for awarding grants for spinal cord injury research, make recommendations for grants, and administer the fund. Grants may be awarded to entities conducting spinal cord injury research focused on basic, preclinical, and clinical research for developing new therapies to restore neurological function in individuals with spinal cord injuries. The bill also requires the board to submit yearly reports, beginning January 1, 2002, to the Governor and the General Assembly on the board's status and activities. DHMH may designate staff necessary to assist the board in carrying out its functions.

Fiscal Summary

State Effect: General fund revenues from the premium tax imposed on health insurers would decrease by \$1.0 million, beginning in FY 2002. Special fund revenues and expenditures for the Spinal Cord Injury Trust Fund would each increase by \$1.0 million, beginning in FY 2002.

(in dollars)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
GF Revenues	\$0	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)
SF Revenues	0	1,000,000	1,000,000	1,000,000	1,000,000
SF Exp.	0	1,000,000	1,000,000	1,000,000	1,000,000
Net Effect	\$0	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: There is no statutory provision for a grant program for spinal cord injury research.

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

State Revenues: Special fund revenues for the Spinal Cord Injury Research Trust Fund will increase by \$1.0 million annually, beginning in fiscal 2002. Beginning on January 15, 2002, \$1.0 million from the 2% premium tax imposed on insurance carriers will be distributed to the trust fund on an annual basis.

State Expenditures: The Spinal Cord Injury Research Trust Fund may be used for research grants and direct administrative costs.

Spinal Cord Injury Research Grants. Special fund expenditures would increase by \$859,935 in fiscal 2002 to reflect grants awarded for spinal cord injury research. Future year estimates assume that annual revenues remain at \$1.0 million and that the board will award grants in an amount equal to revenue generated from the 2% insurance premium tax, less any administrative expenses incurred by the board.

Community Public Health Administration. Special fund expenditures for the Community Public Health Administration will increase by \$140,065 in fiscal 2002. This estimate reflects the cost of hiring a program administrator, an office secretary, and an administrative officer to coordinate grant activities, monitor grant expenditures, and provide clerical support. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits	\$117,825
Operating Expenses	<u>22,240</u>
DHMH FY 2002 Expenditures	\$140,065

Future year expenditures reflect: (1) full salaries with 4.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

Legislative Services advises that special fund expenditures used to cover administrative costs will increase each year (to \$150,021 by fiscal 2005). Accordingly, each year administrative costs will reduce funds that could be awarded as grants.

Additional Information

Prior Introductions: Similar bills, SB 224/HB 194, were introduced in the 1999 session. Both received unfavorable reports from the Senate Judicial Proceedings Committee and the House Judiciary Committee, respectively.

Cross File: SB 287 (Senator Hollinger, *et al.*) - Judicial Proceedings.

Information Source(s): Department of Health and Mental Hygiene (Community Public Health Administration), Maryland Department of Transportation (Motor Vehicle Administration), District Court, Department of Legislative Services

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