

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

Revised

Senate Bill 154 (Chairman, Budget and Taxation Committee)
(Departmental - Md. Inst. for Emer. Medical Serv. Svs.)
Budget and Taxation

Volunteer Company Assistance Fund

This departmental bill creates the Volunteer Company Assistance Fund. The bill is effective July 1, 2000.

Fiscal Summary

State Effect: The FY 2001 budget includes \$500,000 in general funds for deposit to the new Low Interest Revolving Loan Account. Expenditures by this account are expected to equal revenues from general fund appropriations and loan repayments. Future year revenues and expenditures are expected to be relatively constant.

Local Effect: Local governments could realize significant expenditure savings to the extent that loans from the fund supplant the need to use local dollars.

Small Business Effect: The Maryland Institute for Emergency Medical Services Systems (MIEMSS) has determined that this bill has minimal or no impact on small business (attached). Legislative Services disagrees with this assessment as discussed below. (The attached assessment does not reflect amendments to the bill.)

Analysis

Bill Summary: This bill creates an umbrella special fund known as the Volunteer Company Assistance Fund. The umbrella fund contains two accounts:

(1) The Emergency Assistance Trust Account. This account is identical to the existing Emergency Assistance Trust Fund, which is eliminated by the bill. It is administered by the Maryland State Firemen's Association; and

(2) The Low Interest Revolving Loan Account. This is a new entity under which a volunteer company may apply to the Maryland State Firemen's Association for a loan to finance up to 75% of the cost of purchasing or refurbishing equipment or upgrading or replacing facilities needed to store equipment. The association is required to develop loan criteria and to establish a board to review the loan requests. The association must submit recommendations to the Board of Public Works, which ultimately makes the loan to the requesting volunteer company.

In addition, the bill requires the association to submit an annual report to the Department of Budget and Management (DBM) containing information about any loans made and how that money was spent. DBM is required to review the documentation and report its findings to the budget committees of the General Assembly. Additionally, the bill provides for audits of the two accounts.

Current Law: The Emergency Assistance Trust Fund provides grants and loans to volunteer companies for replacement of equipment or structures that house equipment if they are destroyed or damaged by an act of God or if they do not meet State standards and the company cannot afford to upgrade the equipment or structure. Funding for Maryland's emergency medical services (EMS) system is provided from a variety of State, local, and volunteer sources. State budget support for EMS is provided from the Maryland Emergency Medical System Operations Fund (MEMSOF). The source of revenue for MEMSOF is an \$8 per-annum surcharge on motor vehicle registrations for certain classes of vehicles, as specified in §13-954 of the Transportation Article. Interest earned annually on the fund balance is credited to the fund.

Background: Expenditures from MEMSOF are used solely for the following components of Maryland's EMS programs: (1) MIEMSS; (2) Maryland Fire and Rescue Institute; (3) R. Adams Cowley Shock Trauma Center (STC); (4) Department of State Police (DSP) Aviation Division; and (5) local grants under the Senator William H. Amoss Fire, Rescue, and Ambulance Fund.

In the 1998 and 1999 sessions, the budget committees adopted narrative directing the Emergency Medical Systems Board to study the issue of the long-term solvency of MEMSOF. Each time, the board recommended a \$2 increase in the surcharge. Each year, revised projections for MEMSOF indicated that the fund would be solvent for another year. This bill does not alter the current \$8 surcharge.

The State provides assistance to local governments through the Amoss Fire, Rescue, and

Ambulance Fund, which is distributed on the basis of a county's share of property tax accounts relative to the statewide total. Qualified municipalities receive a portion from the county's share based on the portion that the municipality's expenditures bear to the county. The use of dollars received from the fund is limited to the purchase of equipment and to facilities that house fire protection apparatus and equipment. The fiscal 2000 appropriation and the fiscal 2001 allowance for local grants from the fund is \$10 million.

The State provides supplemental EMS funding through the Emergency Assistance Trust Fund (EATF). Disbursements are limited to volunteer fire companies or to rescue squads that are not able to provide adequate services because of unforeseen circumstances or the lack of financial resources. Disbursements from EATF since the inception of the program total \$9,321,649, of which \$5,600,842 has been in direct grants and \$3,720,787 in loans. According to the Board of Public Works (BPW), the typical loan is made at 0% interest and a term of anywhere from ten to 25 years. The current balance of the fund as of the last disbursement is \$52,077. The budget includes \$678,744 in general funds for the existing EATF which, under this bill, would go to the Emergency Assistance Trust Account. The source of revenue for this account is the \$8 per-annum surcharge on motor vehicle registrations cited above. Interest earned annually on the fund balance is credited to the fund.

State Fiscal Effect: This bill creates a low interest revolving loan account under the Volunteer Company Assistance Fund for volunteer fire, rescue, and ambulance companies. This fund would be administered by the Maryland State Firemen's Association for the purpose of assisting volunteer fire, rescue, and ambulance companies with up to 75% of the cost of purchasing or refurbishing fire and rescue equipment and upgrading or replacing facilities needed to store equipment. The fiscal 2001 budget provides \$500,000 of additional motor vehicle registration revenue for the low interest revolving loan account, beginning in fiscal 2001. Future year funding levels are assumed to remain relatively constant. It is assumed that any costs associated with administering and operating the loan fund could be handled with the existing resources of the Maryland State Firemen's Association and the interest accrued with loan repayments. With interest rates on these loans anticipated to be set at a very low rate (perhaps 2% or less), actual interest revenue, less administrative costs, is estimated to be marginal.

Local Fiscal Effect: The Senator William H. Amoss Fire, Rescue, and Ambulance Fund makes grants to local jurisdictions for the purchase of fire and rescue equipment and capital building improvements. These grants are administered by the State Police through the Office of the State Fire Marshal. Distributions are made according to each county's percentage of total property tax assessments. Each county receives a minimum of 2% of the total and must match the State grant. The fiscal 2000 appropriation and the fiscal 2001 allowance for local grants from the fund is \$10 million. It is assumed that supplemental grant funding to local jurisdictions from the Emergency Assistance Trust Account would continue unchanged under

this bill. Accordingly, the passage of this bill should not affect grant allocations.

Small Business Effect: Assuming that some or all of the purchases by recipients of loans from the Low Interest Revolving Loan Fund may be from small businesses, and that all of these purchases would not be able to be made without the loans provided by this special fund, this bill would yield some meaningful business opportunities.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Institute for Emergency Medical Services Systems, Department of State Police, Department of Legislative Services

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