

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

Senate Bill 58 (Chairman, Budget and Taxation Committee)
(Departmental - Md. Inst. for Emer. Medical Serv. Svs.)

Budget and Taxation

**Maryland Institute for Emergency Medical Services System - Ambulance Services -
Creation of Fund**

This emergency departmental bill creates the Commercial Ambulance Service Fund within the Maryland Institute for Emergency Medical Services Systems (MIEMSS).

Fiscal Summary

State Effect: Minimal. General fund revenue would decrease by at least \$69,962 in FY 2000. Future year revenue reductions cannot be reliably predicted since they would depend, in part, on the amount of accrued unspent fee income in any given year. Retainable MIEMSS special fund revenues and expenditures would increase by a corresponding amount.

Local Effect: None.

Small Business Effect: MIEMSS has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Bill Summary: The bill establishes this fund as a continuous and nonlapsing State special fund. The fund consists of all fees for licensing and license renewal of ambulance services. The bill provides that any unspent portions of the fund may not be transferred or reverted to the general fund. All funds from the collection of licensing fees by MIEMSS are required to be paid to the Comptroller, and the Comptroller is required to distribute the collected fees to the newly created fund. A designee of MIEMSS must administer the fund.

The bill specifies that the purpose of the fund is to cover the actual documented direct and indirect costs of fulfilling the existing statutory and regulatory ambulance licensing duties of MIEMSS. Any unspent funds from licensing fee collections held by MIEMSS as of June 30, 1999, are required to be transferred to the Commercial Ambulance Service Fund. The fund is required to be audited by the Office of the Legislative Audits at least once every three years.

Current Law: All unspent funds from licensing fee collections held by MIEMSS must annually revert to the general fund.

Background: MIEMSS is responsible for coordinating the delivery of statewide emergency medical services, training and providing certification of emergency medical service providers, providing emergency medical service research and education, maintaining a statewide communication system, and regulating and licensing commercial ambulances. The operations of MIEMSS are governed by an Emergency Medical Services Board appointed by the Governor.

In fiscal 1999, MIEMSS commercial ambulance licensing and inspection fee income totaled \$322,820. The fee income appropriated for fiscal 2000, as well as the budget allowance for fiscal 2001, totals \$345,000. The MIEMSS fiscal 2000 appropriation is \$8,603,910; the budget allowance for fiscal 2001 is \$8,994,000.

The most recent audit report found that, at the close of fiscal 1998, MIEMSS improperly retained unspent licensing fee and Transportation Trust Fund (TTF) income (totaling \$371,512) in violation of State budget laws and accounting policies. These funds represented income received in prior years which were not needed to finance MIEMSS operations. The report notes that all such unspent income from both the licensing fees and the trust fund should have reverted to the general fund and the TTF, respectively. The report recommends, in part, that MIEMSS determine the exact amounts of the two sources of unspent funds and revert the applicable amounts.

In addition, the report found that, as of June 30, 1998, ambulance license fees collected as early as April 1998, totaling at least \$128,000, had not been deposited by the board in an attempt to retain that income for use in a subsequent year and not revert to the general fund. The report notes that such a practice is both in violation of proper accounting procedures and unnecessary because the funds could have been retained for future use by following prompt deposit procedures and recording the amounts as deferred revenue. The report recommends, in part, that MIEMSS begin a practice of prompt fee deposits.

MIEMSS has responded to the audit report by opining that only \$69,962 of the \$371,512 should revert to the general fund; that \$1,849 of commercial ambulance fee collections from

fiscal 1998 should be retained; that \$34,270 is derived from fiscal 1995 Emergency Medical Services (EMS) Operations Fund unliquidated encumbrances and should revert to the EMS Operations Fund; and that the balance of \$265,431 results from unused commercial ambulance fees and represents related expenses paid out of the EMS Operations Fund and should revert to that fund as reimbursement. To date, MIEMSS has reverted the \$34,270 and the \$265,431 amounts to the EMS Operations Fund, but has not reverted the \$69,962 amount to the general fund. The MIEMSS response makes no mention of reversions to the TTF.

State Fiscal Effect: MIEMSS confirms that \$69,962 of unspent funds from the collection of commercial ambulance service licensing fees was held by MIEMSS as of June 30, 1999. Accordingly, this bill would prevent that amount from transferring or reverting to the general fund. In addition, since the bill also requires that continuing commercial ambulance service licensing fee collections may not transfer or revert, all fees collected and unspent at the close of fiscal 2000, and all subsequent years, would be retained for expenditures by MIEMSS directly related to operations of the commercial ambulance service licensing program.

The agency advises that the EMS Board already has the authority to assess licensing fees for commercial ambulance services which must be “reasonable” and “set in a manner that will produce funds to cover the actual direct and indirect costs” associated with the licensing processes. Since ambulance licensing fee collections are generally spent in the fiscal year for which they are collected, and MIEMSS can already record fee collection deposits as deferred revenue, this bill would only have a minimal effect on State finances generally.

Although the MIEMSS designee to administer the fund is unknown, it is assumed that the designation would be made only to an entity that could handle such duties with existing budgeted resources. The bill’s requirements pertaining to the Comptroller and the Legislative Auditor could be handled with existing budgeted resources.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Institute for Emergency Medical Services Systems Administration, Department of Legislative Services (Office of Policy Analysis and Office of Legislative Audits)

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