

Department of Legislative Services
 Maryland General Assembly
 2003 Session

FISCAL AND POLICY NOTE

House Bill 330 (Delegate Marriott, *et al.*)
 (By Request – Baltimore City Administration)

Appropriations

Public Safety - State Public Safety Aid Program

This bill establishes a State public safety aid program that provides grants to counties that spend over 0.25% of their local wealth base on public safety expenditures. State funding for the program is phased in over five years beginning in fiscal 2005.

Fiscal Summary

State Effect: General fund expenditures could increase by \$26.4 million in FY 2005 and by \$131.7 million in FY 2009. Future year expenditures reflect the continual phase in of the public safety grants. Revenues would not be affected.

(\$ in millions)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	26.4	52.7	79.1	105.4
Net Effect	\$0	(\$26.4)	(\$52.7)	(\$79.1)	(\$105.4)

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

Local Effect: State aid to six jurisdictions could increase by \$26.4 million in FY 2005 and by \$131.7 million in FY 2009.

Small Business Effect: None.

Analysis

Bill Summary: A public safety grant is provided to a county with eligible public safety expenditures greater than 0.25% of the local wealth base. The grants cannot exceed 15% of a county's eligible public safety expenditures. Eligible public safety expenditures

include a county's operating expenses for police, fire, and correctional services in the second prior year that are not reimbursed by the State. Municipal public safety expenditures are not included in the formula calculation. Local wealth base includes net taxable income, the assessed valuation of real property, the assessed valuation of utility operating real and personal property, and the assessed valuation of railroad operating real property. The assessed valuation of railroad personal property and business personal property is excluded from the local wealth base. The public safety grants are phased in over five years beginning in fiscal 2005.

Current Law: The State provides several grants to local governments for public safety services including: the State Aid for Police Protection Fund (police aid formula); the Senator William H. Amoss Fire, Rescue, and Ambulance Fund (fire aid formula); and targeted grants (police foot patrol grant, drug enforcement grant, community policing grant, violent crime grants, STOP gun violence grants, domestic violence grants, body armor grants, and vehicle theft prevention grants). **Exhibit 1** shows the amount of State public safety aid that will be provided to local governments in fiscal 2004.

Exhibit 1
State Public Safety Aid in Fiscal 2004

<u>Program</u>	<u>Funding</u>	<u>Eligible Jurisdictions</u>
Police Aid	\$63,569,781	Statewide
Fire Aid	10,000,000	Statewide
Police Foot Patrol	2,800,000	Baltimore City
Drug Enforcement	1,662,500	Prince George's County
Community Policing	2,000,000	Baltimore City
Violent Crime Grants	5,000,000	Baltimore City/ Prince George's County
STOP Gun Violence	1,000,000	Statewide
Domestic Violence	200,000	Rural Areas
Body Armor	50,000	Statewide
Vehicle Theft Prevention	<u>2,600,000</u>	Statewide
Total	\$88,882,281	

Background: Local governments assume the primary responsibility for most public safety services in Maryland. County and municipal governments spent \$1.9 billion on public safety services in fiscal 2001, accounting for 10.5% of county spending and 20.4% of municipal spending. Public safety expenditures are the third largest component of county spending and the second largest component of municipal spending. Local tax revenues fund most of the costs for public safety services with State assistance covering approximately 5% of local public safety expenditures.

Legislation enacted in 1991 authorized the State to assume the costs and operation of the Baltimore City Detention Center and provided for State operation of a central booking facility in Baltimore City by fiscal 1995. State funding for Baltimore City under the police aid formula was discontinued to offset the State costs for these functions. However, legislation enacted in 1996 provided a small grant to Baltimore City under the police aid formula beginning in fiscal 1997. The State will spend approximately \$61.9 million to operate the Baltimore City Detention Center in fiscal 2004 and approximately \$33.5 million to run the Baltimore City central booking facility.

Maryland has one of the highest crime rates in the nation. In 2000, Maryland had the twelfth highest crime rate in the nation and the third highest violent crime rate. In addition, Maryland had the third highest murder rate and the highest robbery rate in the nation. Statewide, Baltimore City has the highest crime rate followed by Prince George's County. Garrett County has the lowest crime rate. Most of the murders in Maryland (60%) are concentrated in Baltimore City. Baltimore City remains one of the nation's most violent cities. The number of murders in Baltimore City (256) in 2001 exceeded that of other cities of comparable size such as Boston (65), Columbus (81), and Milwaukee (127); and larger cities such as Dallas (240), Phoenix (209), San Antonio (100), and San Diego (50).

State and Local Fiscal Effect: Six jurisdictions would be eligible to receive a grant under the proposed public safety aid program. Based on local public safety expenditures in fiscal 2001, county assessable base in fiscal 2003, and net taxable income in calendar 2001, public safety grants would total approximately \$132 million. Since the public safety grants are phased in over five years, State expenditures would increase by approximately \$26.4 million beginning in fiscal 2005. **Exhibit 2** shows the projected State funding increase due to the formula provision. **Exhibit 3** shows the calculation for the proposed State public safety aid program.

Exhibit 2
Projected Cost of Proposed State Public Safety Aid Program
(\$ in Millions)

<u>County</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Anne Arundel	\$3.4	\$6.8	\$10.3	\$13.7	\$17.1
Baltimore City	10.2	20.5	30.7	41.0	51.2
Baltimore	5.5	11.1	16.6	22.1	27.6
Charles	1.1	2.1	3.2	4.3	5.3
Prince George's	5.7	11.3	17.0	22.6	28.3
Wicomico	<u>0.4</u>	<u>0.9</u>	<u>1.3</u>	<u>1.7</u>	<u>2.2</u>
Total	\$26.4	\$52.7	\$79.1	\$105.4	\$131.7

Additional Comments: This legislation does not include municipal expenditures in the formula calculation. In eight rural counties, municipal police expenditures exceed those for the county. Including municipal police and fire expenditures in the formula calculation would make six additional counties eligible for the program at a cost of \$1.9 million in fiscal 2005 and \$9.7 million in fiscal 2009. These counties are Allegany, Caroline, Dorchester, Somerset, Washington, and Worcester.

In addition, the inclusion of municipal expenditures would enable four of the six counties that qualify under the program to receive an additional \$2 million in fiscal 2005 and \$10.1 million in fiscal 2009. These counties are Anne Arundel, Charles, Prince George's, and Wicomico. In sum, including municipal expenditures in the formula calculation would increase the program's cost by \$3.9 million in fiscal 2005 and \$19.8 million in fiscal 2009.

Additional Information

Prior Introductions: Similar bills were introduced at the 2002 session as HB 852 and SB 524. HB 852 received an unfavorable report by the House Commerce and Government Matters Committee. SB 524 was withdrawn.

Cross File: SB 159 (Senator McFadden) – Budget and Taxation.

Information Source(s): Department of Assessments and Taxation, Department of Budget and Management, Department of Legislative Services

Fiscal Note History: First Reader - February 11, 2003
ncs/jr

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Exhibit 3
State Public Safety Aid Program Calculation
Based on Fiscal 2004 Formula Components

<u>County</u>	<u>Total Local Wealth Base</u>	<u>0.25% of Wealth Base</u>	<u>Eligible Expenditures</u>	<u>Unadjusted Grant Amount</u>	<u>Public Safety Grant Amount</u>	<u>FY 2005 Grant Amount</u>
Allegany	\$2,966,776,700	\$7,416,942	\$5,199,431	\$0	\$0	\$0
Anne Arundel	46,147,872,379	115,369,681	132,459,967	17,090,286	17,090,286	3,418,057
Baltimore City	24,111,533,031	60,278,833	341,465,506	281,186,673	51,219,826	10,243,965
Baltimore	57,428,080,861	143,570,202	184,272,988	40,702,786	27,640,948	5,528,190
Calvert	7,558,867,486	18,897,169	9,289,216	0	0	0
Caroline	1,653,168,960	4,132,922	3,295,582	0	0	0
Carroll	12,621,799,293	31,554,498	13,450,582	0	0	0
Cecil	6,225,380,014	15,563,450	11,200,413	0	0	0
Charles	9,859,455,820	24,648,640	35,599,671	10,951,031	5,339,951	1,067,990
Dorchester	1,887,210,354	4,718,026	4,125,316	0	0	0
Frederick	17,660,752,451	44,151,881	29,645,903	0	0	0
Garrett	2,349,538,152	5,873,845	2,607,649	0	0	0
Harford	16,889,532,196	42,223,830	30,695,242	0	0	0
Howard	27,682,996,518	69,207,491	65,249,819	0	0	0
Kent	1,715,494,811	4,288,737	2,926,164	0	0	0
Montgomery	105,696,708,134	264,241,770	235,373,183	0	0	0
Prince George's	51,723,926,874	129,309,817	188,635,175	59,325,358	28,295,276	5,659,055
Queen Anne's	4,309,134,484	10,772,836	5,620,646	0	0	0
St. Mary's	6,669,457,144	16,673,643	14,419,092	0	0	0
Somerset	884,842,336	2,212,106	1,870,546	0	0	0
Talbot	4,696,387,919	11,740,970	3,689,429	0	0	0
Washington	8,357,880,173	20,894,700	10,808,753	0	0	0
Wicomico	4,764,514,966	11,911,287	14,455,607	2,544,320	2,168,341	433,668
Worcester	7,732,507,349	19,331,268	6,308,152	0	0	0
Total	\$431,593,818,405	\$1,078,984,546	\$1,352,664,032	\$411,800,454	\$131,754,628	\$26,350,926