HB 870

Department of Legislative Services

Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

House Bill 870 (The Speaker and the Minority Leader)
(By Request – Administration)

Appropriations

Fund Transfers Act of 2004

This Administration bill is one of three omnibus bills to help bring the fiscal 2005 budget into balance by: (1) altering provisions related to unclaimed income tax revenue; (2) shifting costs of administering the corporate income tax to special funds from collection of the tax; (3) modifying the distribution of transfer tax and highway user revenues; (4) transferring specified special fund and nonbudgeted fund balances to the general fund; (5) depositing the proceeds obtained from the sale of State assets into the general fund; and (6) expanding authority to use an existing fund. The budget bill (SB 125/HB 200) includes general fund reductions of $557,600 and special fund reductions of $108.4 million, contingent upon enactment of this bill. The bill includes a severability provision.

The bill takes effect June 1, 2004.

Fiscal Summary

State Effect: General fund revenues increase by $256.2 million in FY 2005, primarily due to the transfer of funds from other sources. The small reduction in general fund expenditures has an ongoing effect. The decrease in special fund expenditures in FY 2005 is due primarily to provisions transferring special funds to the general fund. Although not shown below, general fund revenues increase by $294,300 in FY 2004.

(in dollars)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
GF Revenue	$256,201,900	$0	$0	$0	$0
GF Expenditure	(832,600)	(869,300)	(887,100)	(630,500)	(649,400)
SF Expenditure	(121,083,300)	(41,016,700)	887,100	630,500	649,400
Net Effect	$378,117,800	$41,886,000	$0	$0	$0

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

Local Effect: Local government revenues would increase by $29.9 million in FY 2005 due to a one-time transfer of $81.0 million to the counties, offset by the transfer of $51.2 million in highway user revenues to the general fund.

Small Business Effect: A small business impact statement was not provided by the Administration in time for inclusion in this fiscal note. A revised fiscal note will be issued when the department's assessment becomes available.

Analysis

The provisions in the bill have been grouped into like categories and, to the extent feasible, are discussed in the order they appear in the bill. A summary of proposed actions in this bill is included as **Appendix 1**.

Altering Provisions Related to Unclaimed Income Tax Revenue

The bill modifies the time frame for the Comptroller's Office to hold unclaimed local income tax revenue in its local income tax reserve account from three years to one year and provides for a one-time distribution of $81 million each to the State and the local jurisdictions. Currently, the State receives income tax revenue from withholding and quarterly estimated payments, which cover both the State and local income taxes. For tax year 2000, these payments totaled about $8.6 billion as shown in **Exhibit 1**.

When taxpayers file their returns, they report the amount of State and local tax withheld or paid during the year. Returns are due April 15, but taxpayers can file for extensions and have three years from the initial due date to file for a refund. For tax year 2000, taxpayers have until April 2004 to file. The difference, in aggregate, between the withholding and quarterly estimated payments made during the year and the amount of these payments reported on tax returns is the source of unclaimed income tax revenue. For example, tax year 2000 returns processed through June 30, 2003 report about $8.2 billion in withholding and estimated payments, which is $300 million less than tax year 2000 payments. The share of unclaimed income tax payments that is considered local is derived from the ratio of actual local income tax to the total income tax.

Exhibit 1
Tax Year 2000 Local Income Tax
($ in millions)

	TY 2000 State & Local Tax Payments (FY 2000 – FY 2003)	$8,558.7
-	State & Local Tax Payments Reported on Returns	$8,247.9
=	Unclaimed State & Local Tax Payments at End of FY 2003	$310.8
x	Local Jurisdiction Share	36.55%
=	**Unclaimed TY 2000 Local Tax Payments at End of FY 2003**	**$113.6**

The local income tax started in tax year 1967. For the next 12 years, all the unclaimed income tax revenue went to the State general fund even though some of it represented the local tax. During the 1979 session, legislation was passed that provided for a payment to the local jurisdictions of the local share of unclaimed income tax receipts for the tax years 1967 to 1976. This amount totaled $32.4 million and was paid to the local governments in fiscal 1980. The legislation also established a process whereby each June the local jurisdictions would receive a distribution of unclaimed revenue from the third prior tax year. The three-year delay was used to reflect the fact that taxpayers have three years to file for a refund. For example, tax year 2000 returns were due April 15, 2001 and the three-year window extends to April 15, 2004. So the tax year 2000 distribution of unclaimed local income tax revenue will be made in June 2004.

The State manages the local income tax through the local income tax reserve account. Each month a share of net receipts is put into the local income tax reserve account as an estimate of the local income tax. All distributions to the local jurisdictions are made from the local income tax reserve account. For each tax year, the State makes quarterly distributions of estimated local income tax. These distributions are based on quarterly withholding and estimated payments. However, the Comptroller's Office holds back a portion of these payments (usually around 10%) as a hedge against returns that are filed over the three-year filing window. This amount held back is retained in the local income tax reserve account until the three-year filing period is over and the State makes the unclaimed local income tax distribution.

Under the bill, $162 million would be withdrawn from the local income tax reserve account, with $81 million distributed to the State general fund and $81 million distributed to local jurisdictions. The $162 million represents an estimate of the unclaimed local income tax for the tax years 2001, 2002, and 2003. (The unclaimed local income tax for tax year 2000 will be distributed in June as it normally would.) Accordingly, local jurisdictions would receive one-half of that total amount in August 2004 rather than all of it over the course of several years. Under current law, the unclaimed local income tax for these years would be distributed over the next three years (*e.g.*, tax year 2001 in June 2005, tax year 2002 in June 2006, etc.).

The revenues would be distributed to the local jurisdictions on a pro-rata basis using tax year 2003 income tax receipts from tax returns. As tax year 2003 receipts are not yet known, it is not possible to illustrate the distribution to local jurisdictions at this time. Moreover, distribution based on tax year 2003 would be an incomplete data set even at the time of distribution. In future years, local jurisdictions would continue to receive a distribution in June of unclaimed local income tax revenue. Rather than this distribution being based on the third prior tax year, it would be a projection of the most recent tax year (*e.g.*, tax year 2004 in June 2005). The distributions to the local jurisdictions would thus be relatively up-to-date and the State would no longer be holding three years of local income tax revenue.

Shifting the Costs of Administering the Corporate Income Tax in the Comptroller's Office to Special Funds from Collection of the Tax

The bill requires the Comptroller to distribute the amount necessary to administer the corporate income tax to an administrative cost account. Corporate income tax revenues are distributed 24% to the Transportation Trust Fund (TTF) and 76% to the general fund. The intent of this provision is to charge TTF for its share of administrative costs, which the bill only partially does.

The Comptroller's Office assessed the cost of forms, mailing, processing, posting, and related activities in the Revenue Administration Division and the personnel costs associated with the corporate income tax auditors in the Compliance Division to determine the cost to administer the corporate income tax. That cost is $2.4 million and is expected to increase by 3% a year. As drafted, the bill deducts the TTF share (24%) of administrative costs from all corporate income tax revenues rather than from just the TTF share of those revenues. The unintended effect of this is illustrated in **Exhibit 2**. The Comptroller's Office has suggested an amendment to correct the timing of the administrative cost charge. The fiscal 2005 budget bill includes a reduction of $557,600 in the Revenue Administration Division of the Comptroller's Office, contingent on enactment of this bill.

Exhibit 2
Distribution of Corporate Income Tax Revenues

		Under the Bill	
	Current Law	as Drafted	as Intended
Cost of Administering Corporate Income Tax (CIT)	$2,406,687	$2,406,687	$2,406,687
Total Corporate Income Tax Revenues	469,813,000	469,813,000	469,813,000
Deduct 24% of Cost to Administer CIT to Administrative Fund		-577,605	
Remaining Corporate Income Tax Revenues	469,813,000	469,235,395	469,813,000
24% of Remainder to TTF	112,755,120	112,616,495	112,755,120
Balance to GF	357,057,880	356,618,900	357,057,880
Deduct 24% of Cost to Administer CIT from TTF Share			-577,605
Adjusted TTF Share	112,755,120	112,616,495	112,177,515
Cost to GF of Administering CIT	2,406,687	1,829,082	1,829,082
Net to GF After Administrative Costs	354,651,193	354,789,818	355,228,798
Net Increase to GF		138,625	577,605

Modifying the Distribution of Transfer Tax and Highway User Revenues

Transfer Tax Distribution

The bill redirects to the general fund: (1) $70.3 million in transfer tax special fund revenue that would support several programs in fiscal 2005 under current law; and (2) $41.9 million in estimated fiscal 2004 transfer tax funds attained over the original fiscal 2004 estimate made in December 2002 that would otherwise support programs in fiscal 2006. This proposed diversion of $112.2 million in transfer tax revenue is in addition to $95.2 million in fiscal 2005 transfer tax revenue that was redirected to the general fund in accordance with the Budget Reconciliation and Financing Act (BRFA) of 2003. A portion of that total, $18.1 million due to over attainment, was transferred in fiscal 2004. The balance, $77.1 million, was preauthorized for fiscal 2005.

The State transfer tax of 0.5% of the consideration paid for the transfer of real property from one owner to another has been used to fund several programs in the Department of Natural Resources (DNR) and the Department of Agriculture (MDA). However, before any program-specific allocations are made, 3% of the transfer tax revenue is distributed to the agencies involved in Program Open Space (POS) for their administration of the program. Approximately 75% of the remaining transfer tax revenue has historically been allocated to POS, which has two main components: a State share and a local share, generally funded at 50% each. In addition, the first $1 million from the total POS allocation passes through to the Department of Housing and Community Development's Heritage Areas Authority.

The fiscal 2005 budget bill includes reductions to the formula funding for the State share ($28.7 million) and the local share ($28.5 million) of POS, contingent on enactment of this bill. These reductions would eliminate transfer tax special funding for the local share and leave just $4.9 million for State purposes. Under current law, the Maryland Agricultural Land Preservation Program (MALPP) in MDA would receive $13.1 million in transfer tax special funds; however, the budget bill does not provide any transfer tax special funds for MALPP. Consequently, there is not a corresponding contingent reduction for that program. This oversight may be corrected in a supplemental budget.

The effect of this bill on transfer tax revenues is shown in **Exhibit 3**. A total of $189.3 million would be redirected to the general fund in fiscal 2005; the amount reflected in the bill, $190.3 million, is not accurate. According to the Department of Budget and Management (DBM), an amendment will be offered to reflect the correct amount.

POS was established in 1969 to expedite the acquisition of outdoor recreation and open space areas and provide recreation facilities before that land is devoted to other purposes. The POS appropriation has historically been split between State and local government. While both State acquisitions and local grants fund projects that protect open space and provide recreation facilities, State acquisitions tend to place a greater emphasis on natural resource management. State POS funds are allocated for State land acquisition, capital improvements, critical maintenance, and operations. Local recreation and parks departments use local POS funds for acquisition, development, and planning projects.

In recent years, other funding sources such as bond funds and the federal Land and Water Conservation Fund have played an important role in funding POS, as transfer tax revenue has been diverted to the general fund for cost containment. Since the transfer tax has been the primary source of revenue for POS, the existing and proposed transfers to the general fund substantially impact the program. DNR's fiscal 2005 operating Paygo budget includes $6.9 million for POS: $4.9 million in transfer tax special funds for the State share and $2 million in federal funds split between the State share and the local share. The capital budget bill (SB 191/HB 300) seeks to partially offset the impact of these transfers on POS by providing $15 million in general obligation (GO) bond funding for the local share. Accordingly, the local share would have a total of $16 million available for land acquisition or development of local parks. No funding is provided for the Heritage Conservation Fund or Baltimore City's park operations and maintenance; historically a $1.5 million annual allocation has been provided to Baltimore City.

Exhibit 3
Transfer Tax Revenues and Proposed Uses
Fiscal 2005

<u>Available Revenue for Fiscal 2005</u>	
Transfer Tax Revenue Estimate	$132,797,000
Administrative expenses	-3,983,910
Additional FY 2003 attainment over estimate	25,374,354
Total for determination of distribution	**$154,187,444**
Required 50% transfer to general fund per 2003 BRFA	-77,093,722
Remainder available for distribution	**$77,093,722**
<u>Distribution of Remainder of Revenue</u>	
Programs Funded with Transfer Tax Revenue in Budget Bill	
POS/Ocean City beach maintenance	$1,000,000
Critical maintenance/capital development	3,863,000
Heritage Areas Authority	1,000,000
State park operating expenses	950,000
Subtotal	***$6,813,000***
Transfers to General Fund Assumed in Budget Bill	
POS – State share and local share – in DNR	$57,136,242
MALPP in MDA*	13,144,480
Subtotal	***$70,280,722***
Total	**$77,093,722**
<u>Transfers to General Fund in Fund Transfers Act</u>	
Newly Authorized Transfers	
Budget bill transfers noted above	$70,280,722
Estimated fiscal 2004 attainment over original estimate	41,886,000
Subtotal	***$112,166,722***
Transfers for Fiscal 2005 Authorized in BRFA of 2003	
50% of revenues available for distribution	$77,093,722
Subtotal	***$77,093,722***
Total to General Fund	**$189,260,444**

Highway User Revenues

A portion of transportation revenues is deposited into the Gasoline and Motor Vehicle Revenue Account (GMVRA); 70% is provided to the Transportation Trust Fund (TTF) and 30% is distributed to counties and municipalities as highway user revenues. Under current law, Baltimore City receives the greater of $157.5 million or 11.5% of the total plus 11.5% of any growth in the local share over fiscal 1998 base levels. The remaining local share is distributed among the counties and eligible municipalities based on total county road mileage and county vehicle registrations.

BRFA of 2003 transferred $102.4 million in local highway user revenues to the general fund in fiscal 2004. This action reduced highway user revenue grants in fiscal 2004 from $460.7 million to $358.3 million and limited Baltimore City's share to $170 million. BRFA of 2003 also contained a provision transferring $51.2 million in local highway user revenues to the general fund in fiscal 2005. This bill would transfer an additional $51.2 million to the general fund; the total amount of highway user revenues so diverted in fiscal 2005 would be the same as in fiscal 2004 – $102.4 million. The fiscal 2005 budget bill includes a reduction of $51.2 million, contingent on enactment of this bill. Accordingly, available highway user grants would decrease from $433.1 million to $381.9 million. **Appendix 2** shows the distribution of estimated highway user revenues for fiscal 2005 to local jurisdictions under the bill.

Transferring Special Fund and Nonbudgeted Balances to the General Fund

Spinal Cord Injury Research Fund

The State Board of Spinal Cord Injury Research was established by Chapter 513 of 2000, within the Family Health Administration of the Department of Health and Mental Hygiene (DHMH). The board is supported by an annual $1 million distribution from the insurance premium tax imposed on health insurers into a non-lapsing special fund. The fund supports basic, preclinical, and clinical spinal cord research with a long-term goal of restoring neurological function in individuals with spinal cord injuries. Even though the board was appointed and criteria developed for grant awards in fiscal 2002, research grants were not awarded until fiscal 2003, the first full year of operation. That year, the board awarded just $450,000 from the fund and used another $100,000 for administrative expenses. DHMH, anticipating future cost-containment actions, has awarded only $400,000 to date in fiscal 2004, leaving a projected fund balance of $2 million at year-end. The fund is expected to attain another $1 million in fiscal 2005, but funds for research are not included in the budget. This bill would transfer the entire $3 million fund balance to the general fund at the end of fiscal 2005.

Special Fund within the Racing Commission

The special fund within the Racing Commission consists of the State's share of daily licensee fees, pari-mutuel taxes, impact aid, money from uncashed pari-mutuel tickets, and permit fees. Specified jurisdictions affected by horse racing, fairs and agricultural education organizations, the Maryland Million, and the Sire Stakes Program receive annual grants from the fund as required by statute. After all such grants have been disbursed, any remainder in the special fund is allocated 70% to the Maryland-Bred Race Fund and 30% to the Maryland Standardbred Race Fund. For fiscal 2005, the remainder amount of $415,100 that would otherwise be allocated to the breeder programs would instead be transferred to the general fund.

State Use Industries

State Use Industries (SUI) provides work and job training for inmates incarcerated in the Division of Correction funded by the sales revenue from the goods it produces and the services it supplies to local, State, and federal agencies. These goods and services are also available for purchase by charitable, civic, educational, fraternal, or religious organizations. SUI's cost is at or below the prevailing average market price.

The BRFAs of 2002 and 2003 transferred $2 million in each of fiscal 2002, 2003, and 2004 from SUI to the general fund. This bill would again transfer $2 million in fiscal 2005. With this transfer, the ending fiscal 2005 fund balance for SUI is projected to be approximately $4.5 million. SUI advises that the fund balance is difficult to estimate as revenues in fiscal 2003 were unusually high and year-to-date attainment for fiscal 2004 is considerably lower than the same time last year. SUI further advises that revenues for fiscal 2004 and 2005 could be 20% lower than projected.

Central Collection Unit

The Central Collection Unit within DBM is responsible for the collection of all delinquent debts, claims, and accounts of the State other than taxes, child support, unemployment insurance contributions, and overpayments. Typical debts collected by the unit are student tuition and fees, restitution for damage to State property, reimbursement for institutional care, local health department fees, Workers' Compensation premiums, Home Improvement Commission awards, and State grant overpayments. The bill transfers $4.5 million from the Central Collection Fund to the general fund in fiscal 2005. The Central Collection Fund is projected to grow to $7.1 million by the end of fiscal 2004. Additional attainment of $1.4 million is projected for fiscal 2005. Accordingly, with this transfer, the year-end fund balance for fiscal 2005 is projected to be $4 million.

Health Occupations Boards

The bill transfers $1.4 million from five health occupations boards within DHMH as shown in **Exhibit 4**. The regulatory activities of these boards are funded by fee revenue from licensing the affected health care practitioners. Each of the boards has its own non-lapsing special fund. Licensing activity occurs on a biennial basis for the affected boards; consequently, revenues may be alternately high in one year and low in the other. The ability to carryover fund balance allows the boards to cover their direct costs as well as the indirect costs charged by DHMH in both years. Accordingly, revenues and expenditures for these boards should be assessed on a two-year basis. In addition, maintaining a fund balance allows the boards to cover unanticipated expenditures and to keep fees at the same level for several years. Otherwise, the boards would have to raise fees each renewal period to keep pace with inflation and other operating costs.

Exhibit 4
Effect of Fund Balance Transfers on Affected Health Occupations Boards

Board	Projected Fund Balance Current Law	Transfer Amount	Projected Fund Balance under Bill	Projected Biennial Revenues	Projected Biennial Expenditures
Dental	$559,272	$163,000	$396,272	$2,966,503	$3,096,554
Physical Therapy	520,293	251,000	269,293	1,311,013	1,270,602
Psychologists	264,588	107,000	157,588	970,800	1,003,116
Social Work	859,157	251,000	608,157	1,957,248	1,598,176
Physicians	2,353,965	628,000	1,725,965	13,313,940	12,843,463
Total		**$1,400,000**			

All five boards have fund balances in excess of their targeted levels, which range from 20% to 30% of expenditures depending on the size of the board. However, the impact of these transfers differs by board. Assuming the revenue pattern for fiscal 2004 carries over to fiscal 2006 and expenditures in fiscal 2006 increase by 5% over fiscal 2005, all five boards could absorb the transfer without having to raise fees in fiscal 2006 to cover expenditures. However, the revenues for the Boards of Dental Examiners and Examiners for Psychologists will no longer cover their expenditures. Absent a fee increase, these boards will spend down their fund balances in fiscal 2006 to a level consistent with their targeted fund balance. Conversely, the Boards of Social Work Examiners and Physicians will continue to build their fund balances in fiscal 2006 but the ratio of fund balance to annual expenditures will drop slightly. As the Board of Physical Therapy Examiners will just cover its expenditures with fee revenue, its fund balance will be cut almost in half.

The Boards of Examiners for Psychologists and Social Work Examiners recently enacted fee increases to ensure their ability to cover expenditures with revenues. The Board of Social Work Examiners spent down its entire fund balance and had to borrow from another board in fiscal 2001. The board then overcorrected by doubling and in some cases tripling or quadrupling the fees charged licensees. Consequently, it is not surprising that the Board of Social Work Examiners' fund balance is more than 100% of its annual expenditures. Given the current revenue stream, the transfer will have little impact on this board's fund balance. By the end of fiscal 2006, the board's fund balance will still be almost 100% of annual expenditures.

Depositing Proceeds from the Sale of State Property in the General Fund

The Administration sold the Maryland Independence, a yacht maintained by the Department of Natural Resources primarily for the use of the Governor and economic development purposes, in fall 2003. The bill deposits the proceeds from that sale into the general fund, net of the expenses directly related to the sale, rather than into the State Boat Act Fund which was used for the initial purchase of the yacht. This would result in $247,590 being deposited to the general fund in fiscal 2004.

The proceeds from the sale of surplus Executive Branch vehicles over the 13-month period from June 1, 2004 through June 30, 2005 will be deposited into the general fund as well, net of expenses directly related to their sale and unless otherwise required by federal law or regulation. The bill excludes vehicles necessary for operations and for which replacement vehicles are required. DBM advises that its Fleet Management Division will actively be identifying and selling such vehicles in an effort to reduce the size of the State fleet from 8,600. DBM expects at least 500 State sedans to be sold at an average price of $1,000, and that all $500,000 in proceeds will be realized in fiscal 2005. Information on the fund source for the original purchase of targeted vehicles was not provided. However, DBM advises that, absent the bill, agencies might elect to retain vehicles that are not essential to core business functions.

Expanding Authority to Use an Existing Fund

Loan repayments from the Emergency Assistance Trust Account of the Volunteer Company Assistance Fund may be used for grants to widows and orphans through the Maryland State Firemen's Association and related administrative expenses for the three-year period from fiscal 2005 through 2007. Otherwise, general funds of at least $55,000 (a mandated appropriation) would be used for these grants. Recent funding has been at about $275,000 a year. DBM advises that the $275,000 in special fund expenditures for this purpose should have been a contingent appropriation in the budget bill.

State Fiscal Effect: The influx of general fund revenues in fiscal 2005 would help balance the budget. Shifting funding for certain programs or activities from the general fund to special funds would have an ongoing impact. Transferring fund balances from various special funds would not necessarily result in a change in special fund expenditures but rather a lower ending balance in the funds affected.

The total fiscal impact is illustrated in Appendix 1.

Local Fiscal Effect: Local government revenues would increase by $29.9 million in fiscal 2005 due to the one-time effect of distributing $81.0 million from the local income tax reserve account to the local jurisdictions, offset by the transfer of $51.2 million in highway user revenues to the general fund. There would also be a slight ongoing decrease in highway user revenues due to the requirement that the Transportation Trust Fund be charged for its share of the costs to administer the corporate income tax.

Additional Information

Prior Introductions: None.

Cross File: SB 509 (The President) (By Request – Administration) – Budget and Taxation.

Information Source(s): State Department of Assessments and Taxation; Department of Natural Resources; Governor’s Office; Comptroller’s Office; Maryland Association of Counties; Maryland State Treasurer’s Office; Department of Health and Mental Hygiene; Maryland Department of Transportation; Maryland Department of Agriculture; Department of Budget and Management; Department of Public Safety and Correctional Services; Department of Labor, Licensing, and Regulation; Department of Legislative Services

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Appendix 1
Summary of Proposed Actions in the Fund Transfers Act of 2004

Action	Fund	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009
Transfers to General Fund from:							
Unclaimed Local Income Tax	n/a		81,000,000				
Transfer Tax Revenues	SF		112,166,722				
Highway User Revenues	SF		51,220,064				
Spinal Cord Injury Research Fund	SF		3,000,000				
Racing Commission Special Fund	SF		415,100				
State Use Industries	SF		2,000,000				
Central Collection Unit	SF		4,500,000				
Board of Dental Examiners	SF		163,000				
Board of Physical Therapy Examiners	SF		251,000				
Board of Examiners for Psychologists	SF		107,000				
Board of Social Work Examiners	SF		251,000				
Board of Physicians	SF		628,000				
Proceeds for Sale of Yacht	SF	247,590					
Proceeds from Sale of Surplus Vehicles	Misc		500,000				
Subtotal Transfers to GF		**247,590**	**256,201,886**				
Transfers to Local Government							
Unclaimed Local Income Tax	n/a		81,000,000				
Declines in Special Fund Balances							
Spinal Cord Injury Research Fund	SF		(3,000,000)				
State Use Industries	SF		(2,000,000)				
Central Collection Unit	SF		(4,500,000)				
Board of Dental Examiners	SF		(163,000)				
Board of Physical Therapy Examiners	SF		(251,000)				
Board of Examiners for Psychologists	SF		(107,000)				
Board of Social Work Examiners	SF		(251,000)				
Board of Physicians	SF		(628,000)				
Subtotal SF Balance Declines			**(10,900,000)**				
GF Expenditure Changes							
Corporate Tax Administration Costs*	GF	(46,700)	(557,600)	(594,300)	(612,100)	(630,500)	(649,400)
Maryland State Firemen's Association	GF		(275,000)	(275,000)	(275,000)		
Subtotal GF Expenditure Changes		**(46,700)**	**(832,600)**	**(869,300)**	**(887,100)**	**(630,500)**	**(649,400)**
SF Expenditure Changes							
Racing Commission Special Fund	SF		(415,100)				
Corporate Tax Administration Costs*	SF	46,700	557,600	594,300	612,100	630,500	649,400
Maryland State Firemen's Association	SF		275,000	275,000	275,000		
Transfer Tax Revenues	SF			(41,886,000)			
DNR - Program Open Space	SF		(57,136,242)				
MDA - MALPP	SF		(13,144,480)				
Highway User Revenues	SF		(51,220,064)				
Subtotal SF Expenditure Changes		**46,700**	**(121,083,286)**	**(41,016,700)**	**887,100**	**630,500**	**649,400**
Net Effect on General Fund	**GF**	**294,290**	**257,034,486**	**869,300**	**887,100**	**630,500**	**649,400**

***As the bill is drafted, corporate tax administration costs could be charged for one month of fiscal 2004. The bill includes a reduction of $557,600 in general funds for fiscal 2005, contingent on enactment of this provision. The amount of the contingent reduction is reflected as the savings to the general fund and the cost to the special fund even though the cost of administration charged to the Transportation Trust Fund's share would be slightly higher at $577,605. Costs are expected to increase by 3% in the out-years. As discussed in this fiscal note, the provision is drafted so that the effect on the general fund would be lower than shown above – the amounts reflected above show the intended effect on general and special funds.**

Appendix 2
Apportionments of Estimated Highway User Revenues
Fiscal 2005

County	Total	Less: Bond Sinking Fund Requirement	Available to Counties, Municipalities, and Baltimore City	Counties	To Municipalities and Baltimore City
Allegany	$4,940,258		$4,940,258	$3,227,976	$1,712,282
Anne Arundel	20,657,289		20,657,289	19,364,982	1,292,307
Baltimore	28,367,400		28,367,400	28,367,400	0
Calvert	4,112,422		4,112,422	3,733,240	379,182
Caroline	3,321,569		3,321,569	2,739,970	581,599
Carroll	9,251,430		9,251,430	7,596,134	1,655,296
Cecil	5,137,838	139,137	4,998,701	4,017,420	981,281
Charles	6,316,551		6,316,551	5,905,668	410,883
Dorchester	3,712,218		3,712,218	2,872,276	839,942
Frederick	12,138,306		12,138,307	8,904,523	3,233,783
Garrett	4,216,510		4,216,510	3,576,353	640,157
Harford	10,509,440		10,509,440	9,188,468	1,320,972
Howard	10,306,152		10,306,152	10,306,152	0
Kent	1,904,575		1,904,575	1,549,735	354,840
Montgomery	29,786,921		29,786,921	25,263,647	4,523,274
Prince George’s	25,418,794		25,418,794	19,228,758	6,190,036
Queen Anne’s	3,722,148		3,722,148	3,436,343	285,805
St. Mary’s	4,892,046		4,892,046	4,808,566	83,480
Somerset	2,221,467		2,221,467	1,929,165	292,302
Talbot	3,012,733		3,012,733	2,199,335	813,398
Washington	7,793,870	214,056	7,579,814	5,507,821	2,071,993
Wicomico	5,957,166		5,957,166	4,690,573	1,266,593
Worcester	4,558,760		4,558,760	3,397,296	1,161,464
Total Counties	**$212,255,863**	**$353,193**	**$211,902,670**	**$181,811,801**	**$30,090,869**
Baltimore City	**$170,000,000**		**$170,000,000**		**$170,000,000**
Total	**$382,255,863**	**$353,193**	**$381,902,670**	**$181,811,801**	**$200,090,869**
Reduction	**$51,220,064**		**$51,220,064**	**$43,958,751**	**$7,261,313**
Total	**$433,475,927**	**$353,193**	**$433,122,734**	**$225,770,552**	**$207,352,182**