

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

House Bill 1295
Ways and Means

(St. Mary's County Delegation)

Budget and Taxation

St. Mary's County - Emergency Services Tax

This bill authorizes the St. Mary's County Commissioners to establish an emergency services tax on all real and personal property within the county for fire companies, rescue squads, and specified support services organizations. The county commissioners may set separate emergency services tax rates in each election district in the county, subject to specified maximum real and personal property tax rates. The bill also provides for the distribution of emergency services tax revenues to specified emergency services providers.

The St. Mary's County Commissioners must report to the St. Mary's County Delegation by December 1, of 2004, 2005, and 2006 on: (1) the use of proceeds from the emergency services tax; (2) whether any emergency services tax increases have been offset by a reduction in the St. Mary's County real property tax rate; and (3) whether the St. Mary's County budget fully and adequately funds all necessary operational expenses for the county's volunteer rescue squads.

The bill takes effect June 1, 2004.

Fiscal Summary

State Effect: None.

Local Effect: St. Mary's County special fund revenues and expenditures could increase by approximately \$1.7 million in FY 2005. General fund revenues and expenditures could decrease by a commensurate amount.

Small Business Effect: Potential meaningful. To the extent that small businesses are assessed the taxes proposed by the bill, these businesses would have an increased tax liability.

Analysis

Current Law: St. Mary's County is currently authorized to impose a fire tax of not more than \$0.056 per \$100 of assessed value in all election districts. Proceeds from the fire tax are paid annually to fire companies in those election districts based on the collections for each of the districts.

Local Fiscal Effect: St. Mary's County seeks to establish a revenue source for its emergency support services and rescue squads. As stated above, the county currently imposes a fire tax and the bill merely increases the maximum fire tax allowed. Emergency services and rescue squads are funded through the county general fund, while the fire tax funds the county's fire companies.

The county intends to set the emergency services taxes at rates necessary to generate the revenue required to cover annual expenses for support services, rescue squads, and debt service for a revolving loan fund. These expenses which are estimated to total \$1.7 million in fiscal 2005 are currently funded by the county general fund. Pursuant to this legislation, these expenses would be funded with the special emergency services taxes. The county intends to decrease the general county property tax rate by a commensurate amount. The county's proposed fiscal 2005 budget includes approximately \$1.05 million for emergency services (including debt service) and \$617,500 for rescue squads. Revenues and expenditures could vary somewhat from year to year, depending on assessments and funding needs.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): St. Mary's County, Department of Legislative Services

Fiscal Note History: First Reader - March 2, 2004
ncs/hlb

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