

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

House Bill 968 (Delegate Howard, *et al.*)
Health and Government Operations

**Public Safety - Emergency Expenditures - Nation's Capital First Responder
Preparedness District**

This bill requires the director of the Maryland Emergency Management Agency (MEMA) to allocate at least 5% of federal Homeland Security First Responder grant funds to the Nation's Capital First Responder Preparedness District (Charles, Frederick, Prince George's, and Montgomery counties). The bill also requires that the money be distributed equally to each of the four counties and be used for emergency planning, risk assessments, equipment, training, exercises, and overtime expenses.

Fiscal Summary

State Effect: The bill redistributes existing federal revenues and, therefore, would not have a direct effect unless the bill's allocation conflicts with federal law. Federal funds could be withheld as a result. It will have an operational impact to the extent that the State will have less discretion to allocate funds according to need.

Local Effect: Significant decrease in federal revenues for disaster preparedness for some of the counties specified by the bill if only the minimum funding is provided. Potentially significant increase in federal revenues for other counties and Baltimore City. The impact will vary by jurisdiction.

Small Business Effect: None.

Analysis

Current Law: Following the terrorist attacks of September 11, 2001, the U.S. Congress passed several laws to increase security measures, including creation of the First

Responder program that provides grants to state and local governments. Every state receives .75% of the total program allocation and distributes 80% of the funds to local jurisdictions based on a State-approved homeland security strategy that considers risk assessments, population, and population density.

Congress is considering legislation to alter the distribution in response to criticism that the current system does not adequately address higher level terrorism targets. One bill establishes a State and Regional First Responder Grant Program, under which the Secretary of Homeland Security may make grants to states and eligible regional entities on the basis of the threat to a state or region's population and critical infrastructure, as determined by the Under Secretary for Information Analysis and Infrastructure Protection. Also, President Bush has issued a directive that requires the Secretary to establish a "national preparedness goal" to create guidelines for spending on preparedness equipment.

Maryland may accept any allotment of federal money and commodities and manage and dispose of them in accordance with federal law. If the federal government or other governmental entity offers services, equipment, supplies, or money for emergency management to the State or a local jurisdiction, the State, or the local jurisdiction, may accept the offer.

Background: MEMA created the Domestic Preparedness Division to provide support to local governments to improve capabilities in the event of a terrorist incident and collaborate on planning with federal and private partners. Several other agencies are also involved in formulating homeland security strategy, including the Governor's Emergency Management Advisory Council (GEMAC), which began as the Civil Defense Council in 1950. GEMAC is charged with advising the Governor on grants management and will annually assess the State's emergency management capabilities, identify areas of improvement, and make recommendations.

In fiscal 2003, the U.S. Department of Homeland Security awarded \$49.5 million in federal grants for Maryland, including \$28.8 million that has been distributed to local jurisdictions as reimbursement for expenses in fiscal 2003. The grant includes a combined total of \$16.4 million through the Byrne grant program to reimburse Prince George's and Montgomery counties for costs associated with responding to the September 11 attack on the Pentagon. First Responder grants can be used for equipment such as chemical detectors, decontamination shelters and kits, and radiation monitors.

Local Revenues: Charles, Frederick, Prince George's, and Montgomery counties receive varying shares of federal First Responder grants under the current distribution method. The average share for each of the four counties is approximately 3.65%. The counties have received substantial increases in domestic preparedness grants in the last two years, as shown below, corresponding with boosts in federal spending.

<u>County</u>	<u>Fiscal 2002</u>	<u>Fiscal 2003</u>	<u>% of Total FY 2003*</u>
Charles	\$153,443	\$414,170	1.5
Frederick	166,752	604,459	2.3
Montgomery	319,476	1,424,589	5.3
Prince George's	253,933	1,496,332	5.5

*Total excludes one-time grant to Montgomery and Prince George's counties for September 11, 2001 response.

Since the bill requires a minimum 5% total set aside for the First Responder Preparedness District, each county would receive at least 1.25% of all funds. If only the minimum is provided, these counties would receive less revenue than under the formula used now. The revenue loss based on the fiscal 2003 grant awards would be as follows:

Charles County	\$10,354
Frederick County	\$6,349
Montgomery County	\$57,696
Prince Georges County	\$63,594

Grants for Baltimore City and other counties would presumably increase as a result of the redistribution. Future revenues would increase or decrease according to federal appropriations for homeland security, which cannot be estimated at this time.

Additional Comments: If the U.S. Department of Homeland Security deems that the bill's provisions conflict with federal grant award requirements, federal funds could be withheld as a result. This would mean a significant revenue loss for the State and local jurisdictions.

Additional Information

Prior Introductions: None.

Cross File: SB 500 (Senator Lawlah) – Budget and Taxation.

Information Source(s): Maryland Emergency Management Agency, Department of Legislative Services

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