

Department of Legislative Services
 Maryland General Assembly
 2004 Session

FISCAL AND POLICY NOTE

Senate Bill 138 (Senator Munson)
 Education, Health, and Environmental Affairs

Vital Statistics - Copies of Death Certificates - Fees

This bill repeals the \$12 fee for processing and issuing a death certificate. Instead, the Department of Health and Mental Hygiene (DHMH) will establish the fee. It changes the per certificate cost to 100% of the as yet undetermined fee for the first copy, 50% of the fee for the second through sixth copies, and 10% of the fee for the seventh and subsequent copies. The entire fee DHMH collects must be transferred to the general fund.

DHMH must adopt regulations by January 1, 2005 to determine how much of the undetermined fee for processing and issuing a death certificate a local health department may keep and how much must be transferred to the State general fund. Local health departments may only keep what is necessary to cover certificate processing and issuing costs.

Fiscal Summary

State Effect: General fund revenues could decrease by \$2.7 million in FY 2005 assuming the certificate fee remains the same. Future year losses reflect annualization. General fund expenditures could increase by \$311,600 in FY 2005. Future year expenditures reflect annualization and inflation.

(in dollars)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
GF Revenue	(\$2,715,000)	(\$3,620,000)	(\$3,620,000)	(\$3,620,000)	(\$3,620,000)
GF Expenditure	311,600	72,900	77,500	82,500	87,500
Net Effect	(\$3,026,600)	(\$3,692,900)	(\$3,697,500)	(\$3,702,500)	(\$3,707,500)

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

Local Effect: Local health department revenues could decrease or increase depending on the new certificate fee and how much of the fee DHMH allows them to keep. Increasing the death certificate fee local health departments can charge could result in an increase in local health revenues. Expenditures could increase if the bill requires creating a statewide computer system to track death certificates.

Small Business Effect: None.

Analysis

Current Law: DHMH must collect a \$12 fee for each birth, death, fetal death, marriage, or divorce verification certificate or for a report that a search of the files was made and the requested record is not on file. Fee revenue is transferred to the general fund. Local health departments must transfer \$10 of the fee they collect to the State's general fund, keeping the remainder. Local health departments set their own fees.

Background: The Budget Reconciliation and Financing Act of 2003 (Chapter 203) doubled the fee, from \$6 to \$12, charged for copies and searches of vital records for which a fee can be charged. This is estimated to generate an additional \$4.35 million in general funds in fiscal 2004 and \$4.80 million in fiscal 2005.

The DHMH Division of Vital Records (DVR) issues approximately 402,500 death certificates annually: 224,800 issued by DVR directly and 177,700 issued by local health departments. Approximately 1.5% of transactions are for one death certificate, 30% of transactions are for two to six death certificates, and 68.5% of transactions are for seven or more death certificates. Currently, DVR charges \$12 per death certificate and local health departments charge on average \$20 per death certificate, \$12 of which is transferred to the general fund and \$8 of which is retained by the local health department to cover administrative costs. DVR advises that it would continue charging a \$12 fee.

State Revenues: If the cost of the first death certificate remained at \$12, assuming a stable number of certificate requests, DVR general fund revenues from all death certificate fees could be reduced by \$2,715,000 in fiscal 2005, reflecting the bill's October 1, 2004 effective date. General fund revenues in fiscal 2006 and future years could be reduced by \$3,620,000, reflecting annualization and a stable number of death certificate requests.

The Department of Legislative Services advises, that in order to make this bill revenue neutral, DVR would have to significantly increase the death certificate fee. General fund revenues under this scenario would be \$3,648,576 in fiscal 2005. The information and assumptions used in calculating the estimate are stated below:

- the death certificate fee for certificates DVR issues directly would be \$26.50 for the first copy. This would result in \$2,041,162 in general revenue funds in fiscal 2005; and
- the death certificate fee local health departments charge would be \$44 for the first copy. This would result in \$2,679,024 in revenues in fiscal 2005, \$1,607,414 of which would be paid to the State's general fund and \$1,071,610 would be retained collectively by the local health departments.

State Expenditures: General fund expenditures could increase by an estimated \$311,601 in fiscal 2005, which accounts for the bill's October 1, 2004 effective date. This estimate reflects the cost of hiring two clerks to fulfill death certificate requests and \$250,000 in one-time computer expenditures to develop a computer system that would allow DVR and county health departments to keep track of death certificates sold on a daily basis because of the graduated fee schedule. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits	\$50,086
One-time Computer Costs	250,000
Operating Expenses	<u>11,515</u>
Total FY 2005 State Expenditures	\$311,601

Future year expenditures reflect: (1) full salaries with 4.6% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

Local Revenues: DVR advises that it would promulgate regulations that would result in local health departments retaining \$955,000 annually of the death certificate fees they collect to cover related administrative expenses, assuming a \$12 death certificate fee.

If fee revenues are raised to prevent revenue loss, local health departments would retain \$1,428,812 in revenues annually.

Local Expenditures: If the bill requires local health departments to track the sales of multiple death certificates statewide, local health departments would incur one-time costs to develop a computer system that would be connected with DVR and other local health departments. Local health departments receive half of their funding from DHMH and half from their respective county governments. Legislative Services cannot reliably estimate such a cost at this time.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Health and Mental Hygiene; *Maryland Vital Statistics Annual Report, 2001*, Department of Health and Mental Hygiene; Department of Legislative Services

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