

Department of Legislative Services
 Maryland General Assembly
 2007 Session

FISCAL AND POLICY NOTE

House Bill 920
 Appropriations

(Delegate Barkley, *et al.*)

Local Police Protection - Funding Restoration

This bill alters the calculation of the State Aid for Police Protection Fund (police aid formula) by repealing the annual reduction in police aid related to the cost of operating the State’s crime laboratory.

The bill takes effect October 1, 2007; however, it is not applicable until fiscal 2009.

Fiscal Summary

State Effect: General fund expenditures would increase by \$2.5 million in FY 2009 and by \$2.8 million in FY 2012. Revenues would not be affected.

(in dollars)	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	2,546,800	2,613,000	2,681,000	2,750,700
Net Effect	\$0	(\$2,546,800)	(\$2,613,000)	(\$2,681,000)	(\$2,750,700)

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

Local Effect: State aid to local governments would increase by \$2.5 million in FY 2009 and by \$2.8 million in FY 2012. Expenditures would not be directly affected.

Small Business Effect: None.

Analysis

Current Law: The Budget Reconciliation and Financing Act of 2003 (Chapter 203 of 2003) directed the State to recover 30% of the State crime laboratory’s costs related to

evidence-testing services for local jurisdictions by reducing State police aid grants to local jurisdictions. A portion of the reduction is based on each jurisdiction's share of the total Part I crime in the State, and the remaining portion is based on the local wealth of each jurisdiction. Part I crimes include murder, forcible rape, robbery, assault, breaking and entering, larceny-theft, and motor vehicle theft.

Background: State grants are provided to counties and qualifying municipalities for the exclusive purpose of providing adequate police protection under the State Aid for Police Protection Fund, which was established in 1967. The program is commonly known as the police aid formula. In fiscal 2008, State funding for this program will total \$65.9 million.

Local governments spent approximately \$1.1 billion on police protection in fiscal 2004. County governments accounted for 62.3% of these expenditures, Baltimore City accounted for 25.8%, and municipal governments accounted for 11.9%.

Baltimore City was excluded from the police aid formula beginning in fiscal 1992 when the State assumed the responsibility of operating and funding the Baltimore City Detention Center. In fiscal 1995, the State established a central booking facility for the city. The proposed fiscal 2008 State budget includes \$126.6 million in State funding for the Baltimore City Detention Center and Central Booking Facility. Legislation was enacted that enables Baltimore City to receive a \$0.50 per capita grant for police aid beginning in fiscal 1997.

The fiscal 2004 crime laboratory reduction was \$2.5 million. This amount decreased in every year between fiscal 2004 and 2007; however, in fiscal 2008, the crime laboratory reduction increased from \$2.2 to \$2.5 million. **Exhibit 1** shows the annual crime laboratory reduction from fiscal 2004 through 2008. **Exhibit 2** shows the fiscal 2008 State police aid distribution by county (before and after the crime laboratory reduction).

Exhibit 1
Police Aid Formula – Crime Laboratory Reduction
Fiscal 2004-2008

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$2,465,444	\$2,391,861	\$2,249,286	\$2,172,480	\$2,482,260

Exhibit 2
Police Aid Formula – Crime Laboratory Reduction
Fiscal 2008

County	Police Aid Before Reduction	Reduction	Total Police Aid
Allegany	\$882,461	\$18,120	\$864,341
Anne Arundel	6,953,550	251,122	6,702,428
Baltimore City	308,100	242,517	65,583
Baltimore	10,113,300	319,798	9,793,502
Calvert	829,800	34,586	795,214
Caroline	335,700	9,515	326,185
Carroll	1,670,400	59,574	1,610,826
Cecil	968,400	35,579	932,821
Charles	1,291,500	55,437	1,236,063
Dorchester	372,600	11,418	361,182
Frederick	2,356,200	83,983	2,272,217
Garrett	247,400	10,425	236,975
Harford	2,798,900	84,314	2,714,586
Howard	3,636,300	138,262	3,498,038
Kent	207,900	7,530	200,370
Montgomery	15,744,730	512,835	15,231,895
Prince George's	14,575,665	404,112	14,171,553
Queen Anne's	431,100	20,851	410,249
St. Mary's	862,200	33,262	828,938
Somerset	248,200	6,206	241,994
Talbot	419,400	21,844	397,556
Washington	1,444,500	44,350	1,400,150
Wicomico	995,400	35,662	959,738
Worcester	720,000	40,957	679,043
Total	\$68,413,706	\$2,482,260	\$65,931,447

¹State funding for the Baltimore City Detention Center and Central Booking Facility is expected to total \$126.6 million in fiscal 2008. Baltimore City's share of police aid is reduced to reflect the additional State cost for these city facilities.

Note: Numbers may not sum due to rounding.

Source: Department of Legislative Services

State Aid Reductions in Prior Years – Police Aid Continues to be Affected

Year over year decreases in general fund revenues in fiscal 2002 and 2003 created a significant imbalance between available revenues and spending requirements. This structural problem was exacerbated by the enactment of the Bridge to Excellence in Public Schools Act (Chapter 288 of 2002), which required a significant funding enhancement for public schools without the establishment of a new revenue source. Since fiscal 2003, the State budget has funded most of the education aid increases required by the legislation. However, between fiscal 2003 and 2006, around \$590.6 million in State aid to local governments was either reduced or transferred to the State's general fund to close projected budgetary shortfalls. This included \$7.1 million under the police aid formula. None of the reductions to mandated State aid programs were made permanent by changing the underlying statute governing the program, except for the police aid formula. The police aid formula continues to be affected by the reduction for the State crime laboratory.

State Fiscal Effect: The impact of the bill depends on the actual costs for the State to operate the State crime laboratory. The fiscal 2008 value of the police aid crime laboratory reduction is \$2.5 million. Given the fluctuation of the reduction since its inception, it is difficult to predict future trends for this police aid formula component. Therefore, assuming a 2.6% annual growth rate, State general fund expenditures could increase by \$2.5 million in fiscal 2009 and by \$2.8 million in fiscal 2012.

Additional Information

Prior Introductions: None.

Cross File: SB 658 (Senator DeGrange, *et al.*) – Budget and Taxation.

Information Source(s): Department of Budget and Management, City of Laurel, Allegany County, Montgomery County, Prince George's County, Talbot County, Department of Legislative Services

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