

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1078

(Delegate Conway, *et al.*)

Health and Government Operations

Education, Health, and Environmental Affairs

Public Safety - Maryland State Firemen's Association - Uses of Appropriation

This bill expands the range of administrative purposes for which the Maryland State Firemen's Association (MSFA) may use money annually appropriated to the Volunteer Company Assistance Fund (VCAF). The bill also authorizes the fund to provide grants in fiscal 2008 to the association for administrative expenses and grants to widows and orphans.

Fiscal Summary

State Effect: None. While this bill adds to the allowable usages of VCAF funding for administrative purposes budgeted annually for MSFA, it does not necessitate additional funding. Any adjustments to administrative purpose spending by MSFA in any given year, or additional widows and orphans grants in FY 2008 only, would be discretionary.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: Specifically, the bill allows administrative funds derived from VCAF to be used to:

- formulate, publish, and distribute State and federal standards, laws, guidelines, and recommendations other than the fire laws of Maryland;

- purchase, publish, and distribute material related to emergency services, safety, and fire prevention and sponsor public forums for specified information dissemination;
- maintain and distribute, rather than simply keep, materials related to annual inspections of equipment and facilities;
- through fee and subscription payments and meeting attendance, maintain organization membership for specified purposes;
- provide fuel, insurance, and maintenance for vehicles owned by MSFA for certain uses;
- provide professional services, such as accounting, auditing, and legal consultation, and pay certain operational costs; and
- promote, disseminate, and advocate for specified programs and services.

Current Law: All accounts administered by MSFA are within the budget of the Maryland Emergency Management Agency (MEMA). They are:

- VCAF – intended to ensure adequate fire protection and rescue services in the State – provides grants and loans to volunteer companies to purchase fire-related equipment such as ambulances or to help construct or renovate facilities housing such equipment.
- Trustee’s Relief Account (Widows and Orphans Fund) – may be used for disability or death benefits in an amount determined by the MSFA Board of Trustees.
- Administrative funds – the Governor may include in the State budget each year an amount to formulate, publish, and distribute the fire laws of Maryland; formulate, publish, and distribute an annual report and monthly or other timely bulletins and reports; publish and distribute fire prevention materials; keep records that relate to the annual inspections of fire and rescue equipment and facilities; and establish and maintain a database on manpower availability and training, operational cost, equipment availability, response time, State and local financial support, and other relevant factors in providing fire and rescue services.

Also within the MEMA budget is the Senator William H. Amoss Fire, Rescue, and Ambulance Fund which promotes: (1) the delivery of effective and high quality fire protection, rescue, and ambulance services in Maryland; (2) increased financial support for fire, rescue, and ambulance companies by counties; and (3) the continued financial viability of volunteer fire, rescue, and ambulance companies given the greatly increased costs of equipment.

Background: The Governor's fiscal 2008 budget allowance contains \$1.95 million in special funds for MSFA, as follows:

- \$1 million for loans;
- \$400,000 for grants; and
- \$550,000 for the Trustee's Relief Account (Widows and Orphans Fund) and MSFA's administrative expenses.

According to Chapter 430 of 2004, the Budget Reconciliation and Financing Act, loan repayments from VCAF may be used to fund grants to MSFA for administrative expenses and for the widows and orphans grant program in fiscal 2005, 2006, and 2007 only. However, the fiscal 2008 allowance was submitted with apparent continuation of the special funds for this purpose, without statutory authority.

To correct this issue, a general fund deficiency is required to fund the administrative expenses and grants to the widows and orphans program in fiscal 2008, or legislation must be enacted allowing the use of special funds for this purpose in fiscal 2008.

In addition, in November 2006, the Office of Legislative Audits (OLA) conducted a special review of certain State funds received by MSFA for VCAF. Among five specific findings and recommendations, OLA found that internal controls were not adequate over the cash receipts and disbursement processes and necessary accounting records were not maintained, and recommended that MSFA return all VCAF funds and copies of the related accounting records to MEMA. OLA also recommended that MSFA, in conjunction with MEMA, continue to investigate and resolve all of the cited discrepancies noted in the recordation of certain loan repayments.

Additional Information

Prior Introductions: None.

Cross File: SB 701 (Senator Dyson) – Education, Health, and Environmental Affairs.

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

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