

Department of Legislative Services
 Maryland General Assembly
 2008 Session

FISCAL AND POLICY NOTE

House Bill 1622 (Chair, Appropriations Committee and Delegate Malone)
 Health and Government Operations

Maryland State Firemen's Association - Uses of Volunteer Company Assistance Fund and Maryland Emergency Medical System Operations Fund

This bill expands the range of purposes for which the Maryland Emergency Medical System Operations Fund (MEMSOF) may be used by including the salaries and operating expenses of the office of the Executive Director of the Maryland State Firemen’s Association (MSFA). The bill also authorizes the Volunteer Company Assistance Fund (VCAF) to provide grants in fiscal 2009 to MSFA for administrative expenses and grants to widows and orphans.

Fiscal Summary

State Effect: MEMSOF expenditures could increase by \$275,000 in FY 2009, increasing 2% annually thereafter. The bill’s FY 2009 authorization for widows and orphans grants by MSFA is discretionary and is budgeted at the same level as FY 2008.

| (in dollars) | FY 2009 | FY 2010 | FY 2011 | FY 2012 | FY 2013 |
|----------------|-------------|-------------|-------------|-------------|-------------|
| Revenues | \$0 | \$0 | \$0 | \$0 | \$0 |
| SF Expenditure | 275,000 | 280,400 | 286,100 | 291,800 | 297,600 |
| Net Effect | (\$275,000) | (\$280,400) | (\$286,100) | (\$291,800) | (\$297,600) |

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law and Background: MEMSOF provides annual State budget support for Maryland's emergency medical services system. The source of revenues for MEMSOF is an \$11 annual surcharge on motor vehicle registrations for certain classes of vehicles, as specified in Section 13-954 of the Transportation Article. MEMSOF may be used solely for

- the Maryland State Police, Aviation Division;
- the Maryland Institute for Emergency Medical Services Systems (MIEMSS);
- the R. Adams Cowley Shock Trauma Center;
- the Maryland Fire and Rescue Institute;
- local grants under the Senator William H. Amoss Fire, Rescue, and Ambulance Fund; and
- the Volunteer Company Assistance Fund.

MIEMSS advises that MEMSOF earns approximately \$52.0 million a year in revenues; the Governor's proposed fiscal 2009 budget includes \$55.9 million in total expenditures from MEMSOF. From fiscal 1993 to 2007, MEMSOF revenues grew by 1.4%, while expenditures grew by 4.9%. Legislative Services projects that, over time, growth in MEMSOF expenditures will outpace growth in revenues and that, in order for MEMSOF to continue to provide monies that support the priorities of statewide emergency medical services, a revenue enhancement is necessary.

Chapters 179 and 180 of 2007 expanded the range of administrative purposes for which the Maryland State Firemen's Association may use from VCAF. The Act also authorized the fund to provide grants in fiscal 2008 only to the association for administrative expenses and grants to widows and orphans.

Specifically, Chapters 179 and 180 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.

All accounts administered by MSFA are within the budget of the Maryland Emergency Management Agency (MEMA). 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. The 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.

The Governor's fiscal 2009 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.

State Fiscal Effect: The position of Executive Director for MSFA does not now exist. According to MSFA, the creation of the position, as well as an administrative assistant, is contingent on the enactment of this bill and a grant from MEMSOF to cover salaries, fringe benefits, and related operating expenses. MSFA's provisional budget for these costs totals \$274,950 for fiscal 2009, including an annual salary of \$85,000 for the executive director, \$45,000 for an administrative assistant, and \$53,000 for rent and utilities. Potential future year grants for these purposes assume a modest annual growth rate of 2%.

MIEMSS advises that this bill should assist its efforts of coordination and cooperation with volunteer fire services in the State. There is no fiscal impact on MIEMSS. However, the bill's authorization for MEMSOF to cover these costs could eventually impact the point at which MEMSOF will exhaust its balance, currently projected to occur in fiscal 2011.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland State Firemen's Association, Maryland Institute for Emergency Medical Services Systems, Department of Budget and Management, Department of State Police, Department of Legislative Services

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