

Department of Legislative Services  
Maryland General Assembly  
2008 Session

FISCAL AND POLICY NOTE

House Bill 864

(St. Mary's County Delegation)

Environmental Matters

Education, Health, and Environmental  
Affairs

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**St. Mary's County - Loans - Purchase of New Emergency Equipment**

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This bill increases, from 75% to 90%, the amount of the purchase price of new fire fighting, rescue, and emergency medical services machinery and equipment which can be loaned to local fire, ambulance, and rescue departments through the St. Mary's County Capital Revolving Financial Fund for Fire Fighting Equipment and Facilities.

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** St. Mary's County expenditures could increase by \$70,000 annually for loans issued to volunteer fire departments and rescue squads. Any additional expenditures would be contingent upon the availability of funding within the revolving loan fund. Revenues could increase from additional loan repayment.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** Volunteer fire, ambulance, or rescue departments in St. Mary's County may apply to the county for a loan for the purchase of equipment, land, and facilities through the St. Mary's County Capital Revolving Financial Fund for Fire Fighting Equipment and Facilities. Through this revolving loan fund, the county is authorized to loan up to 75% of the purchase price of new fire fighting, rescue, and emergency medical services machinery and equipment for a term not to exceed the normal useful life of the

equipment, or 15 years, whichever is less. The county may loan up to 90% of the costs of land acquisition and construction costs. The county is also authorized to finance a loan previously financed from other sources, subject to the 90% limitation. Loan applications made by local fire and rescue organizations are subject to the availability of funds.

**Background:** St. Mary's County has included \$1.7 million in the fiscal 2008 county budget for volunteer fire departments and rescue squads. Annual loans made to these departments are shown in **Exhibit 1**. To date, the county has only issued loans for the purchase of equipment; no loans have been issued for the purchase of land.

In fiscal 2007, the county received \$321,000 in loan repayment and, as of June 30, 2007, the county had \$1.7 million in outstanding loans to fire departments and rescue squads. The county charges an annual interest rate of 0.5%.

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**Exhibit 1**  
**St. Mary's County**  
**Fire and Rescue Revolving Loan Fund**  
**Loans Issued**

<u>Fiscal Year</u>	<u>Loan Amount</u>
2003	\$616,000
2004	97,500
2005	296,486
2006	634,000
2007	100,000

Source: St. Mary's County

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**Local Fiscal Effect:** St. Mary's County advises that the amount of loans issued to fire departments and rescue squads varies annually based on applications received by the county and the availability of funding. Increasing the amount of the purchase price of new equipment which can be loaned to local fire departments and rescue squads could result in an additional \$70,000 in loans being issued each year. This estimate is based on the five-year average annual loan issuance of \$349,000. Any additional loan expenditures would be contingent upon the availability of funding within the revolving loan fund. St. Mary's County revenues could also increase from additional loan repayments. Each additional \$70,000 in loans issued would result in \$4,800 in annual revenues from loan repayment. This estimate is based on a 0.5% interest rate and a 15-year term of maturity.



## **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** St. Mary's County, Department of Legislative Services

**Fiscal Note History:** First Reader - March 12, 2008  
mll/hlb

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Analysis by: Erik P. Timme

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510