

Department of Legislative Services  
 Maryland General Assembly  
 2008 Session

FISCAL AND POLICY NOTE

House Bill 1244  
 Appropriations

(Chair, Appropriations Committee)

Central Collection Unit - Special Fund Balances

This bill authorizes the transfer of \$25.0 million from the Central Collection Fund (CCF) to the general fund by June 30, 2009. Beginning in fiscal 2010, any balance in the fund that exceeds 10% of the actual costs for the Central Collection Unit (CCU) automatically reverts to the general fund at the end of each fiscal year.

The bill takes effect July 1, 2008.

Fiscal Summary

**State Effect:** General fund revenues would increase by \$25.0 million in FY 2009 and by an estimated \$31.2 million in FY 2010 due to the transfer of CCF fund balances to the general fund. Future year revenue estimates reflect projected increases in the difference between CCF collections and CCU operating costs. Expenditures would not be affected.

(\$ in millions)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
GF Revenue	\$25.0	\$31.2	\$9.4	\$9.6	\$9.9
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	\$25.0	\$31.2	\$9.4	\$9.6	\$9.9

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

**Local Effect:** None.

**Small Business Effect:** None.

## Analysis

**Current Law:** CCU is responsible for the collection of all delinquent accounts and debts owed to the State other than taxes, child support, unemployment insurance contributions, and overpayments. CCF consists of funds accumulated by CCU. Monies in CCF support CCU operations and do not revert to the general fund.

**Background:** Typical debts collected by CCU are student tuition and fees, restitution for damage to State property, reimbursement for institutional care, local health department fees, Workers' Compensation premiums, Home Improvement Commission awards, and State grant overpayments. In recent years, CCF income from debts collected has exceeded CCU expenditures by approximately \$8 million annually.

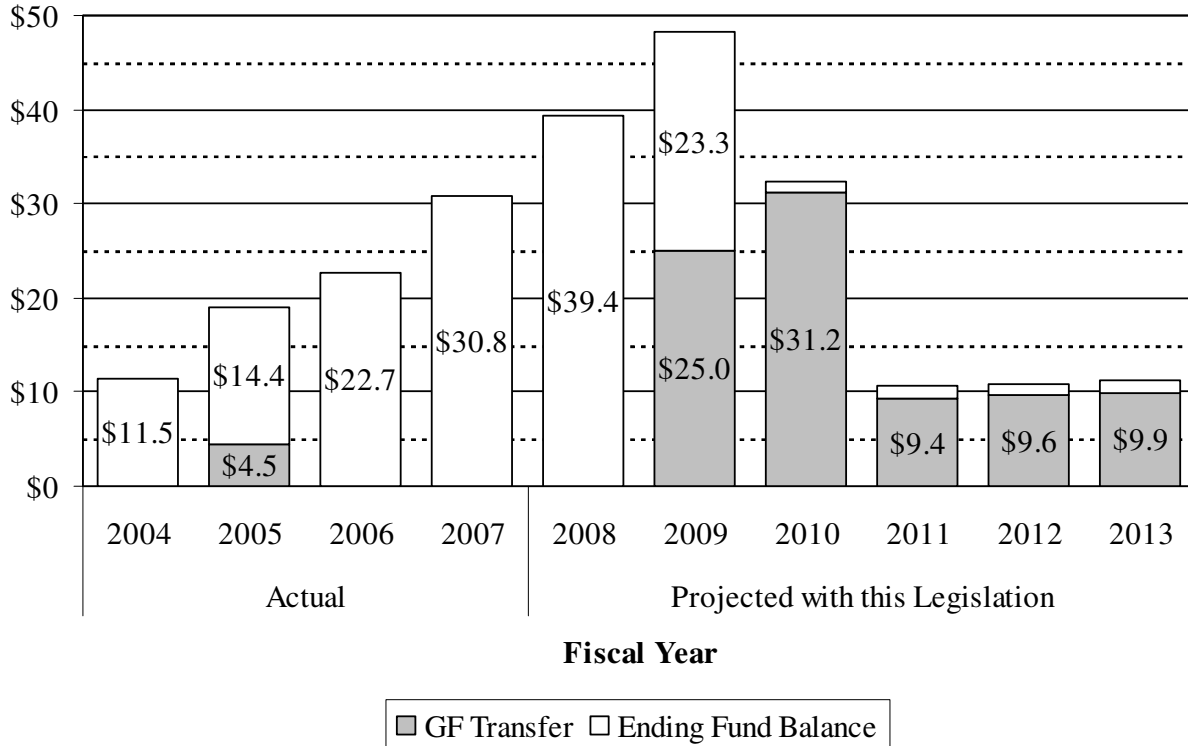
The Budget Reconciliation and Financing Act of 2004 (Chapter 430) transferred \$4.5 million of the CCF fund balance to the general fund in fiscal 2005, but no funds have been transferred since then. The CCF fund balance was \$30.8 million at the end of fiscal 2007 and is expected to total approximately \$39.4 million by the end of fiscal 2008. The Governor has proposed the transfer of \$25.0 million from CCF in fiscal 2009 to help fund the proposed fiscal 2009 State budget.

**State Revenues:** General fund revenues from the CCF fund balance transfer would increase by \$25.0 million in fiscal 2009.

Beginning in fiscal 2010, general fund revenues would increase in accordance with the new automatic reversion established in the bill. Even with a \$25.0 million transfer in fiscal 2009, the CCF fund balance is projected to be \$23.3 million by the end of the fiscal year. With the remaining funds and additional profits accumulated during fiscal 2010, general fund revenues are estimated at \$31.2 million for fiscal 2010. As required under the bill, 10% of the fiscal 2010 operating costs for CCU would remain in CCF at the end of fiscal 2010. With expenditures of \$12.0 million projected for CCU in fiscal 2010, \$1.2 million would remain in CCF.

Beginning in fiscal 2011, annual general fund revenue increases would be more stable and are estimated at \$9.4 million in fiscal 2011 and \$9.9 million in fiscal 2013. These estimates assume annual growth of 3% in CCU operating costs and CCF revenues. Historical and projected balances for CCF and general fund revenues from CCF are depicted in **Exhibit 1**.

**Exhibit 1**  
**Central Collection Fund Balances and General Fund Transfers**  
**Fiscal 2004 to 2013**  
**(\$ in Millions)**



**Additional Comments:** SB 91/HB 101 of 2008, the Administration’s Budget Reconciliation and Financing Act of 2008, include a provision transferring \$25.0 million from CCF to the general fund. However, those bills do not establish a method for regular transfers of the CCF fund balance to the general fund.

**Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 540 (Chair, Budget and Taxation Committee) – Budget and Taxation.

**Information Source(s):** Comptroller’s Office, Department of Budget and Management, Department of Legislative Services

**Fiscal Note History:** First Reader - February 27, 2008  
mll/rhh

---

Analysis by: Mark W. Collins

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