

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

Senate Bill 1046

(Senator Klausmeier)

Finance

Public Utilities - Unclaimed Funds - Energy Assistance

This bill requires that 75% of unclaimed deposits and unclaimed rebates from gas and electric companies in the State's abandoned property fund be distributed to the Fuel Fund of Maryland for the purpose of critical need energy assistance.

Fiscal Summary

State Effect: General fund revenues decrease by \$225,000 in FY 2010 and by \$300,000 annually thereafter. Future year revenues reflect annualization. Expenditures are not affected.

(in dollars)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
GF Revenue	(\$225,000)	(\$300,000)	(\$300,000)	(\$300,000)	(\$300,000)
Expenditure	0	0	0	0	0
Net Effect	(\$225,000)	(\$300,000)	(\$300,000)	(\$300,000)	(\$300,000)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Abandoned property proceeds are credited by the Comptroller to a special fund. A limited amount (no more than \$50,000) is maintained in the fund each fiscal year to pay any claims to property or sale proceeds, and after deducting the administrative costs of accepting and disposing of abandoned property, \$500,000 is distributed to the Maryland Legal Services Corporation. In addition, unclaimed money

from specified judgments of restitution is distributed to the State Victims of Crime Fund. The balance of the remaining funds is paid into the general fund.

Generally, property is presumed to be abandoned if it is left unclaimed for three years. A person holding abandoned property must file a report with the Comptroller's Office including information on the nature of the property and the property's presumed owner. The same applies to funds a subscriber or customer is owed by a utility.

Background: The Fuel Fund of Maryland, Inc. is a 501(c)(3) nonprofit corporation whose purpose is to obtain funds for individuals in need of energy assistance and to administer the distribution of such funds to individuals in Anne Arundel, Baltimore, Carroll, Harford, Howard, Montgomery, and Prince George's counties and Baltimore City. In 2007, the fund helped nearly 18,000 individuals with energy bill assistance by distributing fuel fund donations and administering bill credits allowed by BGE. The fuel fund also provides energy conservation education and refers eligible applicants to government-funded programs that operate out of the Office of Home Energy Programs under the Department of Human Resources. Approximately 62% of the Fuel Fund's \$3.5 million in revenue for fiscal 2008 represents utility credits provided by BGE.

State Fiscal Effect: Abandoned property collected from utilities is currently transferred to the general fund. According to the Comptroller's Office, between \$335,000 and \$503,000 each year was collected by the abandoned property fund from utilities in the last three years as shown in **Exhibit 1**. Requiring that 75% of these funds be provided to the Fuel Fund of Maryland reduces general fund revenues by approximately \$225,000 in fiscal 2010, which accounts for the bill's October 1, 2009 effective date. General fund revenues will decrease by approximately \$300,000 annually in future years. This estimate assumes that \$400,000 in abandoned property will be collected from utilities each year. This estimate may vary depending on the actual amount of abandoned property collected from utilities. The Comptroller's Office can implement the bill's requirements with existing budgeted resources.

Exhibit 1
Abandoned Property Collected from Utilities

<u>Fiscal</u>	<u>Amount</u>
2006	\$502,793
2007	482,023
2008	334,541

Additional Information

Prior Introductions: None.

Cross File: HB 1423 (Delegate Bromwell) - Economic Matters.

Information Source(s): Public Service Commission, Comptroller's Office, Maryland Energy Assistance, Department of Legislative Services

Fiscal Note History: First Reader - March 18, 2009
ncs/rhh

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