

**Department of Legislative Services**  
Maryland General Assembly  
2011 Session

**FISCAL AND POLICY NOTE**

House Bill 1193 (Chair, Health and Government Operations  
Committee)(By Request - Departmental - Budget and  
Management)

Health and Government Operations Education, Health, and Environmental Affairs

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**Volunteer Company Assistance Fund - Reporting Requirements - Military  
Department**

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This departmental bill transfers shared oversight of the Maryland State Firemen's Association (MSFA) from the Department of Budget and Management (DBM) to the Maryland Military Department.

The bill takes effect July 1, 2011.

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**Fiscal Summary**

**State Effect:** The bill essentially shifts an annual reporting responsibility from DBM to the Maryland Military Department. Neither agency's operations or finances will be materially affected. Because MSFA is already under the Maryland Military Department for budgetary purposes, it can handle the new responsibilities with existing resources.

**Local Effect:** None.

**Small Business Effect:** The Department of Budget and Management has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

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**Analysis**

**Current Law:** All accounts administered by MSFA are within the budget of the Maryland Emergency Management Agency in the Maryland Military Department. The Volunteer Company Assistance Fund (VCAF) is administered by MSFA and the

Maryland Military Department. The fund's purpose is to provide grants and loans to volunteer fire, rescue, and ambulance companies for the purchase, replacement, or improvement of firefighting and rescue equipment or facilities.

By August 30 of each fiscal year, MSFA must submit to DBM, the Legislative Auditor, and to the Board of Public Works (BPW) an annual report that includes:

- the number and total amount of grants and the number and total amount of loans made in the previous fiscal year;
- for each grant or loan made: (1) the volunteer company that received the grant or loan; (2) the amount of the grant or loan; and (3) the specific purpose of making the grant or loan;
- for each volunteer company that received a grant or loan: (1) the financial statement of the volunteer company for the previous fiscal year or the year in which the grant or loan was received, whichever is available; and (2) documentation of the volunteer company's actual expenditures from the grant or loan;
- for each loan made, the terms of the loan, including origination date, loan term, payment terms, payment amount, payments made to date, outstanding balance, and loan status; and
- summary listings of grants and loans made during the previous fiscal year and outstanding loans, by county.

DBM is required to:

- review the documentation from MSFA on an annual basis to determine if each grant or loan was spent lawfully and the request approved by BPW; and
- report the findings to the Senate Budget and Taxation Committee and the House Appropriations Committee annually.

The legislative auditor may review the documentation to determine if each grant or loan was spent lawfully and the requests approved by BPW, and report the findings to DBM and to the Joint Audit Committee. The Comptroller may audit the financial affairs of MSFA to ensure compliance.

Chapter 735 of 2010 requires a \$7.50 surcharge to be imposed for certain traffic cases. The surcharge is applicable to those cases in which the defendant is tried or waives the right to trial and instead pays the preset fine or penalty deposit according to the schedule established by the District Court. The Comptroller must annually credit the collected surcharges to VCAF until \$20 million is credited to the fund. Then the collected surcharges are credited to the State general fund. The provision requiring a police officer

to add a \$7.50 surcharge to each fine assessed for every traffic violation in which points could be assessed is repealed.

**Background:** The fiscal 2012 budget allowance shows a total of \$2.6 million in revolving fund loan payments and revenue from moving violation surcharges for VCAF. Of the total, \$1.4 million is from the moving violation surcharges.

The Budget Reconciliation and Financing Act of 2011 requires an amount annually set forth in the State budget from the \$7.50 surcharge on certain traffic convictions to be distributed to the Charles W. Riley Fire and Emergency Medical Services Tuition Reimbursement Program. Any amount collected from the surcharge after the distribution to the Riley program is credited 50% to VCAF and 50% to the general fund. Once \$20 million has been credited to VCAF, all surcharges are credited to the general fund after the annual distribution to the Riley program.

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### Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Budget and Management, Maryland Military Department, Department of Legislative Services

**Fiscal Note History:** First Reader - March 15, 2011  
ncs/hlb

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## ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Volunteer Company Assistance Fund – Reporting Requirements

BILL NUMBER: HB 1193

PREPARED BY: Department of Budget and Management

### PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

### PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation will have no impact on small business in Maryland.