

Department of Legislative Services  
Maryland General Assembly  
2020 Session

FISCAL AND POLICY NOTE  
Third Reader

House Bill 155 (St. Mary's County Delegation)  
Environment and Transportation

Budget and Taxation

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St. Mary's County - Emergency Services Tax Revenue - Authorized Use

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This bill repeals a requirement in St. Mary's County that excess funds from the emergency services tax that exceed the budgetary needs of emergency services providers be used to reduce the emergency services tax rate for the next fiscal year. Under the bill, any excess funds *may* be used to reduce the emergency services tax rate.

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Fiscal Summary

**State Effect:** None.

**Local Effect:** The bill expands the use of excess emergency services tax revenues in St. Mary's County. The overall impact will vary each year, depending on the revenue and expenditure amounts from the Emergency Services Support Fund.

**Small Business Effect:** None.

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Analysis

**Current Law:** In St. Mary's County, any emergency services tax revenue that exceeds the budgetary needs of emergency services providers must be used to reduce the emergency services tax rate for the next fiscal year.

**Background:** St. Mary's County imposes three emergency services taxes to fund emergency services activities and organizations in the county. They include the fire tax, rescue tax, and emergency services support tax, which are imposed on real property assessments in the county. Revenues from the fire and the rescue taxes are distributed directly to the fire and rescue squads in each county election district and are not included

in the county budget. The tax rates vary by election district, with the fire tax rates ranging from \$0.024 to \$0.056 (per \$100 of assessment) and the rescue tax rates ranging from \$0.009 to \$0.023 (per \$100 of assessment). Under the county code, the fire tax rate cannot exceed \$0.056 and the rescue tax rate cannot exceed \$0.03 (per \$100 of assessment).

The emergency services support tax rate is set at \$0.024 (per \$100 of assessment). Revenues from the emergency services support tax are deposited in the county's Emergency Services Support Fund. A portion of the funds is distributed to volunteer fire departments and rescue squads, with each fire department receiving \$23,000 and each rescue squad receiving \$19,000. The remaining funds are used to fund advanced life support operations, recruitment, fire and rescue grants, and length of service awards program (LOSAP). LOSAP funding accounts for approximately \$2.0 million in annual fund expenditures.

The St. Mary's County budget assumes emergency services support tax revenues of \$3.1 million in fiscal 2020 and total fund revenues of \$3.4 million. Expenditures from the fund are estimated at approximately \$3.9 million in fiscal 2020, resulting in a deficit of \$526,700. In fiscal 2019, expenditures exceeded revenues by \$338,500. The county indicates that there was a \$1.1 million fund balance at the end of fiscal 2018 and a \$0.9 million fund balance at the end of fiscal 2019.

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**Exhibit 1**  
**St. Mary's County Emergency Services Support Fund**  
**FY 2018-2020**

	<u><b>FY 2018</b></u>	<u><b>FY 2019</b></u>	<u><b>FY 2020</b></u>
Support Tax	\$3,037,469	\$3,040,000	\$3,070,000
Other Sources	300,000	351,880	350,000
<b>Total Revenues</b>	<b>3,337,469</b>	<b>3,391,880</b>	<b>3,420,000</b>
Total Expenditures	3,220,236	3,730,366	3,946,707
<b>Remaining Funds</b>	<b>\$117,233</b>	<b>(\$338,486)</b>	<b>(\$526,707)</b>

Source: St. Mary's County Budget

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**Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

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

**Fiscal Note History:** First Reader - February 17, 2020  
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