

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1252 (Delegates Schmidt and Holmes)
Appropriations and Health and
Government Operations

Public Safety - Volunteer Company Assistance Fund - Alterations

This bill expands (1) the purpose of the Volunteer Company Assistance Fund to include ensuring adequate emergency medical services in the State and (2) the authorized uses for a loan or grant from the fund, as specified. The bill also alters the annual reporting requirements related to the fund.

Fiscal Summary

State Effect: None. The bill alters the purposes for which existing funds may be used. The Maryland Department of Emergency Management (MDEM) can handle any administrative changes with existing resources.

Local Effect: The bill is not anticipated to materially affect local government operations or finances.

Small Business Effect: Minimal.

Analysis

Bill Summary/Current Law:

The Volunteer Company Assistance Fund and Its Purpose

Under current law, the Volunteer Company Assistance Fund is a special, nonlapsing fund administered by MDEM. The stated purpose of the fund is to ensure adequate fire

protection and rescue services in the State. Under the bill, the purpose of the fund is expanded to include ensuring adequate emergency medical services in the State.

Authorized Uses of the Fund

Under current law, a grant or loan awarded from the fund must be used only for purchasing, replacing, or improving (1) specified equipment and vehicles used for firefighting and emergency services; (2) communications equipment; (3) specified protective equipment; (4) any other equipment necessary to carry out the ordinary functions of supporting firefighting and rescue activities; or (5) facilities used to house firefighting equipment, ambulances, and rescue vehicles.

Under the bill, the authorized uses of the fund are expanded to include (1) emergency medical equipment; (2) any other equipment necessary to carry out the ordinary functions of emergency medical services; (3) facilities used to house emergency medical equipment and rescue equipment; (4) facilities used to support firefighting personnel, emergency medical services personnel, and rescue personnel and house administrative training, community assembly, and emergency shelter spaces; (5) architectural, project management, and quality assurance services supporting projects authorized under the fund; and (6) progress payments for equipment and facilities approved by the Maryland State Firemen's Association (MSFA) and MDEM, but only after the volunteer company fulfills its required funding match for fund loans and grants.

Required Matching Funds

Under current law, a volunteer company receiving a grant from the fund must provide at least a 30% match of the grant amount. If a volunteer company cannot reasonably provide the required match before the grant is disbursed, the Board of Public Works (BPW) may waive the requirement or may allow repayment of the match within a reasonable time up to 18 months after the purchase, replacement or improvement of the equipment or facilities. Money to provide the required match may include contributions from local governments. Loans from the fund may only be awarded to assist with up to 75% of the total cost of the equipment or facilities being purchased.

Under the bill, money to provide the required match for a grant may include money from the Senator William H. Amoss Fire, Rescue, and Ambulance Fund (Amoss Fund).

Grants and Loans from the Fund

Under current law, after a favorable recommendation from MSFA, BPW may award a grant, loan, or both from the fund to a volunteer company if:

- for a grant award, (1) an act of God or other unforeseen event substantially impairs the ability of the volunteer company to provide adequate and safe service or (2) the volunteer company is unable to maintain the minimum level of performance for adequate and safe service established by standards of MSFA because of a demonstrated lack of financial resources; and
- MSFA and the volunteer company have executed an agreement that (1) provides that the grant or loan will be used as represented to BPW in the request for approval and (2) gives to the State security in the equipment or facilities purchased with the loan and in the proceeds of that equipment or those facilities as determined by BPW to be appropriate and adequate.

Also under current law, a grant or loan awarded from the fund may not (1) be used to refinance a debt or other obligation of a volunteer company or (2) be spent to replace or repair eligible items to the extent that insurance proceeds are available for those purposes. BPW may not approve a grant or loan from the fund to a volunteer company if the company has not made a good faith effort to obtain money from its local government.

Under the bill, a grant or loan awarded from the fund may be used to refinance a debt or other obligation of a volunteer company if (1) the debt or other obligation is an existing liability for specified equipment or facilities and substantially impairs the volunteer company's ability to provide adequate and safe services and (2) the grant or loan awarded will improve the volunteer company's ability to provide adequate and safe services.

Reporting

Under current law, by August 30 each fiscal year, MSFA must submit to the Military Department, the Legislative Auditor, and BPW an annual report that includes: (1) the number and total amount of grants and loans made in the previous fiscal year; (2) specified information regarding each grant or loan made; (3) specified financial information and documentation of expenditures for each volunteer company that received a grant or loan; (4) specified loan information for each loan made; and (5) summary listings of grants and loans made during the previous fiscal year and outstanding loans, by county.

The bill modifies those reporting provisions. Under the bill, by August 15 of each fiscal year, MSFA must submit to MDEM an annual report that includes (1) the number and total amount of grants and loans made in the previous fiscal year and (2) for each grant or loan made, the volunteer company that received the grant or loan, the amount of the grant or loan, and the specific purpose of making the grant or loan.

The bill also requires MDEM, by September 15 of each fiscal year, to submit to the Military Department, the Legislative Auditor, and BPW an annual report that includes specified information from each volunteer company that received a grant or loan in the

previous fiscal year. The specified information MDEM must submit is the same information MSFA is required to submit to the Military Department under current law.

Additional Comments: Chapter 416 of 2006 required \$20.0 million to be credited to the fund from specified moving violation charges collected by the District Court. MDEM advises that the \$20.0 million funding requirement was reached in fiscal 2014. MDEM further advises that cash and loan receivables for the fund totaled approximately \$31.4 million at the close of fiscal 2022, with \$14.1 million available for grants and loans in fiscal 2023.

MSFA advises that while the fund is authorized to provide grants to volunteer companies, the fund generally only issues loans. MSFA further advises that volunteer companies are already authorized to use Amoss Fund grants to meet specified matching fund requirements.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Maryland Institute for Emergency Medical Services Systems; Maryland Association of Counties; Maryland Department of Emergency Management; Maryland Municipal League; Comptroller's Office; Board of Public Works; Military Department; Maryland State Firemen's Association; Department of Legislative Services

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