



MARTIN O'MALLEY
GOVERNOR
COMMANDER-IN-CHIEF

STATE OF MARYLAND
MILITARY DEPARTMENT
FIFTH REGIMENT ARMORY
BALTIMORE, MARYLAND 21201-2288

JAMES A. ADKINS
MAJOR GENERAL
THE ADJUTANT GENERAL

November 27, 2013

Governor Martin O'Malley
State House
Annapolis, MD 21401

Senator Edward J. Kasemeyer, Chair
Senate Budget and Taxation Committee
3 West, Miller Senate Building
Annapolis, MD 21401

Delegate Norman Conway, Chair
House Appropriations Committee
121 House Office Building
Annapolis, MD 21401

Pursuant to Senate Bill 899, Chapter 331/House Bill 778, Chapter 332, of the Acts of 2013, the Workgroup to Study the laws and Policies Related to the Distribution of Money to Volunteer and Career Companies was convened on August 22, 2013. The members of the group were: Senator Barry Glassman (Chair), Senator James Mathias, Delegate Robert Costa, Delegate Kirill Reznik, C. Daniel Davis, Jr. (Maryland State Firemen's Association, MSFA), Justin M. Towles (Maryland Fire Chiefs Association, MFCA), William Goddard (Metropolitan Fire Chiefs of the State of Maryland, MFCC) and Michael Rund (Professional Firefighters of Maryland, PFFMD). Leslie Knapp of Maryland Association of Counties (MACo) was invited to participate to provide the prospective of the Counties. Catherine Kelly of the Military Department staffed the workgroup.

The meetings were held on August 22, October 9, November 6 and November 19, 2013. The attached draft bill contains the recommendations of the group.

Consensus was not reached on a few concerns raised by workgroup members. They are described below:

MFCC suggested that the fund be administered by the State Fire Marshal.

MSFA suggested that the department administering the fund be re-examined.

MACo suggested that the length of service award program expenditures, workers compensation and disability insurance payments be eligible expenditures for the purposes of calculation of maintenance of effort.

MFCC suggested that the statute be modified to state that the property tax accounts used to determine a jurisdiction's Amoss Fund allocation be based on the fiscal year immediately preceding the fiscal year for which the money is to be allocated.

MACo and MSFA suggested that representatives from affected counties and municipalities, the Military Department, and other relevant stakeholders hold discussions on the feasibility of allowing municipalities to receive funding from the Department instead of through the county.

MFCC raised an issue regarding the percentage of funds required to be distributed by each county being equal to the same total percentage of funds distributed in fiscal year 2011.

The workgroup is hopeful that the recommendations will be favorably considered during the 2014 Session of the General Assembly to improve the administration of the Senator William H. Amoss Fire, Rescue and Ambulance Fund.

Respectfully submitted by,

A handwritten signature in blue ink that reads "Catherine A. Kelly". The signature is fluid and cursive, with the first name being the most prominent.

Catherine A. Kelly
Director, Legislative and Government Affairs
Maryland Military Department

Encl: draft bill
cc: President Thomas V. "Mike" Miller
Speaker Michael E. Busch

Bill No.: _____

Drafted by: Green

Requested: _____

Committee: _____

By: Workgroup to Study the Laws and Policies Related to the Distribution of Money to Volunteer and Career Companies

A BILL ENTITLED

AN ACT concerning

Public Safety – Fire, Rescue, and Ambulance Funds – Distribution

FOR the purpose of authorizing Senator William H. Amoss Fire, Rescue, and Ambulance funds to be used to acquire land for a specified purpose; authorizing Senator William H. Amoss Fire, Rescue, and Ambulance funds to be used to install certain systems and to acquire telecommunication devices, computers, equipment, and machinery under specified circumstances; requiring the Treasurer to make certain payments by a certain date; requiring that funds be distributed to volunteer companies based on need; requiring a county to distribute money to volunteer companies located in qualified municipalities; requiring that the State Fire Marshal and the Executive Director of the Maryland Institute for Emergency Medical Services Systems submit certain reports to the Director of the Maryland Emergency Management Agency by a certain date; requiring the State Fire Marshal and the Executive Director of the Maryland Institute for Emergency Medical Services Systems to adopt policies and procedures for determining whether a county has participated in certain reporting systems; authorizing the Director of the Maryland Emergency Management Agency to withhold money from a county if certain requirements are not met; requiring the Director of the Maryland Emergency Management Agency to withhold money from a county if certain requirements are not met; providing that a penalty be imposed if a county fails to comply with certain requirements; making a technical correction; authorizing a county to request a certain waiver; requiring the Board of Public Works to consider certain factors when making a determination regarding a waiver request; requiring the Board of Public Works to respond to a waiver request by a certain date; providing a formula for calculating maintenance of effort if a waiver is granted; authorizing a county to request a waiver to rebase the maintenance of effort calculation; providing a formula to rebase the maintenance of effort calculation; providing that money distributed from the Senator William H. Amoss Fire,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Rescue, and Ambulance Fund may be accounted for in a format developed by the Director of the Maryland Emergency Management Agency; requiring that money that remains unencumbered or unexpended after a certain period of time be deposited into the William H. Amoss Fire, Rescue, and Ambulance Fund; providing that a volunteer company may not enter into a legal obligation to encumber money received from the William H. Amoss Fire, Rescue, and Ambulance Fund without prior approval from the county; providing that money received from the William H. Amoss Fire, Rescue, and Ambulance Fund be placed in a special fund under certain circumstances; authorizing the Comptroller to set off shared revenues that are due to a county; requiring that certain encumbrances of a volunteer company be considered an encumbrance of the county; authorizing a county or municipality to hold money distributed from the William H. Amoss Fire, Rescue, and Ambulance Fund in a bank account with other county or municipal funds; requiring a certain report to include specified information; authorizing a county to withhold money from a fire, rescue, or ambulance company under certain circumstances; authorizing a county to reallocate money distributed from the Senator William H. Amoss Fire, Rescue, and Ambulance Fund to compliant fire, rescue, and ambulance companies; defining certain terms; and generally relating to the distribution of money from the Senator William H. Amoss Fire, Rescue, and Ambulance Fund

BY repealing and reenacting, with amendments,

Article – Public Safety

Section 8–101, 8–102, 8–103, 8–104, 8–105, and 8–106

Annotated Code of Maryland

(2011 Replacement Volume and 2013 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article – Public Safety

8–101.

(a) In this subtitle the following words have the meanings indicated.

(B) (1) “ADMINISTRATIVE COSTS” MEANS ANY COSTS THAT ARE FOR ADMINISTRATIVE FUNCTIONS, INCLUDING:

(I) BILLING AND COLLECTION EXPENSES;

(II) PROMOTION AND MARKETING EXPENSES;

(III) TAXES, FEES, AND ASSESSMENTS;

(IV) LEGAL EXPENSES; AND

(V) OTHER GENERAL AND ADMINISTRATIVE COSTS AS DETERMINED BY THE DIRECTOR.

(2) "ADMINISTRATIVE COSTS" DOES NOT INCLUDE:

(I) ACCOUNTING AND FINANCIAL REPORTING EXPENSES, INCLUDING THE COSTS OF AUDITING THE FUND IN ACCORDANCE WITH § 8-104 OF THIS SUBTITLE; AND

(II) COMPUTER SOFTWARE, IF USED EXCLUSIVELY FOR FIRE PROTECTION, RESCUE, AND AMBULANCE SERVICES.

(b) (C) "Director" means the Director of the Maryland Emergency Management Agency.

(D) "CAPITAL EQUIPMENT" MEANS ANY EQUIPMENT ITEM OR FURNISHING THAT HAS:

(1) A USEFUL LIFE GREATER THAN ONE YEAR; AND

(2) A PROCUREMENT COST OF AT LEAST \$100 PER UNIT.

(E) "CAPITAL EXPENDITURE" MEANS REVENUES APPROPRIATED FOR:

(1) THE ACQUISITION OF LAND, BUILDINGS, OR CAPITAL EQUIPMENT; OR

(2) NEW CONSTRUCTION.

(F) (1) "COMPUTER SOFTWARE" MEANS ANY PROGRAM THAT IS USED TO CAUSE A COMPUTER TO PERFORM A SPECIFIC TASK OR SET OF TASKS.

(2) "COMPUTER SOFTWARE" INCLUDES:

(I) SYSTEM AND APPLICATION PROGRAMS; AND

(II) DATABASE STORAGE AND MANAGEMENT PROGRAMS.

(G) “ENCUMBER” MEANS TO CREATE A LEGAL OBLIGATION THAT REQUIRES A PORTION OF AN APPROPRIATION TO BE RESERVED TO PAY MONEY IN THE FUTURE.

[(c)] (H) (1) “Expenditures for fire protection” means:

(i) revenues appropriated or to be appropriated by a county for fire protection, rescue, and ambulance services; and

(ii) the proceeds of any county bonds used to finance facilities that house equipment for fire protection, rescue, and ambulance services.

(2) “Expenditures for fire protection” includes:

(I) REVENUES APPROPRIATED BY A COUNTY TO volunteer fire, rescue, and ambulance companies;

(II) ACCOUNTING AND FINANCIAL REPORTING EXPENSES, INCLUDING THE COSTS OF AUDITING THE FUND IN ACCORDANCE WITH § 8-104 OF THIS SUBTITLE; AND

(III) the costs of training personnel.

(3) “Expenditures for fire protection” does not include:

(i) salaries, workers’ compensation, fringe benefits, or other personnel costs;

(ii) administrative costs; **[or]**

(III) CAPITAL EXPENDITURES; OR

[(iii)] (IV) in Carroll County, appropriations for loans to a volunteer fire, rescue, or ambulance company, secured by mortgages, notes, or other

evidence of indebtedness of the volunteer fire, rescue, or ambulance company, if the appropriations derive from the proceeds of bonds used to finance facilities that house equipment for fire protection, rescue, and ambulance services.

[(d)] (I) “Fund” means the Senator William H. Amoss Fire, Rescue, and Ambulance Fund.

(J) “LEGAL OBLIGATION” INCLUDES:

(I) A PURCHASE ORDER;

(II) A WRITTEN AGREEMENT FOR THE PURCHASE OF GOODS AND SERVICES;

(III) A WRITTEN AGREEMENT BETWEEN A COUNTY AND A VOLUNTEER FIRE, RESCUE, OR AMBULANCE COMPANY; AND

(IV) A WRITTEN AGREEMENT BETWEEN A COUNTY AND A VENDOR.

[(e)] (K) (1) “Qualified municipal corporation” means a municipal corporation in the State whose expenditures for fire protection from municipal sources exceed \$25,000.

(2) “Qualified municipal corporation” does not include Baltimore City.

(L) “REHABILITATE”, WITH REGARD TO A FACILITY, DOES NOT INCLUDE PURCHASING OFFICE EQUIPMENT OR INCURRING ADMINISTRATIVE EXPENSES.

(M) “ROUTINE MAINTENANCE COSTS” MEANS EXPENDITURES FOR ACTIVITIES THAT ARE:

(1) NORMALLY ESTABLISHED BY A MANUFACTURER OR INDUSTRY TRADE ASSOCIATION;

(2) PLANNED AND PERFORMED AT REGULAR INTERVALS; AND

(3) NECESSARY TO EXTEND THE USEFUL LIFE OR TO PREVENT THE PREMATURE FAILURE OF BUILDING COMPONENTS OR EQUIPMENT.

(N) "SEPARATE BANK ACCOUNT" MEANS A CHECKING OR SAVINGS ACCOUNT THAT IS MAINTAINED IN A FINANCIAL INSTITUTION WHOSE DEPOSITS ARE INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION.

8-102. IN EFFECT

(a) There is a Senator William H. Amoss Fire, Rescue, and Ambulance Fund.

(b) The purposes of the Fund are to promote:

(1) the delivery of effective and high quality fire protection, rescue, and ambulance services in the State;

(2) increased financial support for fire, rescue, and ambulance companies by counties; and

(3) the continued financial viability of volunteer fire, rescue, and ambulance companies given the greatly increased costs of equipment.

(c) (1) The Director shall administer the Fund.

(2) Subject to paragraph (3) of this subsection, the Director may adopt procedures to carry out this subtitle, including additional auditing and reporting requirements.

(3) The Director may not[:

(i)] impose training or operational requirements as a precondition to receipt of money, except as otherwise expressly provided in this subtitle[; or

(ii) require that capital equipment purchased with State money have a useful life expectancy of greater than 1 year].

(d) The Fund consists of:

- (1) money appropriated in the State budget to the Fund; and
- (2) revenue distributed to the Fund under § 16–609 of the Business Regulation Article.

(e) (1) As authorized by the Director, the Treasurer shall make payments out of the Fund to each county on warrant of the Comptroller.

(2) The Treasurer shall make the payments required under this subsection to the appropriate county [in approximately equal amounts] on or about [August 15,] November 15[, February 15, and May 15].

- (f) (1) State money provided under this section may only be used to:
 - (i) acquire or rehabilitate fire or rescue equipment, including ambulances;
 - (ii) acquire or rehabilitate capital equipment used in connection with fire or rescue equipment; [and]
 - (iii) rehabilitate facilities used primarily to house fire fighting equipment, ambulances, and rescue vehicles;

(IV) INSTALL LIFE SAFETY AND FIRE PROTECTION SYSTEMS AT A FIRE, RESCUE, OR AMBULANCE FACILITY;

(V) ACQUIRE LAND THAT IS ADJACENT TO AN EXISTING FIRE, RESCUE, OR AMBULANCE FACILITY FOR THE PURPOSE OF REHABILITATING THAT FACILITY;

(VI) ACQUIRE WIRELESS TELECOMMUNICATIONS DEVICES, COMPUTERS, AND RELATED COMPUTER EQUIPMENT, IF USED EXCLUSIVELY FOR FIRE PROTECTION, RESCUE, AND AMBULANCE SERVICES; AND

(VII) ACQUIRE MACHINERY AND EQUIPMENT, IF USED EXCLUSIVELY FOR FIRE PROTECTION, RESCUE, AND AMBULANCE SERVICES.

- (2) State money provided under this section may not be used:
- (i) for administrative costs;
 - (ii) for compensation or fringe benefits to employees or members of county governments, or fire, rescue, or ambulance companies;
 - (iii) for travel or meal expenses;
 - (iv) for fuel, utility, or routine maintenance costs of facilities or equipment;
 - (v) to acquire new or replacement fire hydrants **AND WATER MAINS** [water mains, or emergency alarm systems not installed at a fire, rescue, or ambulance facility];
 - (vi) for insurance;
 - (vii) for fund-raising activities;
 - [(viii) to refinance debt or another obligation incurred before July 1, 1985;]
 - [(ix) (VIII) to replace or repair eligible items to the extent that insurance proceeds are available;
 - [(x) (IX) for costs associated with the “9-1-1” emergency telephone system; or
 - [(xi) (X) for land or interests in land, **EXCEPT AS PROVIDED IN ITEM (F)(1)(V) OF THIS SUBSECTION.**

8-103.

(a) Subject to subsection (c) of this section, each county shall receive an initial allocation of money based on a percentage to be determined in the following manner:

(1) the Director of Assessments and Taxation shall certify to the Director each county's total percentage of land use property tax accounts, including vacant unimproved properties, relative to the statewide total of all land use property tax accounts for the first fiscal year immediately preceding the fiscal year for which money is to be allocated;

(2) except as provided in item (3) of this subsection, the percentage determined in item (1) of this subsection shall then be applied for each county to any amount included in the State budget for the purposes of this subtitle; and

(3) each county shall receive an allocation of at least 2% of the total Fund as appropriated in the State budget, in addition to the amount that is distributed to fire, rescue, and ambulance companies, departments, or stations located in qualified municipal corporations in accordance with subsection (c) of this section.

(b) (1) In accordance with the formula provided in paragraph (2) of this subsection, each county shall distribute a minimum percentage of funds that the county receives from the Fund to volunteer fire, rescue, and ambulance companies.

(2) (I) The percentage of funds required to be distributed by each county under paragraph (1) of this subsection shall be equal to the same total percentage of funds distributed by each county to volunteer fire, rescue, and ambulance companies from the Fund in fiscal year 2011 or at least 51% of the allocation received by each county under subsection (a) of this section, whichever is greater.

(II) THE FORMULA UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH DOES NOT APPLY TO BALTIMORE CITY.

(III) THE FORMULA UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL:

(A) EXCLUDE DISTRIBUTIONS MADE TO FIRE, RESCUE, AND AMBULANCE COMPANIES, DEPARTMENTS, OR STATIONS LOCATED IN QUALIFIED MUNICIPAL CORPORATIONS IN ACCORDANCE WITH SUBSECTION (C) OF THIS SECTION; AND

(B) BE CALCULATED AFTER THE DISTRIBUTIONS ARE MADE TO FIRE, RESCUE, AND AMBULANCE COMPANIES, DEPARTMENTS, OR STATIONS LOCATED IN QUALIFIED MUNICIPAL CORPORATIONS IN ACCORDANCE WITH SUBSECTION (C) OF THIS SECTION.

[(3) Subject to § 2-1246 of the State Government Article, the Director shall report by December 31 of each year to the General Assembly on the funds distributed by each county under paragraph (2) of this subsection to volunteer fire, rescue, and ambulance companies.]

(3) EACH COUNTY SHALL DISTRIBUTE THE MONEY PROVIDED UNDER THIS SUBSECTION ON THE BASIS OF NEED, AS DETERMINED BY THE COUNTY, TO VOLUNTEER FIRE, RESCUE, AND AMBULANCE COMPANIES.

(4) IN DETERMINING NEED UNDER THIS SUBSECTION, THE COUNTY SHALL CONSIDER:

(I) THE FAILURE TO MEET MINIMUM STANDARDS ESTABLISHED BY THE COUNTY OR THE MARYLAND STATE FIREMEN'S ASSOCIATION;

(II) THE EXISTENCE OR POTENTIAL EXISTENCE OF AN EMERGENCY SITUATION AS DESCRIBED IN § 8-203 OF THIS TITLE;

(III) THE AGE AND CONDITION OF EXISTING FACILITIES AND EQUIPMENT;

(IV) THE LACK OF AVAILABILITY OF MUTUAL AID;

(V) ANY SERVICE PROBLEMS ASSOCIATED WITH DEMOGRAPHIC CONDITIONS;

(VI) A COMPANY'S INABILITY TO RAISE MONEY TO PAY FOR AN ITEM; AND

(VII) ANY OTHER RELEVANT FACTORS.

[(4) This subsection does not apply to:

(i) Baltimore City; or

(ii) distributions made to fire, rescue, and ambulance companies, departments, or stations located in qualified municipal corporations in accordance with subsection (c) of this section.]

(c) (1) Subject to paragraph (6) of this subsection **AND SUBSECTION (B) OF THIS SECTION**, each county shall distribute the **REMAINING** money provided under this subtitle on the basis of need to fire, rescue, and ambulance companies, departments, or stations in the county, including companies, departments, or stations:

(i) located in municipal corporations; or

(ii) located outside the State if the company, department, or station:

1. has been a member of the Maryland State Firemen's Association for at least the past 10 years; and

2. has a first due response area in the State.

(2) Each county shall determine need in accordance with procedures that the county uses to adopt its budget.

(3) In determining need under this subsection, the county shall consider:

(i) the failure to meet minimum standards established by the county or the Maryland State Firemen's Association;

(ii) the existence or potential existence of an emergency situation as described in § 8-203 of this title;

(iii) the age and condition of existing facilities and equipment;

(iv) the lack of availability of mutual aid;

(v) any service problems associated with demographic conditions; and

(vi) any other relevant factors.

(4) In addition to consideration of the factors in paragraph (3) of this subsection, for a volunteer company the county shall consider the company's inability to raise money to pay for the item.

(5) Notwithstanding paragraphs (3) and (4) of this subsection, each county shall give the highest funding priority to the failure to meet minimum standards or the existence of an emergency situation as described in § 8-203 of this title.

(6) (I) IN THIS PARAGRAPH, "EXPENDITURES OF THE QUALIFIED MUNICIPAL CORPORATION" INCLUDES REVENUES APPROPRIATED TO VOLUNTEER FIRE, RESCUE, AND AMBULANCE COMPANIES.

(II) Distribution of money to fire, rescue, and ambulance companies, departments, or stations located in qualified municipal corporations in a county in the aggregate may not be less than 50% of the proportion that the expenditures of the qualified municipal corporation bear to total aggregate expenditures for fire protection in that county.

(III) THE COUNTY SHALL DISTRIBUTE THE MONEY ALLOCATED UNDER THIS PARAGRAPH TO FIRE, RESCUE, AND AMBULANCE COMPANIES, DEPARTMENTS, OR STATIONS LOCATED IN QUALIFIED MUNICIPALITIES.

(7) **(I)** To receive money under this subsection, each county shall participate in the Maryland Fire Incident Reporting System and Ambulance Information System.

(II) A COUNTY SHALL BE DEEMED IN COMPLIANCE WITH SUBPARAGRAPH (I) OF THIS PARAGRAPH IF IT HAS PARTICIPATED IN THE MARYLAND FIRE INCIDENT REPORTING SYSTEM AND AMBULANCE

INFORMATION SYSTEM DURING THE IMMEDIATELY PRECEDING FISCAL YEAR FOR WHICH MONEY IS TO BE ALLOCATED.

(III) THE STATE FIRE MARSHAL OF MARYLAND SHALL:

(A) ADOPT POLICIES AND PROCEDURES FOR DETERMINING IF A COUNTY HAS PARTICIPATED IN THE MARYLAND FIRE INCIDENT REPORTING SYSTEM; AND

(B) CERTIFY TO THE DIRECTOR BY JULY 1 OF EACH YEAR WHETHER A COUNTY HAS PARTICIPATED IN THE MARYLAND FIRE INCIDENT REPORTING SYSTEM DURING THE IMMEDIATELY PRECEDING FISCAL YEAR.

(IV) THE EXECUTIVE DIRECTOR OF THE MARYLAND INSTITUTE FOR EMERGENCY MEDICAL SERVICES SYSTEMS SHALL:

(A) ADOPT POLICIES AND PROCEDURES FOR DETERMINING IF A COUNTY HAS PARTICIPATED IN THE AMBULANCE INFORMATION SYSTEM; AND

(B) CERTIFY TO THE DIRECTOR BY JULY 1 OF EACH YEAR WHETHER A COUNTY HAS PARTICIPATED IN THE AMBULANCE INFORMATION SYSTEM DURING THE IMMEDIATELY PRECEDING FISCAL YEAR.

8-104.

(a) (1) (i) The money distributed under this subtitle shall be used by each county for the purposes listed in § 8-102(f)(1) of this subtitle as an addition to and may not be substituted for any money appropriated from sources other than the Fund.

(ii) In each fiscal year, each county shall make expenditures for fire protection from sources other than the Fund in an amount that is at least equal to the average amount of the expenditures for fire protection during the 3 preceding fiscal years.

[(iii) Except as provided in paragraph (2) of this subsection, a county that fails to satisfy the requirements of this subsection may not receive money under this subtitle for that fiscal year.]

(2) (I) **THE DIRECTOR MAY WITHHOLD MONEY ALLOCATED FOR THE NEXT SUCCEEDING FISCAL YEAR FROM A COUNTY IF THE COUNTY DOES NOT COMPLY WITH THE REQUIREMENTS OF PARAGRAPH (1) OF THIS SUBSECTION** [For each fiscal year, each county that fails to satisfy the requirements of paragraph (1) of this subsection may receive money under this subtitle subject to a penalty equal to the percentage by which the county fails to meet the county's maintenance of effort for that fiscal year].

(II) **THE PENALTY IMPOSED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL BE EQUAL TO THE PERCENTAGE BY WHICH THE COUNTY FAILED TO MEET THE COUNTY'S MAINTENANCE OF EFFORT DURING THE PRECEDING FISCAL YEAR.**

(3) (I) **THE DIRECTOR SHALL AUTOMATICALLY WITHHOLD MONEY ALLOCATED TO A COUNTY FROM THE FUND IF:**

(A) **THE COUNTY FAILS TO COMPLY WITH THE REQUIREMENTS OF PARAGRAPH (1) OF THIS SUBSECTION FOR TWO CONSECUTIVE FISCAL YEARS; AND**

(B) **NO WAIVER HAS BEEN GRANTED BY THE BOARD OF PUBLIC WORKS OR THE GENERAL ASSEMBLY IN ACCORDANCE WITH SUBSECTION (D) OF THIS SECTION.**

(II) **THE PENALTY IMPOSED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL BE EQUAL TO THE PERCENTAGE BY WHICH THE COUNTY FAILED TO MEET THE COUNTY'S MAINTENANCE OF EFFORT DURING THE PRECEDING FISCAL YEAR.**

(b) (1) Each county shall make expenditures for fire protection from its own sources that are at least equal to the amount of State money to be received.

(2) A county may receive less than the amount initially allocated.

(3) In determining the amount of expenditures for fire protection made by a county, before certification, the Director shall review the financial information of the county for the first completed fiscal year before the fiscal year for which State money is appropriated.

(4) Money received from the [Emergency Assistance Trust Fund] **VOLUNTEER COMPANY ASSISTANCE FUND** under § 8–203 of this title or other State money may not be used as the match required under this subsection.

(c) (1) Money not distributed to a county because the requirements of subsections (a) and (b) of this section are not satisfied shall be distributed to the counties that meet the requirements of subsections (a) and (b) of this section in accordance with this subsection.

(2) (i) Subject to subparagraph (ii) of this paragraph, each county that meets the requirements of subsections (a) and (b) of this section shall receive an allocation of the money distributed under paragraph (1) of this subsection based on a percentage to be determined in accordance with § 8–103(a) of this subtitle.

(ii) For purposes of determining the percentage allocated to each county under this subsection, the property tax accounts of each county that fails to satisfy the requirements of subsection (a) or (b) of this section shall be excluded from the statewide total.

(3) Each county shall distribute money provided under this subsection in accordance with § 8–103(c) of this subtitle.

(D) (1) THE MAINTENANCE OF EFFORT REQUIREMENT IN ITEM (A)(1)(II) OF THIS SECTION DOES NOT APPLY TO A COUNTY IF THE COUNTY REQUESTS AND IS GRANTED A WAIVER FROM THE REQUIREMENT BY THE BOARD OF PUBLIC WORKS BASED ON A DETERMINATION THAT THE COUNTY'S FISCAL CONDITION SIGNIFICANTLY IMPEDES THE COUNTY'S ABILITY TO FUND THE MAINTENANCE OF EFFORT REQUIREMENT.

(2) (I) IN ORDER TO QUALIFY FOR A WAIVER FOR A FISCAL YEAR, A COUNTY SHALL MAKE A REQUEST FOR A WAIVER TO THE BOARD OF PUBLIC WORKS BY JUNE 30 OF THE PRIOR FISCAL YEAR.

(II) THE DIRECTOR SHALL PROVIDE A PRELIMINARY ASSESSMENT OF A WAIVER REQUEST TO THE BOARD OF PUBLIC WORKS.

(3) WHEN CONSIDERING WHETHER TO GRANT A COUNTY'S WAIVER REQUEST, THE BOARD OF PUBLIC WORKS SHALL CONSIDER THE FOLLOWING FACTORS:

(I) EXTERNAL ENVIRONMENTAL FACTORS SUCH AS A LOSS OF A MAJOR EMPLOYER OR INDUSTRY AFFECTING A COUNTY OR A BROAD ECONOMIC DOWNTURN AFFECTING MORE THAN ONE COUNTY;

(II) A COUNTY'S TAX BASE;

(III) A COUNTY'S MAINTENANCE OF EFFORT REQUIREMENT RELATIVE TO THE COUNTY'S STATUTORY ABILITY TO RAISE REVENUES;

(IV) A COUNTY'S HISTORY OF EXCEEDING THE REQUIRED MAINTENANCE OF EFFORT AMOUNT UNDER § 8-104(A)(1)(II) OF THIS SUBTITLE;

(V) SIGNIFICANT REDUCTIONS IN STATE AID TO A COUNTY AND MUNICIPALITIES OF THE COUNTY FOR THE FISCAL YEAR FOR WHICH A WAIVER IS REQUESTED OR NEW COSTS IMPOSED ON THE COUNTY OR MUNICIPALITIES OF THE COUNTY DUE TO A CHANGE IN STATE LAW, REGULATION, OR POLICY; AND

(VI) THE NUMBER OF WAIVERS A COUNTY HAS RECEIVED IN THE PAST 5 YEARS.

(4) THE BOARD OF PUBLIC WORKS SHALL INFORM THE COUNTY WHETHER THE WAIVER FOR A FISCAL YEAR IS APPROVED OR DENIED IN WHOLE OR PART NO LATER THAN 60 DAYS AFTER A RECEIPT OF AN APPLICATION OR AUGUST 30 OF THE FISCAL YEAR IN WHICH THE WAIVER IS REQUESTED.

(5) IF A COUNTY IS GRANTED A WAIVER FROM THE MAINTENANCE OF EFFORT PROVISION IN § 8-104(A)(1)(II) OF THIS SUBTITLE BY EITHER THE BOARD OF PUBLIC WORKS OR THE GENERAL ASSEMBLY FOR ANY FISCAL YEAR, THE MAINTENANCE OF EFFORT CALCULATION FOR THE NEXT FISCAL YEAR

SHALL BE CALCULATED BASED ON THE THREE MOST RECENT FISCAL YEARS IN WHICH THE COUNTY MET THE MAINTENANCE OF EFFORT REQUIREMENT.

(6) (I) IF A COUNTY IS GRANTED A WAIVER FROM THE MAINTENANCE OF EFFORT CALCULATION IN § 8-104(A)(1)(II) OF THIS SUBTITLE BY EITHER THE BOARD OF PUBLIC WORKS OR THE GENERAL ASSEMBLY FOR 5 CONSECUTIVE FISCAL YEARS, THE COUNTY MAY REQUEST A WAIVER FROM THE BOARD OF PUBLIC WORKS TO REBASE THE MAINTENANCE OF EFFORT CALCULATION.

(II) THE BOARD OF PUBLIC WORKS SHALL ESTABLISH POLICIES AND PROCEDURES FOR:

(A) REQUESTING A WAIVER TO REBASE THE MAINTENANCE OF EFFORT CALCULATION; AND

(B) DETERMINING WHETHER TO GRANT A WAIVER TO REBASE THE MAINTENANCE OF EFFORT CALCULATION.

(III) IF A WAIVER TO REBASE THE MAINTENANCE OF EFFORT CALCULATION UNDER THIS PARAGRAPH IS GRANTED, THE MAINTENANCE OF EFFORT CALCULATION SHALL BE REBASED TO THE AVERAGE AMOUNT OF EXPENDITURES FOR FIRE PROTECTION FROM SOURCES OTHER THAN THE FUND DURING THE THREE 3 PRECEDING FISCAL YEARS.

(7) A WAIVER GRANTED BY EITHER THE BOARD OF PUBLIC WORKS OR THE GENERAL ASSEMBLY MAY NOT RELIEVE A COUNTY OF THE REQUIREMENT UNDER §8-104(B)(1) OF THIS SUBTITLE.

[(d)] (E) (1) The money distributed under this subtitle and allocated to a county shall be: [accounted for and] (I) audited in accordance with the procedures for accounting and auditing of other governmental revenues; OR

(II) ACCOUNTED FOR IN A FORMAT DEVELOPED BY THE DIRECTOR.

(2) Money not expended by the county by the end of a fiscal year shall be placed in a special fund for expenditure in the next succeeding fiscal year.

(3) (i) Money distributed under this subtitle that remains unencumbered or unexpended by the county after the second fiscal year shall be repaid to the Director for deposit in the **[General Fund] FUND**.

(ii) The Comptroller may set off any shared revenues due to a county instead of repayment under this subsection.

(4) (I) A VOLUNTEER FIRE, RESCUE, OR AMBULANCE COMPANY MAY NOT ENTER INTO A LEGAL OBLIGATION TO ENCUMBER MONEY RECEIVED UNDER THIS SUBTITLE FOR MORE THAN TWO YEARS WITHOUT PRIOR APPROVAL FROM THE COUNTY.

(II) IF A WRITTEN AGREEMENT BETWEEN A COUNTY AND A VOLUNTEER FIRE, RESCUE, OR AMBULANCE COMPANY TO ENCUMBER MONEY BECOMES NULL AND VOID, THE MONEY SHALL BE PLACED IN A SPECIAL FUND FOR EXPENDITURE BY THE COUNTY IN THE NEXT SUCCEEDING FISCAL YEAR.

(III) MONEY DISTRIBUTED UNDER THIS PARAGRAPH THAT REMAINS UNENCUMBERED OR UNEXPENDED BY THE COUNTY AFTER THE SECOND FISCAL YEAR SHALL BE REPAID TO THE DIRECTOR FOR DEPOSIT IN THE FUND.

(IV) THE COMPTROLLER MAY SET OFF ANY SHARED REVENUES DUE TO A COUNTY INSTEAD OF REPAYMENT UNDER THIS PARAGRAPH.

(5) IF A VOLUNTEER FIRE, RESCUE, OR AMBULANCE COMPANY CREATES A LEGAL OBLIGATION TO ENCUMBER MONEY RECEIVED FROM THE FUND, THE DIRECTOR SHALL DEEM THE LEGAL OBLIGATION TO BE AN ENCUMBRANCE OF THE COUNTY FOR PURPOSES OF THIS SUBTITLE.

[(4)](6) (i) Money distributed under this subtitle to be expended by a volunteer or municipal fire, rescue, or ambulance company shall be:

(A) maintained in a separate **BANK** account; and

(B) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, audited in the same manner as other money of the volunteer or municipal company is audited.

(II) MONEY DISTRIBUTED UNDER THIS SUBTITLE TO A VOLUNTEER OR MUNICIPAL FIRE, RESCUE, OR AMBULANCE COMPANY MAY BE ACCOUNTED FOR IN A FORMAT DEVELOPED BY THE DIRECTOR.

[(ii)] (III) Copies of the audit of the separate **BANK** account shall be submitted to the respective county government and to the Maryland Emergency Management Agency.

(7) (I) A COUNTY OR MUNICIPALITY MAY HOLD MONEY DISTRIBUTED UNDER THIS SUBTITLE TO A FIRE, RESCUE, OR AMBULANCE COMPANY IN THE COUNTY OR MUNICIPALITY’S BANK ACCOUNT.

(II) MONEY HELD BY A COUNTY OR MUNICIPALITY UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH MAY BE MAINTAINED IN A BANK ACCOUNT WITH OTHER COUNTY OR MUNICIPAL FUNDS.

(III) MONEY HELD BY A COUNTY OR MUNICIPALITY UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL BE:

(A) AUDITED IN ACCORDANCE WITH THE PROCEDURES FOR ACCOUNTING AND AUDITING OF OTHER GOVERNMENTAL REVENUES; OR

(B) ACCOUNTED FOR IN A FORMAT DEVELOPED BY THE DIRECTOR.

8-105.

(a) (1) On or before December 31 of each year, each county shall submit to the Director a report for the preceding fiscal year **IN THE FORMAT PROVIDED BY THE DIRECTOR.** [that states:]

(2) THE REPORT REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL INCLUDE:

(i) the amount of money distributed to each recipient and the purpose of expenditure of this money categorized as provided in § 8–102(f)(1) of this subtitle;

(ii) the amount and disposition of any unencumbered or unexpended money;

(iii) the amount of expenditures for fire protection by the county, including the amount of money distributed to volunteer fire, rescue, and ambulance companies from sources other than the Fund; and

(iv) the nature and estimated dollar amount of any in-kind contributions made by the county to volunteer fire, rescue, and ambulance companies.

[(2)] (3) Each county shall provide a copy of the report required under paragraph (1) of this subsection, subject to § 2–1246 of the State Government Article, to the Department of Legislative Services.

(b) **(1)** Each year the Director shall report to the Governor and, subject to § 2–1246 of the State Government Article, to the General Assembly on the information provided by the counties on the distribution of money provided under this subtitle, including an assessment of the extent to which the purposes of this subtitle are being achieved.

(2) THE REPORT UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL STATE THE AMOUNT OF MONEY DISTRIBUTED BY EACH COUNTY UNDER § 8–103(B) OF THIS SUBTITLE TO VOLUNTEER FIRE, RESCUE, AND AMBULANCE COMPANIES.

8–106.

(A) (1) AFTER NOTICE AND AN OPPORTUNITY FOR A HEARING, A COUNTY MAY WITHHOLD MONEY ALLOCATED FOR THE NEXT FISCAL YEAR FROM A FIRE, RESCUE, OR AMBULANCE COMPANY THAT DOES NOT COMPLY WITH THE PROVISIONS OF THIS SUBTITLE.

(2) THE FAILURE OF A FIRE, RESCUE, OR AMBULANCE COMPANY TO COMPLY WITH THIS SUBTITLE MAY RESULT IN THE COUNTY SEEKING FORFEITURE OF THE ALLOCATED MONEY, IN WHOLE OR IN PART.

(3) MONEY FORFEITED BY A FIRE, RESCUE, OR AMBULANCE COMPANY UNDER PARAGRAPH (2) OF THIS PARAGRAPH SHALL BE REALLOCATED BY THE COUNTY TO COMPLIANT FIRE, RESCUE, AND AMBULANCE COMPANIES.

[(a)] (B) (1) The Director may withhold money allocated for the next fiscal year under this subtitle from a county if the county does not comply with this subtitle.

(2) After notice and an opportunity for a hearing, failure of a county to comply with this subtitle may result in the forfeiture of the allocated money, in whole or in part.

[(b)] (C) Money withheld under this section reverts to the **[General Fund] FUND.**

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2014.