

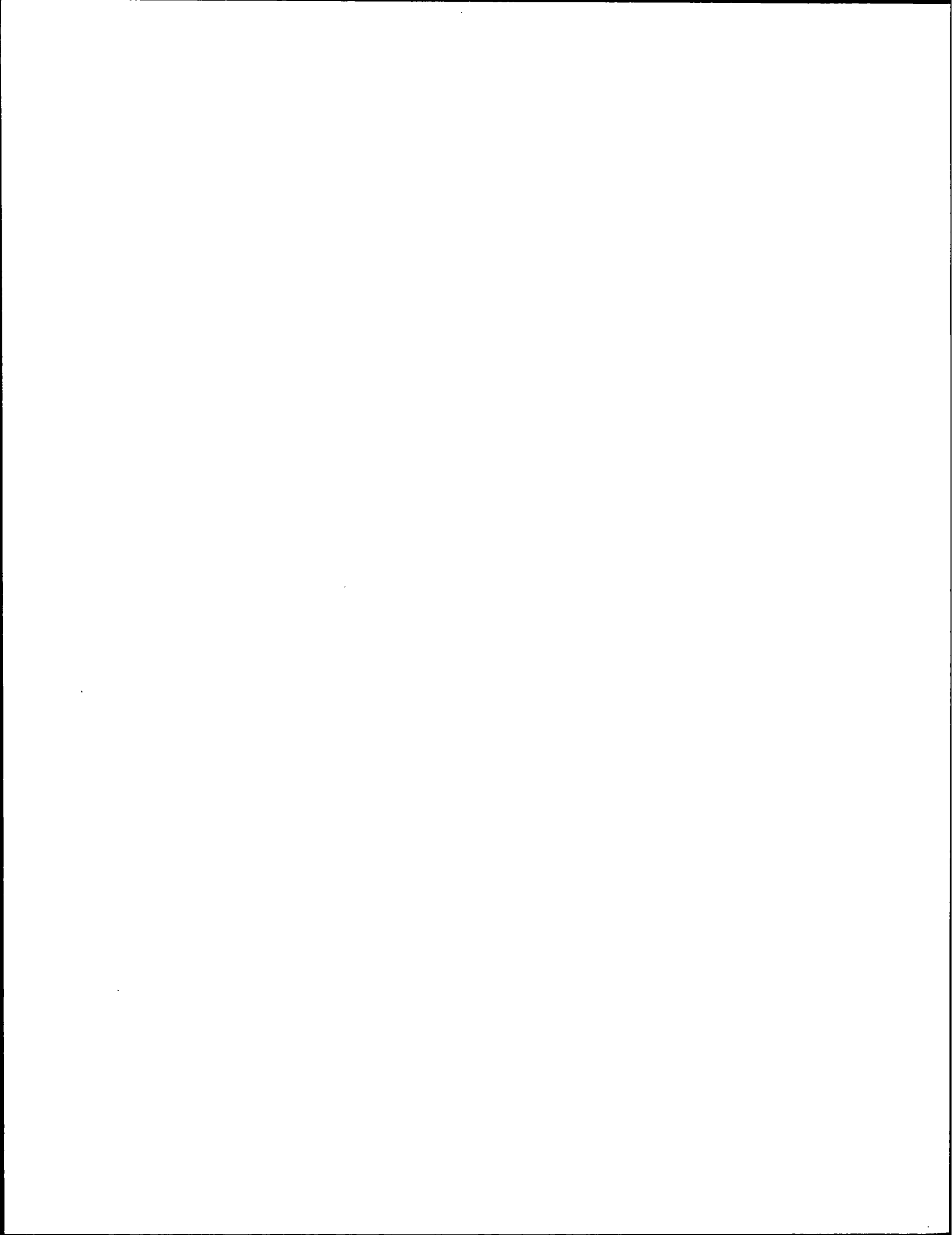
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REPORT OF THE GOVERNOR'S  
TASK FORCE ON STATE SUPPORT  
FOR VOLUNTEER FIRE, RESCUE  
AND AMBULANCE COMPANIES.



DECEMBER, 1983



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REPORT OF  
THE  
GOVERNOR'S TASK FORCE ON STATE SUPPORT FOR  
VOLUNTEER FIRE, RESCUE AND AMBULANCE COMPANIES

DECEMBER, 1983



STATE OF MARYLAND  
EXECUTIVE DEPARTMENT  
ANNAPOLIS, MARYLAND 21404

HARRY HUGHES  
GOVERNOR

The Honorable Harry Hughes  
Governor  
State of Maryland  
Executive Department  
Annapolis, Maryland 21404

Dear Governor Hughes:

As per your letter of June 20, 1983, establishing the Governor's Task Force on State Support for Volunteer Fire, Rescue and Ambulance Companies, please find attached the work of the Task Force and its recommendations. The Task Force concludes that there is a need for state assistance to Volunteer Fire, Rescue and Ambulance Companies.

I think you will find that the contents of this report fully substantiate the recommendations and needs.

If you have any questions please do not hesitate to contact me.

It has been a privilege to serve you and the State of Maryland in this capacity and I look forward to being of future assistance.

With best personal regards.

Sincerely,

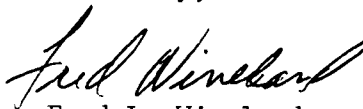
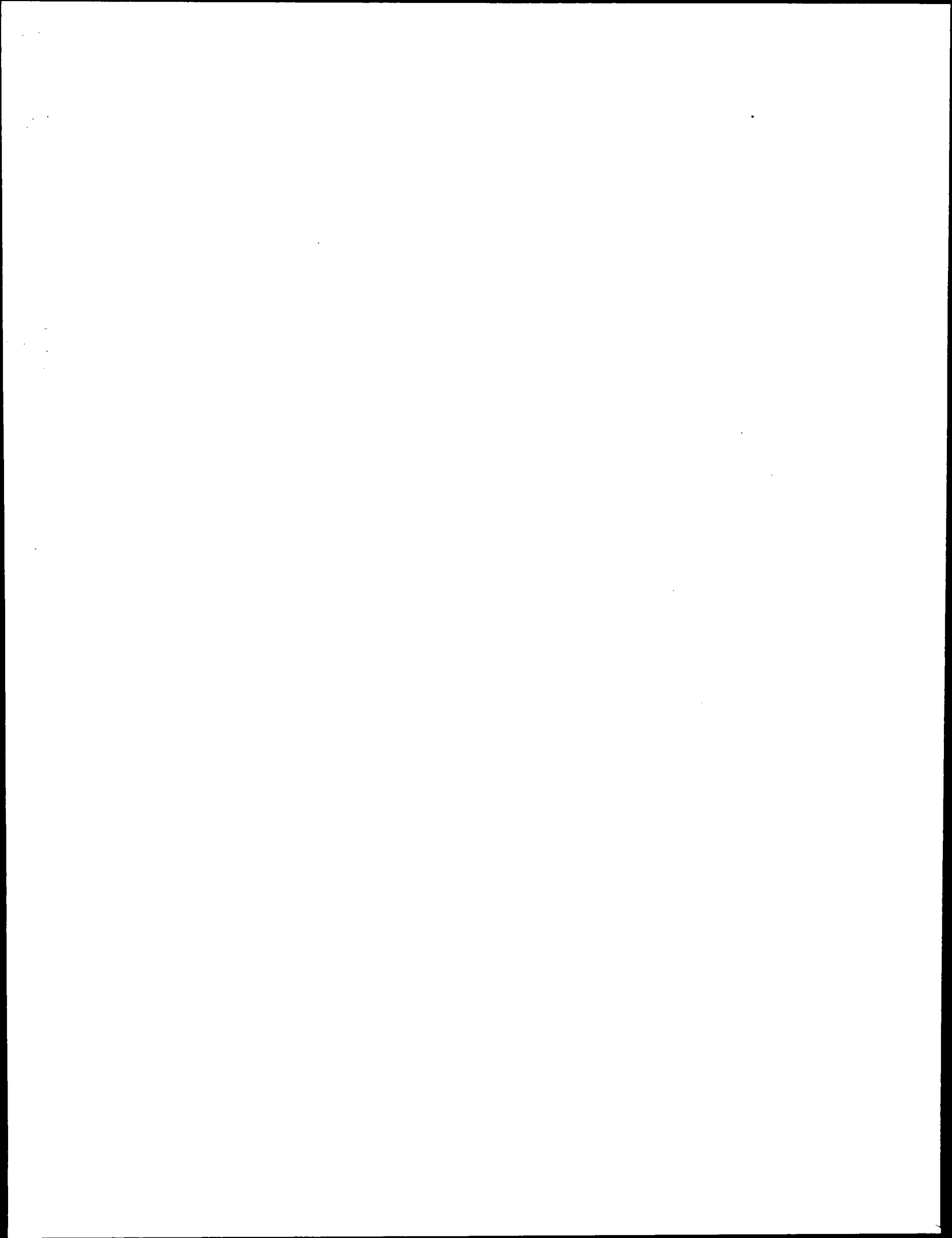
  
Fred L. Wineland,  
Chairman



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GOVERNOR'S TASK FORCE ON STATE SUPPORT FOR  
VOLUNTEER FIRE, RESCUE AND AMBULANCE COMPANIES

COMMITTEE MEMBERS

The Honorable Fred L. Wineland  
CHAIRMAN  
Prince George's County

Dr. Emory C. Harrison  
Assistant Secretary  
Department of State Planning  
Anne Arundel County

Mr. Dennis H. Parkinson  
Director, Budget Analysis  
Department of Budget and  
Fiscal Planning  
Anne Arundel County

Mr. J. Edward Weaver, Vice Chair  
Representing the Secretary  
of State's Office  
Prince George's County

Mr. Rocco J. Gabriele  
State Fire Marshal  
Baltimore County

Mr. John V. Quinn  
Representing the Insurance  
Commissioner's Office  
Harford County

Mr. John Hogle, Director  
University of Maryland  
Fire Rescue Institute  
Prince George's County

Mr. Charles W. Riley  
President, Maryland State  
Firemen's Association  
Harford County

Mr. Robert N. Dempsey  
Representing the Maryland  
State Firemen's Association  
Kent County

Mr. Ralph Small, Jr.  
Representing the Maryland  
State Firemen's Association  
Prince George's County

Mr. Leo W. Doyle  
Representing the National  
Association of Independent Insurers  
Anne Arundel County

Chief Marion H. (Jim) Estep  
Prince George's County Fire Department  
Maryland Metro Fire Chiefs  
Prince George's County

Chief Paul H. Reincke  
Baltimore County Fire Department  
Maryland Metro Fire Chiefs  
Baltimore County

The Honorable William V. Lauterbach, Jr.  
Representing MACO  
Carroll County Commissioner  
Carroll County

Dr. Jacqueline H. Rogers  
Representing MACO  
Director, Office of  
Management and Budget,  
Montgomery County

Mr. Grover E. Czech  
Representing the American Insurance  
Association

The Honorable William H. Amoss  
Senator  
Harford and Cecil Counties District 35

The Honorable John N. Bambacus  
Senator  
Allegany and Garrett Counties District 1

The Honorable Francis X. Kelly  
Senator  
Baltimore County District 10

The Honorable Lewis R. Riley  
House of Delegates  
Wicomico, Somerset, Worcester  
Counties District 38

The Honorable Norman H. Conway  
Representing the Maryland  
Municipal League  
Salisbury City Council  
Wicomico County

\*Mr. Fred E. (Ted) Porter  
Administrator  
Maryland Fire-Rescue Education  
and Training Commission  
Prince George's County

\*Mr. R. J. Nieves  
Deputy Fire Chief  
Prince George's County

\*Resource Persons

The Honorable Tyras S. Athey  
House of Delegates  
Anne Arundel County District 32

The Honorable Kenneth H. Masters  
House of Delegates  
Baltimore County District 12

\*Mr. Gene Worthington  
Chairman,  
Emergency Trust Fund MSFA  
Maryland State Firemen's Association  
Harford County

Mr. Stephen McHenry  
Legislative Assistant  
Department of Legislative Reference  
Maryland General Assembly  
(Provided Technical Assistance)

Mrs. Donna Hudson  
Executive Secretary  
Prince George's County

In addition to input from Task Force members, presentations were received from the following:

Mr. Ben Bialek  
Assistant Legislative Officer  
Executive Department

Mr. Raymond E. Lloyd  
Assistant Commissioner  
Maryland Occupational  
Safety and Health

Mr. Charles M. Weigandt  
Deputy Chief  
Baltimore County Fire Department

Mr. Dominic Fornaro  
Commissioner  
Division of Labor and Industry

Mr. E. Phillip Sayre  
Administrative Analyst  
Department of Fiscal Services  
Maryland General Assembly

Mr. Wesley G. Granruth  
Battalion Chief  
Baltimore County Fire Department

## EXECUTIVE SUMMARY

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

Recognizing the importance of providing fire and emergency services to the citizens of Maryland and because of increased costs to provide those services, coupled with lack of resources to do so, Governor Hughes on June 20, 1983, appointed the Governor's Task Force on State Support for Volunteer Fire, Rescue and Ambulance Companies. The 22-member Commission was charged to:

- 1) Evaluate the existing Volunteer Fire fighting and Rescue Squadmen Emergency Assistance Trust Fund, established in Chapter 239 of the Acts of 1982.
- 2) Make recommendations on the continuation of the Trust Fund;
- 3) Evaluate existing local programs providing financial assistance to volunteer fire, rescue and ambulance companies.

The Task Force was to report findings, conclusions and recommendations to the Governor in November, 1983.

The Task Force in addressing its charge held eight formal meetings which were well attended by Task Force members

In order for the Task Force to render timely recommendations pursuant to the Governor's charge, two subcommittees were created.

The Subcommittee to Study the Need for State Assistance to the Volunteer Fire Service was to review the necessity for state assistance to volunteer fire companies and to provide to the Task Force an analysis of the relevant needs issues.

The second Subcommittee was to review the activities and the need for continuation of the volunteer fire and rescue services Emergency Assistance Trust Fund.

The Task Force concludes that a legitimate need exists to continue the Emergency Assistance Trust Fund for Volunteer Fire, Rescue and Ambulance Companies. The Task Force finds that most particularly, those companies in the outlying or non-metropolitan areas of the state suffer a more acute problem of aging, obsolete equipment, facilities and apparatus inventories. Further their ability to obtain appropriate funding and be self-supporting through their own initiatives has become, in many instances, almost impossible.

The Task Force acknowledges the substantial contributions by many of the local subdivisions. However, the Task Force concludes further that there has been in many instances a lack of adequate funding by the political subdivisions, municipalities or special taxing districts. Again, this lack of adequate funding is particularly applicable to the rural/non metropolitan subdivisions.

At each Task Force meeting, it was unanimously agreed that the State of Maryland must share some sense of responsibility for this burden, not only because of the enormity of the burden, but also in view of the State's role in directly and indirectly generating some of the costs. The State in some instances has promulgated rules and regulations such as MOSHA "Fire Brigade", specialized motor vehicle driver licenses and fire-rescue training standards. Equipment requirements have evolved from simple medical kits to a myriad of sophisticated electronics, radio telemetry devices, complex rescue and life support systems, and other necessary but highly expensive devices. Further, the State has considerable physical facilities in each subdivision, but relies on that subdivision for fire and rescue services. For example, the State Office Complexes in Baltimore City and Annapolis, their local counterparts, the Higher Education facilities, the Correctional Institutions, Health and Mental Care Hospitals and tens of thousands of acres of forest and parklands all rely on local fire protection.

### RECOMMENDATIONS

The Task Force recommends that:

- o The State continue the present volunteer companies' Emergency Assistance Trust Fund. The law should be extended indefinitely and the Governor should continue the funding level at a minimum of \$750,000 per year which includes \$75,000 for Maryland State Firemen's Association administrative expenses. In addition a third category should be added to current law to permit needy companies to qualify for loans and grants should be included in legislation submitted for consideration in the 1984 legislative session;
- o The State support local fire and rescue services at an initial, minimum, annual level of Seven Million Dollars, in addition to the Emergency Assistance Trust Fund. A suggested distribution formula is presented on pg. 5;
- o The state portion of the real property tax be increased (by one (1) cent per \$100 assessed value) by the Board of Public Works. The proceeds of these additional funds which is estimated to yield approximately \$5.6 million per year could be used to provide financial support to the volunteer fire companies and to political subdivisions for fire-related services. This is believed to be an income producing proposal which by its very nature directly corresponds to protection of real properties, through enhanced fire, rescue and emergency services;
- o A matching fund requirement by both county and volunteer fire department should be considered. In the case of the inability of a county or volunteer fire department to match the funds the state should be authorized to waive the requirement;

The Task Force further recommends the following for consideration: Article 43, Section 132 of the Annotated Code of Maryland entitled "Good Samaritan Act" should be modified to remove the prohibition for charging fees for transport and/or service by fire departments and rescue squads and ambulance companies. (See Appendix D); The Maryland State Firemen's Association, in conjunction with appropriate State agencies explore the possibility of acting as the bulk purchasing agent for the various volunteer fire companies so as to obtain volume discounts as a result of cumulative purchasing power; The State consider adding a \$1.00 surcharge on all motor vehicles registered with the resulting funds being used to support emergency medical services within the subdivisions; The State consider modification of Article 88D, of the Annotated Code of Maryland to implement an Instant Lottery game with funds directed to the fire/rescue service; A portion of the current revenue derived from the 2% state insurance premium taxes be channeled for distribution to the political subdivisions for use as state support for fire, rescue and ambulance services; and, No-interest or low-interest capital loans for purposes of purchasing equipment, apparatus and making facility improvements be included in the annual state capital budget.



SECTION I: REPORT OF THE SUBCOMMITTEE TO  
STUDY THE NEED FOR STATE ASSISTANCE  
TO THE VOLUNTEER FIRE SERVICES

The Subcommittee to Study the Need for State Assistance to the Volunteer Fire Services was very capably chaired by Chief Jim Estep and included the following members:

Mr. Robert N. Dempsey  
Mr. Ralph N. Small, Jr.  
Mr. Leo N. Doyle  
the Honorable William V. Lauterbach, Jr.  
Dr. Jacqueline H. Rogers  
\*Deputy Chief R. J. Nieves  
\*William E. Barnard, Lieutenant, Prince George's Fire Department  
\*Ms. Mary Helen Naecker, Secretary  
\*Resource Persons

The volunteer fire, rescue and ambulance companies in our State are a very important provider of emergency services to its citizens. Their members save lives, protect property and in so doing, save the taxpayer substantial dollars that would otherwise have to be expended by government directly for these services. It is a fact that the greatly increased costs of equipment and facilities for volunteer fire and rescue companies threaten the ability of individual companies to provide continued and adequate service.

The Fire Services in the State of Maryland are comprised mainly of volunteer supported companies. Prince George's, Montgomery, Anne Arundel, Baltimore and Howard Counties are combined career/volunteer fire services. Baltimore City is an all-career fire department. These entities provide protection to the State's 23 counties and City of Baltimore through 369 departments operating 501 fire stations with a local annual

operating contribution of nearly \$200 million. The bulk of these funds are directed to the major metropolitan jurisdictions. The individual stations are staffed by approximately 20,000 active volunteers and nearly 5,000 full-time career personnel.

As the service needs of the counties have increased, the drain on conventional resources has not kept pace with the revenue. Inflation has spiraled the cost of fire equipment to mega-dollars, i.e., ambulances over \$50,000, aerial ladder trucks over \$300,000 and pumping engines to well over \$100,000 per unit.

We have seen private non-tax support diminish because of competing interest and a philanthropic decline heightened by a National recession. We have also seen restrictions placed on the subdivisions' ability to adequately fund emergency services because of tax limiting referendums and the competition of multiple service requests. The State of Maryland must share some sense of responsibility for this burden, not only because of the enormity, but in view of the State's central role in generating some of the costs. Examples are cited in other sections of this report, but among those items which prohibit revenue and/or generate costs are:

1. MOSHA "Fire Brigade" Regulations,
2. Specialized Motor Vehicle Driver's License Requirements,
3. State Training Standards,
4. "The Good Samaritan Law" prohibiting the charging of a fee for service, and
5. Providing State-of-the-art equipment and service.

In contrast, there are basically only three funding sources for fire departments:

1. Privately raised funds going directly into the volunteer corporations,
2. Contributions to fire service operating costs' by local and municipal governments, and
3. Limited State contributions.

Currently, primary funding for volunteer fire departments comes from sources 1 and 2, funds raised by the fire departments and local contributions. The State's contributions are primarily limited to funds channeled to volunteer fire corporations through the Maryland Emergency Assistance Trust Fund.

The Subcommittee, therefore, recommends to the Task Force that the State:

1. Modify Article 43, Section 132 of the Annotated Code of Maryland entitled "The Good Samaritan Act - Fire Departments and Rescue Squads" to remove the prohibition for establishing fees for transport and/or service by fire departments and rescue squads.
2. Act as an agent for the subdivisions for the purposes of coordinating bulk purchases, in cooperation with private corporations which are desirous of securing tax-deferred, ownership/leasing of fire equipment.
3. Support local fire and rescue services at an initial, minimum annual level of Seven Million Dollars, in addition to the Emergency Assistance Trust Fund. Methods to fund this recommendation include:
  - a. Distribution of a portion of the revenue derived from the gross receipts tax on certain insurance premiums. The categories for revenue distribution should be similar to those established by the State of Delaware and should not exceed 50% of the taxes on the premiums levied within those categories.
  - b. Modification of Article 88D of the Annotated Code of Maryland to allow for an on-going Instant Lottery, earmarked for support of fire/rescue services.
  - c. Modification of Article 88D, 1983, of the Annotated Code of Maryland to utilize the 1985 increased income for fire service funding and further, that a portion of the yearly increase in Lottery income be utilized to fund fire/rescue service needs.
  - d. Initiate a \$1.00 surcharge on all motor vehicles registered for the purpose of supporting emergency medical services within the subdivision and certain aspects of the Maryland Institute for Emergency Medical Services Systems.
4. Distribute revenue to the subdivisions as follows:

2% to each county with the remainder of funds distributed on a per capita basis to the counties, earmarked specifically for fire/rescue services.
5. Consider using the State Assisted Self-Sufficiency method of alternative support to subdivisions in order to promote the development of a reliable independent revenue stream to support fire/rescue services.

The Subcommittee has surveyed and reviewed laws and applicable insurance provisions of states close to Maryland for the purpose of investigating funding sources for

their fire services. Research reveals that New York, West Virginia, Pennsylvania, Delaware and Oregon presently have laws which allow those states to distribute a portion of the funds raised from taxes paid on insurance premiums to support fire/rescue services.

The Subcommittee has thoroughly researched the various existing and proposed training standards, MOSHA requirements and EMS mandates along with other state mandated rules and regulations pertaining to the fire services including certification and recertification of its personnel. This review has revealed nearly \$52 million in potential impact over five years. This is only capital not operating needs. In addition, the "Fire Services Needs Survey" by this Task Force established that nearly \$50 million in potential operating needs are also projected over the next five years. These costs would be met almost solely by local subdivision and/or its fire services (See Appendix C).

It is therefore the conclusion of this Subcommittee that the General Fund of Maryland receives a substantial tax benefit from its fire departments, which are often operated by unsalaried volunteers. However, the fire services have received only a modicum of support from the State it so ably serves. This is particularly distressing when viewed in the same light as the massive funding provided for state-wide support of police protection.

We have reviewed funding possibilities and have concluded that there are several courses of action that would allow the local jurisdictions to help themselves. There are also reasonable methods for providing State assistance without its becoming the sole source of income.

It is the opinion of this Subcommittee that in light of the needs of the fire services in the State, along with the fiscal impact generated and proposed by the State, it is reasonable to seek assistance from the State. The Subcommittee has sought, to identify funding sources and mechanisms which would have the least fiscal impact and be politically realistic.

Since the Subcommittee has recommended that there be a major role for the State in the support of the fire service, care must be taken to assure balanced distribution of funds. The Subcommittee reviewed the array of formulas currently used by the State in the distribution of funds. The Subcommittee concluded that to be useful, a floor of funding would have to be assured for each county regardless of population, but that population should affect the formula because demand for fire service is directly related to population density.

The formula must be compatible with these two objectives using the State Transportation Revenue Sharing Formula which provides 1% of the revenue to each subdivision and distributes the balance based on population. When, however, we analyzed the distribution of \$7,000,000 based on this formula, the floor to the less populous counties appeared to be too low to provide meaningful assistance. We therefore, examined the distribution of funds based on 2% to each county with the balance allocated based on population. This appeared to be more responsive to their needs. However, the committee realizes fully that developing an equitable distribution formula requires considerably more time to develop than was available to this committee. The committee also is cognizant that both minimum and maximum allocation amounts be determined. Therefore, the committee recommends that the Executive, in concert with appropriate resource persons, develop an equitable distribution formula that is both responsive to local needs and at the same time fiscally responsible. The complete Subcommittee report is presented in Appendix G.



SECTION II: REPORT OF THE SUBCOMMITTEE  
TO EVALUATE THE  
EMERGENCY ASSISTANCE TRUST FUND

This subcommittee was charged with critically reviewing the existing Emergency Assistance Trust Fund with a minimum requirement to recommend the continuation or suspension of the fund.

The subcommittee was chaired by President Charles Riley, MSFA and included the following members:

Chief Paul Reincke  
Senator William Amoss  
Mr. Rocco Gabriele  
Mr. Eugene Worthington  
Mr. Dennis Parkinson  
Delegate Kenneth Masters

The Subcommittee reviewed the status of the Emergency Assistance Trust Fund program, which was passed by the 1982 General Assembly of Maryland and appropriated \$750,000. The Committee found that 14 grant and loan awards were made in the total amount of \$627,209. There is substantial need for the continuing program.

This is based upon the fact that in FY 1982-83 there were 56 applications totaling approximately \$3.9 million from various volunteer fire companies which were denied approval by the Maryland State Firemen's Association. The basis for the disapprovals range widely but for the most part they fall into some very technical areas of disqualification. Also for the most part many of these companies are from the non-metropolitan areas and have been unable to obtain adequate local funding commitments to support their aging equipment and facilities needs.

In addition to recommending the continuation of the trust fund, this subcommittee also recommends that a third general category be added to current law to permit needy companies to qualify for loans and grants. Currently the statute provides for loans and grants to be awarded under the following categories:

1. A company that does not meet the standards of the MSFA, and
2. Where an emergency condition exists which would endanger the life, health or property of the constituents served.

Enclosed in the Appendix Section to this report is draft legislation recommended by the subcommittee to provide minimum funding and establish a third category of qualifications. (See Appendix A).

SECTION III: OTHER -  
STATES SURVEY

On the initiative of the Chairman and concurred by the Task Force members a survey letter was sent to all Secretaries of State in the other 49 states and two territories. Effectively the concern was to ascertain how specifically other states dealt with funding for fire, rescue and emergency medical services.

This was a very successful survey with 37 respondents out of 51. Appendix B shows results of the survey of aid given by States to Volunteer Fire, Rescue and Ambulance Companies. Some states reported "no aid" and this has been noted by placing the states name only on the chart.

The number one aid category was "fire training". It appears that this one area is the most needed by volunteers; rarely, can small volunteer departments devise a comprehensive training program. This one aspect can have a very important affect on the quality of the service delivered by the volunteers. An old fire engine in the hands of a well trained crew can perform very effectively. The opposite cannot perform an adequate service except the most basic.

It appears that in many States funds are used to improve training programs. Most volunteers express a need for training but complain that "good" programs are given infrequently and at locations far from their stations. With additional funds, programs can be delivered more frequently and at the station level.

In relative terms, four other aid categories are about one-half as important as training. These areas are: Surplus property, EMS and Fire Grants, and rebates from a Tax of

Fire Insurance Premiums. In varying degrees, these programs provide direct aid for equipment to be used by fire and rescue departments.

Clearly, the Task Force dilemma was to attempt to quantify and qualify the needs of the 332 volunteer fire departments and rescue squads. In approaching the problem of making such a determination, the Task Force decided to develop a survey instrument. Such an instrument was developed and transmitted to each President or Chief of all volunteer companies in the state requesting that they assess their legitimate needs for equipment, apparatus and facility improvements. The Task Force was extremely pleased to receive approximately 81% return of all questionnaires sent. The bottom line to the survey indicated that the needs of all fire, rescue and ambulance companies statewide over a period of five years is estimated to cost approximately \$52 million. A summary chart which provides specific information relative to facility, apparatus and equipment needs of all those responding to the survey is included in Appendix C.

## APPENDICES

- A. Proposed Legislation Amending the Existing  
Emergency Trust Fund
- B. Secretaries of State Survey
- C. Survey of Needs of Volunteer and  
Combination Fire Services
- D. Good Samaritan Act - Draft Legislation
- E. Estimated Value of State-Owned Property  
By County
- F. Listing of State-Owned Properties with  
Assessed Value in Excess of \$5 Million
- G. Report of the Subcommittee to Study the  
Need for State Assistance to the  
Volunteer Fire Service



A BILL ENTITLED

AN ACT concerning

Volunteer Fire Fighters and Rescue Squadmen -  
Emergency Assistance Trust Fund

FOR the purpose of allowing the Board of Public Works to award grants, loans, or grants and loans from the Emergency Assistance Trust Fund after a certain recommendation if a volunteer fire company or rescue squad is able to provide only marginally adequate and safe service because of certain conditions; providing that the Governor shall appropriate funds in a certain amount in the State budget each year; allowing these awards under certain service standards set by State or federal regulatory agencies; allowing the State to revert any funds not obligated or any repayment of loans to the general fund treasury of the State; allowing the Governor to increase or decrease this appropriation in a certain manner; and generally relating to the Emergency Assistance Trust Fund.

BY repealing and reenacting, with amendments,

Article 38A - Fires and Investigations  
Section 46A  
Annotated Code of Maryland  
(1982 Replacement Volume)

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

Article 38A - Fires and Investigations

46A.

(a) (1) There is an Emergency Assistance Trust Fund to assure adequate fire protection and rescue services for the people of this State. After consultation with the Maryland State Firemen's Association, the Governor SHALL APPROPRIATE AT LEAST \$750,000 in the State budget each year for the purposes set forth in this section.

(2) ANY PORTION OF THE APPROPRIATED FUNDS THAT ARE NOT OBLIGATED AT THE END OF THE FISCAL YEAR SHALL REVERT TO THE GENERAL FUND TREASURY OF THE STATE. ANY REPAYMENT FROM LOANS MADE PURSUANT TO THIS SECTION SHALL BE PAID TO THE GENERAL FUND TREASURY.

1 (2) The Board of Public Works may authorize use of  
2 the trust funds upon recommendation by the Department of Budget  
3 and Fiscal Planning in accordance with this section.

4 (3) (i) A volunteer fire company or rescue squad  
5 shall submit all requests for financial assistance under this  
6 section to the Maryland State Firemen's Association for approval  
7 by a board of review in accordance with the Association's bylaws.

8 (ii) All requests for financial assistance  
9 shall include financial statements for the 2 fiscal years  
10 immediately prior to the fiscal year in which the application is  
11 made. Each request shall also include the audit of the financial  
12 statements if an audit was conducted.

13 (iii) If the Maryland State Firemen's  
14 Association disapproves a request or does not take action within  
15 45 days of the request, then the volunteer fire company or rescue  
16 squad requesting assistance may appeal to a panel comprised of  
17 the president of the Maryland State Firemen's Association, the  
18 State Fire Marshal, and the chairman of the Fire and Rescue  
19 Education and Training Commission. The decision of the appeals  
20 panel shall be final and not subject to further review.

21 (4) Upon approval of a request for the use of trust  
22 funds, the Maryland State Firemen's Association or the appeals  
23 panel, as the case may be, shall transmit its recommendation to  
24 the Department of Budget and Fiscal Planning along with the  
25 request for financial assistance and any other supporting  
26 information required by the Department.

27 (5) The Department of Budget and Fiscal Planning  
28 shall forward each request for financial assistance to the  
29 Legislative Auditor for review. The Legislative Auditor, upon  
30 review of the financial statements, may advise the Department of  
31 Budget and Fiscal Planning if the request for financial  
32 assistance appears justified.

33 (6) The Board of Public Works is authorized to  
34 promulgate rules and regulations necessary to administer the  
35 Emergency Assistance Trust Fund program.

36 (7) Upon warrant of the Comptroller, the State  
37 Treasurer shall disburse trust funds to a volunteer fire company  
38 or rescue squad for the purposes of this section as authorized by  
39 the Board of Public Works.

40 (b) The Board of Public Works may award either a grant or a  
41 loan or a combination of both from the Emergency Assistance Trust  
42 Fund after a favorable recommendation from the Department of  
43 Budget and Fiscal Planning if:

44 (1) An act of God or other unforeseen event has  
45 substantially impaired the ability of a volunteer fire company or  
46 rescue squad to provide adequate and safe service; [or]

1 (2) The volunteer fire company or rescue squad is  
 2 unable to maintain the minimum level of performance for adequate  
 3 and safe service established by standards of the Maryland State  
 4 Firemen's Association OR ANY STATE OR FEDERAL REGULATORY AGENCY  
 5 because of a demonstrated lack of financial resources; [and] OR

6 (3) THE VOLUNTEER FIRE COMPANY OR RESCUE SQUAD IS  
 7 UNABLE TO PROVIDE marginally adequate or safe service  
 8 BECAUSE OF POPULATION DENSITY, INSUFFICIENT MUTUAL AID,  
 9 AND A DEMONSTRATED LACK OF FINANCIAL RESOURCES.

10 [(3)] (C) The Department of Budget and Fiscal Planning and  
 11 the volunteer fire company or rescue squad receiving assistance  
 12 have executed an agreement which provides that trust funds will  
 13 be used as represented in the request for approval to the Board  
 14 of Public Works and which grants to the State such security in  
 15 the equipment or facilities acquired with trust funds and in the  
 16 proceeds of that equipment or those facilities as is determined  
 17 by the Board to be appropriate and adequate.

18 [(c)] (D) A grant or loan awarded under this section shall  
 19 be used only for:

20 (1) Apparatus equipment, including elevated  
 21 equipment, pumpers, tankers, ladder trucks, ambulances, rescue  
 22 vehicles, or other large equipment used for fire fighting and  
 23 emergency services;

24 (2) Communications equipment;

25 (3) Protective equipment, including helmets, turnout  
 26 coats and pants, boots, eyeshields, gloves, and self-contained  
 27 respiratory protection units;

28 (4) Any other equipment necessary to carry out the  
 29 ordinary functions of supporting fire fighting and rescue  
 30 activities; or

31 (5) Facilities used to house fire fighting equipment,  
 32 ambulances, and rescue vehicles.

33 [(d)] (E) (1) A grant or loan awarded under this section  
 34 may not:

35 (i) Be used to refinance any debt or other  
 36 obligation of a volunteer fire company or rescue squad incurred  
 37 before July 1, 1982; or

38 (ii) Be expended for replacement or repair of  
 39 eligible items to the extent that insurance proceeds are  
 40 available for those purposes.

41 (2) A volunteer fire company or rescue squad  
 42 receiving trust funds under this section shall provide at least a  
 43 30 percent matching dollar amount for grants or loans, as the  
 44 case may be. If a volunteer fire company or rescue squad cannot

1 reasonably provide the required dollar match prior to  
2 disbursement of trust funds, the Board of Public Works may waive  
3 that requirement or provide for repayment of the matching dollar  
4 amount within a reasonable period of time not to exceed 18 months  
5 from the date of purchase of the equipment or facilities.

6 (3) Funds to provide the required matching dollar  
7 amount may include contributions from local government. However,  
8 a local government may not reduce the amount of money that the  
9 volunteer fire company or rescue squad would otherwise be  
10 entitled to receive from the local government because of State  
11 financial assistance provided under this section.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall  
take effect July 1, 1983.

APPENDIX B

SECRETARIES OF STATES

SURVEY RESPONSES

	EMS TRAINING	FIRE TRAINING	LOCAL SALES TAX	SURPLUS PROPERTY	AMBULANCE CHARGES FOR SERVICE	EMS GRANTS	FIRE GRANTS	TAX OF FIRE INSURANCE PREMIUM REBATED TO FIRE DEPARTMENTS	LOW INTEREST LOANS
GEORGIA	YES	YES	YES						
GUAM									
MICHIGAN		YES		YES			YES		
WYOMING		YES							
MASSACHUSETTS		YES							
ALABAMA									
LOUISIANA				YES					
COLORADO									
NEW MEXICO			YES		YES	YES		YES	
DELAWARE						YES	YES	YES	
SOUTH CAROLINA								YES	
NEBRASKA		YES							
SOUTH DAKOTA								YES	
PENNSYLVANIA									YES
KENTUCKY		YES				YES	YES	YES	

	EMS TRAINING	FIRE TRAINING	LOCAL SALES TAX	SURPLUS PROPERTY	AMBULANCE CHARGES FOR SERVICE	EMS GRANTS	FIRE GRANTS	TAX OF FIRE INSURANCE PREMIUM REBATED TO FIRE DEPARTMENTS	LOW INTEREST LOANS
WEST VIRGINIA						YES	YES		
NORTH DAKOTA								YES	
WISCONSIN								YES	
IOWA									
INDIANA									
ILLINOIS		YES		YES					
NEW YORK		YES							
NEVADA		YES		YES					
OREGON	YES	YES							
NEW JERSEY									
ALASKA	YES					YES			
MISSOURI				YES		YES	YES		
OHIO									
MONTANA		YES							
MAINE									



APPENDIX C

SURVEY RESULTS - MARYLAND

VOLUNTEER AND COMBINATION FIRE

SERVICES NEEDS

COMPANY NAME \_\_\_\_\_ 260 RESPONSES \_\_\_\_\_ COUNTY \_\_\_\_\_ STATE OF MARYLAND

FACILITY-ESTIMATED VALUE *			0-25	25-50	50-100	100-250	over 250
Main Station		252	4	11	34	100	103
Sub Station		53	5	4	8	17	19
Sub Station							
Sub Station							
ANTICIPATED 5 YEAR CAPITAL IMPROVEMENTS							
Main Station		200	81	49	31	21	18
Sub Station		35	19	2	3	7	4
ENGINES-ESTIMATED VALUE			0-25	25-50	50-75	75-100	over 100
Unit #	Year	825	290	183	142	112	98
Unit #	Year						
Unit #	Year						
Unit #	Year						
Unit #	Year						
Unit #	Year						
ENGINES-ANTICIPATED 5 YEAR REPLACEMENT							
Unit #		282	22	29	38	85	108
Unit #							
Unit #							
AMBULANCE-ESTIMATED VALUE			0-10	10-20	20-30	30-40	over 40
Unit #	Year	238	34	44	56	48	56
Unit #	Year						
Unit #	Year						
Unit #	Year						
AMBULANCE-ANTICIPATED 5 YEAR REPLACEMENT							
Unit #		161		12	17	33	99
Unit #							
OTHER APPARATUS ESTIMATED VALUE			0-25	25-50	50-75	75-100	over 100
Ladder	Year	53	2	8	8	6	29
Rescue	Year	62	23	17	14	7	11
Identify	Year	260	232	23	2	1	2
Identify	Year						
OTHER APPARATUS-ANTICIPATED 5 YEAR REPLACEMENT							
Identify		150	79	31	12	8	20
Identify							

\* If estimated value is over \$250,000, please specify actual amount of value  
 NOTE: All numbers expressed in thousand dollars

INCOME		0-4	4-8	8-12	12-20	over 20
County	244	3	24	40	66	111
Town	71	47	4	6	2	12
Fund Drives	214	53	49	37	35	40
Fund Raising Events	209	54	37	29	44	45
Other	115	58	18	17	10	12
EXPENSES		0-4	4-8	8-12	12-20	over 20
Insurance	235	74	86	42	21	12
Apparatus Maintenance	237	85	70	31	25	26
Apparatus Operational Costs	224	83	72	37	22	10
Building Maintenance	237	128	56	23	22	8
Building Operational Costs	237	61	70	38	37	31
Equipment Maintenance	215	134	49	19	8	5
MULTI-YEAR EXPENSES		0-10	10-25	25-50	50-100	over 100
Apparatus Payable	4,636,372					
Mortgage Payable	4,493,891					
OTHER EXPENSES		0-2	2-4	4-6	6-8	over 8
Protective Equipment	212	82	75	28	15	12
Communications	179	112	44	9	4	10
Other Equipment	191	84	42	29	12	24
OTHER EXPENSES-ANTICIPATED 5 YEAR REPLACEMENT		0-2	2-4	4-6	6-8	over 8
Protective Equipment	223	46	61	50	20	46
Communications	171	59	59	22	10	21
Other Equipment	186	40	39	33	18	56

### EQUIPMENT AGE

	Engine	Ambulance	Other Apparatus
1983	19	21	11
1982	34	28	13
1981	28	13	13
1980	35	28	14
1979	41	37	16
1978	34	26	21
1977	26	18	15
1976	33	20	19
1975	31	10	22
1974	25	7	12
1973	32	1	13
1972	37	14	21
1971	32	2	18
1970	35	2	15
1969	34	2	14
1968	39	1	22
1967	31		15
1966	28		11
1965	25		10
1964	27		6
1963	23		6
Prior	149		62

799                      230                      369  
 12 yrs.                      5.1 yrs.                      11.5 yrs.

### EXPENSE PERCENTAGE

	Fire	EMS
10%	2	17
20%	3	29
30%	1	35
40%	5	24
50%	10	7
60%	26	3
70%	38	1
80%	28	
90%	16	2
100%	94	3
	223	121

ANTICIPATED FIVE YEAR EXPENDITURES

MAIN STATION

0-25	81	1,012,500	
25-50	49	1,837,500	
50-100	31	2,325,000	
100-250	21	3,675,000	
over 250	18	4,500,000	
			13,350,000

SUB-STATION

0-25	19	237,500	
25-50	2	75,000	
50-100	3	225,000	
100-250	7	1,225,000	
over 250	4	1,000,000	
			2,762,500

ENGINES

0-25	22	275,000	
25-50	29	1,087,500	
50-75	38	2,565,000	
75-100	85	7,437,500	
over 100	108	10,800,000	
			22,165,000

AMBULANCES

10-20	12	180,000	
20-30	17	425,000	
30-40	33	1,155,000	
over 40	99	3,960,000	
			5,720,000

OTHER APPARATUS

0-25	79	987,500	
25-50	31	1,162,500	
50-75	12	810,000	
75-100	8	700,000	
over 100	20	2,000,000	
			5,660,000

PROTECTIVE EQUIP.

0-2	46	46,000	
2-4	61	183,000	
4-6	50	250,000	
6-8	20	140,000	
over 8	46	368,000	
			987,000

COMMUNICATIONS

0-2	59	59,000	
2-4	59	177,000	
4-6	22	110,000	
6-8	10	70,000	
over 8	21	168,000	
			584,000

OTHER EQUIPMENT

0-2	40	40,000	
2-4	39	117,000	
4-6	33	165,000	
6-8	18	126,000	
over 8	56	448,000	
			896,000

896,000  
52,124,500

DRAFT LEGISLATION

A BILL ENTITLED

AN ACT concerning

Good Samaritan Act - Fire Departments, Rescue Squads,  
and Ambulance Companies.

FOR the purpose of providing that the corporate body making up any State, county, municipal, or volunteer fire department, rescue squad or ambulance company is immune to civil penalties for certain acts and under certain circumstances.

BY adding to

Article 43 - Health  
Section 132 (e)  
Annotated Code of Maryland  
(1971) Replacement Volume and 1978 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That section (s) of the Annotated Code of Maryland be repealed, amended, or enacted to read as follows:

Article 43 - Health

132.

(E) THE CORPORATE BODY MAKING UP ANY STATE, COUNTY, MUNICIPAL, OR VOLUNTEER FIRE DEPARTMENT, RESCUE SQUAD OR AMBULANCE COMPANY REGARDLESS OF WHETHER A FEE FOR SERVICE IS CHARGED, IS NOT LIABLE FOR ANY CIVIL DAMAGES AS A RESULT OF ANY ACT OR FAILURE TO ACT NOT AMOUNTING TO GROSS NEGLIGENCE BY A MEMBER QUALIFYING FOR IMMUNITY UNDER SUBSECTION. (B) OF THIS SECTION.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect \_\_\_\_\_.



APPENDIX E

ESTIMATED VALUE OF STATE-OWNED PROPERTY  
BY COUNTY<sup>1</sup>

<u>County</u>	<u>State-Owned Acreage</u>	<u>Assessed Dollar Value<sup>2</sup></u>		<u>Estimated Market Value<sup>3</sup></u>
		<u>Land</u>	<u>Improvements</u>	
Allegany	56,338	960,590	8,921,060	21,937,263
Anne Arundel	10,275	64,641,725	164,740,715	509,229,017
Baltimore	21,645	77,760,840	172,410,010	555,379,287
Calvert	1,268	976,206	659,324	3,630,877
Caroline	4,456	722,019	506,661	2,727,670
Carroll	4,277	155,630	123,120	618,825
Cecil	11,215	2,942,133	2,437,567	11,942,934
Charles	8,664	2,538,797	977,853	7,806,963
Dorchester	19,036	1,351,505	6,937,725	18,402,090
Frederick	10,903	9,403,077	259,774	21,451,529
Garrett	71,536	654,171	1,203,189	4,123,339
Harford	6,684	8,194,518	4,923,394	29,121,764
Howard	11,658	24,524,096	19,541,641	97,825,936
Kent	3,307	406,182	2,399,038	6,227,588
Montgomery	11,174	36,086,030	2,462,100	85,576,848
Prince George's	9,111	47,253,410	252,348,120	665,115,397
Queen Anne's	5,294	2,116,204	3,660,638	12,824,589
St. Mary's	5,724	5,782,823	7,547,857	29,594,109
Somerset	26,539	1,225,118	7,936,527	20,338,851
Talbot	263	599,911	744,439	2,984,457
Washington	17,306	3,161,406	26,842,164	66,607,925
Wicomico	3,994	2,398,439	21,226,136	52,446,556
Worcester	17,484	1,044,635	4,393,357	12,072,342
Balto. City	1,323	74,857,032	196,311,310	601,993,719
	<u>339,474</u>	<u>369,756,497</u>	<u>909,513,719</u>	<u>2,839,979,875</u>

<sup>1</sup>From Inventory of State-Owned Land, Maryland Department of State Planning, May, 1983. Does not include most DOT rights-of-way.

<sup>2</sup>This is a very low figure. Many State properties have not been assessed for years, since they are not subject to taxation.

<sup>3</sup>Assessed dollar value x 2.2 (Assessments assumed to be 45% of market value).



APPENDIX F

STATE-OWNED PROPERTIES  
WITH AN ASSESSED VALUE OF OVER  
\$5 MILLION

<u>County</u>	<u>Property</u>	<u>Assessed Land Value</u>	<u>Assessed Imprv. Value</u>	<u>Total</u>
Allegany	Frostburg State College	134,752	7,403,628	7,538,380
Anne Arundel	MVA, Glen Burnie	946,130	12,087,680	13,033,810
	BWI Airport	35,109,970	29,068,075	64,178,045
	House of Correction (also see Howard Co.)	4,151,955	15,651,615	19,803,570
	DNR/Courts, Annapolis	764,800	19,082,415	19,847,215
	State Circle Complex (exc. State House)	2,631,880	34,964,725	37,596,605
	State House	910,935	11,007,685	11,918,620
	Sandy Point State Park	6,218,440	14,330,995	20,549,435
	Crownsville St. Hsp.	4,555,020	21,160,285	25,715,305
Baltimore	Rosewood State Hsp.	1,167,120	64,749,080	65,916,200
	Md. Trng. School	1,781,370	7,063,590	8,844,960
	Towson St. Univ.	8,516,870	33,887,650	42,404,520
	Mt. Wilson St. Hsp.	1,719,750	11,567,390	13,287,140
	Pikesville Armory	1,258,000	5,074,030	6,332,030
	BPW (?) Old Court Rd.	669,210	6,838,160	7,507,370
	Martin Airport	4,972,840	2,228,700	7,201,540
	Spring Grove St. Hsp.	2,465,760	17,860,280	20,326,040
	UMBC	2,449,520	8,156,360	10,605,880
	Dundalk Terminal (also see City)	5,819,530	500	5,820,030
Dorchester	Eastern Shore Hsp.	418,012	5,405,708	5,823,720
Frederick	School for the Deaf	5,438,110	0	5,438,110
Howard	House of Correction (also see A.A. Co.)	11,075,943	4,264,867	15,340,810
	Patuxent Institution	545,541	5,822,149	6,367,690
	Perkins State Hsp.	853,300	4,544,950	5,398,250
Prince George's	Great Oaks Center	624,970	11,146,510	11,771,480
	Bowie State College	981,690	9,515,100	10,496,790
	UMCP	21,504,650	220,653,680	242,158,330
	Boys Village	4,334,090	6,631,360	10,965,450
St. Mary's	St. Mary's College	2,146,187	5,676,193	7,822,380
Somerset	UMES	222,011	6,925,589	7,147,600
Washington	Correctional Complex (Hagerstown)	418,017	21,367,213	21,785,230
Wicomico	Salisbury St. College	1,572,839	13,790,521	15,363,360
Balto. City	University of Balto.	1,706,920	4,160,700	5,867,620
	State Office Complex	7,700,920	26,758,400	34,459,320
	UMAB (exc. Hospital)	4,536,830	23,258,820	27,795,650
	UM Hospital	1,937,340	20,378,340	22,315,680
	Carter Center	5,283,200	0	5,283,200
	World Trade Ctr.	2,228,000	26,139,800	28,367,800
	Md. Penitentiary	838,220	6,869,500	7,707,720
	MPA, Canton	1,204,680	7,440,000	8,644,680

STATE-OWNED PROPERTIES  
WITH AN ASSESSED VALUE OF OVER  
\$5 MILLION (Cont.)

<u>County</u>	<u>Property</u>	<u>Assessed Land Value</u>	<u>Assessed Imprv. Value</u>	<u>Total</u>
Balto. City (cont.)	MPA, Locust Point	6,154,160	15,160,200	21,314,360
	DHMH, 201 E. Univ.	656,920	31,127,500	31,784,420
	Montebello St. Hsp.	312,000	6,459,200	6,771,200
	Morgan State Univ.	675,960	8,952,000	9,627,960
	MPA, Dundalk Terminal (also See Balto. Co.)	23,670,000	7,231,800	30,901,800
	MPA, Curtis Bay	6,801,660	136,000	6,937,660

APPENDIX G

REPORT OF  
THE SUBCOMMITTEE TO STUDY THE  
NEED FOR STATE ASSISTANCE  
TO THE  
VOLUNTEER FIRE SERVICE

Presented:  
November 9, 1983

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## ACKNOWLEDGEMENTS

The "Subcommittee to Study the Need for State Assistance to the Volunteer Fire Service" recognizes the following individuals who contributed greatly to the mission of the subcommittee:

M. H. (Jim) Estep, Chairman, Fire Chief  
Prince George's County Fire Department

Robert N. Dempsey, Maryland State Firemen's  
Association

Ralph N. Small, Maryland State Firemen's  
Association

Leo Doyle, National Association of Independent  
Insurers

William V. Lauterbach, Jr., Maryland Association  
of Counties

Dr. Jacqueline H. Rogers, Director, Office of  
Management and Budget, Montgomery County

Rafael J. Nieves, Deputy Fire Chief, Prince  
George's County Fire Department (Ex Officio)

William E. Barnard, Lieutenant, Prince George's  
County Fire Department (Resource)

Mary Helen Naecker, Administrative Aide to the  
Fire Chief, Prince George's County Fire  
Department (Secretariat)

## SUMMARY

The Subcommittee to Study the Need for State Assistance to Volunteer Fire Companies was established to review the necessity for State assistance to volunteer fire companies and to provide to the full task force an analysis of the relevant needs issues.

The volunteer fire, rescue and ambulance companies in our State are a very important provider of emergency services to its citizens. Their members save lives, protect property and in so doing, save the taxpayer substantial dollars that would otherwise have to be expended by government directly for these services. It is a known fact that the greatly increased costs of equipment and facilities for volunteer fire and rescue companies threaten the ability of individual companies to provide continued and adequate service.

The Fire Services in the State of Maryland are comprised mainly of volunteer supported companies. Prince George's, Montgomery, Anne Arundel, Baltimore and Howard Counties are combined career/volunteer fire departments. Baltimore City is an all paid fire department. These entities provide protection to the State's 23 counties and cities from 501 fire stations with a local annual operating contribution of nearly two hundred million dollars. The individual stations are staffed by approximately 20,000 active volunteers and nearly 5,000 full time career personnel.(1)

As the service needs of the counties have increased, the drain on conventional resources have not kept pace with the revenue. Inflation has spiraled the cost of fire equipment to mega-dollars, i.e., ambulances over \$50,000, aerial ladder trucks over \$300,000 and standard pumping engines to well over \$100,000 per unit.

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(1) Appendix I - Area, Population, Fire and  
Rescue Service Personnel Data

We have seen community support diminish because of competing interests and a philanthropic decline heightened by a National recession. We have also seen restrictions placed on the subdivisions' ability to adequately fund emergency services because of tax limiting referendums and the competition of multiple service requests. The State of Maryland must share some sense of responsibility for this burden, not only because of its enormity, but in view of the State's central role in generating some of the costs. Examples are cited in other sections of this report, but among those items which prohibit revenue and/or generate costs are:

1. OSHA "Fire Brigade" Regulations,
2. Specialized Motor Vehicle Driver's License Requirements,
3. State Training Standards, and
4. "The Good Samaritan Law" prohibition to charging a fee for service.

In contrast, there are basically only three funding sources for fire departments:

1. Privately raised funds going directly into the volunteer corporations,
2. Contributions to fire service operating costs by local and municipal governments, and
3. Limited State contributions.

Currently, primary funding for volunteer fire departments comes from sources 1 and 2, funds raised by the fire departments and local contributions. The State's contributions are primarily limited to funds channeled to volunteer fire corporations through the Maryland Emergency Assistance Trust Fund.

## RECOMMENDATIONS

The Subcommittee, therefore, recommends that the State:

1. Modify Article 43, Section 132 of the Annotated Code of Maryland entitled "The Good Samaritan Act - Fire Departments, ~~and~~ <sup>Fire Departments</sup> and Rescue Squads" to remove the prohibition for establishing fees for transport and/or service by fire departments and rescue squads.
2. Act as an agent for the subdivisions for the purposes of coordinating bulk purchases, in cooperation with private corporations which are desirous of securing tax-deferred, ownership/leasing of fire equipment.
3. Should support local fire and rescue services at an initial, minimum annual level of Seven Million Dollars, in addition to the Emergency Assistance Trust Fund. Methods to fund this recommendation include:
  - a. distribution of a portion of the revenue derived from the gross receipts tax on certain insurance premiums. The categories for revenue distribution should be similar to those established by the State of Delaware and should not exceed 50% of the taxes on the premiums levied within those categories.
  - b. modification of Article 88D of the Annotated Code of Maryland to allow for an on-going Instant Lottery, earmarked for support of fire/rescue services.

- c. modification of Article 88D, 1983, of the Annotated Code of Maryland to utilize the 1985 increased income to be used for fire service funding and further, that a portion of the yearly increase in Lottery income be utilized to fund fire/rescue service needs.
  - d. Initiate a \$1.00 surcharge on all motor vehicles registered for the purpose of supporting emergency medical services within the subdivisions and certain aspects of the Maryland Institute for Emergency Medical Services Systems.
- 4. Distribute revenue to the subdivisions as follows:
    - 2% to each county with the remainder of funds distributed on a per capita basis to the counties, earmarked specifically for fire/rescue services.
  - 5. Should consider using the State Assisted Self-Sufficiency method of alternative support to subdivisions in order to promote the development of a reliable independent revenue stream to support fire/rescue services.

## DISCUSSION

### FIRE COMPANY REVENUE SOURCES

Currently, volunteer fire corporations in the State of Maryland use a number of fundraising methods. These methods vary with the geography of the area, the population density, general wealth and other considerations, such as tourism. Common fundraising includes: direct mail solicitation, bingo games, breakfasts and dinners on special occasions, fairs, fees for the use of social halls and various other charitable activities.

The primary sponsorship for volunteer fire corporations has a residential base. Occasionally, volunteer fire departments receive lump sums from bequests. The Subcommittee found no structured programs to enlist business support for services rendered. On the other hand, many employers, particularly in the rural areas, release their employees during working hours to fight fires.

Operating costs for fire services have increased in recent years as a result of general inflation. Unusually large increases in gasoline prices, training standards and the requirement for equipment replacement to meet various State/Federal regulations and radical escalation of apparatus costs have generated these increases. To cover these costs, volunteer fire corporations, often with little or no local government support, have increased their fundraising activities to the point where it places a severe strain on their membership. In economically depressed and sparsely populated areas of the State, revenues have declined despite increased fundraising efforts, conceivably as a result of the recession.

### FEES FOR GENERAL FIRE SERVICE

Based on our research, it does not seem feasible to balance current revenues with increasing expenditures. One obvious and as yet untapped source of revenue to the volunteer departments would be a fee for service. Fees could be levied both for emergency medical services and for actual fires fought.

The Maryland Good Samaritan Act (Annotated Code of Maryland, Article 43, Section 132) presently precludes the levying of fees for service. If volunteer fire corporations were to turn to fees as a source of funds, they would forfeit their exemption from liability for services rendered. Various legal advisors have stated that the counties, municipalities and volunteer corporations would not be protected from suit if they began to charge fees for emergency medical services.

Although change to the Good Samaritan Act has been attempted for several years, legislators have, to date, been opposed to the fee for service concept. This has created an impossible situation. Volunteer fire corporations are simultaneously being encouraged to remain self sufficient while being precluded from using the only obvious additional revenue source available to them - fees. At the same time, fees are a revenue source being used increasingly at the local and state level as an alternative to general governmental revenues. If, as a part of any comprehensive solution to the plight of volunteer fire corporations, the corporations themselves are to be asked to share in the increasing cost of fire service, the Good Samaritan Act must be reexamined.

If the concern of the legislators is that some individuals or properties might be refused service due to lack of ability to pay, this fear could be dispelled through a simple waiver system exempting uninsured individuals or individuals whose means would not permit full payment of the fee.

The major advantage of the fee structure is that it permits fire corporations to pass through expenses and receive compensation from individuals, medical insurance programs or from fire insurance coverage without raising taxes.(2) Many states do permit the pass through of the cost of fire fighting to the insurance company and many fire insurance policies contain such reimbursement provisions.

Modification to the Good Samaritan Act would allow jurisdictions to bill for services, while not losing the protection of law. The intended purpose is to bring funds into each jurisdiction for services rendered, without increasing taxes or fees. (3)

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(2) Appendix II - Insurance Policies

(3) Appendix III - Draft Legislation/Legal Opinion

### RECOMMENDATION

*Article 43, Section 132 of the Annotated Code of Maryland entitled "Good Samaritan Act" should be modified to remove the prohibition for establishing fees for transport and/or service by fire departments and rescue squads.*

### BUSINESS PARTICIPATION

In addition to providing direct support through tax deductible contributions, the business community may be in a position to provide special assistance to volunteer fire corporations in the acquisition of apparatus. As a result of a recent change to the Federal tax structure, heavy equipment can be depreciated on a rapid schedule and reduce Federal income tax payments to the owners of the equipment. First year investment tax credits are also provided as investment incentives.

Business participation in apparatus ownership could reduce purchase costs by 25-50%. This concept would have a business concern or broker acquire apparatus on behalf of the fire corporations, lease the equipment to the corporation during its depreciation period and then sell equipment for one dollar to the corporation at the end of this period. We have been advised that this concept is cost effective only if bulk purchases in excess of \$500,000 are assembled. The State could be useful to the corporations by assembling such a bulk purchase and providing paper support to make it feasible. (4)

### RECOMMENDATION

*The State of Maryland should act as an agent for the subdivisions for the purposes of bulk purchases, in partnership with private corporations who wish to secure tax-deferred joint ownership/ leaseback of fire equipment.*

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(4) Appendix IV - Legal Opinion, Montgomery County Attorney  
Letter from The Washington Financial Group  
Letter from Thomas E. Mahn, Perdue Company

## LOCAL GOVERNMENT

Like police protection, the provision of fire prevention and suppression service is a basic public service which would have to be provided through government if it were unavailable from private volunteer fire departments. Some Maryland municipalities and counties provide support to volunteer fire corporations.(5) Such support is most frequently found in areas where the population density requires a level of coverage and reliability which cannot be fully assured under a volunteer system, due to the higher number of calls associated with urban areas.

### MUNICIPAL PARTICIPATION

The City of Frederick, for example, pays the salaries of 21 personnel, mainly for drivers who are responsible for getting apparatus to the scene of the fire. In the summer, Ocean City supplements volunteer fire fighters with paid personnel, due to the radical increase in population density. The City of Salisbury has 49 paid fire fighters and has elected to share in the cost of apparatus acquisition as well as make its borrowing power available to the volunteer fire corporations.

### URBAN COUNTY PARTICIPATION

Those municipalities which require a level of service greater than that which is broadly available within their counties, should rightfully participate in the cost of adequate fire protection and emergency medical services.

Localities which are funded primarily through the property tax face extreme pressures from taxpayers. In particular, governments at all levels fear that contributions to the support of an activity which is now privately supported could erode the independence of their departments and lead ultimately to the obligation for full funding of fire suppression with its concomitant expense. Nonetheless, it remains reasonable to expect localities which require high service levels to contribute towards the costs of delivering those services. Fear associated with potential financial exposure can be mitigated through funding systems which define costs and allocate them equitably among the levels of government and volunteer fire corporations.

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(5) Appendix V - Maryland Association of Counties Report

## STATE SUPPORT

The policy question facing this task force is, "What is the State of Maryland's role and responsibility to the fire service?" Since the protection afforded by the fire services of all the counties and Baltimore City benefits the citizens through lower insurance premiums and lower cost fire protection, the State of Maryland benefits by not providing "State Protection."

The State of Maryland presently owns little fire or rescue equipment and it does not maintain any fire protection field forces with the exception of the Forestry Service. However, the State does impose training standards, and many State mandated Maryland Occupational Safety and Health Act (MOSHA) regulations which have a direct impact on the ability of each jurisdiction to adequately fund fire protection. The Subcommittee finds no particular fault with these regulations and in fact regards the protective equipment requirements as progressive. However, the varying opinions related to interpretation and implementation should be clarified. Studies conducted by this Subcommittee have revealed such impacts. State mandates for training, MOSHA requirements, etc., could have a fiscal impact of greater than \$75,000,000 within a five year period Statewide.(6)

Due to their enormous impact and the potential for more State imposed regulations, the Subcommittee has concluded that the State should assume some responsibility for sharing the cost of local fire protection, as it does for local law enforcement. The fire service in general, and specifically volunteer corporations, are not asking the State of Maryland to take over the full responsibility of providing fire protection. We believe the role of the State government in fire protection to be twofold:

1. The State should assist the localities and volunteer corporations through legislation that allows the local government to assist themselves, and
2. It should further take an active role in providing a funding mechanism to offset or defray some of the costs imposed by the State.

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(6) Appendix VI - EMS Training Cost Impact Study  
State Mandates Impact Study

### PRECEDENT FOR STATE SUPPORT

The Subcommittee has surveyed and reviewed laws and applicable insurance provisions of states contiguous to Maryland for the purpose of investigating funding sources for their fire services. Research reveals that New York, West Virginia, Pennsylvania and Delaware presently have laws which allow those states to distribute a portion of the funds raised from taxes paid on insurance premiums to support fire/rescue services.

New York has two insurance related taxes which help to fund local fire services: 1) a two percent (2%) tax paid on foreign fire insurance companies for distribution to the fire districts throughout the State and to the cities of New York and Buffalo; and 2) a one point twenty-five percent (1.25%) fire insurance fee is assessed on commercial properties and multi-family dwellings. This money is paid by the insurance companies to the state for arson investigation and fire prevention programs.

West Virginia has a one percent (1%) premium tax on gross insurance premiums; 75% of these monies fund police and fire fighter pension plans. Twenty-five percent (25%) of the funds are utilized by volunteer fire companies to purchase equipment.

Pennsylvania has a two percent (2%) gross premiums tax on foreign fire insurance companies which is distributed to fire districts based upon the location code provided by the insurance companies. These funds are distributed by the State and are to be utilized for fire fighter pension funds only.

The State of Delaware uses a formula which redistributes funds from their existing two percent (2%) insurance premiums tax. Seven specific fire related insurance premium items have been identified to be used as those taxable items to support fire services. The formula is based on the total gross premiums from the seven lines of related fire insurance times three and three-fourths percent (3-3/4%). In 1982, this generated \$4,325,000. This money is distributed to the City of Wilmington and the three counties in the state based upon the gross premiums collected in each area.

The Subcommittee has thoroughly researched the various existing and proposed training standards, MOSHA requirements and EMS mandates along with other state mandated rules and regulations pertaining to the fire service. This review has revealed nearly \$50 million in potential impact over five years. In addition, the "Fire Service Needs Survey" by this Task Force(7) establishes that nearly \$50 million in potential operating needs are also projected over the next five years. These costs would be met almost solely by local subdivisions and/or its fire services.

It is therefore the conclusion of this Subcommittee that the General Fund of Maryland receives a substantial tax benefit from its fire departments, which are often operated by unsalaried volunteers. However, the fire services have received only a modicum of support from the State it so ably serves. This is particularly distressing when viewed in the same light as the massive funding provided for State-wide support of police protection.

Research further reveals that for FY 83, the gross receipts premium tax and fees paid on insurance policies will approximate \$68,000,000. This revenue accrues to the General Fund even though most members of the Subcommittee believe the insurance industry and our citizens benefit from the excellent protection provided by the fire services. Since several major insurance coverage lines are fire/casualty related and since those lines account for nearly 20% of the taxes derived, it is reasonable to suggest that some of those monies be directed toward fire/rescue support.

Logically, by maintaining a high level of fire services and supporting their needs, the insurance industry benefits by paying out fewer dollars for fire losses. The public also gains by paying less insurance premiums as determined by the Insurance Services Office Grading Schedule.

The \$7 million for State support is based on one half of the insurance premium taxes and fees presently being levied for seven fire related lines. Approximately 20% of the total taxes and surcharges are collected from fire and casualty related policies. The base figure will increase only as the rate of fees or taxes increase in proportion to the premiums paid in the State of Maryland. We are suggesting that a portion of the General Fund be directed to support our needs and we have identified a logic.

#### RECOMMENDATION

*The State should support local fire and rescue services at an initial, minimum annual level of Seven Million Dollars, in addition to the Emergency Assistance Trust Fund.*

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(7) Appendix VII - Results of Needs Survey

We have reviewed funding possibilities and have concluded that there are several courses of action that would allow the local jurisdictions to help themselves and there are reasonable methods to have the State assist without becoming the sole source of income.

It is the opinion of this Subcommittee that in light of the needs of the fire services in the State, along with the fiscal impact generated and proposed by the State, it is reasonable to seek assistance from the State. The obvious course of action, although not practical, would be to increase insurance premium taxes. The Subcommittee has sought, however, to identify other funding sources and mechanisms which would have the least fiscal impact and be politically realistic.

Maryland now enjoys a tax on insurance premiums which reportedly is \$68,000,000. The taxes paid to the State are based on fees for all insurance premiums to those underwriters operating in the State. These taxes are assessed as follows for FY 1983: \$62,838,940 for Gross Premium Tax; \$2,410,958 in Retaliatory Taxes and Fees, along with \$3,031,918 in Miscellaneous Fees related to insurance premiums (licensing fees and penalties).(8) It would appear practical that a portion of the taxes paid for fire/rescue related insurance could be distributed to the fire/rescue services. Those funds would then be directed to benefit those entities which are partly responsible for reducing overall insurance costs.

#### RECOMMENDATION

*As a method of funding fire and rescue services, the State should consider distribution of a portion of the revenue derived from the gross receipts tax on certain insurance premiums. The categories for revenue distribution should be similar to those established by the State of Delaware and should not exceed 50% of the taxes on the premiums levied within those categories.*

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(8) Appendix VIII-State of Maryland Insurance Taxes and Fees

It is reported that the Maryland State Lottery produces in excess of \$191,000,000 in income to the State General Fund. There are two possible sources of income from the Lottery system which could be considered to provide funding for fire/rescue service needs.(9)

#### RECOMMENDATION

*The State should consider modification of Article 88D, 1983, of the Annotated Code of Maryland to implement an Instant Lottery game with funds directed to the fire/rescue service, or that*

*Article 88D, 1983, of the Annotated Code of Maryland be modified to utilize the 1985 increased income to be used for fire service funding and further, that a portion of the yearly increase in Lottery income be utilized to fund fire/rescue service needs.*

Senator Kelly has discussed as a possible source of revenue, an increase of \$1.00 per licenses vehicle in the State of Maryland for EMS related funding. It is conceivable that this concept could be construed to provide a revenue source for additional fire service needs by displacing EMS costs and freeing monies for support of fire protection. This concept could help to offset State mandated regulations and other operating costs. Senator Kelly's approach should be supported, if indeed the fire services will benefit as a whole.

#### RECOMMENDATION

*The State should consider initiation of a \$1.00 surcharge on all motor vehicles registered for purposes of supporting emergency medical services within the subdivisions and certain aspects of the Maryland Institute for Emergency Medical Services Systems.*

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(9) Appendix IX - Maryland State Lottery Revenue History

Since the Subcommittee has recommended that there be a major role for the State in the support of the fire service, care must be taken to assure balanced distribution of funds. The Subcommittee reviewed the array of formulas currently used by the State in the distribution of funds(10). The Subcommittee concluded that to be useful, a floor of funding would have to be assured for each county regardless of population, but that population should affect the formula because demand for fire service is directly related to population density.

The formula must be compatible with these two objectives using the State Transportation Revenue Sharing Formula which provides 1% of the revenue to each subdivision and distributes the balance based on population. When, however, we analyzed the distribution of \$7,000,000 based on this formula, the floor to the less populous counties appeared to be too low to provide meaningful assistance. We therefore, examined the distribution of funds based on 2% to each county with the balance allocated based on population. (See Chart 1) This appeared to be more responsive to their needs.

CHART 1

DISTRIBUTION OF \$7,000,000 TO LOCAL FIRE CORPORATIONS  
USING REVENUE SHARING FORMULAS WITH 1% and 2%  
HOLD HARMLESS PROVISIONS

	(1) \$7 Million 1% Hold Harmless	(2) \$7 Million 2% Hold Harmless
Allegany	\$ 124,600	\$ 140,000
Anne Arundel	618,800	536,300
Baltimore City	1,173,200	1,017,000
Baltimore	1,043,000	904,200
Calvert	70,000	140,000
Caroline	70,000	140,000
Carrroll	165,200	143,100
Cecil	98,000	140,000
Charles	127,400	140,000
Dorchester	70,000	140,000
Frederick	195,300	169,300
Garrett	70,000	140,000
Harford	243,600	211,200
Howard	215,600	187,000
Kent	70,000	140,000
Montgomery	935,900	811,400
Prince George's	1,040,900	902,200
Queen Anne's	70,000	140,000
St. Mary's	100,100	140,000
Somerset	70,000	140,000
Talbot	70,000	140,000
Washington	182,000	158,300
Wicomico	106,400	140,000
Worcester	70,000	140,000
TOTAL	\$7,000,000	\$7,000,000

This chart displays a hypothetical distribution to jurisdictions using the revenue sharing formulas. The first revenue sharing formula allocates revenues to subdivisions on a per capita basis and requires that each County receive at least 1% of the total local aid amount. The second formula allocates revenues to subdivisions on a per capita basis, but requires that each County receives at least 2% of the total local aid amount.

(10) Appendix X - Memo from Blair Lee re State Aid to Local Subdivisions; Various Formula Approaches

## RECOMMENDATION

*The State should distribute revenue to the subdivisions as follows:*

*2% to each county with the remainder of funds distributed on a per capita basis to the counties, earmarked specifically for fire/rescue services.*

## STATE ASSISTED SELF-SUFFICIENCY FUNDING

A mechanism is needed which permits government support to flow to the volunteer corporations, thus providing immediate relief to a critical problem, but which simultaneously offers the development of a revenue stream which, over time, will permit them to preserve their independence. State supported self-sufficiency funding provides such a mechanism. Under this concept, some State revenue would pass through to corporations to provide immediately usable, flexible revenues. However, a portion of the State support (less in the initial years of a State program and more in later years) would be reserved as matching funds for the creation of local trust accounts, the revenue from which could be used to support annual operating expenses. The objective would be to develop over time, a pool of capital, still belonging to the original investors -- the State, possibly the locality and the volunteer corporation -- which could be invested providing an annual source of revenue to support operating costs. This type of mechanism is already in use in other areas. In Montgomery County, for example, such funding is being used to provide annual operating support to the Strathmore Arts Center and to provide housing subsidy funds in new apartment projects to substitute for the sharply curtailed Federal Section 8 Program.

Although somewhat complex to develop initially, self-sufficiency funding programs promote maximum private participation in the provision of services to the public. The self-sufficiency fund concept involves both a formula to distribute funds to local jurisdictions and a mechanism to establish self-sufficiency fund accounts with individual fire corporations. An illustration of the self-sufficiency funding concept using Calvert County as an example is attached. (11)

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(11) Appendix XI - Distributions Using Transportation Revenue Sharing Formula

The first chart displays hypothetical distributions to jurisdictions using the State Transportation Revenue Sharing Formula. The Transportation Revenue Sharing Formula allocates revenues to localities on a per capita basis and requires that each County receive at least 1% of the total local aid amount. The chart displays two examples that distribute \$7 million. The first example includes a 1% hold harmless assumption while the second assumes a 2% provision. Calvert County, impacted by the hold harmless provision, would receive \$70,000 in the first example and \$140,000 in the second example.

The second chart attached displays a hypothetical distribution of \$140,000 to six local fire corporations in Calvert County. (12) The jurisdictional distribution presented in the first chart could be further divided into a grant portion and a self-sufficiency fund portion. The fund portion would be available for matching contributions from the fire corporations. The grant portion decreases over the six-year period as the fund portion increases. The impact of the distribution is to provide an annual income of \$16,000 to \$18,000 to each corporation for six years until a fund is established. Once the fund is established, each corporation in Calvert County would receive annual investment income equal to the first-year grant or approximately \$16,000.

Under this financing concept, each fire corporation would have an individual account that could be either invested with the local government jurisdiction, if such services are available, or with a local bank. The use of the income from the fund should be at the discretion of the fire corporation with the possible exception of controls being placed on use of the funds for debt service on apparatus and facilities. Control features might include the establishment of a review process to monitor the purchasing of capital items.

The self-sufficiency funding arrangement offers a creative method of financing the operation of a corporation without the requirement of continued government support and with minimal annual organization fundraising. Upon establishment of the fund, the organization will have a continuous flow of resources in the form of investment income.

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(12) Appendix XII - Self-Sufficiency Fund Approach

## RECOMMENDATION

Active consideration should be given to using the State Assisted Self-Sufficiency mechanism for the distribution of funds to subdivisions in order to promote the development of a reliable independent revenue stream to support fire/rescue services.

APPENDIX

- I. Area, Population, Fire and Rescue  
Service Personnel Data
- II. Insurance Policies
- III. Draft Legislation/Legal Opinion  
Re Good Samaritan Act
- IV. Legal Opinion, Montgomery County Attorney  
Letter from the Washington Financial Group  
Letter from Thomas E. Mahn, Perdue Company
- V. Maryland Association of Counties Report
- VI. EMS Training Cost Impact Study  
State Mandates Impact Study
- VII. Results of Needs Survey
- VIII. State of Maryland Insurance Taxes and Fees
- IX. Maryland State Lottery Revenue History
- X. Memo from Blair Lee re State Aid to  
Local Subdivisions; Various Formula Approaches
- XI. Distributions Using Transportation Revenue  
Sharing Formula
- XII. Self-Sufficiency Fund Approach

APPENDIX I

Area, Population, Fire and Rescue  
Service Personnel Data

AREA, POPULATION, FIRE AND RESCUE SERVICE PERSONNEL DATA

REGION	COUNTY	AREA SQUARE MILES	POPULATION <sup>1</sup>	NUMBER OF FIRE AND RESCUE COMPANIES	NUMBER OF FIRE AND RESCUE STATIONS	NUMBER OF VOLUNTEER PERSONNEL (ACTIVE)	NUMBER OF CAREER PERSONNEL
Southern Maryland	Charles	459	68,428	13	14	660	0
	Calvert	217	34,308	10	10	425	0
	St. Mary's	373	59,799	14	14	485	0
	TOTAL	1,049	162,535	37	38	1,570	0
Western Maryland	Allegany	428	79,512	33	35	1,130	63
	Garrett	659	25,856	14	14	545	0
	Washington	459	112,784	28	29	820	42
	TOTAL	1,546	218,152	75	78	2,495	105
North Central	Carroll	456	94,825	14	15	890	Driver 5 Only
	Howard	251	116,728	7	9	395	110
	Frederick	665	111,748	26	26	2,020	10
	TOTAL	1,372	323,301	47	50	3,305	125
North East	Cecil	362	58,211	9	11	866	0
	Harford	453	144,065	12	23	1,000	0
	Baltimore	626	644,465	33	53	2,500	925
	TOTAL	1,441	846,741	54	87	4,366	925
North Eastern Shore	Kent	281	16,500	7	7	315	0
	Queen Anne	375	25,004	8	8	380	0
	Caroline	321	22,279	8	8	460	0
	Talbot	261	24,361	6	6	350	0
TOTAL	1,238	88,144	29	29	1,505	0	
South Eastern Shore	Dorchester	594	29,405	15	15	540	0
	Wicomico	381	63,048	13	13	682	38
	Somerset	339	17,827	7	7	280	0
	Worcester	479	29,255	10	14	520	15 Ambu- lance
TOTAL	1,793	139,535	45	49	2,022	53	
	Anne Arundel	423	395,663	26	31	1,190	392
	Montgomery	495	577,596	18	33	1,273	621
	Pr. George's	485	639,300	37	46	2,000	425
	Balt. City	78	783,320	1	60	0	2,196
	TOTAL	1,481	2,395,879	82	170	4,463	3,634
	GRAND TOTALS	9,920	4,174,287	369	501	19,726	4,842

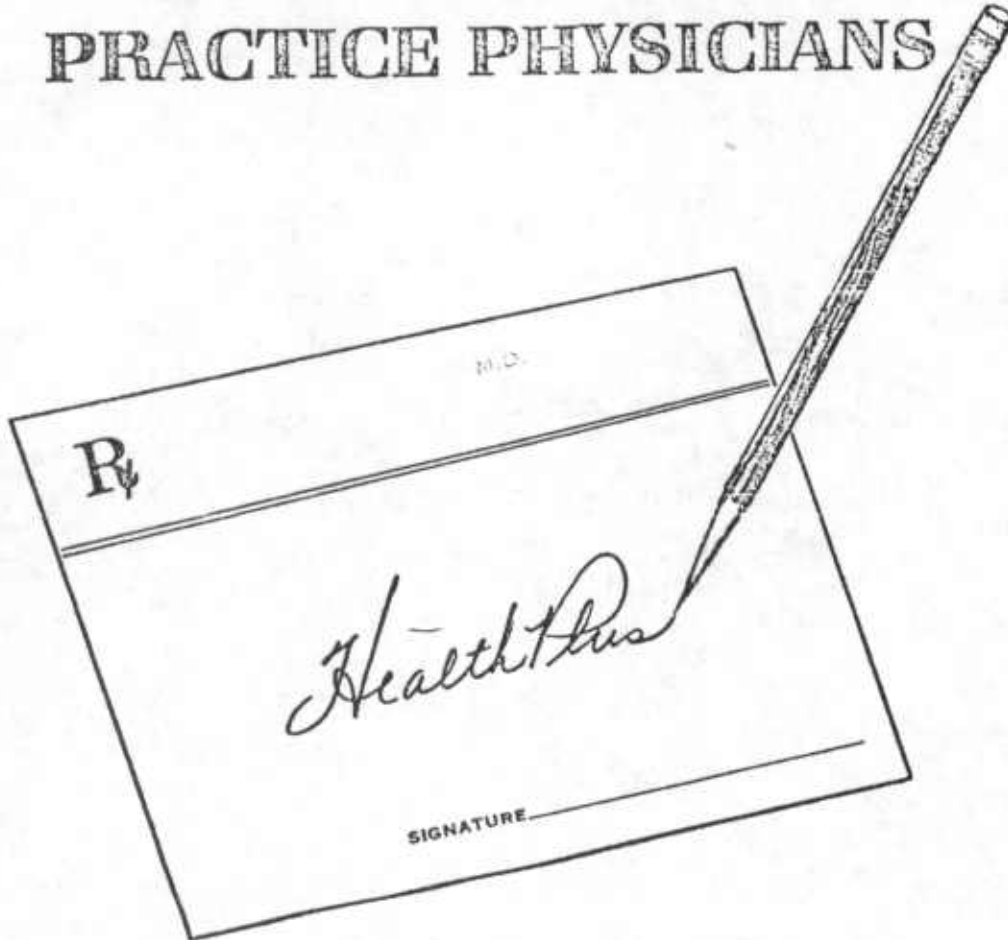
<sup>1</sup> Maryland Manual 1982

APPENDIX II

Insurance Policies

# HEALTHPLUS

## THE PREPAID HEALTH PLAN OF PRIVATE PRACTICE PHYSICIANS



*Just What The Doctor Ordered*

Home Health Care	When ordered by HEALTHPLUS Physician excluding personal comfort, convenience items	Nothing
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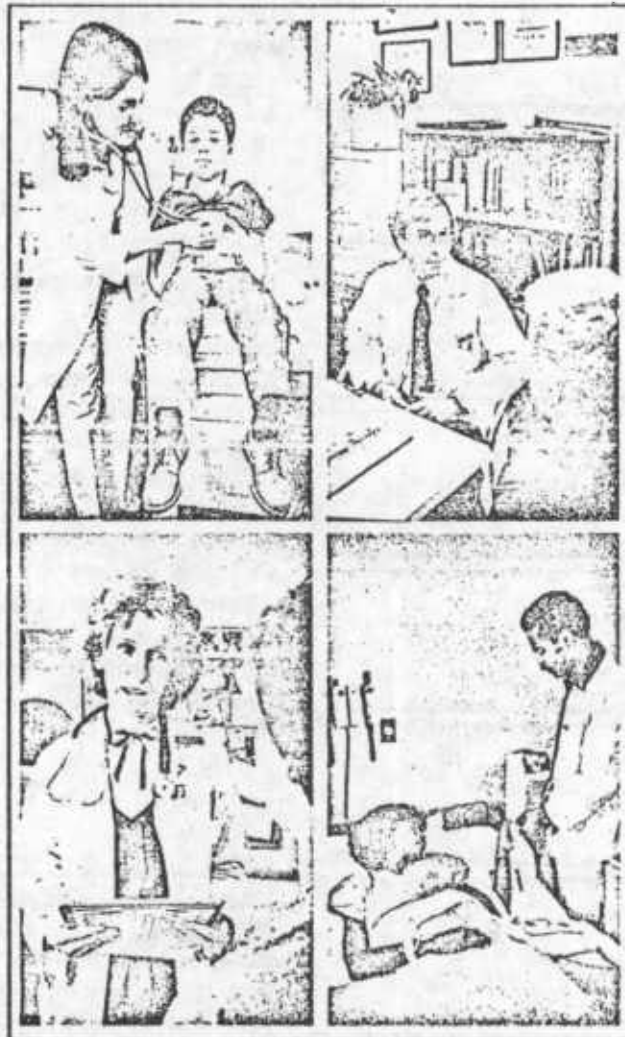
Physical Therapy	Short Term	Nothing
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Ambulance	If approved by HEALTHPLUS Physician	Nothing
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# Group Health Association

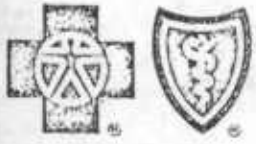
*The alternative health care plan*



## 1983 Health Care Benefits High Option and Basic Plan

### Out of Area Care:

<b>Hospital Admission</b> Limited days in semi-private accommodations, when hospitalization is for acute illness or injury.	No charge	No charge
<b>Physician, Lab and X-Ray</b> Care in or out of the hospital for treatment of acute illness or injury.	GHA reimburses or pays all necessary expenses	56 GHA reimburses or pays all necessary expenses, except a \$10.00 charge for each out-patient visit.
<b>Ambulance</b> Care for acute illness or injury	GHA reimburses or pays all necessary expenses	GHA reimburses or pays all necessary expenses



Blue Cross®  
Blue Shield®

# YOUR HEALTH CARE BENEFITS & HOW TO USE THEM.

For The Employees Of  
K.I.M., Incorporated

Services of a radiologist, a pathologist, a laboratory, or registered physical therapist or registered optometrist; Cardiac rehabilitation programs—benefits for a maximum of 90 visits under one approved cardiac rehabilitation treatment plan for participants with no Major Medical exclusions for heart conditions. However, benefits can be renewed following hospitalization for another heart attack or heart surgery, or a diagnosis of angina pectoris. Services must be provided by a hospital-based cardiac rehabilitation program or one that is coordinated with a hospital, and the program must have been approved by GHI.

Professional nursing care by a registered private duty nurse (R.N.) or a licensed practical nurse (L.P.N.) when ordered by a physician and determined by the Plans to be medically necessary, provided that the nurse does not ordinarily reside in your home and is not related to you by blood or marriage;

Insulin, prescription drugs and medicines listed in the official U.S. formularies;

Artificial limbs or eyes;

Physical therapy;

Allergy tests and injections;

Contact lenses required as a result of cataract surgery;

Casts, splints, trusses, braces or crutches;

Rental of a wheel-chair, hospital-type bed, iron lung or other mechanical equipment for treatment of respiratory paralysis;

Outpatient speech therapy rendered and billed by hospital;

Local professional ambulance service to a local hospital or up to \$50 for professional ambulance services beyond the local area;

Balances of expenses for surgical or medical care or anesthesia when the fee schedule allowances under basic Blue Shield coverage are less than the physician's charges.

In or outpatient care for nervous or mental conditions—including individual or group therapy when rendered by a psychiatrist (M.D.), or a licensed clinical psychologist.

Also, a licensed, certified social worker who has had at least two years or 3,000 hours of post-master supervised clinical social work practice in a clinical program as established by the Board of Social Work Examiners if the patient was referred to the social worker by a physician.

# The George Washington University Health Plan



INPATIENT HOSPITAL AND EXTENDED CARE FACILITY SERVICES ARE COVERED IN FULL, AS FOLLOWS:

## HOSPITAL SERVICES

- *Unlimited Days of Care (except, up to 30 days of hospital care per calendar year for acute, short-term mental health problems)*
- *Semi-Private Room*
- *Physicians' Visits*
- *Meals*
- *General Nursing Service*
- *Medication*
- *Operating Room*
- *Recovery Room*
- *Intensive Care Unit*
- *Coronary Care Unit*
- *Cystoscopic Room*
- *Oxygen and Equipment*
- *Dressings and Casts*
- *Sterile Tray Service*
- *Intravenous Injections*
- *Sera (except blood and plasma)*
- *Radiation Therapy*
- *Physical Therapy (short-term)*
- *Artificial Heart and Kidney Machines*
- *Private Duty Nursing*
- **Ambulance**

\* ALL SERVICES MUST BE APPROVED

Good Health, Good Coverage, Good Sense

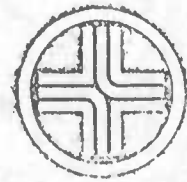
**Program of  
Life, Basic Medical Care,  
Major Medical, Vision Care  
and  
Prescription Drug Expense  
Benefits**

**for  
County Government Employees  
Hospital Commission Employees  
...emorial Library Employees**

- Consultations by a physician
- Oxygen, including rental of equipment for its administration
- Services of a radiologist, a pathologist, a laboratory, or a registered physical therapist or registered optometrist
- Professional nursing care by a registered private duty nurse (R.N.) or licensed practical nurse (L.P.N.) when ordered by a physician and determined to be medically necessary, provided that the nurse does not ordinarily reside in your home and is not related to you by blood or marriage
- Artificial limbs or eyes
- Physical therapy
- Allergy tests and injections
- Contact lenses required as a result of cataract surgery
- Casts, splints, trusses, braces or crutches
- Rental of a wheel-chair, hospital-type bed, iron lung or other mechanical equipment for treatment of respiratory paralysis
- ~~Local professional ambulance service to a local hospital or up to \$500 for professional ambulance services beyond the local area~~
- Insulin and prescription drugs and medicine listed in Official U.S. formularies, not reimbursed under the Prescription Drug Benefit coverage.



**Prince George's County, Maryland**



# MD-IPA HEALTH PLAN



"We Grow Good Health"

## Benefits and Services

### Physician Services

- Office visits
- Specialist Care
- Hospital Care
- Surgery
- Home Care

*All covered in full*

### Preventive Health Care

- Health Assessments
- New baby and child care
- Routine GYN care
- Immunizations
- Vision Screening through age 18
- Family planning
- Health education

*All covered in full*

### Hospital Service

- Unlimited number of days
- All diagnostic services, i.e., lab, x-ray, etc.
- Drugs and medications
- Intensive and coronary care units
- Private duty nursing, when medically necessary
- Administration of blood and blood products
- Short-term physical therapy

*All covered in full*

### Emergency

- Medically necessary hospital and physician services, worldwide

*\$15 copayment per visit unless admitted.*

- Ambulance, when medically necessary

*All covered in full.*

### Prescription Drugs

*(If included in your group or individual contract)*

*Covered in full after satisfying a \$30.00 deductible per person per*

# YOUR STATE FARM

## HOMEOWNERS EXTRA POLICY

FP-7105.1  
(10/81)

PRINTED  
IN  
U.S.A.

that applies to the dwelling for all trees, shrubs, plants and lawns nor more than \$500 for any one tree, shrub or plant. This coverage may increase the limit of liability otherwise applicable. We do not cover property grown for business purposes.

**4. Fire Department Service Charge** (not applicable in Arizona and New Mexico). We will pay up to \$500 for your liability assumed by contract or agreement for fire department charges incurred when the fire department is called to save or protect covered property from a Peril Insured Against. No deductible applies to this coverage.

**5. Property Removed.** Covered property while being removed from a premises endangered by a Peril Insured Against and for not more than 30 days while removed is covered for direct loss from any cause. This coverage does not increase the limit of liability applying to the property being removed.

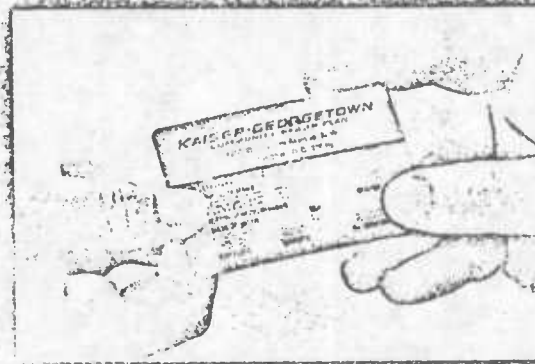
**6. Credit Card, Forgery and Counterfeit Money.** We will pay up to \$1000 for:

- a. the legal obligation of any insured to pay because of the theft or unauthorized use of credit cards issued to or registered in any insured's name. We do not cover use by a resident of your household, a person who has been entrusted with the credit card, or any person if any insured has not complied with all terms and conditions under which the credit card is issued;
- b. loss to any insured caused by forgery or alteration of any check or negotiable instrument; and
- c. loss to any insured through acceptance in good faith of counterfeit United States or Canadian paper currency.

We do not cover loss arising out of business pursuits or dishonesty of any insured. No deductible applies to this coverage.

- Defense:**
- a. We may make any investigation and settle any claim or suit that we decide is appropriate. Our obligation to defend any claim or suit ends when the amount we pay for the loss equals our limit of liability.

# The Kaiser-Georgetown Community Health Plan



## A Better Way to Health Care.

**In Your Home**

- Home nursing services when medically necessary

No Charge

**Ambulance Service**

- When ordered or authorized by a Medical Group Physician

No Charge

**WA. Away From Home**

- Coverage for emergencies or urgent care

No Charge

**General Exclusions**

- Dental care • Cosmetic surgery • Experimental procedures • Custodial care • Speech and occupational therapy • Artificial aids and corrective appliances • Durable medical equipment • Examinations for insurance or employment • Organ transplants (except kidney and corneal) • Services available from a government agency or program • Blood or blood plasma

FOR A COMPLETE DESCRIPTION OF BENEFITS AND EXCLUSIONS PLEASE REFER TO A GROUP OR NON-GROUP CONTRACT.

APPENDIX III

Draft Legislation/Legal Opinion  
Re Good Samaritan Act

DRAFT LEGISLATION

A BILL ENTITLED

AN ACT concerning

Good Samaritan Act - Fire Departments and  
Rescue Squads

FOR the purpose of providing that the corporate body  
making up any State, county, municipal, or volunteer  
fire department or rescue squad is immune to civil  
penalties for certain acts and under certain circum-  
stances.

BY adding to

Article 43 - Health  
Section 132 (e)  
Annotated Code of Maryland  
(1971 Replacement Volume and 1978 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
MARYLAND, That section (s) of the Annotated Code of Maryland  
be repealed, amended, or enacted to read as follows:

Article 43 - Health

132.

(E) THE CORPORATE BODY MAKING UP ANY STATE, COUNTY,  
MUNICIPAL, OR VOLUNTEER FIRE DEPARTMENT, OR RESCUE SQUAD, OR AMB. CO'S  
REGARDLESS OF WHETHER A FEE FOR SERVICE IS CHARGED, IS  
NOT LIABLE FOR ANY CIVIL DAMAGES AS A RESULT OF ANY ACT OR  
FAILURE TO ACT NOT AMOUNTING TO GROSS NEGLIGENCE BY A MEM-  
BER QUALIFYING FOR IMMUNITY UNDER SUBSECTION. (B) OF THIS  
SECTION.

SECTION 2. AND BE IT FURHTER ENACTED, That this Act  
shall take effect \_\_\_\_\_.

*Submitted  
Committee  
Bill*

*& Ambulance Co.*

OFFICE OF LAW  
952-4124

April 12, 1977

Mr. Robert W. Wilson  
Chief Administrative Officer  
County Administration Building  
Upper Marlboro, Maryland 20870

Re: Direct Fees for Ambulance Service

Dear Mr. Wilson:

You had requested that this office research and opine as to any legal consequences arising from volunteer companies charging citizens directly for ambulance services provided to them. As we have previously advised you, while this office cannot state with certainty that it is legally impermissible, per se, to make such charges, we feel that it would be, at least, a somewhat precarious practice.

The basis for our view is that under an opinion rendered by George Neilsen, Esq., Assistant Attorney General (copy attached), we have been admonished that the protections afforded one falling within the Good Samaritan Law would most likely be lost to a rescue squad which charges a direct fee to the user for rendering these services. Thus, any rescue squad which charges for its services may well be liable, not only for gross negligence, but also for any negligent act, however slight. The County, which in turn authorizes these volunteer activities and, in fact, through its fire board dispatches the same, can ultimately be responsible for their acts and, without the protection afforded by the Good Samaritan Law, the degree of financial exposure of the County would be greatly increased. Furthermore, a prospective problem arises in allowing the individual volunteer companies to set fees for their respective services inasmuch as different citizens within our County would be paying differing rates for the same service, and it is quite possible that some citizens would be required to pay for a service which is rendered without direct fee to other citizens.

r. Robert W. Wilson

-2-

April 12, 1977

Based upon the above, it is the opinion of this office that the broad protection presently afforded by the Good Samaritan Law far out weighs any financial benefit to any individual company which might result from making charges for ambulance services.

Very truly yours,

James C. Chapin  
County Attorney

JCC:ec

22-0



THE ATTORNEY GENERAL

ONE SOUTH CALVERT STREET

14TH FLOOR

BALTIMORE, MARYLAND 21202

301-383-3737

September 16, 1976

Honorable John J. Garrity  
Member, House of Delegates  
6401 New Hampshire Avenue  
Hyattsville, Maryland 20783

Dear Delegate Garrity:

You have inquired as to the status of volunteer fire company and/or rescue squad personnel under the State's revised Good Samaritan Laws in situations where a charge is imposed for ambulance services.

As you know, the Good Samaritan Laws were revised by the enactment of House Bill 821 (as Chapter 689 of the Laws of 1976) and Senate Bill 72 (as Chapter 553 of the Laws of 1976),<sup>1</sup> repealing and reenacting Section 132 of Article 43 of the Annotated Code. New Section 132(a) of Article 43 provides that any "person licensed by the State of Maryland to provide medical care, who renders medical aid, care, or assistance [under the 'emergency circumstances' specified] for which he charges no fee or compensation . . . is not liable for any civil damages as the result of any professional act or omission by him not amounting to gross negligence". New Section 132(b), in turn, provides that a member of any volunteer fire department or rescue squad

" . . . who has completed an American Red Cross course in advanced first aid or its equivalent and possesses a current card indicating that status as determined by the Secretary of Health and Mental Hygiene, or is certified by the State of Maryland as an emergency medical technician or a cardiac rescue technician has the same immunity provided in subsection (a)." (Emphasis supplied).

<sup>1/</sup> These two bills are similar in most respects and, but for a possible titling problem with House Bill 821, presumably only one of them would have been signed into law. Because of the possible titling problem, and the desire of the Governor to give effect to the broader provisions of House Bill 821, both were signed. (See the enclosed copy of our letter to Governor Mandel of May 11, 1976). The differences between the two bills are not material to this inquiry, and we will respond in terms of the provisions embodied in Chapter 689 (the House bill).

ly, Section 132(c) similarly protects members and employees of /

" . . . emergency and medical service councils and agencies which operate as non-profit groups that provide support to the emergency medical system through the provision of care, equipment, facilities, or consultant support without charging the emergency victim a fee for the service provided . . . ."

with respect to acts or omissions not amounting to gross negligence.<sup>2</sup>

We turn first to subsection (a) and the protection it affords to persons licensed to provide medical care. If such a licensed individual is also a member of a volunteer fire company or rescue squad, he would have the protection afforded by subsection (a) only where he charges no fee or compensation for the assistance which he renders. The requirement that a doctor, for example, charge no fee or compensation in order to benefit from the statutory protection would appear to preclude a charge by him for his services or for any materials used by him in furnishing those services regardless how the charge is computed. As we read the statute, he would not be denied the individual immunity otherwise available if he imposes no charge but the fire company or rescue squad of which he happens to be a member does levy a charge for the use of the ambulance (as distinct from the physician's services) which does not inure to the individual member-physician's benefit.

The portion of the statute of most immediate concern to members of volunteer fire companies and rescue squads is subsection (b), which affords protection to such members if they have the training status described therein. While there is nothing in subsection (b) which explicitly provides that the immunity only applies where no charge is imposed, persons protected by this subsection are given "the same immunity provided in subsection (a)". In our view, this means that no charge may be imposed for the aid, care or assistance which the individual provides in order for him to be protected. We do not believe that his individual protection would be lost, however, simply because the fire company or rescue squad imposes a charge for the use of its ambulance so long as no charge is imposed by the individual or the agency for the aid received from the individual seeking the protection of the statute.

While you did not ask us to express our views with respect to the possible applicability of subsection (c), we should note that under its provisions members and employees of "agencies which operate as non-profit groups that provide support to the emergency medical system through the provision of care, equipment, facilities or

<sup>2/</sup> Subsection (d) confers a far more limited protection on other persons rendering emergency medical aid and not covered by the preceding three subsections. It is not pertinent to your inquiry.

J. Garity  
r 16, 1976

consultant support without charging the emergency victim a fee for the service provided" are given statutory immunity with respect to their acts or omissions not amounting to gross negligence. It is arguable that volunteer fire companies or rescue squads would qualify as such supporting non-profit agencies and that their members and employees, if not specifically covered by subsections (a) or (b), could qualify for the immunity provided by subsection (c). On the other hand, since subsection (b) makes specific provision for particular employees of fire companies and rescue squads it can be persuasively urged that that subsection is the exclusive source of immunity for their personnel and that subsection (c) has no application to them. In either event, unlike subsections (a) and (b), which relate the absence of a charge to the particular service or aid provided by the individual seeking statutory immunity, the immunity offered by subsection (c) appears only to protect members and employees of a supporting emergency aid agency which does not impose a charge for any of its emergency services. Thus, if members and employees of volunteer fire companies and rescue squads qualify for protection under subsection (c), they would only be entitled to seek that protection if no charge whatsoever is imposed for any of the emergency assistance rendered to the victim. This result would follow regardless of whether the charge was imposed on a flat fee basis or on the basis of the out-of-pocket costs incurred in rendering the aid.

In attempting to construe the provisions of Article 43, Section 132, we are mindful of the basic proposition that statutes in derogation of the common law (in this case, the common law right of recovery which the victim would have against the individuals furnishing assistance) are ordinarily strictly construed. See Articles 5 and 19 of the Declaration of Rights.

Having expressed our views as to what we believe is the correct interpretation of Section 132 of Article 43, we should hasten to add that there are no prior opinions of this office or reported appellate decisions construing the prior versions of the State's Good Samaritan Laws. We also feel compelled to observe that there are a number of ambiguities in the statutory provisions and that it is certainly conceivable that courts presented with a particular situation and a particular type of charge for services rendered could reach contrary results. Should you agree that the statute remains ambiguous in various respects, you might wish to consider introducing clarifying legislation.

Very truly yours,

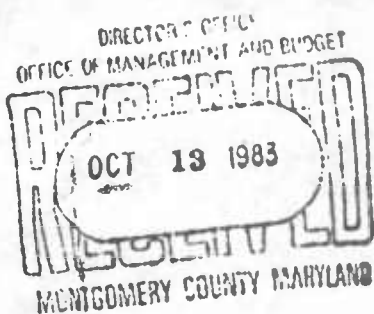
*George A. Nilson*

George A. Nilson  
Assistant Attorney General

CAN:sw  
Enclosure

APPENDIX IV

Legal Opinion, Montgomery County Attorney  
Letter from the Washington Financial Group  
Letter from Thomas E. Mahn, Perdue Company



MEMORANDUM

October 13, 1983

TO: Jacqueline H. Rogers, Director  
Office of Management and Budget

FROM: *Paul A. McGuckian*  
Paul A. McGuckian, County Attorney

SUBJECT: Purchase, Sale and Leaseback of Fire Equipment  
by the State of Maryland

You have requested the opinion of this office concerning the authority of the State of Maryland to purchase fire equipment which would then be sold to a third party and leased-back to independent fire departments within the State. This program would be similar to the one found at 11B-44A of the Montgomery County Code 1972, as amended, pertaining to the sale and leaseback of the County's Ride-On buses.

A review of the State's procurement laws found at Article 21 of the Annotated Code of Maryland indicates that there is no law directly on point concerning the sale and leaseback of fire equipment. In addition, there is no provision which addresses the sale and leaseback of goods at the State level.

This office has informally discussed this question with the State Attorney General's office and it is their opinion that State law neither expressly allows this type of arrangement nor expressly prohibits it. In essence, the law appears to be silent on the question. There is case law which indicates that the sale and leaseback of real property is permissible in Baltimore City and does not create a debt where industrial development bonds were used. Eberhart v. City of Baltimore, 291 Md. 92 (1981). However, there does not appear to be any case law in Maryland concerning the sale and leaseback of personal property or goods by a public entity.

In conclusion, although there is no express authority for the State to enter into this type of arrangement, it appears that the State has the implied authority to do so as part of its general contracting and procurement authority. Since this matter involves State law and policy, it might be appropriate to request a formal opinion from the State Attorney General on this matter.

PAMcG:AKH:mp

# THE WASHINGTON FINANCIAL GROUP

1630 CONNECTICUT AVENUE, N.W., WASHINGTON, D.C. 20009

Dr. Carol S. Greenwald  
President

(202) 745-4665  
(202) 783-2303

October 19, 1983

Jacqueline Rogers, Director  
Office of Management and Budget  
Executive Office Building  
Rockville, Maryland 20850

Dear Jackie:

You asked us to review the material Tom Mahn prepared on the possibility of reducing the financing cost of fire equipment through the use of leverage leasing.


The basic concept is sound and, depending on the financial strength of the lessee, there is certainly an investor market for such arrangements. Unfortunately, our initial view is that the tax advantages available on fire engines are probably not as attractive as Mr. Mahn assumed. First, the investment tax credit is generally not available under current law for equipment used by tax exempts. Second, we are not confident that fire engines can be depreciated over five years. Since they are special use equipment not generally owned by taxpayers, their treatment under the 1981 tax act and the Dole/Pickle bills is not immediately clear.

Leveraged leasing may still reduce the costs of the engines substantially and it may be possible to construct arrangements that deal with problems we have identified. But our initial assessment is that the numbers you have are optimistic. If you decide to explore this option in more detail, I'd suggest:

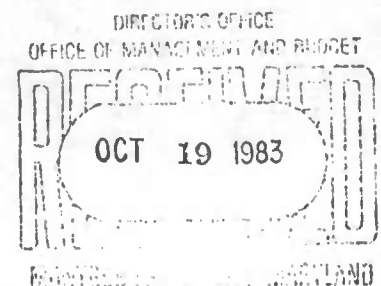
- identifying a potential master lessee (such as a state authority) with the financial strength to guarantee the leases;
- determine whether or not there is enough volume in fire equipment acquisitions (a minimum of \$5 million on an annual basis) to interest a firm;
- analyze in detail the options for maximizing the tax benefits on the equipment.

If the potential scale and financial soundness of the master lessee are sufficient, we would be pleased to explore the possibility of developing an attractive financial package that you could compare with other alternatives. In any case, feel free to call me if you have other questions on this.

Best wishes,

  
James C. Rosapepe

JCR:els



September 29, 1983

Ms. Jacqueline H. Rogers  
Director  
Office of Management and Budget  
c/o 5716 Massachusetts Avenue  
Bethesda, Maryland 20816

Dear Jacqueline:

I enjoyed meeting with you last night to discuss financing alternatives for Maryland's volunteer fire departments. Per your request, I am enclosing an example of tax benefit transfer leasing for fire equipment. I have assumed per our conversation that fire equipment would be eligible for lease financing but I suggest you consult with a tax accountant to be certain.

Best regards,



Thomas E. Mahn

Fire Engine  
Tax Benefit Transfer Lease  
Assumptions

Cost:	\$140,000
Asset Depreciable Life:	Five (5) years
Depreciation Rate per Year:	15% - 22% - 21% - 21% - 21%
Investment Tax Credit:	8%
Investor's Tax Rate:	50%

Fire Engine  
Tax Benefit Transfer Lease

Year	Depreciation/ Investment Tax Credit <sup>1</sup>	After Tax Benefit	Present Value (Rate of Return) <sup>2</sup>						
			0%	5%	10%	15%	20%	24%	
0	\$11,200	\$ 11,200	\$ 11,200	\$ 11,200	\$ 11,200	\$ 11,200	\$ 11,200	\$ 11,200	\$ 11,200
1	21,000	10,500	10,500	9,996	9,545	9,135	8,745	8,463	8,181
2	30,800	15,400	15,400	13,968	12,720	11,642	10,687	10,010	9,423
3	29,400	14,700	14,700	12,700	11,040	9,673	8,511	7,703	7,033
4	29,400	14,700	14,700	12,098	10,040	8,408	7,085	6,218	5,509
5	29,400	14,700	14,700	11,525	9,128	7,306	5,909	5,013	4,244
		Investment	\$ 81,200	\$ 71,487	\$ 63,673	\$ 57,364	\$ 52,317	\$ 48,607	\$ 45,183
		Funding Requirement	58,800	68,513	76,327	82,636	87,683	91,393	94,800
		Total Cost	<u>\$140,000</u>	<u>\$140,000</u>	<u>\$140,000</u>	<u>\$140,000</u>	<u>\$140,000</u>	<u>\$140,000</u>	<u>\$140,000</u>

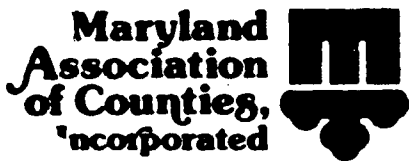
1. Investment Tax Credit (\$11,200) is deducted against income tax payable.
2. Present Value of after tax benefit (see table).

Table C-2 Present Value of \$1 (PVIF)

Period	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%	12%	14%	15%	16%	18%	20%	25%	30%	35%	40%	50%	60%	70%	80%	90%	
1	.990	.980	.971	.962	.952	.943	.935	.926	.917	.909	.893	.877	.870	.862	.847	.833	.806	.781	.758	.735	.714	.667	.625	.583	.559	.529
2	.980	.961	.943	.925	.907	.890	.873	.857	.842	.826	.797	.769	.756	.743	.713	.696	.650	.610	.574	.541	.510	.444	.391	.349	.329	.277
3	.971	.942	.915	.889	.864	.840	.816	.794	.772	.751	.712	.675	.658	.641	.609	.579	.524	.477	.435	.398	.364	.298	.244	.204	.171	.143
4	.961	.924	.898	.873	.848	.823	.797	.773	.748	.723	.683	.646	.629	.612	.579	.548	.492	.453	.429	.392	.360	.298	.244	.204	.171	.143
5	.951	.906	.881	.856	.831	.806	.781	.756	.731	.706	.666	.629	.612	.595	.562	.531	.475	.436	.412	.375	.343	.288	.244	.204	.171	.143
6	.942	.888	.863	.838	.813	.788	.763	.738	.713	.688	.648	.612	.595	.578	.545	.514	.458	.419	.395	.358	.326	.278	.244	.204	.171	.143
7	.933	.871	.846	.821	.796	.771	.746	.721	.696	.671	.631	.595	.578	.561	.528	.497	.441	.402	.378	.341	.309	.261	.227	.187	.154	.126
8	.923	.853	.828	.803	.778	.753	.728	.703	.678	.653	.613	.577	.560	.543	.510	.479	.423	.384	.360	.323	.291	.243	.209	.169	.136	.108
9	.914	.837	.812	.787	.762	.737	.712	.687	.662	.637	.597	.561	.544	.527	.494	.463	.407	.368	.344	.307	.275	.227	.193	.153	.120	.092
10	.905	.820	.795	.770	.745	.720	.695	.670	.645	.620	.580	.544	.527	.510	.477	.446	.390	.351	.327	.290	.258	.210	.176	.136	.103	.075
11	.896	.804	.779	.754	.729	.704	.679	.654	.629	.604	.564	.528	.511	.494	.461	.430	.374	.335	.311	.274	.242	.194	.160	.120	.087	.059
12	.887	.788	.763	.738	.713	.688	.663	.638	.613	.588	.548	.512	.495	.478	.445	.414	.358	.319	.295	.258	.226	.178	.144	.104	.071	.043
13	.879	.773	.748	.723	.698	.673	.648	.623	.598	.573	.533	.497	.480	.463	.430	.400	.344	.305	.281	.244	.212	.164	.130	.090	.057	.029
14	.870	.758	.733	.708	.683	.658	.633	.608	.583	.558	.518	.482	.465	.448	.415	.385	.329	.290	.266	.229	.197	.149	.115	.075	.043	.015
15	.861	.743	.718	.693	.668	.643	.618	.593	.568	.543	.503	.467	.450	.433	.400	.370	.314	.275	.251	.214	.182	.134	.100	.060	.029	.001
16	.853	.728	.703	.678	.653	.628	.603	.578	.553	.528	.488	.452	.435	.418	.385	.355	.299	.260	.236	.199	.167	.119	.085	.045	.013	.000
17	.844	.714	.689	.664	.639	.614	.589	.564	.539	.514	.474	.438	.421	.404	.371	.341	.285	.246	.222	.185	.153	.105	.071	.031	.000	.000
18	.836	.700	.675	.650	.625	.600	.575	.550	.525	.500	.460	.424	.407	.390	.357	.327	.271	.232	.208	.171	.139	.091	.057	.017	.000	.000
19	.828	.686	.661	.636	.611	.586	.561	.536	.511	.486	.446	.410	.393	.376	.343	.313	.257	.218	.194	.157	.125	.077	.043	.003	.000	.000
20	.820	.673	.648	.623	.598	.573	.548	.523	.498	.473	.433	.397	.380	.363	.330	.300	.244	.205	.181	.144	.112	.064	.030	.000	.000	.000
25	.780	.610	.478	.375	.285	.223	.184	.146	.110	.082	.059	.033	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
30	.742	.552	.412	.308	.231	.174	.131	.090	.075	.057	.033	.020	.015	.012	.007	.004	.002	.001	.000	.000	.000	.000	.000	.000	.000	.000

APPENDIX V

Maryland Association of Counties Report



169 Conduit Street  
Annapolis, Maryland 21401  
269-0043 (Belt. Metro.) 261-1140 (Wash. Metro.)

September 13, 1983

The attached information was collected by telephone survey conducted during the week of September 5. The information was not charted because of the difficulty of retaining meaningful comments in such a format. This information was collected to provide a more complete set of background statistics regarding county government support for volunteer fire, rescue and ambulance services. The information previously provided was secured by utilizing FY 1982 audit reports available in Fiscal Services and we felt it would be helpful to provide the most recent information by collecting budgeted figures for FY 1984 as well as reflecting other assistance which might not be aggregated in an identifiable way in the audit reports. This material should reflect:

Operating assistance by means of direct grants and indirect support

Capital assistance through direct purchase, revolving loan funds, grants.

We hope that you will find this material informative and helpful as you consider the possible approaches for State support of volunteer fire, rescue and ambulance companies.

Please bear in mind that these figures only indicate county government support and that many municipalities also provide assistance to volunteer companies located within their boundaries.

## VOLUNTEER FIRE AND RESCUE SERVICES

9/83

## COUNTY AID

## MARYLAND ASSOCIATION OF COUNTIES

ALLEGANY COUNTY

Operating: Appropriations as follows for Fire Companies:

Baltimore Pike	\$8,500
Barton	7,000
Bedford Road	7,000
Bowling Green	7,000
Bowman Addition	8,500
Clareyville	7,000
Conniganvila	8,500
Cresaptown	13,000
District 16	8,500
Ellerlies	7,000
Flintstone	10,000
Frostburg	11,500
Lonaconing	7,000
La Valle	11,500
Luke	7,000
Midland	7,000
McCool	8,500
Mt. Savage	8,500
Old Town	8,500
Orleans	8,500
Shaft	7,000
Westernport	7,000
Cumberland	46,000

-----  
 Appropriations for Rescue Squads

Frostburg	\$5,000
George's Creek	5,000
TriTown	5,000
LaValle	5,000

Special allocation Cumberland Hose Company- \$500

Appropriation to Board of Directors of Fire Companies(Administrative Costs)  
 \$1,000

No Grants. Companies may participate in a \$150,000 loan program. If borrow a certain amount, the following year that amount is deducted from their appropriation.

Training and Workmens Compensation provided by individual fire companies ut of their appropriated funds.

-----  
 Definition: LOSAP - Length of Service Advance Program  
 Term is utilized throughout this Survey

ANNE ARUNDEL COUNTY

Total Appropriation \$1,046,150 for:

Contract Service	\$297,250	
Supplies and Materials	98,930	
Business and Travel	276,170	
Capital Outlay	107,640	
Debt Service	16,360	
Miscellaneous	249,800	(LOSAP program; \$100/month retirement benefits after so many years of service and so many points given for activity)

Workmens Compensation and Training out of appropriation.

BALTIMORE COUNTY

Operating: \$660,000 each company receives \$20,000 (33 companies)

LOSAP program - \$121,000 \$1,200/year for 93 people who qualify

Administrative Costs - \$10,000

Magazine - Volunteer Digest	700
Xeroxing	200
Telephone Hotlines	10,304
Teletypes/Teleprinter	124,000
Teleprinter supplies	4,500
Mobile Radio Maintenance	16,717
Maintenance - Base Radio Stations	9,504
Monitor Receiver	1,050
Monitor Receiver parts replacement	16,939
Electronic Siren Maintenance	8,659
Installation of Mobile radio	2,400
Maintenance Portable Radio	6,226
Pager system maintenance	14,955
replacement of base station radios	9,801
replacement P.A. Electronic siren	3,500
replacement mobile radios	3,000
map book	1,000
repair breathing apparatus	10,000
Hospital intraining service program	4,500
Medical supplies	60,000
Upgrade library (manuals)	5,000

Workmen's Compensation: covered under same self-insurers group policy with county employees - excluding Board of Education.

## Capital:

County puts out a bond issue every so many years. Volunteers may borrow from it and pay back at the county's rate of interest for capital expenditures. A Board, comprised of county administrator, fire chief, director of finance, and members of the Firemens Association decide how the funds are distributed. Depends on need and what \$ amounts are available.

CALVERT COUNTY

No Capital Expenditures approved in FY 1984 Budget

Operating - \$442,936.00 (for 6 companies - 5 companies combined, 1 is split, having a separate rescue and fire service)

Grants - the total operating figure shown above is the amount given as a grant as a whole to all 6 companies. They do all the accounting work in the courthouse -- the fire companies submit their bills to them.

Workmen's Compensation - included with county employees workmen's compensation payments -- could not give me a figure specifically for the volunteer firemen.

CAROLINE COUNTY

Grants: Ambulance \$35,146.00 for 4½ ambulance companies  
Fire \$136,428.00 for 8 different fire companies  
(one gets ½; one gets 1/3; their territory goes into other jurisdictions)  
6 full

From time to time provide general assistance for large acquisitions from which \$'s are retrieved from specific appropriations or out of the Commissioner's Capital Budget.

No Benefits - have their own - fire companies provide workmen's compensation out of the grant money their receive.

Maintain all fire companies radios, etc. Under County maintenance agreement. Total costs for county annually approximately \$15,000.00 from which part is allocated to fire companies.

CARROLL COUNTY

Operating: Fire and Rescue \$617,764. Does not include Central Alarm (\$609,212.00)

No Capital; however, FY'83 had budgeted monies for 2 projects which is being used in FY'84 as follows:

\$134,500 for firemens' training center  
\$680,500 for new emergency operation center for central alarm

No direct grants other than through the Operating Budget.

Loans: There is \$3,000,000 authorized for low-interest loans to fire companies. As of June 30, 1983, \$1,755,000 had been spent. It is anticipated the balance would be loaned by the end of FY 84.

(continued on next page)

CARROLL COUNTY (continued)

The Local Firemens' Association determines how much each Fire Department receives. There is a basic amount given to each fire and ambulance company. The balance of any money left over is divided among the companies based on their assessable base within each fire district.

Personnel benefits: County Provides funds for LOSAP. \$52,800

Also, \$17,000 to pay for Workmens Compensation and Malpractice insurance.

There are no funds used directly for training.

CECIL COUNTY

Total contribution - \$270,102.43

Based on tax base--fire districts receive check directly and spend as see fit.

In addition, provide entire communications system under their Emergency Management Office. Benefits to firemen do not go directly through the fire department.

Also employ 2 radio technicians who maintain central communications. Install and repair communications systems in emergency vehicles and stations.

In FY 84 Budget \$31,284.00 (varies somewhat each year)  
this amount for addition radio equipment (this year 2 base stations, and 15 mobile units) Acquisition for additional radio service.

Cecil County Firemens Association submits a budget request through the County's Emergency Management Office, if approved it is submitted to the Commissioners for their consideration. Funds are sent to the Emergency Management Office which is directly attributable to fire service

No personnel benefits. Requesting their General Assembly members to introduce LOSAP this year - Commissioners are supporting it -- they had introduced to legislature last year, were unable to obtain it.

CHARLES COUNTY

Law since 1966: Fire Tax of 10¢/\$100 assessment of the assessable base of the county. Volunteer firemen will receive approximately \$1,000,000 as a result of the 10¢ fire tax.(included in property tax bill)

There are 11 fire companies -- distribution made based on decision by the Board of Fire and Rescue Commissioners, comprised of 5 members. Determination made based on geographical coverage or service area and the number of calls.

9 Rescue Squads, 1 of which is owned by the County (building & equipment). There are no paid employees. The other 8 squads in addition to the Medical Intensive Care Unit (MICU) will receive \$310,588.00

CCRS (Charles County Rescue Squad) does not participate; they have their own budget:

Operating:	\$18,640.00	
Capital:	<u>30,000.00</u>	(for the purchase of a new ambulance)
TOTAL BUDGET:	\$48,640.00	

Company #2	\$34,535.00
Company #3	58,510.00
Company #5	21,862.00
Company #6	36,028.00
Company #7	37,053.00
Company #9	22,976.00
Company #11	34,923.00
Company #58	39,603.00

MICU 25,100.00

ALL, LESS CCRS, TOTAL \$310,590.00

Personnel Benefits - None

Pension Plan that pays them \$100/month upon retirement with a 4% cost of living raise each October. To be eligible for Pension Plan, members must have 25 years of accredited service (so many meetings per year and so many calls) and must be age 60. It is an actuarially funded plan. 50% of the contribution to the Pension Plan comes from the monies allocated to the fire and rescue companies. One half annual contribution to the Pension Plan is part of the County Commissioners General Fund

By statute, in the Local Laws of Charles County, the 11 fire companies receive \$500/year out of the General Fund. (on the books since the late '40s early 50's)

Last year as part of County's legislative package sent to Annapolis included a proposal to increase the fire tax from 10¢ to 15¢. The additional 5¢ would be used to replace the \$310,590.00 from the county budget to the fire companies, the County's share of \$50,000 to the Pension Plan, and the \$5,500. to the 11 fire companies (\$500 each). The bill never got out of committee. Will be proposed again this year, Firemens Assoc. etc. doing heavy lobbying. Local Bill - impact on Charles County only. Also to be used to purchase CCRS at Book Value to remove County Commissioners from ownership of the fire company, land, equipment, etc.

DORCHESTER COUNTY

## No Loans

Provide \$120,500 to Firemens Association which determines amounts to individual fire and ambulance companies.

Ambulance Companies receive approximately \$1,000 more per year than fire companies.

Hurlock	9,500.
Cambridge	10,500
Secretary	9,000
Vienna	9,000
East New Market	8,000
Eldorado/Brookview	7,500
Taylor's Island	8,500
Lindwood/Salem	7,500
Hoopers Island	8,500
Madison	8,500
Church Creek	8,500
Lloyds	8,500
Neck District	8,500
Lakes & Straits	8,500
	<u>\$120,500</u>

Additionally, \$20,000 in Capital funds for equipment to be divided among all fire and rescue companies. This is used to replace radios each year - this year is final phase.

\$1,356.00 for the purchase of special equipment (Jaws of Life)

Central Alarm - tied in with City of Cambridge. County pays 1/2 and City pays 1/2. Each pays for 3 employees. City police also use central alarm system. Located in the police building \$46,000 approximately.

Firemens Association provides workmens compensation and training.

Amount given to fire and rescue companies set by law. This is the final year; Senator Malkus will more than likely submit a bill to legislature next year to increase amounts.

FREDERICK COUNTY

to capital funds

Operating: \$300,232 Fire  
               96,163 Ambulance  
               49,478 Advance Life Support Funding Assistance (cardiac arrest,  
               \$445,873 etc.)

Benefits: Workmen's Compensation \$21,000 (out of fire, as shown above)  
 Length of Service Advance Program (in talking stages for past 2 yrs)

Grants: Fire Companies. \$10,000 a year each  
 May get another \$1,000 or \$2,000 on a variable payment based on the  
 number of households (Total amount divided \$46,732.)  
 Training - \$7,500.

Ambulance Companies \$4,000 a year each  
 Also receive additional amount on a variable payment based on  
 number of households serviced (\$30,663 total amount)

No Paid Staff

Loans - Federal Income Tax law adjusted for fire companies only to be able  
 to receive a loan at the same rate of interest as the government.  
 This was not extended to the ambulance companies. County allows  
 ambulance company to go to the bank, justify their loan; then  
 the county gets the loan--gives it to the ambulance company--who  
 in turn make the payments either to the county or directly to the  
 bank. (Tax Free Interest)

Frederick City appropriates a substantial amount of funds to its 4  
 fire companies.

GARRETT COUNTY

5¢ fire tax/\$100 of assessed value on real estate

83/84 \$144,125. distributed to volunteer fire departments directly from  
 the county. Distribution is made twice a year on a equal basis except  
 for Oakland Volunteer Fire department which receives slightly more.  
 There are no paid fire departments in the county.

Capital expenditures: County participates in some co-signing of loans  
 to volunteer fire companies at a governmental discount in interest.  
 Occasionally contribute to capital expenditures.

Agreed last year to participate in the formation of a Tri-County Regional  
 Fire Training Center for Washington, Allegany and Garrett Counties to be  
 located in Garrett county. Agreed to a ceiling amount contribution of  
 \$20,000. No monies have been contributed as yet.

Based upon request will give additional money when needed. Example:  
 Last year building connected to fire department to serve senior citizens  
 and firemen - contributed \$5,000.00

HARFORD COUNTY

Total FY 84 Appropriation \$782,250.

Aberdeen	90,011
Abington	76,831
Bel Air	102,212
Darlington	66,414
Delta/Cardiff	67,099
Jarrettsville	66,414
Joppa/Magnolia	83,063
Level	56,645
Susquehanna Hose Company	64,764
Fallston	56,645
Citizens (in PA. but services Harford County)	28,324
J.L. Davis Post #47 (Ambulance for Havre de Grace)	21,203
	<u>\$782,250</u>

Firemens' Pension \$127,436.

Workmens' Compensation \$31,875.

Training: \$2,625.00

Capital: \$350,000.

(\$50,000 for substation for one of the fire stations and  
\$300,000 for a training facility.)

Receive only federal funds through the county for equipment. One exception last year through special legislation appropriated funds to build a water tower needed due to the closing of the Conowingo Dam.

Normally grant funds for ambulances.

Central Alarm System - \$315,073.

HOWARD COUNTY

Fire District Tax (6 districts) combination volunteer and paid professionals  
Fire departments impose their own property tax for fire services in their  
districts. Operating - \$3,737,610 which is 100% funded by the tax

Fire Administrator \$442,130 for all firemen services.(volunteer & Paid)

Capital: Supported by transfer tax \$320,000 for equipment purchases  
for all fire districts.

\$610,000 for improvements to existing stations and building of new stations.  
Of the \$610,000, \$607,00 is bond funding. Debt Service to pay back  
bond funding comes from the transfer tax.

HOWARD COUNTY (continued)

Volunteers who retire after 25 years of service receive \$100 per month Pension Plan

Training is provided by the Fire Administrator's budget and is performed by personnel out of their office.

FURTHER BREAKDOWN:

Fire Administrator's office funded by the General Fund. Includes the Fire Administrator, Fire Board, Operation Administrator, Emergency medical, etc.- \$451,000

Volunteer services - \$80,840

Pension System - \$59,695

Contractual Service- 26,075 (maintenance of reserve ambulances, payment for hospital medical advisory service, floor rental for training, supply & material used for reserve ambulances)

Other Operating: \$12,000 - \$2,000 grant outright to each of the 6 volunteer fire companies.

Civil Defense - Central Alarm \$520,000 rounded.

Of that figure \$89,890 is from the Fire Administrator's budget

Fire stations - Volunteer supplemented with career:

BENEFITS INCLUDE WORKMEN'S COMPENSATION FOR CAREER AND VOLUNTEER RECEIVE QUARTERLY CHECKS

ELKRIDGE STATION - 1 station - 56 volunteers - 4 career people.

Budget - \$241,380 out of which \$151,020 goes to salaries and benefits.

ELLCOTT CITY STATION - 2 fire stations - 52 volunteers, 25 career.

Budget - \$977,695 out of which \$819,800 goes to salaries and benefits.

WEST FRIENDSHIP STATION - 1 fire station - 64 volunteers - 2 part time employees 8 hours/day, Monday through Friday

Budget \$112,540 out of which 33,590 goes to salaries and benefits

LISBON STATION - 1 fire station - ALL VOLUNTEERS

Budget \$107,455 out of which \$1,705 Workmens Compensation for volunteers

CLARKSVILLE STATION - station - 45 volunteers - 9 career.

Budget \$386,800 out of which \$304,815 goes to salaries and benefits

SAVAGE AND EAST SIDE OF COLUMBIA AREA (East of Rt. 29)

2 fire stations - 88 volunteers - 29 employees

Budget \$1,228,985 out of which \$948,990 goes into salaries and benefits

HOWARD COUNTY (continued)Fire Stations - Career Supplemented with Volunteers - (County-managed)

BANEKER ROAD STATION (west side of Rt. 29 and Columbia area) -  
 19 career -- 20 volunteers  
 Budget \$723,825 out of which \$624,910 goes into benefits and salaries.  
 No quarterly check issues to this station. Handles as any other part  
 of governments.

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 CAPITAL CONSTRUCTION PROJECTS  
 Administered by the Department of Public Works

SAVAGE STATION \$567,000 funded by bond issue. Additional fire station  
 (part of construction cost - other monies obtained from past FY  
 budgets)

CLARKSVILLE STATION \$26,000 fuel pumps and tanks funded by a percentage  
 of fire tax

BANEKER ROAD STATION \$17,000 funded by transfer tax for replacement of  
 part of facility roof.

KENT COUNTY

Operating: Appropriated \$101,528

Millington Community	\$15,290	
Galena	15,290	plus \$4,144 for ambulance service
Kennedyville	15,290	
Betterton	15,290	
Chestertown	16,790	
Rockhall	15,290	plus \$4,144 for ambulance service

Workmen's Compensation	\$13,000
Radio Replacement	10,000
Service Contract	4,200
Misc. Repairs	1,050

Central Alarm	6,590
(service agreement)	

1 Rescue Squad	6,372
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Loans: Fire companies may apply through county who secures money from  
 lending institution at a low interest rate. Requesting party makes payments  
 directly to the lending institution with county as co-signer.

MONTGOMERY COUNTY

Appropriation: \$30,794,300. for 18 independent (both volunteer and paid profession fire companies)

Salaries	
(including fringes)	\$25,753,900
Operating	4,546,800
Capital	493,600.

Fire/Rescue Commission - oversee fire departments and establishes policies and procedures. Separate budget:

Salaries	\$172,210
Fringes	41,400
Capital	<u>800,000</u>

TOTAL \$301,940.

Department of Fire and Rescue Service provides administrative support for Emergency Medical training.

Training:	
Salaries, wages & fringes:	\$293,150.
Operating	<u>49,930.</u>
TOTAL	\$343,800.

Capital Projects appropriated \$912,000 for apparatus purchasing

County support of fire, rescue and emergency medical services is funded through Fire District Taxes. ~~Damascus~~ - only Fire Tax District requiring no tax support.

PRINCE GEORGE'S COUNTY

Total Fire Department Budget \$20,428,240

Out of that \$4.4 million for volunteers, however, used jointly with paid career persons.

The \$4.4 million used for maintenance of apparatus, utilities, uniforms for volunteers, etc.

No Loans

Grants: Volunteer Station Management Program - which gives each station approximately \$6,500 per station. The purpose is to provide volunteer incentives, banquets, training, travel, also pays a minimum amount of station and apparatus maintenance.

Training is included in the total \$20,428,240. Out of the \$4.4 million for volunteers and from the remaining \$16 million. County will supply instructors.

Workmen's Compensation is included in the overall county's package. Approximately \$245,200 is the Fire Department's share.

There are a total of 37 volunteer fire companies which operate 46 fire stations in the county. Approximately 1,000 active volunteers, and 510 career out of which 443 are sworn personnel and 12 EMT (Emergency Medical Technicians) of a sworn nature and 17 civilian dispatchers and ambulance personnel. The balance are actual civilians.

QUEEN ANNE'S COUNTY

Operating: 8 fire departments each receive \$17,500  
 1 fire dept (which serves three counties) receives \$5,833  
 6 ambulance companies receive \$4,500

Workmen's Compensation: \$12,000

Maintain radio equipment - \$8,000/year on a contract.

Also carry insurance policy which covers some of the equipment (\$917)

No Loans

No Grants

Training out of the appropriation to individual fire/ambulance companies.

If fire company has a need for additional monies county will advance, but will deduct from their next year's appropriation.

ST. MARY'S COUNTY

Operating: based on formula and pension plan.

Each fire department receives \$17,500/annum. Historically, that has gone up approximately \$1,000 per year for the past five years. There could be some modification based on the fiscal positions of those squads etc.

Pension fund - length of services, whether going to have widow draw. Maximum amount \$150.00 per month.

Training, workmens comp out of amounts allotted to each fire department (\$17,500.)

Capital: Fluctuates - Commissioners set up the following:

1. For any Volunteer Rescue Squad or fire department--they can request \$12,000 loan from the county interest free, paid back by the requesting department over a 5 year period at \$2,400. per year. (Short term loan)
2. Fire and Resque Squads can borrow up to \$100,000 from the county at a rate charged and fixed at the time of request. There is no set procedure of what that rate would be, but it would be less than the going rate of interest from a commercial institution.

Rescue Squads - formula based on # of calls, distance to call, and distance back to hospital. Pension fund same as fire department.

Central Alarm System (Civil Defense) receive reimbursement monies from the Federal Civil Defense Account of \$20,000+ annually

SOMERSET COUNTY

Total allotment \$116,200 (disbursed at 2 intervals during the year)

Princess Anne	\$27,000
Crisfield	27,000
Marion	16,700
Ewell	11,900
Deale Island	14,700
Mt. Vernon	11,900
Tollerton	7,000 (not allocated by law)

In addition \$15,000 - for ambulance services

Princess Anne	\$7,500 (\$15/trip)
Crisfield	\$7,500 (\$15/trip)

No Grants, No Loans  
No Central Alarm System

Do pay a percentage of the telephone bill. Paid from general fund in a lumpsum of other items not associated with fire companies.

TALBOT COUNTY

Operating: Appropriated \$175,400

6 fire companies receive \$28,000 each  
1 fire company (supported by 3 counties) receives \$7,400

In addition appropriated \$3,000 for Fire Training Grounds

State Grants available for some pieces of equipment. County applies for the loan, turns money over to the requesting company, that company makes the payments.

Training supplied out of individual appropriations.

Workmens Compensation - firemen covered under County's Workmens Compensation.

Capital: Out of individual appropriations and any fund raising by fire companies.

Fire Companies in towns also supported by those towns.

WASHINGTON COUNTY

VOLUNTEER FIRE COMPANIES - \$375,132.

Distribution: \$22,000 each to 14 county volunteer fire companies  
11,000 each to 6 city volunteer fire companies

2 neighboring companies: Brunswick (Frederick Co.) \$763.  
Blue Ridge Summit (Penn.) 369.00

VOLUNTEER AMBULANCE COMPANIES (total of 7)

Distribution: \$14,700 each to 6 volunteer ambulance companies  
21,200 to 1

2 neighboring companies: Brunswick (Frederick Co.) \$600.00  
Blue Ridge Summit (Penn.) 1,900.00

No Grants

Loans: Revolving Loans Agreement with fire companies. \$500,00 revolving loan for fire; \$11,000 revolving loan for ambulance. Any one company can borrow up to \$75,000, at 6% interest, payable quarterly

Workmen's Compensation - \$12,000 approximately  
Training - \$2,000  
Air Unit, oxygen - \$2,500.00

CAPITAL EXPENDITURE: \$3,350.00 for an air unit

COUNTY GOVERNMENT ASSISTANCE TO VOLUNTEER FIRE, RESCUE AND EMERGENCY SERVICES  
OPERATING - FY 84

	TOTAL OPERATING SUPPORT	TAX RATE EQUIVALENT **
Allegany	\$ 244,500	4.06¢
Anne Arundel	1,046,150	2.45
Baltimore City	Not Applicable	
Baltimore	1,103,955 (1)	1.50
Calvert	442,936 (1)	3.89
Catoline	171,574 (2)	10.40
Carroll	687,564 (3)	6.27
Cecil	301,386 (4)	5.69
Charles	384,730 (5)	3.89
Dorchester	166,500	5.93
Frederick	445,873	3.36
Garrett	144,125	5.00
Harford	944,186 (3)	6.54
Howard	(6)	
Kent	142,740	7.67
Montgomery	(6)	
Prince George's	4,400,000 (1)(7)	6.34
Queen Anne's	193,750	5.77
St. Mary's	122,500 (8)	(8)
Somerset	131,200	9.37
Talbot	178,400	4.10
Washington	503,532	4.87
Wicomico	547,246	8.17
Worcester	310,695	3.64

Notes are on reverse.

FOOTNOTES:

- (1) Doesn't include cost of Workmen's Compensation
- (2) Doesn't include cost of county maintenance for radios, etc.
- (3) Doesn't include any costs for Central Alarm
- (4) Doesn't include costs of radio technicians and installation and repair of communication systems
- (5) Doesn't reflect Fire Tax Revenues
- (6) Expenditures are so intermixed, with a combination of professional and volunteer employees, that it was not possible to reliably separate volunteer support. See Commentary.
- (7) Doesn't include \$6,500 Volunteer Station Management Program grant provided to each station.
- (8) Tax rate equivalent was not calculated because this total does not reflect:  
Pension funds for either volunteer fire or rescue personnel  
Rescue squad support which is determined by formula based on # of calls, etc. -  
See Commentary

\*\* Rounded to nearest hundredth of a cent

WICOMICO COUNTY

Operating: Appropriated for 13 volunteer fire companies \$260,000  
Each receives \$18,500 (except one, which receives an additional  
\$4,500 for their Rescue Unit.

Ambulance Companies (7) receive \$10,000 each

Capital Incentive Fund - \$91,000  
(\$7,000 per company) Matching type program. Gives the Fire Companies  
the "incentive" to match their appropriation. When they have raised \$7,000  
on their own, they may request the matching funds of equal amount.

No Loans

No Grants

Provide no training - up to individual fire companies.

Workmens Compensation - \$10,246.00

Appropriate \$207,000 to City of Salisbury fire department, which is reviewed  
each year.. The purpose - City of Salisbury substantiate that a large number  
of their calls is outside the city limits into the County itself.

WORCESTER COUNTY

Operating Total Appropriation \$254,400.  
There are 10 Volunteer fire companies each receiving \$25,440.

Workmens' Compensation \$10,000.

Fire companies supply their own training.

County gave \$20,000 grant to the Firemens' Association to assist in  
building a training center.

Each volunteer fire company which also provides ambulance service receives  
\$15/ambulance run up to \$46,295.00

APPENDIX VI.

EMS Training Cost Impact Study

State Mandates Impact Study

## EMS TRAINING COST IMPACT

The Prince George's County Fire Department has been met with enormous expenses in raising the levels of training of our EMS personnel. The State mandated requirements on instructors, course length and content, examination process and continuing education have placed an extreme financial hardship on the department. The EMT-A Testing and Certification Policies, dated September, 1981, and the Cardiac Rescue Technician Program Standards, dated April 16, 1981, both developed and administered by the Maryland Institute for Emergency Medical Services Systems, both contain requirements that are costly to meet.

It is agreed that none of these EMS programs are directly mandated, but in today's world of knowledgeable and demanding citizens, our department has no choice but to participate in the Emergency Medical Technician Program, the Cardiac Rescue Technician Program and soon to come, the Emergency Medical Technician-Paramedic Program.

Due to the strict procedures and mandated requirements of these programs, the department has faced direct expenditures over the past ten years in training and maintaining 1,378 career and volunteer EMT's at a cost of \$795,132. During the past six years, the department has spent \$188,857 on the training and continuing education of 108 career and volunteer CRT's. In order to upgrade our present CRT's to the EMT-P level, it is projected that the department will face another expense of approximately \$108,903. These expenditures are shown in the following charts and are direct expenses incurred by this department.

The program expenses total approximately \$1,092,892 just for our department alone. If you multiply this sum by the other major jurisdictions in the State, the resultant figure becomes astronomical.

EMERGENCY MEDICAL TECHNICIANS  
STUDENTS AND COSTS  
1974 - 1983

YEAR	BASIC 84 HR. COURSE			REFRESHER COURSE			Instructor Costs	Overtime for Class Support	Total Cost for Year
	Career Students	Student Costs	Vol. Students	Career Students	Student Costs	Vol. Students			
1974	135	\$85,899	68	0	0	0	\$13,613	\$ 0	\$ 99,512
1975	115	77,028	79	112	32,316	53	16,535	0	125,879
1976	105	74,031	81	88	27,033	58	15,858	0	116,922
1977	20	14,843	93	45	14,387	43	2,035	192	31,457
1978	30	23,436	84	70	23,558	41	3,857	2,070	52,921
1979	3	2,467	99	159	56,185	80	4,450	2,491	65,593
1980	8	6,925	118	133	49,345	127	5,292	3,395	64,957
1981	26	23,961	149	121	47,139	105	5,292	2,804	79,196
1982	8	7,673	79	141	57,677	141	4,788	0	70,138
1983	28	28,267	50	125	53,688	71	6,600	0	88,557
COSTS		\$344,532			\$361,328		\$78,320	\$10,952	\$795,132
STUDENTS	478		900	994		719			

CARDIAC RESCUE TECHNICIANS  
STUDENTS AND COSTS  
1978 - 1983

YEAR	240 HR. CRT COURSE			Continuing Education Student Costs	Instructor Costs	Hospital Charges	Total Costs for Year
	Career Students	Student Costs	Vol. Students				
1978	30	\$60,577	18	\$ 0	\$4,038	\$ 3,000	\$ 67,615
1979	4	8,481	8	9,859	2,971	2,400	23,710
1980	1	0	15	10,017	1,650	1,200	12,867
1981	11	25,712	6	11,570	4,759	2,400	44,441
1982	0	0	2	11,413	1,870	1,200	14,473
1983	8	20,616	5	15,075	3,960	2,100	41,751
COSTS		\$115,386		\$57,934	\$19,247	\$12,300	\$204,857
STUDENTS	54		54				

EMERGENCY MEDICAL TECHNICIAN-PARAMEDIC  
 COST TO TRAIN CRT'S TO EMT-P  
 1984

YEAR	<u>160 HRS. TRAINING ESTIMATED</u>			<u>Instructor Costs</u>	<u>Hospital Charges</u>	<u>Total Cost</u>
	<u>Career Students</u>	<u>Student Costs (O.T.)</u>	<u>Vol. Students</u>			
1984	39	\$100,503	15	\$5,400	\$3,000	\$108,903

STATE MANDATES IMPACT STUDY

	<u>POTENTIAL 1ST YEAR COST</u>		<u>POTENTIAL COST</u>
State OSHA Protective Equipment Cost Potential (Must be Accomplished by 1985)	\$ 3,267,544 (Total)	=	\$ 3,267,544
Potential Cost for Implementing "A Plan to Develop Regional Training Centers for the Maryland Fire and Rescue Institute"			Fiscal Impact Not Estimable At This Time
Potential Cost for First Year of a Statewide Implementation of a Three Year Professional Qualifications Program	11,669,800 x 3 years	=	35,009,400
Potential Impact of State Man- dated Driver Regulations	7,445,232 x 5 years	=	37,226,160
Potential Cost for Level I and II Training Instructors	1,463,456 x 5 years	=	7,317,280
	<hr/>		<hr/>
TOTAL	\$23,846,032		\$82,817,384

State OSHA Imposed Fire Department Operating Cost

Survey

Completed & Revised 8/25/83

Statewide cost per station/per person for OSHA protective equipment mandates to be completed by 7/1/85

	<u>No. of Stations</u>	<u>Average Cost Per Station</u>	<u>No. of Personnel</u>	<u>Average Cost Per Person</u>
Prince George's County	46	\$7,841	1500	\$240
Montgomery County	32	7,841	1800	139
Anne Arundel County	30	3,000	1500	60
Baltimore City	60	4,900	2000	147
Baltimore County	53	4,922	3400	76
	501	6,522	24,568	133

Potential Statewide Cost for completion by 1985

\$3,267,544

OSHA protective equipment cost breakdown for Maryland's five major jurisdictions.

	<u>FY</u>	<u>OSHA</u>
Prince George's County	79-84	\$360,686
Montgomery County	79-84	250,912*
Anne Arundel County	79-84	90,000**
Baltimore City	84	294,000
Baltimore County	79-84	260,895

\* Estimated (using P.G. County OSHA Costs)

\*\*Estimated (by Anne Arundel County Budget Director)

Five Major Jurisdictions TOTAL

\$1,256,493

FIRE SERVICE PERSONNEL QUALIFICATION BOARD

Cost if Implemented

The State of Maryland is presently embarking on a system which will allow all fire fighters to achieve the NFPA 1001 standard for fire fighter Levels I, II, and III. The costs associated with this program are additional training needs which draw on the resources of training divisions, personnel, operating and related costs. Each applicant must also submit a filing fee for certification.

	<u>Per Person Cost</u>	<u>Statewide Cost</u>
A. Level I Fire Fighter (Training requirement - 80 hours)		
1. Instructor cost	360	\$ 8,844,480
2. Facilities	5	122,840
3. Development Cost	100	2,456,800
4. Filing fee	<u>10</u>	<u>245,680</u>
1st Year TOTAL	475	\$11,669,800
B. Level II Fire Fighter (Training requirement - 260 hours estimate with EMT)		
1. Instructor cost	845	\$20,759,960
2. Facilities	16	393,088
3. Development Cost	325	7,984,600
4. Filing fee	<u>10</u>	<u>245,680</u>
2nd Year TOTAL	1,196	\$29,383,328
C. Level III Fire Fighter (Training requirement - 160 hours estimated)		
1. Instructor cost	720	\$17,688,960
2. Facilities	10	245,680
3. Development Cost	200	4,913,600
4. Filing fee	<u>10</u>	<u>245,680</u>
3rd Year TOTAL	940	\$23,093,920

DRIVER'S TRAINING PROGRAM

The Fire Departments in the State of Maryland have been operating Class A emergency apparatus since the invention of motorized equipment. The training conducted by Fire Department Training Divisions included driver training and pump operations. The State of Maryland in 1969 mandated that all fire apparatus classified as Class A equipment required the driver to acquire a Class A operator's license. Creating the need for new driver training and testing procedures imposed an additional training cost.

All Career Fire Fighters, as well as numerous Volunteers, must obtain Class A licenses. As a person cannot pass the required written and practical (driving) tests without considerable study and practice, the Fire Department requires that an appropriate Driver's Training Course be successfully completed prior to certification. This course requires twenty-four (24) hours of classroom instruction, forty-eight (48) hours of "range" work, and eight (8) hours of testing to complete. The costs for this program are listed as follows:

1. <u>Career Personnel (4,842)</u>	<u>Cost Per Person</u>	<u>Statewide Cost</u>
A. Training Instructors and Administrative Time	68	\$ 329,256
B. Cost for Drivers' Licenses (\$20 per person)	20	96,840
C. Time and Funding Required for Students' Attendance	<u>1360</u>	<u>6,585,120</u>
	1488	\$7,011,216
2. <u>Volunteer Personnel (4,932)</u>		
A. Training Instructors and Administrative Time	68	335,376
B. Cost for Drivers' Licenses	<u>20</u>	<u>98,640</u>
	88	\$ 434,016
Total Cost of the Driver's Training Program:		
1. Career	4,842	\$7,011,216
2. Volunteer	<u>4,932</u>	<u>434,016</u>
TOTALS	9,774	\$7,445,232

NOTE: Statewide impact using 25% of total volunteer complement as the probable number of volunteer drivers.

EMERGENCY SERVICE INSTRUCTOR TRAINING

AND QUALIFICATION PROGRAM

Certification standards and procedures for Emergency Service Instructors in the State of Maryland became effective on July 1, 1982. These standards, which have the force of law, apply to all full-time or part-time instructors conducting formal training in Maryland which results in receipt of a certificate, diploma, degree, award or insignia by any individual. All applications for certification and approval of Emergency Service Instructors are made to the Maryland Instructor Certification Review Board (MICRB).

Utilizing actual training costs of Prince George's County Fire Service Instructors, we have developed a basic cost per person at each Instructor level to meet State Standards. These figures are the basis for this study. Based on experience, each volunteer company has at least one Training Officer who will be required to attain the minimum level, therefore, we have allowed for one Training Officer per volunteer station.

<u>A. Career Personnel (50)</u>	<u>Per Person Cost</u>	<u>Statewide Cost</u>
1. Administration of the Instructor Training Program	1,432	\$ 71,600
2. Train and Certify Level I Instructors	408	20,400
3. Train and Certify Level II Instructors	<u>816</u>	<u>40,800</u>
	2,656	\$ 132,800
<u>B. Volunteer Personnel (501)</u>		
1. Administration of the Instructor Training Program	1,432	717,432
2. Train and Certify Level I Instructors	408	204,408
3. Train and Certify Level II INstructors	<u>816</u>	<u>408,816</u>
	2,656	\$1,330,656
Total Cost for Instructor Training Program		
Career Personnel	50	132,800
Volunteer Personnel	501	<u>1,330,656</u>
	<b>TOTAL COST</b>	<b>\$1,463,456</b>

APPENDIX VII

Results of Needs Survey

COMPANY NAME: \_\_\_\_\_

228 RESPONSES

COUNTY \_\_\_\_\_

STATE OF MARYLAND

FACILITY-ESTIMATED VALUE *		0-25	25-50	50-100	100-250	over 250
Main Station	221	4	11	31	81	94
Sub Station	45	2	4	6	16	17
Sub Station						
Sub Station						
ANTICIPATED 5 YEAR CAPITAL IMPROVEMENTS						
Main Station	171	69	42	24	20	16
Sub Station	32	16	2	3	7	4
ENGINES-ESTIMATED VALUE		0-25	25-50	50-75	75-100	over 100
Unit #	Year 716	254	156	124	91	91
Unit #	Year					
Unit #	Year					
Unit #	Year					
Unit #	Year					
Unit #	Year					
ENGINES-ANTICIPATED 5 YEAR REPLACEMENT						
Unit #	244	20	22	32	70	100
Unit #						
Unit #						
AMBULANCE-ESTIMATED VALUE		0-10	10-20	20-30	30-40	over 40
Unit #	Year 212	28	41	46	45	52
Unit #	Year					
Unit #	Year					
Unit #	Year					
AMBULANCE-ANTICIPATED 5 YEAR REPLACEMENT						
Unit #	141		11	13	27	90
Unit #						
OTHER APPARATUS ESTIMATED VALUE		0-25	25-50	50-75	75-100	over 100
Ladder	Year 42	1	8	6	3	24
Rescue	Year 63	20	14	13	5	11
Identify	Year 221	196	20	2	1	2
Identify	Year					
OTHER APPARATUS-ANTICIPATED 5 YEAR REPLACEMENT						
Identify	132	72	27	11	5	17
Identify						

\* If estimated value is over \$250,000, please specify actual amount of value. 107

INCOME		0-4	4-8	8-12	12-20	over 20
County	214	3	22	36	61	92
Town	64	41	4	5	2	12
Fund Drives	189	50	42	32	29	36
Fund Raising Events	182	45	33	24	40	40
Other	104	49	17	16	10	12
EXPENSES		0-4	4-8	8-12	12-20	over 20
Insurance	204	63	75	38	17	11
Apparatus Maintenance	203	72	60	27	20	24
Apparatus Operational Costs	191	71	60	32	19	9
Building Maintenance	206	108	51	21	20	6
Building Operational Costs	205	51	59	34	34	27
Equipment Maintenance	187	116	44	16	6	5
MULTI-YEAR EXPENSES		0-10	10-25	25-50	50-100	over 100
Apparatus Payable	4,104,932					
Mortgage Payable	3,948,891					
OTHER EXPENSES		0-2	2-4	4-6	6-8	over 8
Protective Equipment	184	71	66	24	14	9
Communications	154	97	38	7	3	9
Other Equipment	166	75	36	26	9	20
OTHER EXPENSES-ANTICIPATED 5 YEAR REPLACEMENT		0-2	2-4	4-6	6-8	over 8
Protective Equipment	194	41	55	40	16	42
Communications	149	54	50	17	8	20
Other Equipment	160	31	37	29	16	47

**EQUIPMENT AGE**

	Engine	Ambulance	Other Apparatus
1983	16	19	10
1982	31	26	10
1981	22	12	9
1980	30	25	13
1979	35	31	15
1978	27	23	18
1977	23	15	13
1976	28	19	17
1975	29	9	21
1974	20	6	10
1973	28	1	9
1972	35	14	19
1971	27	2	17
1970	31	1	11
1969	31	2	13
1968	30	1	16
+1967	25		12
-1966	24		10
1965	20		8
1964	26		5
1963	21		5
Prior	137		50

696                      206                      311  
 12.1 yrs.                4.6 yrs.                11.2 yrs.

**EXPENSE PERCENTAGE**

	Fire	EMS
10%	2	12
20%	2	27
30%	1	31
40%	5	21
50%	9	7
60%	23	3
70%	35	1
80%	25	
90%	12	2
100%	84	2

198                      106

ANTICIPATED FIVE YEAR EXPENDITURES

*Kaw*  
*Summary*

MAIN STATION

0-25	69	862,500	
25-50	42	1,575,000	
50-100	24	1,800,000	
100-250	20	3,500,000	
over 250	16	4,000,000	11,737,500

SUB-STATION

0-25	16	200,000	
25-50	2	75,000	
50-100	3	225,000	
100-250	7	1,225,000	
over 250	4	1,000,000	2,725,000

ENGINES

0-25	20	250,000	
25-50	22	825,000	
50-75	32	2,160,000	
75-100	70	6,125,000	
over 100	100	10,000,000	19,360,000

AMBULANCES

10-20	11	165,000	
20-30	13	325,000	
30-40	27	945,000	
over 40	90	3,600,000	5,035,000

OTHER APPARATUS

0-25	72	900,000	
25-50	27	1,012,500	
50-75	11	742,500	
75-100	5	437,500	
over 100	17	1,700,000	4,792,500

PROTECTIVE EQUIPMENT

0-2	41	41,000	
2-4	55	165,000	
4-6	40	200,000	
6-8	16	112,000	
over 8	42	336,000	854,000

COMMUNICATIONS

0-2	54	54,000	
2-4	50	150,000	
4-6	17	85,000	
6-8	8	56,000	
over 8	20	160,000	505,000

OTHER EQUIPMENT

0-2	31	31,000	
2-4	37	111,000	
4-6	29	145,000	
6-8	16	112,000	
over 8	47	376,000	775,000

GRAND TOTAL

775,000  
45,784,000

APPENDIX VIII

State of Maryland Insurance Taxes and Fees

State of Maryland Insurance Taxes and Fees

	<u>Gross Premium Tax</u>	<u>Retailory Taxes &amp; Fees</u>	<u>Miscellaneous Fees</u>	<u>Total</u>
FY-79	\$48,117,549	\$2,263,769	\$2,316,050	\$52,697,358
FY-80	53,106,052	2,170,789	2,267,041	57,543,882
FY-81	56,991,325	2,028,403	2,805,519	61,825,247
FY-82	60,058,368	2,201,947	2,654,743	64,915,058
FY-83	62,838,940	2,410,958	3,031,918	68,281,816

Gross Premium Tax - 2% of gross Insurance Premiums.

Retailory Taxes & Fees

- Additional tax or fees paid by Insurance Companies based outside the state of Maryland. This is due to Maryland Insurance Companies doing business in other states which charge higher tax or fees.

Miscellaneous Fees - Licensing fees and penalty assessments.

Information provided by Ralph Johnson, Maryland State Licensing and Regulation Department, Insurance Division. (301) 659-6222.

APPENDIX IX

**Maryland State Lottery Revenue History**

# MARYLAND STATE LOTTERY

## REVENUE HISTORY FOR FISCAL YEARS '74 - '82

**FISCAL YEAR 1982  
DISTRIBUTION OF LOTTERY REVENUES  
WHEN SOMEONE BUYS A LOTTERY TICKET  
HERE'S WHERE THE MONEY GOES**

**46.1%**

**RETURNED TO LOTTERY  
PLAYERS IN PRIZES**

THE LARGEST SHARE OF LOTTERY PROCEEDS IS RETURNED IN THE FORM OF PRIZES TO THE PEOPLE WHO WIN PLAYING THE GAMES.

**SUPPORTS STATE SERVICES**

AS REQUIRED BY STATE LAW, ALL LOTTERY REVENUE IS CONTRIBUTED TO THE GENERAL FUND TO HELP PAY FOR STATE SERVICES.

**BENEFITS BUSINESS  
COMMUNITY**

COMMISSIONS ARE PAID TO ALL TICKET SELLERS. THERE ARE OVER 1050 NUMBERS GAME TICKET SELLERS AND OVER 1000 WEEKLY GAME TICKET SELLERS.

**OPERATIONAL EXPENSES**

INCLUDES ALL ADMINISTRATIVE EXPENSES, INCLUDING BANK FEES, ADVERTISING AND OTHER CONTRACTUAL SERVICES.

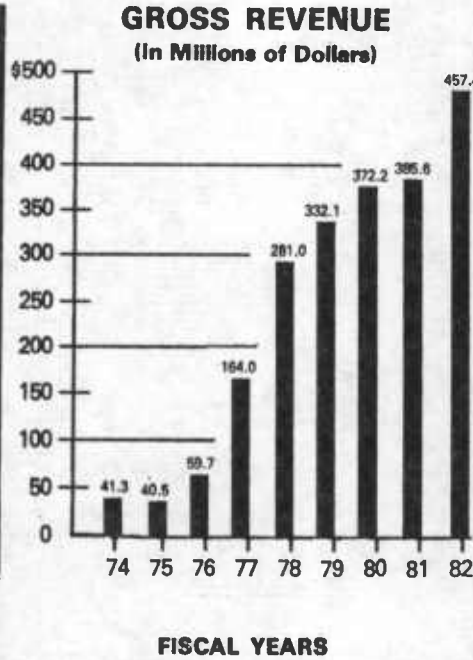
**43.5%**

**5.1%**

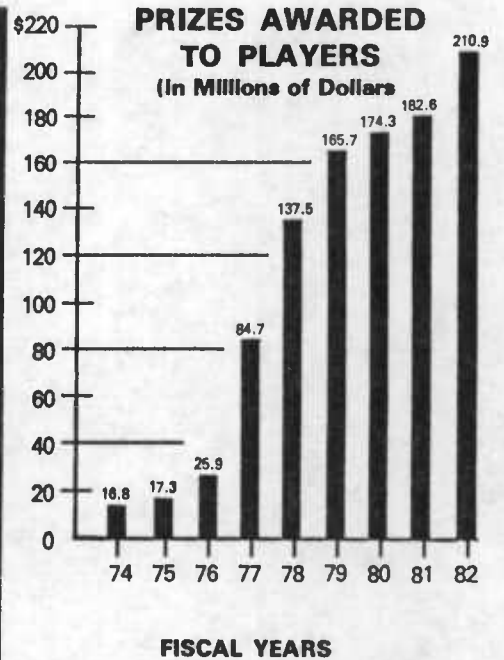
**3.2%**

**2.1%**

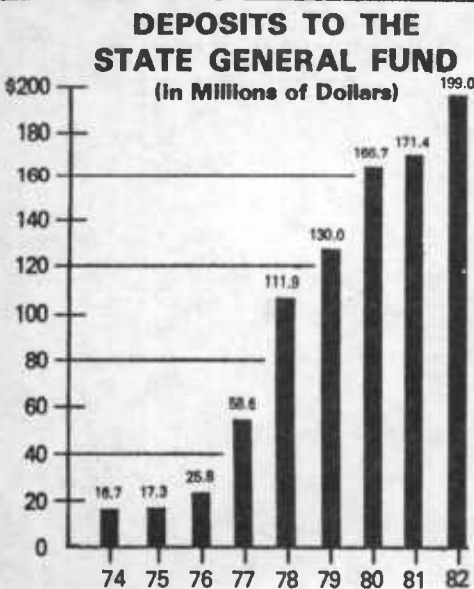
A CAPITAL EXPENDITURE OF \$9,261,000 TO PURCHASE THE NUMBERS GAME SYSTEM. THIS PURCHASE WILL SAVE MARYLAND'S TAXPAYERS \$10,000,000 OVER THE NEXT 5 YEARS.



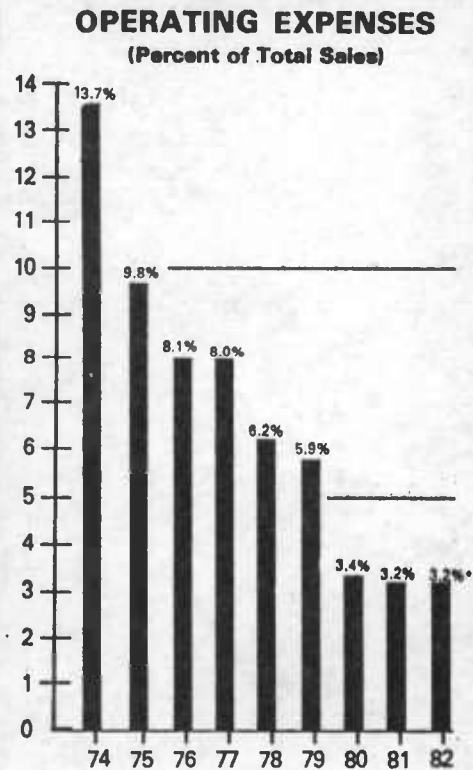
**CUMULATIVE TOTAL: \$2,135,253,628.**



**CUMULATIVE TOTAL: \$1,015,873,376.**

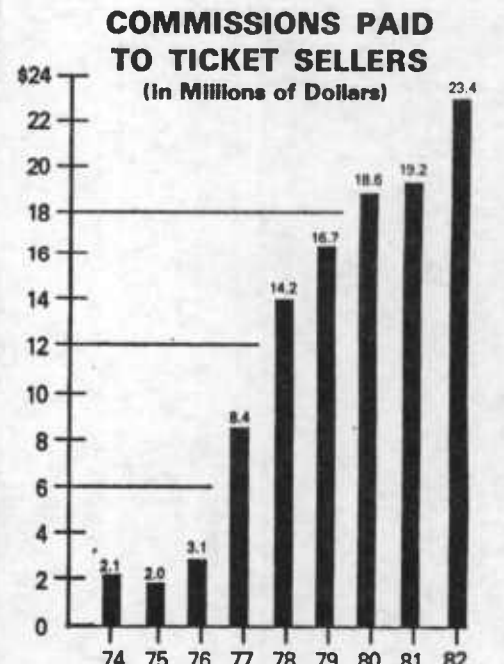


**CUMULATIVE TOTAL: \$897,882,000.**



**\*CUMULATIVE TOTAL: \$104,840,552.**

\*Does not include The Purchase of The Numbers Game System



**CUMULATIVE TOTAL: \$107,596,810.**



## REPORT TO THE CITIZENS OF MARYLAND

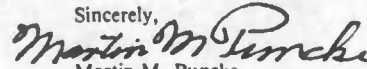
On January 1, 1983, the Lottery will begin its tenth year of existence as a legalized entity in Maryland. The Maryland Lottery sold its first ticket May 15, 1973, and since that time, our citizens have purchased over \$ 2.1 billion in lottery tickets. The charts on the reverse side review the growth and benefits which have firmly established the Lottery in Maryland as one of the principle sources of State revenue.

The largest portion of lottery revenues is distributed as prizes to lottery players. Currently, the prize distribution averages 46.1%. Prize money and agent commissions vary within the immediate community and help contribute to the economic development and well-being of local business. Over half of all lottery revenues are returned to the players and to the business community. Over \$1 billion have been awarded to prize winners through June, 1982.

Cumulative revenues have already contributed over 900 million dollars to the General Fund and help support the many services listed below provided for Maryland citizens. While lottery funds are not earmarked for specific purposes, the allocation of the General Fund to which lottery revenues go is vital to providing services to your community. All Maryland citizens, whether they are lottery players or not, share and enjoy the benefits of the revenues generated through the sale of lottery tickets.

The lottery has benefited the business community by providing additional sources of revenue to over 1,050 numbers game agents and 1,000 weekly game agents. Employment, sales commissions, bonuses and claims fees have contributed to the economic development of local businesses whose lottery agents serve the needs of the players.

Lottery administrative expenses include all overhead, advertising, vendor fees, etc. In keeping with the Lottery's constant goal of maximizing revenue for Maryland citizens, the Lottery is pleased to note that operational costs have been reduced from 13.7% of first year sales to 3.2% of current sales. It is the Lottery's goal to continue to fulfill its responsibility of maintaining lottery games that are fun to play, profitable to winners, and rewarding to all of Maryland's citizens.

Sincerely,  
  
 Martin M. Puncke  
 Lottery Director

### THE GENERAL FUND — WHERE THE MONEY GOES . . .

SOURCE	% OF GENERAL FUND REVENUES	TYPE OF SERVICES PROVIDED	BENEFITS TO THE CITIZENS OF MARYLAND
PUBLIC EDUCATION	35.7%	UNIVERSITY OF MARYLAND BOWIE STATE COLLEGE COPPIN STATE COLLEGE TOWSON STATE UNIVERSITY MORGAN STATE UNIVERSITY MARYLAND SCHOOL FOR THE DEAF UNIVERSITY OF BALTIMORE	These schools all receive money from the General Fund of the State of Maryland
HEALTH, HOSPITALS and MENTAL HYGIENE	21.3%	SPRING GROVE HOSPITAL CENTER ROSEWOOD CENTER MARYLAND CHILDREN'S CENTER MEDICAL CARE PROGRAMS ADMINISTRATION CROWNSVILLE HOSPITAL CENTER MONTEBELLO CENTER DRUG ABUSE ADMINISTRATION	Lottery Funds help to provide for your community's health needs
PERSONNEL ADMINISTRATION, RETIREMENT AND EMPLOYEE RELATIONS	16.9%	STATE EMPLOYEES RETIREMENT SYSTEM MARYLAND TEACHERS RETIREMENT SYSTEM STATE POLICE RETIREMENT SYSTEM PERSONNEL BENEFITS CONTRIBUTION	The needs of personnel in the State Merit System are helped by Lottery dollars
HUMAN RESOURCES	6.9%	SOCIAL SERVICES ADMINISTRATION OFFICE OF ECONOMIC OPPORTUNITY EMPLOYMENT SECURITY ADMINISTRATION OFFICE OF PROGRAM PLANNING & EVALUATION	Lottery net revenues are used to enhance the lives of less fortunate citizens of Maryland
PUBLIC SAFETY AND CORRECTIONAL SERVICES	5.1%	MARYLAND HOUSE OF CORRECTION MARYLAND STATE POLICE DIVISION OF PAROLE & PROBATION MARYLAND PENITENTIARY CIVIL DEFENSE	Our safety is insured using dollars raised by the Lottery
PAYMENT OF REVENUES TO THE CIVIL DIVISION OF THIS STATE	3.7%	STATE GRANTS TO SUBDIVISIONS STATE AID FOR POLICE PROTECTION	Each county shares in every Lottery dollar raised
LEGISLATIVE	.5%	GENERAL ASSEMBLY OF MARYLAND STATE DEPARTMENT OF LEGISLATIVE REFERENCES	The Legislature is helped by Lottery dollars
LICENSING AND REGULATION	.4%	MARYLAND HOME IMPROVEMENT COMMISSION	All Marylanders benefit in some manner from Lottery revenue
NATURAL RESOURCES AND RECREATION	.7%	NATURAL RESOURCES POLICE FORCE	
GENERAL SERVICES	.6%	BALTIMORE PUBLIC BUILDINGS & GROUNDS	
FINANCIAL & REVENUE ADMINISTRATION	2.8%	OFFICE OF THE COMPTROLLER	
EXECUTIVE AND ADMINISTRATIVE CONTROL	.7%	OFFICE ON AGING	
JUDICIAL REVIEW	1.8%	PUBLIC DEFENDER	
PUBLIC DEBT	2.1%	REDEMPTION AND INTEREST ON STATE BONDS	
ECONOMIC & COMMUNITY DEVELOPMENT	.4%	DIVISION OF ECONOMIC DEVELOPMENT	
BUDGETARY AND FISCAL ADMINISTRATION	.1%	DIVISION OF MANAGEMENT ANALYSIS AND AUDITS	
STATE PLANNING	.1%	STATE AND LOCAL PLANNING	
AGRICULTURE	.2%	STATE BOARD OF VETERINARY MEDICAL EXAMINERS	

APPENDIX X

Memo from Blair Lee Re: State Aid  
to Local Subdivisions; Various  
Formula Approaches



# Montgomery County Government

## M E M O R A N D U M

September 1, 1983

TO: Jacqueline Rogers, Director  
OMB

FROM: Blair Lee IV  
Office of State Affairs

RE: State Aid to Local Subdivisions; Various Formula Approaches

For purposes of best demonstrating the State's various methods of structuring aid to local subdivisions, I have selected and explained some examples as follows. Additional detail is given in the attached appendix.

1. State Aid based on population.

Transportation Revenue Sharing Account

The local portion of this State/local shared revenue is distributed to all local subdivisions on a per capita basis. (A modified hold harmless to benefit rural counties requires each county receive at least 1% the total local aid amount). The distribution has no relation to the revenue source (i.e., State corporation tax and motor vehicle titling tax).

2. State aid based on wealth.

State Property Tax Grant

The State pays to each subdivision an amount equal to 11¢ per \$100 of assessed value of certain real property. Thus the grant amount directly reflects each subdivision's total property wealth. Likewise, the local "piggyback" income tax (which is a tax, not a State grant), generates revenue to each subdivision in direct relation to its total income wealth.

3. State Aid based on inverse wealth.

Education Basic Current Expense (Lee-Maurer)

The largest of the education grants, this "equalized" program distributes State aid in direct inverse proportion to each subdivision's combined real property and income wealth base. The "poorest" subdivisions receive the most aid.

Office of State Affairs

The annual State contribution is set by the level of student enrollment and a consideration of the current cost of education "indexed" to the CPI or 8%, whichever is less.

Library Aid, Special Education Aid and local Health Aid are additional examples of equalized (inverse wealth) formulas.

4. State Aid based on the actual program cost within each subdivision.

#### Teachers' Retirement Fund (uncapped)

The State pays the full employer's pension cost for local public school teachers within each subdivision. The grant amount reflects the full cost accrued to each county.

#### Social Security Fund (capped)

Likewise the State pays the employer's share of teachers' social security liability within each subdivision. However, the State limited its exposure in 1980 by capping its obligation to the first 6.13% of the applicable rate, leaving the locals to pay the difference as the federal rate schedule increases.

The pupil transportation grant is another example of a cost accrued but capped aid program.

5. State Aid based on generation (source) of the revenue.

#### Beer Tax

This form of State aid is actually a shared tax, not a State grant. The State keeps half the State beer tax and distributes the other half to the 24 subdivisions based on their share of beer sales.

Meanwhile the State keeps 100% of the State wine tax.

6. State Aid targeted to special subdivisions or recipients.

Some State aid programs are clearly designed to channel or target benefits to special need jurisdictions and, thus, adopt certain "formulas" to accomplish this purpose.

#### Density Aid

This education aid grant is distributed on a "formula" making eligible only those subdivisions with population densities of more than 8,000 people per square mile. Only Baltimore City qualifies which was the legislative intent. The distribution "formula" is totally unrelated to education.

Jacqueline Rogers  
September 1, 1983  
Page 3

Compensatory Aid

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This education grant simply distributes aid based on each subdivision's population of Title I "needy" students.

Final Note

The Greater Baltimore Committee in a recent report advocates replacing all formula based State grants with discretionary block grants.

1

ii. Transportation Revenue Sharing

Legal Reference: Transportation Article, Section 3-401

Formula: Effective July 1, 1980, 20% of the 5% vehicle titling tax and approximately 32% of the 7% corporation income tax are credited to the Transportation Revenue Sharing Account in the Transportation Trust Fund. The counties and Baltimore City share in the Transportation Revenue Sharing Account with the State on a 75%-25% State-local basis.

Distribution: The vehicle titling tax is collected by the Department of Transportation's Motor Vehicle Administration; the corporation income tax is collected by the Comptroller's Income Tax Division. The appropriate percentages of these taxes are paid into the Transportation Revenue Sharing Account and distributed as follows:

- 75% retained for State purposes
- 25% to Baltimore City and the counties on the basis of population, provided that no subdivision may receive less than 1% of the local share

Conditions: Funds distributed to a county or Baltimore City may be used for transportation related projects or any other purpose as determined by the local governments.

Local Distribution of Transportation Revenue Sharing Funds  
Inception FY 1981 - FY 1983  
(Thousands of Dollars)

<u>Fiscal Year</u>	<u>Amount Distributed</u>
1981	\$16,648
1982 Est.	16,609
1983 Est.	17,613

Source: Annual Report of the Comptroller of the State of Maryland (1981); Department of Budget and Fiscal Planning (1982 - 1983).

County	Transportation	Percent
Allegany	\$297568.00	1.82%
Anne Arundel	\$1412069.00	8.63%
Baltimore City	\$2870207.00	17.55%
Baltimore Co.	\$2451906.00	14.99%
Calvert	\$163999.00	1.00%
Caroline	\$163999.00	1.00%
Carroll	\$371127.00	2.27%
Cecil	\$227724.00	1.39%
Charles	\$282718.00	1.73%
Dorchester	\$163999.00	1.00%
Frederick	\$439479.00	2.69%
Garrett	\$163999.00	1.00%
Harford	\$558139.00	3.40%
Howard	\$467714.00	2.86%
Kent	\$163999.00	1.00%
Montgomery	\$2178470.00	13.32%
Prince George's	\$2471217.00	15.11%
Queen Anne's	\$163999.00	1.00%
St. Mary's	\$228469.00	1.40%
Somerset	\$163999.00	1.00%
Talbot	\$163999.00	1.00%
Washington	\$424629.00	2.60%
Wicomico	\$244453.00	1.49%
Worcester	\$163999.00	1.00%
	(\$41943.00)	-0.26%
Total State	\$16357937.00	100.00%



**DEPARTMENT OF TRANSPORTATION**

**TRANSPORTATION REVENUE SHARING**

**TRANSPORTATION REVENUE SHARING**

**Program and Performance:**

Title 3, Section 401 of the Transportation Article creates the Transportation Revenue Sharing Account within the Transportation Trust Fund. Revenues accruing to the Transportation Revenue Sharing Account are, by law, to be shared with the counties (25 percent share to counties, 75 percent retained by the Transportation Trust Fund). The counties' share is allocated on the basis of their population as of the year of the grant, the population to be determined by the Department of Health and Mental Hygiene.

Transportation Revenue Sharing—FY 1984

<u>Excise Tax</u>	<u>Corporate Income Tax</u>	<u>Account—Total</u>	<u>DOT Share (75%)</u>	<u>County Share (25%)</u>
\$34,000,000	\$38,109,000	\$72,109,000	\$54,081,750	\$18,027,250

Distribution to Subdivisions

Subdivision:	1982 Actual	1983 Estimate	1981 Estimate
Allegany	\$ 297,568	\$ 298,273	\$ 320,264
Anne Arundel	1,412,069	1,449,130	1,592,864
Baltimore City	2,870,207	2,845,557	3,021,364
Baltimore	2,451,906	2,479,630	2,686,598
Calvert	163,999	166,125	180,272
Caroline	163,999	166,125	180,272
Carroll	371,127	384,241	425,811
Cecil	227,724	231,742	252,183
Charles	282,718	294,535	328,724
Dorchester	163,999	166,125	180,272
Frederick	439,479	454,511	503,158
Garrett	163,999	166,125	180,272
Harford	556,139	570,757	627,236
Howard	467,714	493,011	555,931
Kent	163,999	166,125	180,272
Montgomery	2,178,470	2,213,876	2,410,243
Prince George's	2,471,217	2,486,733	2,680,555
Queen Anne's	163,999	166,125	180,272
St. Mary's	228,469	234,732	258,228
Somerset	163,999	166,125	180,272
Talbot	163,999	166,125	180,272
Washington	424,629	430,590	468,109
Wicomico	244,453	250,057	273,534
Worcester	163,999	166,125	180,272
Variance Reduction in Taxes Receivable	(41,943)		
<b>Total</b>	<b>\$16,357,937</b>	<b>\$16,612,500</b>	<b>\$18,027,250</b>

**Appropriation Statement:**

	1982 Actual	1983 Appropriation	1984 Allowance
12 Grants, Subsidies and Contributions . . . .	16,357,937	16,612,500	18,027,250
Total Expenditure . . . . .	<u>16,357,937</u>	<u>16,612,500</u>	<u>18,027,250</u>
Special Fund Expenditure . . . . .	<u>16,357,937</u>	<u>16,612,500</u>	<u>18,027,250</u>

**Budget Bill Text:**

29.01.05.01 Transportation Revenue Sharing	
Special Fund Appropriation . . . . .	18,027,250

2

Property Tax Grant

Each county and Baltimore City receives the equivalent of 11¢ per \$100 of assessed valuation of real property and certain utility and railroad personal property in each jurisdiction. This grant program, enacted during the 1967 Session, does not earmark the grant funds for a specific purpose; rather, the revenue so provided is intended to supplement the local property and income taxes. Between 1975 and 1980, growth of these grants averaged approximately 11% per year largely due to inflationary increases in property values. Over the past three years, growth has slowed to 7% per year reflecting, in part, declines in certain new construction resulting from a recessed economy.

Total State Property Tax Grants  
to Counties and Baltimore City  
(Thousands of Dollars)

<u>Year</u>	<u>Amount</u>
1974	\$21,500
1975	22,283
1976	24,750
1977	28,384
1978	31,078
1979	32,837
1980	37,150
1981	39,235
1982 Est.	42,500
1983 Est.	45,200

Source: Annual Reports of the Comptroller of the State of Maryland (1974-1981);  
Department of Budget and Fiscal Planning (1982-1983).

TABLE XV

FISCAL 1978-79 PIGGYBACK INCOME TAX YIELDS,  
ANTICIPATED FISCAL 1979-80 YIELDS, AND  
ESTIMATED PROPERTY TAX EQUIVALENTS

Subdivision	1¢ on Rate Generates		Piggyback Income Tax Yield Amount		Estimated Property Tax Equivalent	
	1978-79	1979-80	1978-79	1979-80	1978-79	1979-80
Allegany	\$ 45,007	\$ 47,848	\$ 5,880,000	\$ 5,522,000	\$ 1.31	\$ 1.15
Anne Arundel	264,277	318,299	42,430,000	43,280,000	1.61	1.36
Baltimore City	340,808	354,023	57,597,000	54,684,000	1.69	1.54
Baltimore	522,688	581,780	83,390,000	85,785,000	1.60	1.47
Calvert	81,905	97,949	1,351,000	1,200,000	.16	.12
Caroline	10,500	12,000	1,593,000	1,790,000	1.52	1.49
Carroll	73,436	82,122	8,771,000	11,204,000	1.19	1.36
Cecil	33,806	38,384	4,504,000	4,035,000	1.33	1.05
Charles	69,498	74,300	6,080,000	6,020,000	.87	.81
Dorchester	19,500	21,550	1,800,000	2,075,000	.92	.96
Frederick	87,098	97,600	10,199,000	13,046,000	1.17	1.34
Garrett	20,694	24,380	1,499,000	1,600,000	.72	.66
Harford	100,871	112,550	14,155,000	14,992,000	1.40	1.33
Howard	128,900	146,290	16,836,000	17,100,000	1.31	1.17
Kent	13,387	15,047	1,051,000	1,166,000	.79	.77
Montgomery	686,000	768,500	98,000,000	105,000,000	1.43	1.37
Prince George's	505,410	547,730	70,419,000	69,700,000	1.39	1.27
Queen Anne's	21,144	25,000	1,552,000	1,828,000	.73	.77
St. Mary's	35,282	40,201	4,373,000	4,500,000	1.24	1.14
Somerset	10,383	11,189	734,000	961,000	.71	.86
Talbot	28,189	32,307	1,624,000	1,832,000	.58	.57
Washington	70,030	79,153	9,957,000	10,650,000	1.42	1.31
Wicomico	46,706	50,600	4,500,000	5,209,000	.96	1.00
Worcester	55,774	64,433	700,000	822,000	.13	.11
Total	\$ 3,271,293	\$ 3,643,235	\$ 448,995,000	\$ 464,001,000	\$ 1.37	\$ 1.27

Source: County Budgets and Survey by the Maryland Association of Counties.

Estimated State Property Tax Grants  
by Subdivision FY 1983  
(Thousands of Dollars)



<u>Subdivision</u>	<u>Amount</u>
Allegany	\$519 000
Anne Arundel	4,013 000
Baltimore City	4,396 000
Baltimore	6,981 000
Calvert	677 000
Caroline	156
Carroll	1,045
Cecil	493
Charles	779
Dorchester	588
Frederick	1,352
Garrett	257
Harford	1,388
Howard	1,959
Kent	203
Montgomery	10,468
Prince George's	6,556
Queen Anne's	357
St. Mary's	518
Somerset	141
Talbot	449
Washington	918
Wicomico	576
Worcester	<u>751</u>
Total	\$45,200

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Source: Department of Budget and Fiscal Planning.

Legal Reference: Article 81, Section 12H.

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Property Tax Grant

Each county and Baltimore City receives the equivalent of 11¢ per \$100 of assessed valuation of real property and certain utility and railroad personal property in each jurisdiction. This grant program, enacted during the 1967 Session, does not earmark the grant funds for a specific purpose; rather, the revenue so provided is intended to supplement the local property and income taxes. Between 1975 and 1980, growth of these grants averaged approximately 11% per year largely due to inflationary increases in property values. Over the past three years, growth has slowed to 7% per year reflecting, in part, declines in certain new construction resulting from a recessed economy.

Total State Property Tax Grants  
to Counties and Baltimore City  
(Thousands of Dollars)

<u>Year</u>	<u>Amount</u>
1974	\$21,500
1975	22,283
1976	24,750
1977	28,384
1978	31,078
1979	32,837
1980	37,150
1981	39,235
1982 Est.	42,500
1983 Est.	45,200

Source: Annual Reports of the Comptroller of the State of Maryland (1974-1981); Department of Budget and Fiscal Planning (1982-1983).

County	Prop. Tax Gr.	
Allegany	\$519000.00	1.14%
Anne Arundel	\$4013000.00	8.81%
Baltimore City	\$4396000.00	9.65%
Baltimore Co.	\$6981000.00	15.33%
Calvert	\$677000.00	1.49%
Caroline	\$156000.00	0.34%
Carroll	\$1045000.00	2.29%
Cecil	\$493000.00	1.08%
Charles	\$779000.00	1.71%
Dorchester	\$588000.00	1.29%
Frederick	\$1352000.00	2.97%
Garrett	\$257000.00	0.56%
Harford	\$1388000.00	3.05%
Howard	\$1959000.00	4.30%
Kent	\$203000.00	0.45%
Montgomery	\$10468000.00	22.99%
Prince George's	\$6556000.00	14.40%
Queen Anne's	\$357000.00	0.78%
St. Mary's	\$518000.00	1.14%
Somerset	\$141000.00	0.31%
Talbot	\$449000.00	0.99%
Washington	\$918000.00	2.02%
Wicomico	\$576000.00	1.26%
Worcester	\$751000.00	1.65%
Total State	\$45540000.00	100.00%
		0.00%
		0.00%

EDUCATION  
I. Basic Operating Expenses

Current Expense Formula

The State has had a "basic current expense" formula for State grants, to help equalize local education expenditures, since 1922. Until 1973, the State aid formula was based on a combination of aid per pupil, other operating expenses, and a grant for new pupils, together with several minimum guarantees or hold-harmless provisions. The current formula is based on aid per pupil.

Beginning in fiscal year 1982, the State shares in a per pupil basic current expenditure program calculated as follows. A statewide average per pupil current expenditure is calculated for each of the third, fourth, and fifth years preceding the fiscal year for which the level is to be determined, and then averaged. The average is multiplied by .75 to get the program level for the relevant fiscal year, with the restriction that the percentage increase in per pupil expenditure over the previous year cannot exceed the lesser of the consumer price index increase or 8%.

Once the per pupil program level has been obtained, the State and local shares for each county and Baltimore City are calculated. The local share is equal to subdivision wealth (elements of net taxable income and assessed property valuation) multiplied by a local contribution rate equal to 45% of the first \$624 statewide per pupil aid and 50% of the balance divided by the sum of the wealth of all of the subdivisions. The State share of the program for each subdivision is the difference between the basic current expense and the subdivision's share. In fiscal year 1983, the basic current expense is based on a \$1,098 per pupil program level. Table XIX and Chart I depict the inverse relationship between State aid per pupil and wealth per pupil.

A hold-harmless provision is currently in effect to assist those jurisdictions who lost funds due to the change in the definition of local wealth.

In fiscal years 1982 and 1983, certain amounts of basic current expense aid due the subdivisions are set aside for vocational - technical education programs. Each subdivision must maintain its local fiscal effort for vocational education in order to receive the set-aside.

In fiscal year 1983, the total State expenditure for basic current expense aid is estimated to be \$403,936,000, of which \$2,900,000 is vocational - technical set-aside. (See Table XX for county-by-county breakdown).

Targeted Aid

Beginning in fiscal year 1981, additional State aid has been appropriated annually for low per pupil expenditure, low wealth, and at least average revenue effort counties. In fiscal year 1983, 13 counties and Baltimore City will be assisted. State appropriation FY 1983: \$8,000,000.

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TABLE XIX  
State Aid for Current Expense  
Fiscal Year 1983  
(Thousands of Dollars Except Per Pupil Amounts)

<u>County</u>	<u>FTE Enrollment</u> <u>9/30/81</u>	<u>Wealth Base</u>	<u>State Share</u> <u>\$1098 Program</u>	<u>Wealth Par Pupil</u>	<u>State Aid Per Pupil</u>
Allegany	12,442.00	821,367	9,057	66,016	728
Anna Arundal	65,271.53	5,732,965	39,534	87,833	606
Baltimore City	117,538.75	6,722,554	91,377	57,194	777
Baltimore	89,844.28	10,658,774	38,904	118,636	433
Calvert	7,441.25	919,327	3,017	123,545	406
Caroline	4,334.50	225,482	3,495	52,020	806
Carroll	19,052.75	1,447,699	12,805	75,984	672
Cecil	12,174.50	701,816	9,434	57,646	775
Charles	16,897.20	1,117,416	12,290	66,130	727
Dorchester	5,039.50	343,644	3,607	68,190	716
Frederick	22,604.00	1,751,973	14,999	77,507	664
Garrett	5,335.50	317,848	4,077	59,572	764
Harford	28,909.75	2,013,994	20,454	69,665	708
Howard	24,080.25	2,608,523	11,819	108,326	491
Kent	2,584.50	241,717	1,483	93,526	574
Montgomery	92,181.00	14,298,336	21,070	155,112	229
Prince George's	113,027.25	9,492,459	70,897	83,984	627
Queen Anna's	4,452.75	422,071	2,523	94,789	567
St. Mary's	11,067.25	701,455	8,220	63,381	743
Somerset	3,387.50	176,364	2,731	52,063	806
Talbot	3,740.00	544,849	1,053	145,682	281
Washington	18,500.50	1,366,322	12,655	73,853	684
Wicomico	11,128.00	818,863	7,629	73,586	686
Worcester	4,925.50	845,421	669	171,642	136
State Total	695,960.01	64,291,239	403,799	92,378	580

Source: State Department of Education

County	BCE	Percent
Allegany	\$9057000.00	2.24%
Anne Arundel	\$39534000.00	9.79%
Baltimore City	\$91377000.00	22.63%
Baltimore Co.	\$38904000.00	9.63%
Calvert	\$3017000.00	0.75%
Caroline	\$3495000.00	0.87%
Carroll	\$12805000.00	3.17%
Cecil	\$9434000.00	2.34%
Charles	\$12290000.00	3.04%
Dorchester	\$3607000.00	0.89%
Frederick	\$14999000.00	3.71%
Garrett	\$4077000.00	1.01%
Harford	\$20454000.00	5.07%
Howard	\$11819000.00	2.93%
Kent	\$1483000.00	0.37%
Montgomery	\$21070000.00	5.22%
Prince George's	\$70897000.00	17.56%
Queen Anne's	\$2523000.00	0.62%
St. Mary's	\$8220000.00	2.04%
Somerset	\$2731000.00	0.68%
Talbot	\$1053000.00	0.26%
Washington	\$12655000.00	3.13%
Wicomico	\$7629000.00	1.89%
Worcester	\$669000.00	0.17%
		0.00%
Total State	\$403799000.00	100.00%
		0.00%
		0.00%

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## VI. Employee Benefits

### Retirement

The State pays the full employer's share of retirement benefits for local public school teachers, faculty in community colleges, and librarians in the local library systems (although the teachers, faculty and librarians are hired and their salaries are paid locally). The State also administers and maintains the Teachers' Retirement System. State appropriation FY 1983: \$190,297,000. (See Table XXI for county-by-county breakdown).

### Social Security

Without any statutory obligation to do so, the State funded 100% of social security employer contributions for local public school teachers, community college faculty, and librarians from 1956 to 1980. Effective in fiscal year 1981, legislation was enacted providing for State payment of all employer costs of social security resulting from the application of a 6.13% contribution rate (applicable rate in calendar year 1980) to compensation falling within the social security wage base as defined by the Federal government for local public school teachers only (community college faculty and librarians continue at 100% State funding). Funding deficiency is to be paid by the subdivisions. Funding of the employer's contribution under this legislation is as follows (in thousands of dollars):

	<u>Employer's Contribution</u>	<u>State Share</u>	<u>%</u>	<u>Local Share</u>	<u>%</u>
FY 1980 (prior to legislative enactment)	\$60,333	\$60,333	100.0%	0	0.0%
FY 1981	63,140	60,984	96.6	2,156*	3.4
FY 1982	73,912	68,287	92.4	5,625	7.6
FY 1983	79,225	72,485	91.5	6,740	8.5
FY 1984	85,167	77,921	91.5	7,246	8.5
FY 1985	92,750	83,052	89.5	9,698	10.5

\*State returned this amount to subdivisions for education purposes

Source: Final Report of the Subcommittee on Education to the Task Force to Study State-Local Fiscal Relationships, January, 1981

(For a county-by-county breakdown of State funding in FY 1983, see Table XXI).

Legal Reference: Provided in annual budget bill and under Education Article, Section 5-202

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TABLE XXI  
State Payments on Behalf of Local Education - FY 1983  
(Thousands of Dollars)

<u>Subdivision</u>	<u>Employee Benefits</u>		<u>Debt Service</u>		<u>Total</u>
	<u>Social Security</u>	<u>Retirement</u>	<u>Prior Years</u>	<u>Current Bonds</u>	
Total	\$73,658	\$190,297	\$29,385	\$133,451	\$426,791
Allegany	1,296	3,349	213	3,406	8,264
Anne Arundel	6,417	16,579	1,835	17,271	42,102
Baltimore City	10,600	27,385	6,154	19,780	63,919
Baltimore	11,583	29,925	5,851	10,017	57,376
Calvert	695	1,796	27	2,703	5,221
Caroline	337	870	166	1,609	2,982
Carroll	1,463	3,780	---	4,085	9,328
Cecil	1,031	2,663	202	1,721	5,617
Charles	1,596	4,123	408	5,109	11,236
Dorchester	496	1,280	209	3,025	5,010
Frederick	1,976	5,104	1,001	6,373	14,454
Garrett	447	1,154	---	1,849	3,450
Harford	2,871	7,416	1,195	7,739	19,221
Howard	2,554	6,599	423	7,791	17,367
Kent	263	680	---	801	1,744
Montgomery	12,948	33,453	4,347	13,347	64,095
Prince George's	11,659	30,122	5,834	11,560	59,175
Queen Anne's	392	1,014	273	1,125	2,804
St. Mary's	953	2,461	106	2,645	6,165
Somerset	264	683	49	2,346	3,342
Talbot	390	1,008	205	663	2,266
Washington	1,809	4,674	526	3,999	11,008
Wicomico	1,062	2,743	361	2,738	6,904
Worcester	556	1,436	---	1,749	3,741

Source: Department of Budget and Fiscal Planning

County	Soc. Sec	Percent	Retirement	Percent
Allegany	\$1296000.00	1.76%	\$3349000.00	1.77%
Anne Arundel	\$6417000.00	8.71%	\$16579000.00	8.79%
Baltimore City	\$10600000.00	14.39%	\$27385000.00	14.51%
Baltimore Co.	\$11583000.00	15.73%	\$29925000.00	15.86%
Calvert	\$695000.00	0.94%	\$179600.00	0.10%
Caroline	\$337000.00	0.46%	\$870000.00	0.46%
Carroll	\$1463000.00	1.99%	\$3780000.00	2.00%
Cecil	\$1031000.00	1.40%	\$2663000.00	1.41%
Charles	\$1596000.00	2.17%	\$4123000.00	2.19%
Dorchester	\$496000.00	0.67%	\$1280000.00	0.68%
Frederick	\$1976000.00	2.68%	\$5104000.00	2.71%
Garrett	\$447000.00	0.61%	\$1154000.00	0.61%
Harford	\$2871000.00	3.90%	\$7416000.00	3.93%
Howard	\$2554000.00	3.47%	\$6599000.00	3.50%
Kent	\$263000.00	0.36%	\$680000.00	0.36%
Montgomery	\$12948000.00	17.58%	\$33453000.00	17.73%
Prince George's	\$11659000.00	15.83%	\$30122000.00	15.96%
Queen Anne's	\$392000.00	0.53%	\$1014000.00	0.54%
St. Mary's	\$953000.00	1.29%	\$2461000.00	1.30%
Somerset	\$264000.00	0.36%	\$683000.00	0.36%
Talbot	\$390000.00	0.53%	\$1008000.00	0.53%
Washington	\$1809000.00	2.46%	\$4674000.00	2.48%
Wicomico	\$1062000.00	1.44%	\$2743000.00	1.45%
Worcester	\$556000.00	0.75%	\$1436000.00	0.76%
Total State	\$73658000.00	100.00%	\$188680600.00	100.00%

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OTHER STATE - SHARED TAXES

I. Beer Tax

Legal Reference: Article 2B, Sections 134, 136-137

Formula: The counties and Baltimore City receive one-half of the \$.09 per gallon State beer tax, after adjustment for administrative expenses. "Beer" means any brewed alcoholic beverage, and includes beer, ale, porter, and stout. (Wine is also taxed, at \$.40 per gallon, but proceeds therefrom are not shared with the subdivisions.)

Distribution: The beer tax is collected by the Alcohol and Tobacco Tax Division of the Comptroller's Office. One-half of the tax collected, less administrative expenses, is distributed to the subdivisions on the basis of each unit's proportionate share of beer sales as determined by delivery receipts filed by beer manufacturers and wholesalers.

History: The State has had authority to impose a tax on beer since 1933. The Comptroller has been required to share the beer tax with the counties and Baltimore City since July 1, 1972, when the State tax rate was raised from \$.03 to \$.09 per gallon. Currently, only Garrett County is authorized to impose a local tax on beer (See page 38 for the sales tax rates in effect for Garrett County).

Beer Tax Revenues - FY 1974 - FY 1983  
(Thousands of Dollars)

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Less: State Share</u>	<u>Less: Admin. Expense</u>	<u>Local* Share</u>
1974	\$8,406	\$4,203	\$367	\$3,836
1975	8,748	4,374	360	4,014
1976	8,846	4,423	333	4,090
1977	9,491	4,746	531	4,214
1978	8,496	4,248	52	4,196
1979	9,510	4,755	327	4,428
1980	9,578	4,789	318	4,471
1981	10,002	5,001	452	4,549
1982 Est.	10,326	5,163	467	4,696
1983 Est.	10,424	5,212	471	4,741

\*Excludes revenues from local tax in Garrett County.

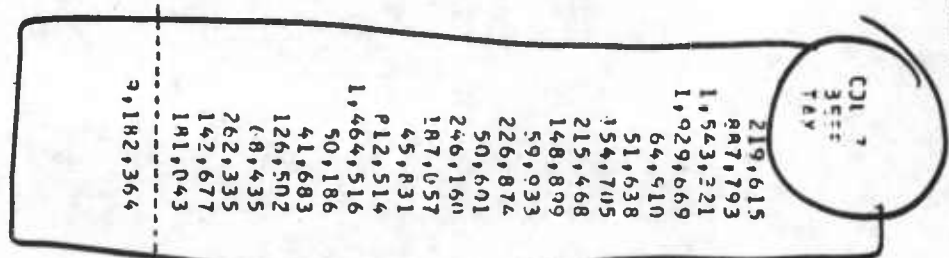
Source: Annual Reports of the Comptroller of the State of Maryland (1974 - 1981); Department of Budget and Fiscal Planning (1982 - 1983).

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1979 ALLOCATION OF STATE REVENUES BY COUNTY

COUNTY	COL 3 FRANCHISE TAX GROSS RECEIPTS	COL 4 FRANCHISE TAX NET EARNINGS	COL 5 DEATH TAXES	COL 6 LIQUOR TAX	COL 7 SEE TAX
ALLEGAN	714,507	170,695	502,714	396,411	219,615
ANNE ARUNDEL	4,657,157	782,563	1,948,043	1,334,291	887,793
FALTIMORE	9,754,742	1,366,408	7,314,872	2,563,195	1,543,221
FALTIMORE CITY	10,663,667	1,671,493	5,878,588	3,651,281	1,929,669
CALVERT	173,062	67,938	636,713	92,062	64,410
CARROLL	210,163	48,194	158,454	65,412	51,638
CECIL	1,053,670	197,232	511,584	202,294	154,705
CHARLES	395,164	119,104	357,952	1,518,717	215,468
DCFCHESTER	222,843	145,430	138,397	278,305	148,899
FREDERICK	334,617	66,027	281,866	77,829	59,933
GARRET	755,215	228,655	596,222	336,450	226,872
HARFORD	219,495	56,049	85,050	61,778	50,601
HOWARD	1,503,900	316,550	505,501	144,755	246,160
KENT	1,943,559	255,405	222,687	308,892	187,057
MONTGOMERY	317,828	35,031	138,611	85,702	45,831
PRINCE GEORGES	10,702,236	1,237,113	5,637,595	1,445,431	812,514
QUEEN ANNES	5,564,983	1,421,183	1,775,325	2,726,726	1,464,516
SOMERSET	223,763	50,104	230,675	88,731	50,186
ST MARYS	155,921	42,674	95,128	63,818	41,683
TALBOT	185,742	115,070	186,109	175,341	126,502
WASHINGTON	341,427	56,049	439,459	260,438	68,435
WICOMICO	690,016	233,962	499,518	403,982	762,335
Worcester	782,770	131,418	331,006	139,910	142,677
Worcester	549,028	60,295	332,374	214,407	141,043
STATE TOTALS	57,309,451	8,874,643	29,274,361	16,636,237	9,182,364

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Density Aid

In 1967, the General Assembly recognized the special funding needs for education in areas having a large population and a limited property tax base and so enacted legislation providing density aid for subdivisions with population exceeding 8,000 per square mile (only Baltimore City qualifies for this density aid at present). Currently the State aid equals \$100 per student, two-thirds of which is to be used to provide compensatory programs for students with special education needs resulting from educationally or economically disadvantaged environments. State appropriation FY 1983: \$11,115,000 (all of which goes to Baltimore City).

Compensatory Aid

Effective in fiscal year 1980, a statewide program of compensatory education was instituted providing \$45 for each student eligible for Title I program of federal aid. These funds are to be used to provide compensatory programs for students with special education needs resulting from educationally or economically disadvantaged environments. State appropriation FY 1983: \$5,539,000.

Compensatory Aid Distribution - FY 1983  
(Thousands of Dollars)

<u>Subdivision</u>	<u>Amount</u>
Allegany	\$116
Anne Arundel	290
Baltimore City	2,562
Baltimore	379
Calvert	70
Caroline	58
Carroll	70
Cecil	78
Charles	100
Dorchester	70
Frederick	101
Garrett	75
Harford	128
Howard	42
Kent	31
Montgomery	274
Prince George's	482
Queen Anne's	37
St. Mary's	116
Somerset	69
Talbot	53
Washington	154
Wicomico	116
Worcester	68
Total	\$5,539

Source: Department of Budget and Fiscal Planning

WEALTH PER PUPIL

NOTE 3 DBS HIDDEN  
Source: State Department of Education

County	Beer Tax	Percent	Comp. Aid	Percent
Allegany	\$219615.00	2.39%	\$116000.00	2.09%
Anne Arundel	\$887793.00	9.67%	\$290000.00	5.24%
Baltimore City	\$1543321.00	16.81%	\$2562000.00	46.25%
Baltimore Co.	\$1929669.00	21.01%	\$379000.00	6.84%
Calvert	\$64910.00	0.71%	\$70000.00	1.26%
Caroline	\$51638.00	0.56%	\$58000.00	1.05%
Carroll	\$154705.00	1.68%	\$70000.00	1.26%
Cecil	\$215468.00	2.35%	\$78000.00	1.41%
Charles	\$148899.00	1.62%	\$100000.00	1.81%
Dorchester	\$59933.00	0.65%	\$70000.00	1.26%
Frederick	\$226874.00	2.47%	\$101000.00	1.82%
Garrett	\$50601.00	0.55%	\$75000.00	1.35%
Harford	\$246160.00	2.68%	\$128000.00	2.31%
Howard	\$187057.00	2.04%	\$42000.00	0.76%
Kent	\$45831.00	0.50%	\$31000.00	0.56%
Montgomery	\$812514.00	8.85%	\$274000.00	4.95%
Prince George's	\$1464516.00	15.95%	\$482000.00	8.70%
Queen Anne's	\$50186.00	0.55%	\$37000.00	0.67%
St. Mary's	\$41683.00	0.45%	\$116000.00	2.09%
Somerset	\$126502.00	1.38%	\$69000.00	1.25%
Talbot	\$68435.00	0.75%	\$53000.00	0.96%
Washington	\$262335.00	2.86%	\$154000.00	2.78%
Wicomico	\$142677.00	1.55%	\$116000.00	2.09%
Worcester	\$181043.00	1.97%	\$68000.00	1.23%
Total State	\$9182365.00	100.00%	\$5539000.00	100.00%

STATE AID FOR POLICE PROTECTION  
REVIEW AND ANALYSIS  
OF THE CURRENT STATUTORY FORMULA

Prepared by:

Department of Fiscal Services  
Annapolis, Maryland  
August 1983

DEPARTMENT OF FISCAL SERVICES

MARYLAND GENERAL ASSEMBLY  
LEGISLATIVE SERVICES BUILDING  
90 STATE CIRCLE

ANNAPOLIS, MARYLAND 21401-1991  
841-3761



WILLIAM S. RATCHFORD, II  
DIRECTOR

August 31, 1983

The Honorable Melvin A. Steinberg  
President of the Senate

The Honorable Benjamin L. Cardin  
Speaker of the House of Delegates

Members of the General Assembly

This analysis of State financial support for police protection was prepared to assist the General Assembly in consideration of any changes to be proposed to the current statutory formula at the 1984 Session. There is a "sunset" provision on one part of the current formula that will require legislative consideration at the 1984 Session. As changes to other parts of the formula may also be proposed, this report provides background data on the overall formula.

The report was prepared by Ronald W. Wineholt of the Division of Fiscal Research with assistance in the development of a computerized model of the formula from Martha C. Roach and John Rohrer. Lt. William DeFevre, Jr. of the Maryland State Police and Ms. Joan Shirrefs of the Department of Budget and Fiscal Planning were most helpful in furnishing information.

The Department of Fiscal Services trusts that this report will be of assistance to the General Assembly.

Sincerely yours,

A handwritten signature in black ink, appearing to read "William S. Ratchford, II".

William S. Ratchford, II  
Director

WSR:jml

## STATE AID FOR POLICE PROTECTION

### Origin of Program

Concern during the mid-1960's over the regressive nature of the State tax structure and the heavy dependence of local governments on the property tax resulted in the enactment of several major tax and aid distribution changes. Among these enactments were: authorization of the local income tax and recordation tax, and increased State aid to local governments through the education aid formula and establishment of the State Aid for Police Protection Fund. A fixed-grant distribution of police aid was authorized in 1967 pending the establishment of a permanent formula for the program.

The police aid formula which was adopted by the General Assembly in 1968 borrowed concepts from the existing education aid formula. Local effort was measured in terms of police expenditures relative to local wealth. Police aid was to be provided to local governments based on their local effort, within certain population constraints. The 1968 police aid formula had the following basic provisions:

- (A) Basic Expenditure - The State would assist all subdivisions to maintain at least a minimal police service, up to \$6.00 per capita.
- (B) Share Above Basic Expenditure - The State would share in 25% of any police expenditures over \$6.00 per capita. Per capita ceilings were placed on this aid, based on 3 classes of subdivisions: (1) light population density; (2) suburban; and (3) Baltimore City. These classes were established to allow increased aid to be targeted to the more densely populated subdivisions.
- (C) Minimum Grant - The total police aid grant for any subdivision would be at least \$1.50 per capita.
- (D) Municipal Share - Municipalities within a county shared in the total police aid provided to that subdivision in direct proportion to their relative police expenditures. Municipalities must have spent at least \$5,000 annually for police protection and employed at least one full-time policeman.

### Program and Formula Changes

The State Aid for Police Protection program has undergone numerous changes since 1968 which have greatly increased the funding and complexity of the program. In many cases the piecemeal changes added additional layers of grants rather than altering the existing grant formula.

- 1969 - Chapter 566 increased the per capita aid for Baltimore City.
- 1971 - Chapter 591 amended the Minimum Grant provisions to hold-harmless any subdivision losing population.

- 1975 - Chapter 549 (regular session) increased per capita aid to Baltimore City.  
Chapter 2 (special session) (1) increased the per capita grants to low density subdivisions; (2) established 3 new density classes so additional per capita aid could be specifically targeted to Baltimore, Montgomery, and Prince George's counties; (3) increased the Minimum Grant; (4) established a new "Incentive Grant" providing a per capita grant to rural subdivisions; and (5) established a new "Supplemental Grant" providing a per capita grant to all subdivisions except Baltimore City and providing no share of this grant for municipal governments.
- 1978 - Chapters 179 and 179 increased the per capita grants for all classes of subdivisions and increased the Incentive Grant and Supplemental Grant.
- 1980 - Chapter 520 established a new "Additional Grant" of 10 percent increase in aid or \$1 per capita to each subdivision.
- 1981 - Chapter 651 mandated that counties share the Supplemental Grant with municipalities based on locally-negotiated formulas.
- 1982 - Chapter 471 established a new hold-harmless provision that no subdivision shall receive less police aid during fiscal years 1983 and 1984 than they received for fiscal year 1982.

### The Current Formula

The State Aid for Police Protection Fund, as established in Article 15A, Sections 35-39 of the Code, is administered by the State Police. Local expenditures for police protection are audited annually by the State Police, and may include any police-related expenditure except jails, parking meters, and court-related functions of sheriffs. State police aid is distributed quarterly to the counties, Baltimore City, and qualifying municipalities, and the aid must be spent on police protection services. Except for the Supplemental Grant, all police aid to a subdivision is shared between the county and qualifying municipalities based on relative police expenditures.

As amended over the years, the police aid funds are currently computed according to the following formula:

#### 1. Share in Basic Expenditure

The State pays to each subdivision any police expenditures over .09 percent of their wealth base (net taxable income + adjusted assessable base) up to \$6.00 per capita.

Impact: No funds have been distributed under this provision since fiscal year 1980, because inflation has made the calculation obsolete. In each subdivision .09 percent of the wealth base currently exceeds \$6.00 per capita.

2. Share Over Basic Expenditure

The State pays each subdivision 25 percent of police expenditures over \$6.00 per capita within the following constraints:

(A) No payment is made to subdivisions with a population density under 100 per square mile and under 30 percent of their population residing in municipalities.

Impact: Garrett, Queen Anne's, and Somerset counties.

(B) In subdivisions with a population density of 100-500 per square mile, or under 100 per square mile but over 30 percent of their population residing in municipalities, the grant may not exceed \$3.50 per capita.

Impact: Allegany, Calvert, Caroline, Carroll, Cecil, Charles, Dorchester, Frederick, Harford, Kent, St. Mary's, Talbot, Washington, Wicomico, and Worcester counties.

(C) In subdivisions with a population density of 500-900 per square mile, the grant may not exceed \$7.50 per capita.

Impact: Anne Arundel and Howard counties.

(D) In subdivisions with a population density of 900-1,100 per square mile, the grant may not exceed \$8.00 per capita.

Impact: Baltimore County.

(E) In subdivisions with a population density of 1,100-1,300 per square mile, the grant may not exceed \$9.25 per capita.

Impact: Montgomery County.

(F) In subdivisions with a population density of 1,300-8,000 per square mile, the grant is 25 percent of expenditures from \$6.00 to \$36.00 per capita, and 50 percent of expenditures from \$36.00 to \$45.50 per capita.

Impact: Prince George's County

(G) In subdivisions with a population density over 8,000 per square mile, the grant is 25 percent of expenditures from \$6.00 to \$36.00 per capita, and 50 percent of expenditures from \$36.00 to \$101.50 per capita.

Impact: If not for the minimum grant provision, Baltimore City would use this section.

3. Minimum Grant

(A) The share in the basic expenditure (1) and the share over the basic expenditure (2) must equal at least \$2.50 per capita.

Impact: Garrett, Queen Anne's, and Somerset counties.

(B) If a subdivision currently has a lower population than it had in 1967 it receives an amount equal to its highest year grant for the basic expenditure (1), the share over the basic expenditure (2), and the minimum grant (3)(A). This amount is reduced by .09 percent of the growth in the subdivision's wealth base between that original grant year and the current grant year. The subdivision may not have reduced local police expenditures relative to the original grant year.

Impact: Baltimore City

4. Incentive Grant

The State pays each subdivision with a population density under 500 per square mile a grant of \$2.00 per capita.

Impact: All subdivisions except Anne Arundel, Baltimore, Howard, Montgomery, and Prince George's counties, and Baltimore City.

5. Supplemental Grant

The State pays each subdivision with a population density under 8,000 per square mile a grant of \$2.00 per capita. These funds are shared between the counties and municipalities based on locally-negotiated formula.

Impact: All subdivisions except Baltimore City.

6. Additional Grant

The State pays all subdivisions an additional grant equal to the greater of: 10 percent of the total grants 1,2,3 and 4; or \$1 per capita.

Impact: All subdivisions.

7. Temporary Hold-Harmless

For fiscal years 1983 and 1984, no subdivision may receive a total grant of less than it received in fiscal year 1982.

Impact: Harford, Somerset and Talbot counties and Baltimore City.

8. Summary of Total Police Aid Grant - FY 1984\*

Share in Basic Expenditure	\$	0
Share Over Basic Expenditure		26,370,000
Minimum Grant		31,566,862
Incentive Grant		2,169,800
Supplemental Grant		7,051,000
Additional Grant		6,813,304
Temporary Hold Harmless		<u>811,036</u>
Total Grant to Subdivisions	\$	74,782,002

\*Grants for FY 1984 are estimated. See Exhibit A-1 for details.

## Conclusions

1. Once the complexity of the formula is stripped away and the actual grants to the subdivisions are considered, it becomes apparent that police aid is distributed basically on a per capita basis (See Exhibit B). If this is the intent of the General Assembly, the same result could be obtained with a greatly simplified formula (See Exhibit C).
2. Although the program is a means of funding local police services, it also is a vehicle by which to provide equalizing aid to the subdivisions. When the program was established, police expenditures and population density were chosen as means of measuring local need. As shown in Exhibits B and D the program does provide the greatest aid to those subdivisions with a heavy local police protection burden.
3. The use of the prior years' police expenditures as part of the data in the aid formula creates needless administrative problems. The State Police must estimate local expenditures prior to the beginning of the fiscal year in computing local aid. The State Police perform local audits during the year and the local grant amounts are adjusted to reflect the audited expenditures. Local governments can overstate their anticipated police expenditures and skew the distribution of aid during the first part of the fiscal year. If the base period for expenditures was moved back by one year all jurisdictions could receive grants based on complete and audited figures. Since all subdivisions spend far beyond the maximum grant ceilings, a change in the base year would not affect the amount of funds distributed to subdivisions.
4. The portion of the police aid formula termed the Share in Basic Expenditure has been made obsolete by inflation and has distributed no funds for several years. Since it is unlikely that this provision will ever again become operative, it should be repealed. If the General Assembly instead decided to distribute additional equalization funds through this grant, the percentage of the subdivisions' wealth bases used in the formula could be reduced from .09 percent to .05 percent. This change would provide grants as shown in Exhibit E.
5. The hold-harmless provisions guaranteeing grants to subdivisions at least equal to their shares in fiscal year 1982 will expire at the end of this fiscal year. If no action is taken during the 1984 session of the General Assembly, certain subdivisions with declining populations will realize a substantial loss of aid for fiscal year 1985 (Somerset - \$3,750; Talbot - \$6,800; Baltimore City - \$1,327,000).
7. The requirement that municipalities must employ at least one full-time policeman and expend at least \$5,000 annually for police protection has not changed since 1968. The minimum expenditure figure should either be updated to a realistic level (such as \$15,000) or repealed.

STATE AID FOR POLICE PROTECTION GRANTS  
FISCAL YEARS 1982-1984

<u>Local Unit</u>	<u>FY 1982</u>	<u>FY 1983</u>	<u>FY 1984*</u>
Allegany	\$674,050	\$680,850	\$678,300
Anne Arundel	3,935,400	3,991,050	4,070,850
Baltimore City	35,311,209	35,311,209	35,311,209
Baltimore	7,060,900	7,260,000	7,297,400
Calvert	294,100	310,250	323,000
Caroline	197,200	200,600	203,150
Carroll	838,100	849,150	873,800
Cecil	486,200	521,050	527,000
Charles	616,250	646,850	669,800
Dorchester	261,800	261,800	262,650
Frederick	964,750	1,005,550	1,033,600
Garrett	203,250	203,250	207,750
Harford	1,304,750	1,304,750	1,304,750
Howard	1,348,200	1,348,200	1,384,950
Kent	140,250	142,800	142,800
Montgomery	7,190,750	7,190,750	7,255,675
Prince George's	10,269,210	10,293,970	10,295,518
Queen Anne's	189,000	198,750	204,750
St. Mary's	482,800	522,750	533,800
Somerset	148,500	148,500	148,500
Talbot	229,500	229,500	229,500
Washington	952,000	971,550	979,200
Wicomico	532,950	559,300	568,650
Worcester	246,500	269,450	275,400
TOTAL	\$73,877,619	\$74,421,879	\$74,782,002

\*Estimated

Source: Maryland State Police

Prepared by: Department of Fiscal Services, July 1983.

EXHIBIT A-1

POLICE AID DISTRIBUTION  
CURRENT LAW WITH TEMPORARY HOLD HARMLESS  
FISCAL YEAR 1984

COUNTY	SHARE IN BASIC EXPENDITURE	SHARE OVER BASIC EXPENDITURE	MINIMUM GRANT	INCENTIVE GRANT	SUPPLEMENTAL GRANT	ADDITIONAL GRANT	TEMPORARY HOLD HARMLESS	TOTAL GRANT POLICE AID
ALLEGANY	0	279,300	0	159,600	159,600	79,800	0	678,300
ARUNDEL	0	2,507,750	0	0	775,400	387,700	0	4,070,850
BALTIMORE CITY	0	0	31,381,112	0	0	3,139,111	791,986	35,311,209
BALTIMORE	0	5,307,200	0	0	1,326,800	663,400	0	7,297,400
CALVERT	0	133,000	0	76,000	76,000	38,000	0	323,000
CARDINE	0	83,650	0	47,800	47,800	23,900	0	203,150
CARROLL	0	359,800	0	205,600	205,600	102,800	0	873,800
CECIL	0	217,000	0	124,000	124,000	62,000	0	527,000
CHARLES	0	275,800	0	157,600	157,600	78,900	0	669,800
CORCHESTER	0	108,150	0	61,800	61,800	30,900	0	262,650
FREDERICK	0	425,600	0	243,200	243,200	121,600	0	1,033,600
GARRETT	0	0	69,250	55,400	55,400	27,700	0	207,750
HARFORD	0	534,450	0	305,400	305,400	152,700	6,800	1,304,750
HOWARD	0	989,250	0	0	263,800	131,900	0	1,304,950
KENT	0	58,800	0	33,600	33,600	16,800	0	142,800
MONTGOMERY	0	5,478,775	0	0	1,184,600	592,300	0	7,255,675
PRINCE GEORGE'S	0	8,149,925	0	0	1,330,600	814,992	0	10,295,517
QUEEN ANNE'S	0	0	68,250	54,600	54,600	27,300	0	204,750
ST. MARY'S	0	219,800	0	125,600	125,600	62,800	0	533,800
SOMERSET	0	0	48,250	38,600	38,600	19,300	3,750	148,500
TALBOT	0	91,000	0	52,000	52,000	26,000	8,500	229,500
WASHINGTON	0	403,200	0	230,400	230,400	115,200	0	979,200
WICOMICO	0	234,150	0	133,800	133,800	66,900	0	568,650
WORCESTER	0	113,400	0	64,800	64,800	32,400	0	275,400
STATEWIDE	0	26,370,000	31,565,862	2,169,800	7,051,000	6,813,304	811,036	74,782,001

PREPARED BY DEPARTMENT OF FISCAL SERVICES, AUGUST 10, 1983

DATA SOURCE DEPARTMENT OF PUBLIC SAFETY AND CORRECTION SERVICES

## EXHIBIT B

STATE AID FOR POLICE PROTECTION  
GRANT PER CAPITA VERSUS EXPENDITURES PER CAPITA  
FOR FISCAL YEAR 1983 GRANT

<u>Local Unit</u>	<u>1981 Population</u>	<u>FY 1983 Grant Per Capita</u>	<u>FY 1982 Expenditures Per Capita</u>	<u>Per Capita Expenditures Over Grant</u>
Allegheny	80,100	\$8.50	\$34.11	\$25.61
Anne Arundel	380,100	10.50	65.02	54.52
Baltimore City	772,600	45.70	150.58	104.88
Baltimore	660,000	11.00	73.72	62.72
Calvert	36,500	8.50	26.45	17.95
Caroline	23,600	8.50	32.83	24.33
Carroll	99,900	8.50	22.27	13.77
Cecil	61,300	8.50	30.86	22.36
Charles	76,100	8.50	54.44	45.94
Dorchester	30,800	8.50	46.46	37.96
Frederick	118,300	8.50	32.25	23.75
Garrett	27,100	7.50	14.45	6.95
Harford	149,700	8.72	33.69	24.97
Howard	125,900	10.71	60.08	49.37
Kent	16,800	8.50	23.91	15.41
Montgomery	586,400	12.26	93.58	81.32
Prince George's	665,200	15.48	94.12	78.64
Queen Anne's	26,500	7.50	15.46	7.96
St. Mary's	61,500	8.50	22.28	13.78
Somerset	19,200	7.73	20.66	12.93
Talbot	25,800	8.90	40.78	31.88
Washington	114,300	8.50	39.34	30.84
Wicomico	65,800	8.50	33.61	25.11
Worcester	31,700	8.50	113.67	105.17
TOTAL	4,255,200	\$17.49	\$82.75	\$65.26

Source: Maryland State Police; Department of Health and Mental Hygiene Population Estimates.

Prepared by: Department of Fiscal Services, July 1983.

## STEPS TO SIMPLIFY THE POLICE AID FORMULA

### 1. Eliminate Wealth Base Reference

Considerable detail in the police aid formula is devoted to defining the wealth base of a subdivision (net taxable income and adjusted assessable base) and providing State aid relative to that wealth base. However, due to the impact of inflation over the 15 year life of the program, wealth base calculations have become meaningless for all but one subdivision. Only Baltimore City's police aid grant is affected by wealth base considerations, and that impact serves to reduce the size of the grant which they otherwise would receive. Since Baltimore City's grant is now determined by a hold harmless provision, the wealth base calculation has not even affected that subdivision for fiscal years 1983 or 1984.

### 2. Eliminate Share in Basic Expenditure Grant

This portion of the formula has been made obsolete by inflation, has distributed no funds since fiscal year 1980, and should be abolished.

### 3. Combine Per Capita Grant Allotments

Legislative action over the life of the program has created additional grants ("Minimum Grant", "Incentive Grant", "Additional Grant") as a means of increasing program funding. In many cases these grants could be rolled back into the basic police aid program by increasing per capita limits.

### Example of Simplified Police Aid Formula

- I. Regular Grant - funds within a subdivision to be shared between the county and qualifying municipalities based on relative police expenditures.
  - A. Subdivisions with a population density under 100 per square mile and under 30% of county population residing in municipalities receive \$5.50 per capita.
  - B. Subdivisions with a population density under 100 per square mile and over 30% of county population residing in municipalities, and also those subdivisions with a population density of 100-500 per square mile receive \$6.50 per capita.
  - C. Subdivisions with a population density of 500-900 per square mile receive \$8.50 per capita.
  - D. Subdivisions with a population density of 900-1,100 per square mile receive \$9.00 per capita.
  - E. Subdivisions with a population density of 1,100-1,300 per square mile receive \$10.25 per capita.

- F. Subdivisions with a population density of 1,300-8,000 per square mile receive \$13.48 per capita.
  - G. Subdivisions with a population density of over 8,000 per square mile receive \$44.28 per capita.
- II. Supplemental Grant - All subdivisions with a population density of under 8,000 per square mile receive \$2.00 per capita. Funds within a subdivision are shared between the county and qualifying municipalities based on a locally-negotiated formula.
- III. Hold Harmless - No subdivision may receive a smaller total police aid grant than it received in fiscal year 1982.

Prepared by: Department of Fiscal Services, July 1983.

## EXHIBIT D

STATE AID FOR POLICE PROTECTION GRANTS  
AS A PERCENTAGE OF LOCAL POLICE EXPENDITURES  
FISCAL YEAR 1982

<u>Local Unit</u>	<u>FY 1982 Grants</u>	<u>FY 1982 Police Expenditures</u>	<u>Grant as Percentage of Police Expenditures</u>
Allegany	\$ 674,050	\$ 2,732,063	24.7%
Anne Arundel	3,935,400	24,714,022	15.9
Baltimore City	35,311,209	116,341,546	30.4
Baltimore	7,060,900	48,652,709	14.5
Calvert	294,100	965,329	30.5
Caroline	197,200	774,887	25.4
Carroll	838,100	2,224,428	37.7
Cecil	486,200	1,891,511	25.7
Charles	616,250	4,142,974	14.9
Dorchester	261,800	1,430,953	18.3
Frederick	964,750	3,814,737	25.3
Garrett	203,250	391,698	51.9
Harford	1,304,750	5,044,060	25.9
Howard	1,348,200	7,564,598	17.8
Kent	140,250	401,769	34.9
Montgomery	7,190,750	54,877,432	13.1
Prince George's	10,269,210	62,607,147	16.4
Queen Anne's	189,000	409,608	46.1
St. Mary's	482,800	1,370,380	35.2
Somerset	148,500	396,749	37.4
Talbot	229,500	1,052,134	21.8
Washington	952,000	4,497,014	21.2
Wicomico	532,950	2,211,611	24.1
Worcester	246,500	3,603,430	6.8
TOTAL	\$73,877,619	\$352,112,789	21.0%

Source: Maryland State Police

Prepared by: Department of Fiscal Services, July 1983.

## EXHIBIT E

EQUALIZATION AID TO SUBDIVISIONS IF WEALTH BASE FACTOR  
WAS CHANGED IN POLICE AID FORMULA

<u>Local Unit</u>	<u>Increased Aid for Share in Basic Expenditure</u>
Allegany	\$ 86,283
Anne Arundel	-
Baltimore City	934,876
Baltimore	-
Calvert	-
Caroline	23,899
Carroll	-
Cecil	4,624
Charles	-
Dorchester	8,744
Frederick	-
Garrett	5,718
Harford	-
Howard	-
Kent	-
Montgomery	-
Prince George's	-
Queen Anne's	-
St. Mary's	7,184
Somerset	26,790
Talbot	-
Washington	2,095
Wicomico	-
Worcester	-
TOTAL	\$1,100,213

NOTE: Additional amendments to the police aid formula would be necessary to avoid having these grants offset by other formula requirements for certain subdivisions.

Source: Department of Fiscal Services, July 1983.

## EXHIBIT F

STATE AID FOR POLICE PROTECTION  
POLICE EXPENDITURES AND POPULATION DENSITY  
USED TO CALCULATE FISCAL YEAR 1983 GRANTS

<u>Local Unit</u>	<u>1981 Population Density Per Square Mile</u>	<u>FY 1982 Police Expenditures</u>
Allegheny	187	\$2,732,063
Anne Arundel	830	24,714,022
Baltimore City	8,984	116,341,546
Baltimore	1,034	48,652,709
Calvert	150	965,329
Caroline	73	774,887
Carroll	219	2,224,428
Cecil	159	1,891,511
Charles	152	4,142,974
Dorchester	45	1,430,953
Frederick	177	3,814,737
Garrett	41	391,698
Harford	315	5,044,060
Howard	502	7,564,598
Kent	55	401,769
Montgomery	1,159	54,877,432
Prince George's	1,341	62,607,147
Queen Anne's	65	409,608
St. Mary's	146	1,370,380
Somerset	51	396,749
Talbot	78	1,052,134
Washington	243	4,497,014
Wicomico	167	2,211,611
Worcester	54	3,603,430
TOTAL	402	\$352,112,789

Source: Maryland State Police; Department of Health and Mental Hygiene Population Estimates.

Prepared by: Department of Fiscal Services, July 1983.

RELATIVE COUNTY AND MUNICIPAL SHARES  
OF POLICE AID BY SUBDIVISION  
FISCAL YEAR 1982

<u>Subdivision</u>	<u>Percent of Regular Grant</u>	<u>Percent of Supplemental Grant</u>	<u>Percent of Total Grant</u>
Allegheny Municipal County	87.7 12.3	48.1 51.9	78.4 21.6
Anne Arundel Municipal County	19.8 80.2	9.2 90.8	17.8 82.2
Baltimore City*	100.0	100.0	100.0
Baltimore County*	100.0	100.0	100.0
Calvert Municipal County	23.3 76.7	23.4 76.6	23.3 76.7
Caroline Municipal County	76.5 23.5	29.2 70.8	65.4 34.6
Carroll Municipal County	43.7 56.3	19.4 80.6	38.0 62.0
Cecil Municipal County	55.2 44.8	11.7 88.3	44.9 55.1
Charles Municipal County	4.5 95.5	1.7 98.3	3.8 96.2
Dorchester Municipal County	73.9 26.1	27.6 72.4	63.0 37.0
Frederick Municipal County	79.1 20.9	37.4 62.6	69.2 30.8

\*These subdivisions have no municipalities.

RELATIVE COUNTY AND MUNICIPAL SHARES  
OF POLICE AID BY SUBDIVISION  
FISCAL YEAR 1982

<u>Subdivision</u>	<u>Percent of Regular Grant</u>	<u>Percent of Supplemental Grant</u>	<u>Percent of Total Grant</u>
Garrett			
Municipal	31.5	9.2	25.5
County	68.5	90.8	74.5
Harford			
Municipal	46.8	19.3	40.3
County	53.2	80.7	59.7
Howard*	100.0	100.0	100.0
Kent			
Municipal	59.3	29.7	51.6
County	41.7	70.3	48.4
Montgomery			
Municipal	4.8	6.9	5.2
County	95.2	93.1	94.8
Prince George's			
Municipal	10.3	13.3	10.7
County	89.7	86.7	89.3
Queen Anne's			
Municipal	33.7	8.8	27.0
County	66.3	91.2	73.0
St. Mary's			
Municipal	6.0	2.5	5.4
County	94.0	97.5	94.6
Somerset			
Municipal	88.0	25.5	64.0
County	22.0	74.5	36.0
Talbot			
Municipal	73.2	38.3	65.0
County	26.8	61.7	35.0

\*These subdivisions have no municipalities.

RELATIVE COUNTY AND MUNICIPAL SHARES  
OF POLICE AID BY SUBDIVISION  
FISCAL YEAR 1982

<u>Subdivision</u>	<u>Percent of Regular Grant</u>	<u>Percent of Supplemental Grant</u>	<u>Percent of Total Grant</u>
Washington Municipal County	79.2 20.8	36.2 63.8	69.1 30.9
Wicomico Municipal County	77.1 22.9	31.5 68.5	66.4 33.6
Worcester Municipal County	94.2 5.8	41.4 58.6	81.8 18.2

Source: Maryland State Police

Prepared by: Department of Fiscal Services, August 1983.

APPENDIX XI

Distributions Using Transportation  
Revenue Sharing Formula

HYPOTHETICAL DISTRIBUTIONS TO  
LOCAL FIRE CORPORATIONS USING THE TRANSPORTATION  
REVENUE SHARING FORMULA

	(1) \$7 Million <u>1% Hold Harmless</u>	(2) \$7 Million <u>2% Hold Harmless</u>
Allegany	\$ 124,600	\$ 140,000
Anne Arundel	618,800	536,300
Baltimore City	1,173,200	1,017,000
Baltimore	1,043,000	904,200
Calvert	70,000	140,000
Caroline	70,000	140,000
Carroll	165,200	143,100
Cecil	98,000	140,000
Charles	127,400	140,000
Dorchester	70,000	140,000
Frederick	195,300	169,300
Garrett	70,000	140,000
Harford	243,600	211,200
Howard	215,600	187,000
Kent	70,000	140,000
Montgomery	935,900	811,400
Prince George's	1,040,900	902,200
Queen Anne's	70,000	140,000
St. Mary's	100,100	140,000
Somerset	70,000	140,000
Talbot	70,000	140,000
Washington	182,000	158,300
Wicomico	106,400	140,000
Worcester	70,000	140,000
Total	<u>\$7,000,000</u>	<u>\$7,000,000</u>

The chart presented above displays a hypothetical distribution to jurisdictions using the Transportation Revenue Sharing formula. The Transportation Revenue Sharing formula allocates revenues to localities on a per capita basis and requires that each County receive at least 1% of the total local aid amount. Two alternatives are presented. Column (1) distributes \$7 million and assumes a 1% hold harmless provision. Column (2) distributes \$7.0 million, but assumes that each county receives at least 2% of the total amount.

9/83-149Q  
Montgomery County OMB

APPENDIX XII

Self-Sufficiency Fund Approach

HYPOTHETICAL EXAMPLE

SELF-SUFFICIENCY FUNDO APPROACH TO SUPPORTING  
LOCAL FIRE CORPORATIONS:  
IMPACT ON CALVERT COUNTY

	(1) Percent of Distribution	(2) \$ Distributed (\$140,000 annually)	(3) Cumulative Distribution to County	(4) \$ Distributed per Corporation (6 Corps.)	(5) Corporation Contrib. to Fund	(6) Total Cumulative Fund	(7) Annual Fund Income	(8) Total Annual Income From Grant & Fund Cols. (4) & (7)
Year 1	70	98,000	98,000	16,330	7,000	14,000	0	16,330
	30	42,000	42,000	7,000				
Year 2	65	91,000	189,000	15,170	8,170	30,340	3,034	18,204
	35	49,000	91,000	8,170				
Year 3	50	70,000	259,000	11,670	11,670	53,680	5,368	17,038
	50	70,000	161,000	11,670				
Year 4	35	49,000	308,000	8,170	15,170	84,020	8,402	16,572
	65	91,000	252,000	15,170				
Year 5	25	35,000	343,000	5,830	17,500	119,020	11,902	17,732
	75	105,000	357,000	17,500				
Year 6	10	14,000	357,000	2,330	21,000	161,020	16,102	18,432
	90	126,000	483,000	21,000				
Year 7	-	-	-	-	-	161,020	16,102	16,102
	-	-	-	-	-			

This chart displays a hypothetical distribution of State funds to six local fire corporations in Calvert County. The chart assumes that the State distributes \$7 million to Counties based on the transportation revenue sharing formula. The formula includes a 2% hold harmless provision for smaller Counties. Under this formula, Calvert County would have available \$140,000 annually to distribute to six corporations. The total amount available is further divided into a grant portion and a self-sufficiency fund portion. The grant portion decreases over the six-year period as the fund portion increases. The impact of this distribution is to provide an annual income of \$16,000 - \$18,000 to each corporation for six years until a fund is established. Once the fund is established, each corporation in Calvert County should receive annual investment income equal to the first-year grant or approximately \$16,000.

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10/24/83



