

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2506-07
Bill No.: SB 815
Subject: Boards, Commissions, Committees, Councils; Cities, Towns and Villages; Fire Protection; Public Safety Department; Taxation and Revenue - General; Revenue Department
Type: Original
Date: January 21, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	(\$378,500)	(\$378,500)	(\$378,500)
Fire Safety Fund	\$0	\$0	\$0
Fire Department Grants Fund	\$0	\$0	\$0
Motorist Insurance Identification Database Fund	(\$34,691)	(\$41,629)	(\$41,629)
Total Estimated Net Effect on <u>All</u> State Funds	(\$413,191)	(\$420,129)	(\$420,129)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **State Treasurer's Office (STO)** assume this proposal would not fiscally impact their agency.

Officials from the **Secretary of State's Office (SOS)** assume this proposal creates the Fire District Equipment Fund which will supply grants to qualifying fire departments. The division of fire safety will promulgate rules to implement this proposal. Based on experience with other divisions, the rules, regulations and forms issued by the Division of Fire Safety could require as many as 10 pages in the Code of State Regulations. For any given rule, roughly half again as many pages are published in the Missouri Register in the Code because cost statements, fiscal notes and the like are not repeated in Code. These costs are estimated. The estimated cost of a page in the Missouri Register is \$23.00. The estimated cost of a page in the Code of State Regulations is \$27.00 for an estimated cost of \$615 in fiscal year 2003. The actual cost could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple proposals pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Public Safety - Division of Fire Safety (DFS)** were not able to determine what the amount of transfer from the abandoned fund account would be at the time this fiscal note was prepared. However DFS estimates that the DFS would request five Fire Consultants to be located regionally throughout the State and one clerical position to support this added staff at a cost of \$320,401 in FY 2003, \$280,716 in FY 2004, and \$287,805 in FY 2005.

Oversight assumes the DFS will request Fire Consultants with the monies remaining in the fund which is estimated to be \$151,400 per year. This is approximately enough to fund two Fire Consultant salaries, fringe benefits, automobiles, and other expenses associated with Fire Consultants based upon DFS's estimated costs.

ASSUMPTION (continued)

The Department of Revenue (DOR) officials assume the new funding mechanism for the Fireman's Fund will have an impact on the estimated funding for the Motorist Insurance Identification Database (MIIDB) Fund. The MIIDB Fund was created through HB 1797, 2000 (90th General Assembly).

DOR states this legislation is expected to decrease funding to the MIIDB Fund due to increased expenditures to the gross County Foreign Insurance Tax Fund collections. It is estimated that \$41,629 will be diverted annually due to the additional expenditures for the Fireman's Fund.

The following methodology was used to determine the decreased funding to the MIIDB:

Current Funding Mechanism (Based on FY 01 Collections)

\$138,764,123	FY2001 County Foreign Insurance Tax Collections
(\$9,266,473)	County Foreign Insurance Tax Expenditure Refunds
<u>(\$74,767,420)</u>	County Foreign Insurance Tax Payments to School Districts
\$54,730,230	Net General Revenue Collections
x <u> .06</u>	6% of Net GR Collections
\$3,283,813.80	MIIDB Funding for FY03 (estimated)

Proposed Funding Mechanism Pursuant to SB 815

\$138,764,123	FY2001 Foreign Insurance Tax Collections
(\$9,266,473)	County Foreign Insurance Tax Expenditure Refunds
(\$74,767,420)	County Foreign Insurance Tax Payments to School Districts
(\$693,821)	Transfer to Fireman's Fund
\$54,036,409	Net General Revenue Collections
x <u> .06</u>	6% of Net GR Collections
\$3,242,184.54	MIIDB Funding for FY03 (estimated)

\$3,283,813.80	Current Estimated MIIDB Funding
<u>\$3,242,184.54</u>	Proposed Estimated MIIDB Funding per SB 185
<u>(\$41,629.26)</u>	<u>Decreased Funding for MIIDB Fund</u>

The **Governor's Budget** for FY 2002 shows estimated receipts of \$151,400,000 for FY 2002 for County Foreign Insurance Tax. One-half of these collections are retained by the General

Revenue Fund. This proposal would allow transfers to the Fire Safety Fund of approximately \$378,500 in FY 2003. Oversight assumes receipts would remain constant at \$151,400,000 per year.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
GENERAL REVENUE FUND			
<u>Transfer Out</u> - Office of State Treasurer			
Premium taxes to Fire Safety Fund	<u>(\$378,500)</u>	<u>(\$378,500)</u>	<u>(\$378,500)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$378,500)</u>	<u>(\$378,500)</u>	<u>(\$378,500)</u>
FIRE SAFETY FUND			
<u>Transfer In</u> - Office of State Treasurer			
Premium taxes to Fire Safety Fund	\$378,500	\$378,500	\$378,500
<u>Transfer In</u> - Department of Public Safety - Division of Fire Safety			
Balance in Fire Education Fund	\$0	\$0	\$0
<u>Transfer Out</u> - Office of State Treasurer			
To Fire Department Grants Fund	(\$151,400)	(\$151,400)	(\$151,400)
<u>Costs</u> - Department of Public Safety - Division of Fire Safety			
Fire education programs	(\$75,700)	(\$75,700)	(\$75,700)
<u>Costs</u> - Department of Public Safety - Division of Fire Safety			
Fire consultant positions and other fire safety costs	<u>(\$151,400)</u>	<u>(\$151,400)</u>	<u>(\$151,400)</u>
ESTIMATED NET EFFECT ON FIRE SAFETY FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2003 (10 Mo.)	FY 2004	FY 2005
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**FIRE DEPARTMENT GRANTS
 FUND**

<u>Transfer in - Office of State Treasurer</u> From Fire Safety Fund	\$151,400	\$151,400	\$151,400
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<u>Costs - Missouri Fire Safety Commission</u> Grants	<u>(\$151,400)</u>	<u>(\$151,400)</u>	<u>(\$151,400)</u>
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ESTIMATED NET EFFECT ON FIRE DEPARTMENT GRANTS FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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**MOTORIST INSURANCE
 IDENTIFICATION DATABASE
 FUND**

<u>Revenues - Department of Revenue</u> Reduction of revenues	<u>(\$34,691)</u>	<u>(\$41,629)</u>	<u>(\$41,629)</u>
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ESTIMATED NET EFFECT ON MOTORIST IDENTIFICATION DATABASE FUND	<u>(\$34,691)</u>	<u>(\$41,629)</u>	<u>(\$41,629)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal modifies funding for fire protection. The Fire Safety Fund is created and will consist of any monies remaining in the Fire Education Fund. The Fire Safety Fund will receive annual transfers of .5% of the amount of premium taxes collected. The Fire Safety Fund will be divided such that 40% of the money will go to the Fire Department Grants Fund and 20% of the money will be spent on fire education programs. The remaining funds will be used at the discretion of the Missouri Fire Safety Commission and will be used to fund the five fire consultants.

The Fire Safety Commission is created. The members will include the State Fire Marshall and six members appointed by the Governor with the advice and consent to the Senate. No more than half of the members shall be from a single political party and no more than one member shall be from a single Congressional district. A maximum of five FTE fire consultants will be employed by the Division of Fire Safety and work in regions across the state as determined by the Commission. The fire consultants will work with local fire departments to improve fire protection. Funding for the fire consultants will come from the Fire Safety Fund.

The Fire Department Grants Fund is established and will consist of 40% of the transfers made to the Fire Safety Fund. Grants may be made from this account to fund requests for fire departments serving an area with a population of less than 10,000. The Fire Safety Commission shall administer the grant program and is authorized to promulgate rules to implement the grant program.

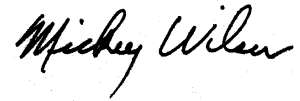
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Public Safety
Department of Revenue
Office of Secretary of State
Office of State Treasurer

NOT RESPONDING: Office of Administration

CM:LR:OD (12/01)

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Acting Director
January 21, 2002