

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 206-01  
Bill No.: SB 17  
Subject: Boards, Commissions, Committees, Councils; Cities, Towns and Villages; Fire Protection; Public Safety Dept.; Taxation and Revenue - General; Revenue Dept.; Natural Resources Dept.  
Type: Original  
Date: February 5, 2003

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
General Revenue	\$0	(\$413,250)	(\$435,401)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>(\$413,250)</b>	<b>(\$435,401)</b>

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
Fire Education Fund	\$0	\$0	\$0
Fire Safety Fund	\$0	\$157,035	\$165,453
Fire Safety Grants Fund	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>\$157,035</b>	<b>\$165,453</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
<b>Local Government</b>	<b>\$0</b>	<b>\$165,300</b>	<b>\$174,160</b>

### FISCAL ANALYSIS

#### ASSUMPTION

Officials from the **Department of Revenue** and **Department of Natural Resources** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Office of State Treasurer (STO)** assume this proposal will have no fiscal impact on their organization. However, the STO defers to the Office of Administration - Division of Budget and Planning for impact on General Revenue.

Officials from the **Office of the Secretary of State (SOS)** state this proposal creates the Fire Safety Fund which is to be administered by the Fire Safety Commission domiciled in the Division of Fire Safety in the Department of Public Safety. The moneys in this fund shall be used to provide grants to fire districts, departments or associations for purposes authorized by the fire safety commission. The Missouri Fire Safety Commission will promulgate rules and regulations to implement this proposal. Based on experience with other divisions, the rules, regulations and forms issued by the Fire Safety Commission could require as many as 14 pages in the *Code of State Regulations*. For any given rule, roughly one-half again as many pages are published in the *Missouri Register* as are published in the Code because cost statements, fiscal notes and notices are not published in the Code. The estimated cost of a page in the *Missouri Register* is \$23.00. The estimated cost of a page in the *Code of State* ASSUMPTION  
 (continued)

*Regulations* is \$27.00. The actual costs could be more or less than the numbers given. The fiscal impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded and withdrawn. The SOS estimates the cost of this legislation to be \$861 [(14 pp x \$27) + (21 pp x \$23)].

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills 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 **Office of Administration - Division of Budget and Planning (BAP)** state the proposed revision of subsection 320.094 would require that, "beginning July 1, 2004, five-tenths of one percent of the amount of premium taxes collected in the immediately preceding fiscal year pursuant to sections 148.310 to 148.461, RSMo., which are deposited in the general revenue fund [...] be transferred from the general revenue fund to the credit of the fire safety fund...." County stock insurance and county foreign insurance premium taxes are collected pursuant to sections 148.310 to 148.461.

County stock insurance premium tax revenues are not deposited into the general revenue fund. Very nearly all county stock insurance premium tax revenues are collected on behalf of and in turn are disbursed to county governments and local school districts outside the state treasury, while about half of one percent is deposited into the state's Blind Pension Fund.

County foreign insurance premium tax revenues, on the other hand, are deposited into the general revenue fund. Half of all county foreign insurance premium tax revenues receipts less any refunds are disbursed to the local school districts, while the remaining half of receipts less refunds absorb the entire cost of two tax credits currently applicable against county foreign premium tax liability. The proposed legislation would require the transfer of half of one percent of county foreign insurance premium tax receipts less any refunds, less the amounts distributed to the schools, and less any tax credits redeemed.

Beginning July 1, 2004, in Fiscal Year 2005, the proposed legislation is estimated to cost the general revenue fund \$413,250. This Fiscal Year 2005 estimated cost to the general revenue fund was calculated assuming the executive budget projection of \$217,300,000 in county foreign insurance tax receipts collected during Fiscal Year 2004. Refunds totaling a projected \$24,000,000 were then subtracted, leaving a remainder of \$193,300,000, half of which, prior to any tax credits, would be ASSUMPTION (continued)

distributed to the school districts. From the remaining \$96,650,000, a projected total of

\$14,000,000 in tax credits is deducted, leaving a remainder of \$82,650,000, of which half of one percent equals \$413,250. Employing the same methodology and assuming estimates of gross collections of \$211,400,000, refunds of \$10,000,000, and credits of \$13,619,880, a cost of \$435,401 to the general revenue fund in Fiscal Year 2006 is estimated.

Officials from the **Department of Public Safety (DPS) - Division of Fire Safety (DFS)** stated they assume the Division would request five Fire Consultants to be located regionally throughout the State and one clerical position to support this added staff. The duties of the fire consultants include working with fire departments in the designated region, implementation of master fire plans, increased capacity for first responder and rescue activities, water source development, training and record keeping, incident response documentation, field liaison with State Fire Marshal's office, and coordination of local, private, state, and federal grant making. The DPS-DFS estimate the costs of this proposal to be \$323,820 for FY 04, \$277,019 for FY 05, and \$284,016 for FY 06.

**Oversight** notes the proposal limits administrative costs to five percent (5%) of funds remaining in the Fire Safety Fund after transfers to the Fire Safety Grants Fund and funding fire education programs. Based on information provided by BAP, administrative costs will be limited to approximately \$8,265 for FY 05 and \$8,708 for FY 06. It will be at the discretion of the Missouri Fire Safety Commission whether to use these funds to fund the Fire Consultant positions.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
<b>GENERAL REVENUE</b>			
<u>Transfer-Out - Office of State Treasurer</u>			
Premium taxes to Fire Safety Fund	\$0	(\$413,250)	(\$435,401)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>\$0</u></b>	<b><u>(\$413,250)</u></b>	<b><u>(\$435,401)</u></b>

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
<b>FIRE EDUCATION FUND</b>			

Transfer-Out - Office of State Treasurer

Transfer to Fire Safety Fund	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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**ESTIMATED NET EFFECT ON  
FIRE EDUCATION FUND**

<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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**FIRE SAFETY FUND**

Transfer-In - Office of State Treasurer

Premium taxes to Fire Safety Fund	\$0	\$413,250	\$435,401
Balance in Fire Education Fund	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Total Transfer-Ins - Office of State  
Treasurer

<u>\$0</u>	<u>\$413,250</u>	<u>\$435,401</u>
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Costs - Department of Public Safety -  
Division of Fire Safety

Fire consultant positions and other fire safety costs (5% maximum)	\$0	(\$8,265)	(\$8,708)
Fire education programs	<u>\$0</u>	<u>(\$82,650)</u>	<u>(\$87,080)</u>

Total Costs - Department of Public Safety  
- Division of Fire Safety

<u>\$0</u>	<u>(\$90,915)</u>	<u>(\$95,788)</u>
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Transfer-Out - Office of State Treasurer

Transfer to Fire Safety Grants Fund	<u>\$0</u>	<u>(\$165,300)</u>	<u>(\$174,160)</u>
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**ESTIMATED NET EFFECT ON  
FIRE SAFETY FUND**

<b><u>\$0</u></b>	<b><u>\$157,035</u></b>	<b><u>\$165,453</u></b>
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FISCAL IMPACT - State Government

FY 2004  
(10 Mo.)

FY 2005

FY 2006

**FIRE SAFETY GRANTS FUND**

Transfer-In - Office of State Treasurer

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Transfer from Fire Safety Fund	<u>\$0</u>	<u>\$165,300</u>	<u>\$174,160</u>
<u>Costs - Missouri Fire Safety Commission</u>			
Grants	<u>\$0</u>	<u>(\$165,300)</u>	<u>(\$174,160)</u>
<b>ESTIMATED NET EFFECT ON FIRE SAFETY GRANTS FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
<b>LOCAL FIRE DEPARTMENTS, DISTRICTS AND ASSOCIATIONS</b>			
<u>Income - Local Fire Departments, Districts and Associations</u>			
Grants	<u>\$0</u>	<u>\$165,300</u>	<u>\$174,160</u>
<b>ESTIMATED NET EFFECT ON LOCAL FIRE DEPARTMENTS, DISTRICTS AND ASSOCIATIONS</b>	<b><u>\$0</u></b>	<b><u>\$165,300</u></b>	<b><u>\$174,160</u></b>
<u>FISCAL IMPACT - Small Business</u>			

Local businesses may benefit from increased sales of equipment and other supplies purchased by fire departments, districts and associations.

#### DESCRIPTION

This proposal modifies funding for fire protection. The Fire Safety Fund is created and will consist of any moneys remaining in the Fire Education Fund. The fund will be invested by the state treasurer in a manner provided by law. The Fire Safety Fund will receive annual transfers of 0.5% of the amount of premium taxes collected. The Fire Safety Fund will be divided such that 40% of the money will go to DESCRIPTION (continued)

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. No more than 5% of the fund may be used for administrative purposes.

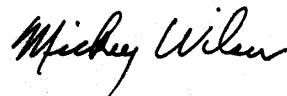
The Fire Safety Commission is created. A maximum of five FTE fire consultants will be employed by the Division of Fire Safety and work in regions across the state as determined by the Commission. The fire consultants will work with local fire departments to improve fire protection. Funding for the fire consultants will come from the Fire Safety Fund.

The Fire Safety 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, associations or districts 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

Office of Administration  
    Division of Budget and Planning  
Department of Natural Resources  
Department of Revenue  
Department of Public Safety  
    Division of Fire Safety  
Office of Secretary of State  
Office of State Treasurer



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Director  
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